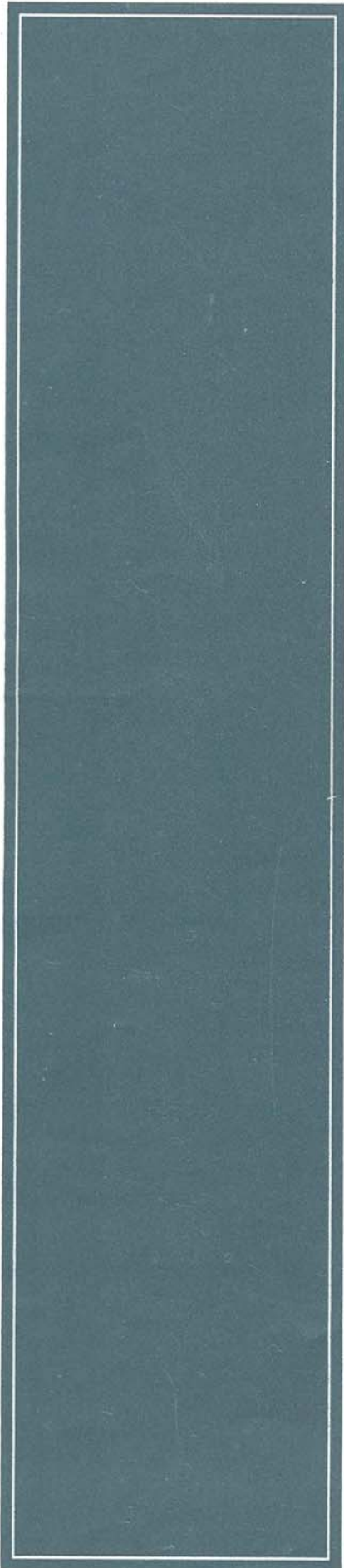




**LANCO**  
Global Systems



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**Lanco Global Systems Limited**

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**SIXTH ANNUAL REPORT**

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**BOARD OF DIRECTORS**

Sri L. Madhusudhan Rao	Chairman
Sri Suresh Chukkapalli	Vice Chairman
Sri G. Bhaskara Rao	Director
Sri Y. Harish Chandra Prasad	Director
Sri M.N. Nambiar	Director
Sri V.K. Srinivasan	Director
Dr Prasada Rao VDM Ravella	Director
Dr Kilaru Hanumantha Rao	Director
Sri Nagarjun Valluripalli	Director & C.E.O.

**COMPANY SECRETARY**

Sri C. Krishnakumar

**GENERAL MANAGER  
(Finance & Accounts)**

Sri Y. Srinivasa Rao

**AUDITORS**

M/s. P. Murali & Co.,  
Chartered Accountants  
6-3-655/2/3, Somajiguda,  
Hyderabad - 500 082,  
Andhra Pradesh, India.

**REGISTERED OFFICE**

"LANCO HOUSE",  
141, Avenue # 8,  
Road # 2, Banjara Hills,  
Hyderabad-500 034,  
Andhra Pradesh, India.

**SOFTWARE DEVELOPMENT  
CENTRE & CORPORATE OFFICE**

"Lanco Towers",8-3-993,  
Srinagar Colony,  
Hyderabad-500 073,  
Andhra Pradesh, India.

**BANKERS TO THE COMPANY**

Bank of Baroda  
Oriental Bank of Commerce  
State Bank of India  
Andhra Bank

**REGISTRARS &  
SHARE TRANSFER AGENTS**

M/s. Aarthi Consultants Private Limited  
1-2-285, Domalguda,  
Hyderabad-500 029,  
Andhra Pradesh, India.

## NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Members of Lanco Global Systems Limited will be held at 3.00 P.M. on Wednesday, the 28<sup>th</sup> September, 2005, at Surana Udyog 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 31<sup>st</sup> March, 2005 and the 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 Sri Y. Harish Chandra Prasad, who retires by rotation, and being eligible, offers himself for re-appointment.

3. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT Sri Suresh Chukkapalli, Director retiring by rotation, having conveyed his decision to retire, be not reappointed and the resulting vacancy be not filled in at this Meeting or at any adjournment thereof."

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT Dr. Kilaru Hanumantha Rao, Director retiring by rotation, having conveyed his decision to retire, be not reappointed and the resulting vacancy be not filled in at this Meeting or at any adjournment thereof."

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. P. Murali & Co., Chartered Accountants, Hyderabad retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

## SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions of the Companies Act, 1956 and Schedule XIII to the Companies Act, 1956, the Re-appointment of Sri L. Madhusudhan Rao as Wholtime Director of the Company with effect from 27<sup>th</sup> January, 2005 to 27<sup>th</sup> June, 2005 on remuneration of Rs.10,000/- per month be and is hereby approved."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and other applicable provisions of the Companies Act, 1956 and Schedule XIII to the Companies Act, 1956, the appointment of Sri Nagarjun Valluripalli as Director & C.E.O of the Company for a period of 3 years, with effect from 27<sup>th</sup> June, 2005, be and is hereby approved.

RESOLVED FURTHER THAT the increase in the remuneration with effect from 27<sup>th</sup> June, 2005 payable to Sri Nagarjun Valluripalli, Director & C.E.O from Rs.25,000/- per month to remuneration asunder, be and is hereby approved.

(a) Salary of Rs.2,00,000/- (Rupees Two Lakhs Only) per month.

(b) Perquisites by way of payments for – residential accommodation, gas, electricity, water, medical expenses reimbursement for self and family and annual leave travel concessions for self and family, club fees, medical and personal accident insurance to be evaluated as per the Income-tax rules wherever applicable, subject to a maximum limit of Rs.50,000/- per month.

(c) Facilities of – Car along with payments towards petrol, repairs & maintenance and salary of chauffeur, telephone and other communication facilities at residence for use on Company's business.

- (d) Sri Nagarjun Valluripalli will not be entitled to any sitting fees for attending Meetings of the Board or of any Committee thereof."

By Order of the Board  
For **LANCO GLOBAL SYSTEMS LIMITED**

**C. KRISHNAKUMAR**  
COMPANY SECRETARY.

Place : Hyderabad,  
Date : 29.07.2005.

**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 Saturday, the 24<sup>th</sup> September, 2005 to Wednesday, the 28<sup>th</sup> September, 2005 (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 Private Limited, (Unit: Lanco Global Systems Limited), 1-2-285, Domalguda, Hyderabad - 500 029, Andhra Pradesh, India.
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.
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto.

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

**Item No.6**

The Board of Directors at the Meeting held on 31<sup>st</sup> January, 2005, re-appointed Sri L. Madhusudhan Rao as Wholtime Director of the Company with effect from 27.01.2005 for a period of 3 years with remuneration of Rs.10,000/- per month, subject to the approval of

Members in the General Meeting. Subsequently, Sri L. Madhusudhan Rao due to personal reasons tendered his resignation for the position of Wholtime Director with effect from 27<sup>th</sup> June, 2005 and the Board of Directors in the Meeting held on 27<sup>th</sup> June, 2005 accepted the same.

His appointment from 27.01.2005 till 27.06.2005 is required to be approved by the Members in this Annual General Meeting.

Except Sri L. Madhusudhan Rao, none of the Directors is interested or concerned in the said resolution.

**Item No.7**

The Board of Directors at the Meeting held on 27<sup>th</sup> June, 2005, appointed Sri Nagarjun Valluripalli as Director & C.E.O of the Company for a period of 3 years with effect from 27.06.2005 with remuneration of Rs.25,000/- per month, subject to the approval of Members in the General Meeting.

Since, the salary of Rs.25,000/- was considered to be very low and inadequate for the Director & C.E.O with an established track record of leading start-up companies to large-scale revenue earning companies, therefore to compensate him in consonance with the industry standards, the Remuneration and Compensation Committee and the Board of Directors in their respective meetings held on 29.07.2005 increased the salary payable with effect from 27.06.2005, subject to the approval of Members in the General Meeting.

Except Sri Nagarjun Valluripalli, none of the Directors is interested or concerned in the said resolution.

This is to be treated as extract and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

As required under Schedule-XIII to the Companies Act, 1956, a Statement of information is given as follows:

**STATEMENT OF INFORMATION FORMING PART OF THE EXPLANATORY STATEMENT AS REQUIRED UNDER SCHEDULE XIII TO THE COMPANIES ACT, 1956.**

**I. GENERAL INFORMATION:**

**(1) Nature of industry**

Information Technology and Information Technology Enabled Services

**(2) Date or expected date of commencement of commercial production.**

Certificate of Commencement of Business was issued on 10.02.1999.

**(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospects.**

Not Applicable.

**(4) Financial performance based on given indicators .**

(Rs. In Lakhs)

Particulars	Audited for the Financial Year ended 31.03.2005	Audited for the Financial Year ended 31.03.2004
Income from Operations & Other Income	613.33	293.17
Profit After Tax	58.73	19.39

**(5) Export performance and net foreign exchange collaborations.**

Income from Exports for the Financial Year 2004-2005 is Rs.611.25 Lakhs

**(6) Foreign investments or collaborators, if any.**

Nil

**I. INFORMATION ABOUT THE APPOINTEE:**

**(1) Background details**

Sri Nagarjun Valluripalli (37) did his MSc., (Tech), from BITS, Pilani. He was one of the founders of Oxford Systems Inc and Intelligroup Inc. He served as Executive Vice President of Intelligroup from 1994 through 1996. On September 27, 1996 Intelligroup, Inc. became a publicly traded company listed with NASDAQ under the symbol ITIG.

He was responsible for the growth of the company from USD 1 Million in 1993 to over USD 80 Million by 1997. From 1997 through 1999 he served as the Co-Chairman and President of International Operations for Intelligroup and was responsible for the growth

of Intelligroup in India, Europe, Japan and Asia Pacific, from a revenue base of 4 Million to 46 Million in 2 Years.

He served as the Chairman, President and Chief Executive Officer of Intelligroup, Inc., from October 2000 through April 2005. Intelligroup Inc provides systems integration and IT outsourcing services with revenues over USD128 million per annum and employs over 2000 Professionals worldwide.

**(2) Past remuneration**

US\$ 5,07,000 Per Annum

**(3) Recognition or Awards**

Throughout the years, he has received various Awards such as NJ Fast 50 Awards in the years 1995, 1996, 1997; NJ Fast 500 Award in 1998; NJ Entrepreneur of the Year Finalist in the years 1995, 1996, 1997; NJ Ernst and Young Entrepreneur of the Year Winner in 2001; Var Business 500 Awards in 2000, 2001, 2002; Young Presidents' Organization, Inc. in 2003; and Recipient of Ronald Reagan Technology Award from The World Business Forum for 2004.

**(4) Job profile and his suitability**

The job requires a person, who can bag customers and orders and also has the ability to develop solutions, verticals etc.,

Sri Nagarjun Valluripalli with established track record and contacts in United States of America & India and with the requisite technical expertise is considered suitable for the position.

**(5) Remuneration proposed**

As per the Special Resolution.

**(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).**

Generally, in the case of Software industry, for a Company of this size and for a person of this profile, the remuneration payable is much higher. Therefore, the remuneration proposed is well within the industry standards.

- (7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.**

Nil

### III. OTHER INFORMATION:

- (1) **Reasons for inadequate profits**

As the level of the Operations of the Company could not be up-scaled because of constrains of markets and technology, the profits are only marginal and are not adequate as defined under Sections 198, 269, 310 & 311 of the Companies Act, 1956 and Schedule-XIII to the Companies Act, 1956.

- (2) **Steps taken or proposed to be taken for improvement**

Plans are on to up-scale the operations and budgets are made for an increased level of turnover and profit after tax for the Financial Year 2005-2006 and subsequent years.

- (3) **Expected increase in productivity and profits in measurable terms.**

As Budgeted, the Gross Income and Profit after Tax for the Financial Year 2005-2006 are expected to increase by 50% and 150% respectively over the actuals of Financial Year 2004-2005.

### IV. DISCLOSURES:

All disclosures as stipulated have been complied with by way of disclosures in the Notice of Annual General Meeting and the Report on Corporate Governance.

### ADDITIONAL INFORMATION PRESCRIBED VIDE CLAUSE-49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

#### Sri Y. Harish Chandra Prasad

Sri Y. Harish Chandra Prasad (45) Graduated in Mechanical Engineering from Osmania University. He did his Masters Degree in Computers and Information Sciences at Brooklyn College of the City University of New York. He worked in Desein Private Limited,

Spectrum Power Generation Limited before taking charge as Managing Director of Lanco Kondapalli Power Pvt. Ltd. He is a Director on the Boards of ABAN Power Company Ltd., Rithwik Energy Systems Ltd., Clarion Power Corporation Ltd., Lanco Electric Utility Ltd., Lanco Energy Private Ltd., Lanco Amarkantak Power Pvt. Ltd., Lanco Group Ltd., Lanco Green Power Private Limited and S.R Power Engineering Services Pvt. Ltd. He is a Member of prominent Industry and Business Associations like Indian Institute of Engineers etc.

#### Sri L. Madhusudhan Rao

Sri L. Madhusudhan Rao (39) did his M.Tech. (Mech. Design) and M.S. (Indl.Engg.) in U.S.A. He worked in Meadours Products of Michigan, Wagganer Brighten Corporation, Exotic Rubber & Plastics in U.S.A. He is the Chairman of Lanco Group of Companies. He is on the Board of Directors of Lanco Industries Ltd., Lanco Kondapalli Power Pvt. Ltd., Lanco Infratech Ltd., Clarion Power Corporation Ltd., Rithwik Energy Systems Ltd., Lanco Projects Ltd., Lanco Group Ltd., Lanco Energy Private Ltd., Lanco Electric Utility Ltd., Lanco Net Ltd., Lanco Green Power Pvt. Ltd., Lanco Amarkantak Power Pvt. Ltd., Aban Power Company Ltd., Dharmashala Hydro Power Pvt. Ltd., Parvat Hydro Power Pvt. Ltd., Chamba Hydro Power Pvt. Ltd., Chatari Hydro Power Pvt. Ltd., Jubilee Hydro Power Pvt. Ltd., Occidental Power Pvt. Ltd., Pragdisa Power Pvt. Ltd., He is a Member of prominent Industry and Business Associations.

#### Sri Nagarjun Valluripalli

As the information by way of the brief resume and nature of expertise in specific functional areas has already been furnished in the statement of information annexed to the Item-7 of explanatory statement, to avoid duplication, the balance information, pertaining to Directorships / Memberships of Committees, is furnished hereunder.

He is on the Board of Directors of Reflexis Inc (Boston, MA, U.S.A), Arjun Software and Securities Pvt. Ltd., Maybull Infotech Pvt. Ltd., and HUL Power Pvt. Ltd.

By Order of the Board  
For LANCO GLOBAL SYSTEMS LIMITED

C. KRISHNAKUMAR  
COMPANY SECRETARY.

Place : Hyderabad,  
Date : 29.07.2005.

**DIRECTORS' REPORT**

To  
The Members,

Your Directors have pleasure in presenting the Sixth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2005.

(Rupees in lakhs)

FINANCIAL RESULTS	2004-2005	2003-2004
Income from Operations	611.25	287.73
Other Income	2.09	5.43
Gross Profit before Interest, Depreciation & Tax	115.36	79.01
<b>Less:</b> Interest	1.26	6.92
Depreciation	55.08	51.34
Provision for Tax	0.29	1.36
Profit after Tax	58.73	19.39
<b>Add:</b>		
Provision for Deferred Tax Asset	5.92	2.11
Profit after Deferred Tax	64.66	21.50
Balance Brought forward	85.57	64.07
Profit Carried to Balance Sheet	150.23	85.57

During the current year, the Company has generated total revenue of Rs.613.33 Lakhs as against Rs.293.17 Lakhs in the previous year. The profit after deferred tax during the current year is Rs.64.66 Lakhs as against Rs.21.50 Lakhs in the previous year.

**DEVELOPMENTS DURING THE YEAR**

During the year, the Company opened a Branch in Atlanta, State of Georgia, United States of America for expansion of the Company's business in the United States of America.

**DIRECTORS**

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Sri Y. Harish Chandra Prasad, Director retires by rotation and being eligible, offers himself for re-appointment.

Sri Nagarjun Valluripalli joined the Company as Director & C.E.O with effect from 27<sup>th</sup> June, 2005.

Sri L. Madhusudhan Rao resigned to the position of Wholetime Director with effect from 27<sup>th</sup> June, 2005. The Board of Directors places on record its appreciation of the contribution made by Sri L. Madhusudhan Rao during his tenure as Wholetime Director.

Sri Suresh Chukkapalli and Dr. Kilaru Hanumantha Rao, Directors, retiring by rotation, have conveyed their decision to retire, and therefore, are not seeking re-appointment.

The Board of Directors places on record its appreciation of the contribution made by Sri Suresh Chukkapalli and Dr. Kilaru Hanumantha Rao, during their tenure as Directors of the Company.

**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. P. Murali & 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, 1956.

**PARTICULARS REGARDING CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS 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**

The Company uses electric energy for its equipment such as computer terminals, air conditioners, lighting and utilities in the work premises. As an ongoing process, the following measures are undertaken to conserve energy:

- Implementation of viable energy audit proposals.
- Installation of automatic power factor controllers to save maximum demand charges and energy.
- Training front-end operational persons on the opportunities and importance of energy conservation.

- Automation of air conditioners is taken up in all locations.
- Precision temperature controllers are installed in all locations.
- Awareness and training sessions for maintenance personnel were conducted by experts.
- Ergonomic design of Office is made to ensure maximum use of natural resource of sunlight to keep expenses low.
- Optimum usage of air-conditioning equipment is made within the office space.
- Efforts will be made to provide for intelligent lighting, automatic lighting system based on sensors for optimum use of power.

#### **RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION**

The Company's Research & Development investment would primarily focus on Solutions Research and Vertical Focus Research.

Solutions Research would identify new ideas which would enable business process improvement for customers and would be aligned with the business strategy and growth opportunities of the organization.

Vertical Focus would primarily deal with building Centers of Excellence (CoE) around verticals such as financial services, energy, retail and process / discrete manufacturing. The Company would also setup Research & Development facilities around tools such as Pacer Frame-work and building testing competencies.

The Company plans to be a player in niche technologies and lays emphasis in staying current in the new technologies. A significant budget would be set aside for building competencies in the new technologies and also building solutions in the migration space, particularly in the open source solutions.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange Earnings : Rs.486.93 Lakhs

Foreign Exchange outgo : Rs.2.35 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 31<sup>st</sup> March, 2005 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, 1956, 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.

#### **RECENT DEVELOPMENTS**

The proposal for Merger of Lanco Global Systems Inc, U.S.A with Lanco Global Systems Limited, India is being pursued, subject to all legal and other formalities, procedures, approvals etc.,

#### **ACKNOWLEDGEMENTS**

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

#### **FOR AND ON BEHALF OF THE BOARD**

**L. MADHUSUDHAN RAO**  
CHAIRMAN

**NAGARJUN VALLURIPALLI**  
DIRECTOR & C.E.O.

**Place :** Hyderabad,  
**Date :** 29.07.2005.



**REPORT ON CORPORATE GOVERNANCE**

**I. MANDATORY REQUIREMENTS**

**1. 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.

**2. BOARD OF DIRECTORS**

(i) *The details of the Directors on the Board of the Company for the year 2004-2005 are given below:*

Name	Category	Designation	Number of membership in Boards of other Public Companies	Only Chairmanship in Committees of Boards of Other Companies	Only Membership in Committees of Boards of Other Companies
Sri L. Madhusudhan Rao	Executive	Chairman & Whole-time Director	9	NIL	2
Sri Suresh Chukkapalli	Non-Executive Independent	Vice Chairman	4	NIL	NIL
Sri G. Bhaskara Rao	Non-Executive	Director	10	5	5
Sri Y. Harish Chandra Prasad	Non-Executive	Director	5	2	5
Sri M.N. Nambiar	Non-Executive Independent	Director	NIL	NIL	NIL
Sri V.K. Srinivasan	Non-Executive Independent	Director	NIL	NIL	NIL
Dr Prasada Rao VDM Ravella	Non-Executive Independent	Director	2	NIL	NIL
Dr Kilaru Hanumantha Rao	Non-Executive Independent	Director	NIL	NIL	NIL

**(ii) Meetings & Attendance during the year**

5 Board Meetings were held during the year 2004-2005. The dates on which the Meetings were held are as follows:

29.04.2004, 29.07.2004, 15.10.2004, 31.01.2005 and 29.03.2005

The attendance of each Director at Board Meetings during the year 2004-2005 and the last A.G.M is given below:

Name	Number of Board Meetings attended	Attendance at the last A.G.M.
Sri L. Madhusudhan Rao	5	Yes
Sri Suresh Chukkapalli	5	Yes
Sri G. Bhaskara Rao	5	Yes
Sri Y. Harish Chandra Prasad	5	Yes
Sri M.N. Nambiar	3	Yes
Sri V.K. Srinivasan	5	Yes
Dr Prasada Rao VDM Ravella	NIL	No
Dr Kilaru Hanumantha Rao	NIL	Yes

Agenda papers along with detailed notes 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.

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

**3. AUDIT COMMITTEE**
**(i) Brief descriptions of terms of reference**

The Audit Committee consists of only Non-Executive Independent Directors and discharges all the responsibilities statutorily prescribed.

The functions of the Audit Committee include:-

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 their audit fee and also approval for repayment for any other services.

Reviewing with management the quarterly and annual financial statements before submission to the Board.

Reviewing the adequacy of Internal Control Systems and Internal Audit Reports, and their compliance thereof etc.

**(ii) Composition**

The Audit Committee comprises of the following Four Non-Executive Independent Directors.

Sri M.N. Nambiar	-	Chairman
Sri Suresh Chukkapalli	-	Member
Dr. Prasada Rao VDM Ravella	-	Member
Sri V.K. Srinivasan	-	Member

**(iii) Meetings & Attendance during the year**

5 Audit Committee Meetings were held during the year 2004-2005. The dates on which the Meetings were held are as follows:

29.04.2004, 29.07.2004, 15.10.2004, 31.01.2005 and 29.03.2005

The attendance record of the Directors during the year 2004-2005 is given below:

Name	No. of Meetings held during the year	Number of Meetings attended during the year
Sri M.N. Nambiar	5	3
Sri Suresh Chukkapalli	5	5
Dr Prasada Rao VDM Ravella	5	NIL
Sri V.K. Srinivasan	5	5

The Meetings of the Audit Committee were attended by the Head of Finance and Internal Auditors and Statutory Auditors as Invitees. The Quarterly and Annual audited financials of the Company were reviewed by the Audit Committee before consideration and approval by the Board of Directors. The Committee reviewed the adequacy of Internal Control Systems and Internal Audit Reports and the various compliances.

**4. REMUNERATION & COMPENSATION COMMITTEE**

**Composition and terms of reference**

The Remuneration & Compensation Committee consists of the following three Non-Executive Independent Directors. Remuneration & Compensation Committee determines Compensation and Benefits for Executive Directors.

Sri V.K. Srinivasan	-	Chairman
Sri M.N. Nambiar	-	Member
Sri Suresh Chukkapalli	-	Member

**5. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE**

**(i) The composition of the Shareholders/ Investors Grievances Committee is as follows:**

The Committee is headed by a Non-Executive Independent Director.

Sri Suresh Chukkapalli	-	Chairman
Sri L. Madhusudhan Rao	-	Member

**(ii) The Name and Designation of Compliance Officer**

The Name and Designation of the Compliance Officer of the Company is Sri C. Krishnakumar, Company Secretary.

**(iii) Details of requests/complaints received, resolved and pending during the year 2004-2005**

Nature of Complaint	Received	Resolved	Pending
Change of Address	2	2	0
Duplicate Share Certificates	3	3	0
Others	3	3	0
<b>Total:</b>	<b>8</b>	<b>8</b>	<b>0</b>

**6. GENERAL BODY MEETINGS**

**(i) Location and time, where last three AGMs held:**

Year	Location	Date	Time
2001-02	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.	September 27, 2002	4.00 P.M.
2002-03	Surana Udyog Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad.	September 27, 2003	3.00 P.M.
2003-04	Surana Udyog Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad.	September 28, 2004	3.00 P.M.

**(ii) Whether Special Resolutions were passed through Post Ballot last year.**

No.

**(iii) Persons who conducted the Postal Ballot exercise.**

Not Applicable.

**(iv) Whether any Special Resolution is proposed to be conducted through postal ballot.**

No

**(v) Procedure for postal ballot.**

Not Applicable

**7. DISCLOSURES**

There are no materially significant related party transactions having potential conflict with the interests of the Company at large.

There is no Accounting treatment different from the prescribed Accounting standards.

There has not been any non-compliance by the Company and there are no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

**8. MEANS OF COMMUNICATION**

The Company's Quarterly, Half Yearly and Annual financial results are up loaded on the EDIFAR website maintained by National Informatics Center (NIC).

The same are generally published in the Business Standard (In English) and Andhra Bhoomi (In Telugu) News Papers.

As required by the Listing Agreement, the Management Discussion and Analysis Report is provided elsewhere in the Annual Report.

**9. GENERAL SHAREHOLDERS INFORMATION**

**(i) Annual General Meeting**

- Date and Time    September 28, 2005 at 3.00 P.M.
- Venue   Surana Udyog Auditorium,  
The Federation of Andhra Pradesh Chambers of Commerce and Industry,  
Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad-500 004.

**(ii) Financial Calendar for the Year 2005-06 (tentative)**

<b>Tentative Schedule</b>		
1.	- Financial reporting for the quarter ended June 30, 2005	Before end July, 2005
2.	- Financial reporting for the half year ending September 30, 2005	Before end October, 2005
3.	- Financial reporting for the quarter ending December 31, 2005	Before end January, 2006
4.	- Financial reporting for the year ending March 31, 2006	Before end April, 2006
5.	- Annual General Meeting for the year ending March 31, 2006	Before end September, 2006

**(iii) Book Closure Dates**   :     24.09.2005 to 28.09.2005 (both days inclusive)

**(iv) Dividend Payment Date**   :     Not Applicable

**(v) Listing on Stock Exchanges**                                       :     The Hyderabad Stock Exchange Limited, Hyderabad  
The Stock Exchange, Mumbai.

The Company has paid the listing fee for the period ending 31<sup>st</sup> March, 2006

**(vi) Stock Code:**

S.No.	Exchange	Code
1.	Hyderabad Stock Exchange	Stock Code : HSE -LAGLOB Scrip Code No. : 6426
2.	Bomaby Stock Exchange	Stock Code : BSE - LANGLSY Scrip Code No. : 532368

**(vii) Stock Market Price Data relating to Equity Shares listed in the Hyderabad Stock Exchange & The Stock Exchange, Mumbai.**

(In Rs.)

The Stock Exchange, Mumbai		
Month	High	Low
April '04	5.30	3.00
May '04	7.50	3.02
June '04	6.48	4.50
July '04	6.00	5.13
August '04	9.25	7.00
September '04	9.45	5.56
October '04	10.76	6.24
November '04	10.45	7.32
December '04	9.80	7.22
January '05	11.82	8.42
February '05	11.15	8.07
March '05	24.90	8.00

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

**(viii) Stock Performance in comparison to broad-based indices such as BSE Sensex, etc.,**

The Price of the Equity Share of the Company broadly moved in tandem with the said indices.

**(ix) Registrars & Share Transfer Agents**

Aarthi Consultants Private Limited,  
1-2-285, Domalguda,  
Hyderabad – 500 029. A.P. India.  
Phone : +91-40-27634445, 27638111  
Fax : +91-40-27632184  
Email : hyd2\_aarcons@sancharnet.in

**(x) Share Transfer System**

The shareholders are advised to contact the Registrar and Share Transfer Agents at their address for effecting transfer of shares.

(xi) (a) *Distribution of Shareholding by size class as of March 31, 2005:*

Nominal Value of Shareholding (in Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage
Up to 5,000	1236	82.68	245345	2.30
5,001 - 10,000	112	7.49	81291	0.76
10,001 - 20,000	53	3.55	85778	0.80
20,001 - 30,000	28	1.87	68111	0.64
30,001 - 40,000	7	0.47	24549	0.23
40,001 - 50,000	3	0.20	13128	0.12
50,001 - 1,00,000	18	1.20	146555	1.38
1,00,001 and above	38	2.54	9992243	93.76
<b>TOTAL</b>	<b>1495</b>	<b>100.00</b>	<b>10657000</b>	<b>100.00</b>

(b) *Distribution of Shareholding by Ownership as on March 31, 2005:*

S.No.	Category	No. of Shares held	% of shareholding
<b>A.</b>	<b>Promoter's holding</b>		
1.	Promoters		
	- Indian Promoters	172900	1.62
	- Foreign Promoters	4795650	45.00
2.	Persons acting in Concert		
	- Friends & Associates	NIL	NIL
	<b>Sub-Total</b>	<b>4968550</b>	<b>46.62</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
3.	Institutional Investors	NIL	NIL
4.	Others		
	- Private Corporate Bodies	2190596	20.55
	- Indian Public	1000550	9.39
	- NRIs / OCBs	1506654	14.14
	- Any other (Trusts)	990650	9.30
	<b>Sub-Total</b>	<b>5688450</b>	<b>53.38</b>
	<b>Grand Total</b>	<b>10657000</b>	<b>100.00</b>

(xii) *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.

(xiii) *Outstanding convertible instruments*

As of March 31, 2005, there are no outstanding convertible instruments.

**(xiv) Address for Correspondence**

**Registered Office:**

"Lanco House", 141, Avenue # 8, Road # 2,  
Banjara Hills, Hyderabad- 500 034. A.P. India.  
Phone: +91-40-23540695, 701  
Fax : +91-40-23540699

**Corporate Office:**

"Lanco Towers", 8-3-993, Srinagar Colony,  
Hyderabad - 500 073. A.P. India.  
Phone: +91-40-23755403, 55511161, 62  
Fax : +91-40-23755413  
Website: www.lancoglobal.com

**II. NON-MANDATORY REQUIREMENTS**

**1. CHAIRMAN OF THE BOARD**

The Chairman of the Company was a Wholetime Director of the Company during the year and hence this provision is not applicable.

**2. REMUNERATION COMMITTEE**

All the requirements of the Remuneration Committee have been complied.

**3. SHAREHOLDER RIGHTS**

The Quarterly, Half Yearly and Annual Results were displayed on the EDIFAR website maintained by National Informatics Center (NIC).

**4. POSTAL BALLOT**

There are no items requiring approval through postal ballot and hence this item is not applicable.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

**IT SCENARIO**

IT services and software continue to be the mainstay of Indian IT-ITES, remaining unchanged in fiscal 2005 as compared to fiscal 2004. Exports account for a majority share of the segment revenue, the offshore-service-delivery with US and Western Europe as the key markets. Accompanying the remarkable performance in exports, is the steady growth in domestic demand, which further contributes to this segment's standing in the Indian IT-ITES industry.

IT services and software exports grew from US\$ 7.1 billion in 2002-03 to US\$ 9.2 billion in FY 2003-04 – a growth of over 30 percent over the previous year. Export revenues are expected to reach US\$ 12.2 billion by 2004-05.

In IT-services-exports, during 2003-04, project-oriented services (including IT consulting, System Integration and Custom Application Development and Maintenance) grew by 19 percent, IT Outsourcing grew by 27 percent and Support and Training, by 65 percent.

**THE GLOBAL SCENARIO**

Global IT-ITES spending is expected to grow at a CAGR of 7.9 percent over 2004-08. IT spending, comprising amounts spent on hardware, software and IT services is forecast to grow at a CAGR of 6.3 percent over the same period. ITES-BPO is expected to grow at a significantly higher CAGR of over 11 percent over the same period.

The ITES-BPO industry generated total revenues of US\$ 3.9 billion in 2003-04, representing a growth of around 45.3 percent over the previous year. The sector is expected to touch revenues of around US\$ 5.7 billion by the end of 2004-05, at a growth rate of 44.4 percent.



**INDIAN ITES-BPO EXPORTS BY KEY SERVICE LINES – BETWEEN 2003-2005**

The global-financial services-vertical remained the largest user of Indian ITES-BPO services, followed by telecom, healthcare and airline segments.

Customer care and support services were the main revenues earners within the ITES-BPO export market accounting for 38 percent of the industry's employee base and a third of its revenues. Other leading service-lines were Finance (revenue contribution of 23 percent), Administration (15 percent) and content development (15 percent).

HR ITES-BPO recorded growth, with Indian players moving beyond just benefits and payroll outsourcing to higher-end ITES-BPO engagements.

Customer analytics and CRM, legal transcription support, Knowledge Process Outsourcing and Financial Process Outsourcing (FPO) emerged as new, high-potential service lines for ITES-BPO companies.

IT users targeted their enterprise application software spending on ERP, CRM, SCM and Business Intelligence packages during 2004.

While the ERP market in India generated revenues of around US\$ 60 million in 2003-04, the domestic market for CRM applications during 2004 was estimated to be around US\$ 16.5 million in India. The SCM solutions segment achieved a turnover of US\$ 16.5 million in 2004, while BI software market in the country was valued at US\$ 22 million.

**KEY TRENDS FORECAST FOR GLOBAL IT-ITES BETWEEN 2005-08**

Emerging geographies such as Central and Eastern Europe, China and India are expected to drive demand.

Enterprise level innovation focused on mainstream business applications with an emphasis on ease-of-use computing is expected to be in place.

Emphasis on cost reduction and increased process focus in the IT business services segments to drive increased leverage of the offshore model is expected to be in place.

Increased adoption of off-shore outsourcing as organizations adapt to the global sourcing phenomenon is expected to be in place.

**OPPORTUNITIES, THREATS, RISKS AND CONCERNS**

The company's strategy towards growth in the future would focus around the following services:

- Professional Services Engagements

The Company would concentrate on partnerships globally to help address customers pressing demand for resources. The domains in which talent would be sought would be primarily in the ERP and Business Intelligence and Data warehousing domains.

- Global ERP implementations and roll-outs

The Company will concentrate on winning ERP Implementation Accounts in the domestic markets. Simultaneously efforts would be on to win overseas ERP Consultancy Projects.

- Enhance Offshore Delivery and Support Project Growth

Offshore development projects would be a major source of business growth. The Company would achieve this through the focus on selling value added services through our in-house frameworks which concentrate on accelerated project delivery and enhanced performance in the ERP areas. AMS services – Offshore support in the technologies would be taken up with defined processes and SLAs aiming at improved response and resolution times and customer satisfaction.

- Vertical focus – Verticals in Financial services, Life sciences, Energy and Manufacturing would be aimed to grow consulting base and business strategy.

Build Industry specific templates – Industry specific templates around the verticals would be built to provide ready, off the shelf solutions to Small and Medium customers.

- Setting up new offices to be a global player.

The Company plans to setup offices in Middle-East, Europe and Asia pacific through local partners.

- The Company plans to expand the foot print within existing customers through new service offerings in the new dimension technologies and value added services.

- The Company plans to identify companies for Mergers and Acquisitions to accelerate inorganic growth.

- The Company plans to setup BPO operations in the domains of Finance, Customer support, HR and legal services.

- Setting up of Testing facilities - Test Program Management, Automation and Regression Testing, Performance Benchmarking, Web Testing are the services which would be provided through the testing facilities.

Skilled manpower, considered as a key to offshore success, has remained one of the key concerns and challenges for the country's IT sector. Having apt IT and management skills, in fact, is assuming an ever-greater importance, in the current day environment. The company has laid out a strategy to build world class competencies through internal trainings, lateral recruitments, employee retention practices and competency development plans in the new dimension technologies.

A growing concern on data protection and intellectual property rights amongst the customer base is being addressed through the security policies and business continuity procedures.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The company, with regard to internal control systems and their adequacy, has put in place effective systems and their strict implementation to ensure that assets and interests of the company are safeguarded. Checks and balances are in place to determine the accuracy and reliability of accounting data.

The company has internal audit, an independent appraisal function to examine and evaluate the adequacy and effectiveness of the company's internal control system. It appraises, periodically, its activities and audit findings to the audit committee, statutory auditors and the management.

Internal audit ensures that systems are designed and implemented with adequate internal controls, commensurate with the size and operations; transactions are executed in accordance with the company's policies and authorizations; assets are safeguarded and deployed in accordance with company's policies and authorizations; adequacy of internal controls in all existing policies and procedures of the company.

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members,  
M/s. 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 M/s Lanco Global Systems Limited ("the company") for the year ended 31<sup>st</sup> March, 2005 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 P. MURALI & CO.,  
CHARTERED ACCOUNTANTS

P. MURALI MOHANA RAO  
PARTNER

PLACE : HYDERABAD,  
DATE : 29.07.2005.

**AUDITORS' REPORT**

To  
The Members,  
**LANCO GLOBAL SYSTEMS LIMITED.**

We have audited the attached Balance Sheet of LANCO GLOBAL SYSTEMS LIMITED as at 31st March, 2005 and also the Profit & Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. 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 statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) order 2003 and as amended by the Companies (Auditor's Report)(Amendment) Order 2004, issued by the Central Government of India in terms of the 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 & Profit & Loss Account dealt with by this report are in agreement with the books of account ;
- (iv) In our opinion, the Balance Sheet & 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, 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2005 from being appointed 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 ;

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
- (b) In the case of the Profit & Loss Account, of the Profit for the period ended on that date;

**And**

- (c) In the case of the Cash Flow, of the cash flows for the period ended on that date ;

PLACE : HYDERABAD,  
DATE : 29-07-2005.

**For P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS

**P. MURALI MOHANA RAO**  
PARTNER

## ANNEXURE TO THE AUDITORS' REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. The Company has no Inventory. Hence this clause is not applicable.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
- (d) No loans have been granted to Companies, Firms & other parties listed in the register U/s.301 of the Companies Act, 1956, hence overdue amount of more than rupees one lac does not arise and the clause is not applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties, is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 does not arise.
- (b) According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A,58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section(1) of section 209 of the Companies Act, 1956.

- IX.** (a) The Company is regular in depositing statutory dues including PF, Income Tax, and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- (b) According to the information and explanations given to us, no disputed amounts are payable in respect of PF, Income Tax, and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X.** The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- XI.** According to information and explanations given to us, the Company has not defaulted in repayment of dues to financial Institutions or banks.
- XII.** According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII.** This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV.** According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV.** According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
- XVI.** According to the information and explanations given to us, the company has not obtained any Term Loans, hence this clause is not applicable.
- XVII.** According to the information and explanations given to us, no funds are raised by the Company on short-term basis. Hence the clause of short term funds being used for long-term investment does not arise.
- XVIII.** According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX.** According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX.** According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI.** According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

**For P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS

**P. MURALI MOHANA RAO**  
PARTNER

PLACE : HYDERABAD,  
DATE : 29-07-2005.

**BALANCE SHEET AS ON 31ST MARCH, 2005**

PARTICULARS	Schedule	As on	As on
		31.03.2005 (Rupees)	31.03.2004 (Rupees)
<b>I SOURCES OF FUNDS</b>			
<b>1. Share Holders Funds</b>			
(a) Share Capital	1	106,494,200	106,494,200
(b) Reserves & Surplus	2	16,273,175	9,557,264
<b>2. Loan funds</b>			
(a) Secured Loans	3	192,454	1,014,908
<b>3. Deferred Tax Liability</b>		<b>2,978,964</b>	<b>3,571,394</b>
<b>TOTAL</b>		<b>125,938,793</b>	<b>120,637,766</b>
<b>II APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
(a) Gross Block	4	51,244,133	49,590,252
(b) Less Depreciation		22,985,731	17,478,165
(c) Net Block		28,258,402	32,112,087
(d) Capital Work in progress including Advances		47,937,410	47,937,410
<b>2. Investments</b>		<b>20,000,000</b>	<b>20,000,000</b>
<b>3. Current Assets, Loans &amp; Advances</b>			
(a) Sundry Debtors	5	30,531,256	18,670,836
(b) Cash and Bank Balances	6	3,118,506	3,044,650
(c) Loans & Advances	7	15,588,521	14,567,296
Less: Current Liabilities & Provisions	8	19,803,255	16,613,921
Net Current Assets		29,435,028	19,668,861
<b>4. Miscellaneous Expenditure</b>	9	<b>307,953</b>	<b>919,408</b>
(to the extent not written off or adjusted)			
<b>TOTAL</b>		<b>125,938,793</b>	<b>120,637,766</b>
Notes on Balance Sheet and Profit & Loss Account	12		

As per our Report Attached  
**For P. MURALI & CO.,**  
 CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

**P. MURALI MOHANA RAO**  
 PARTNER

**L. MADHUSUDHAN RAO**  
 CHAIRMAN

**NAGARJUN VALLURIPALLI**  
 DIRECTOR & C.E.O.

PLACE : HYDERABAD,  
 DATE : 29-07-2005.

**Y. SRINIVASA RAO**  
 G.M-F&A

**C. KRISHNAKUMAR**  
 COMPANY SECRETARY

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005**

PARTICULARS	Schedule	Year Ended 31.03.2005 (Rupees)	Year Ended 31.03.2004 (Rupees)
<b>INCOME</b>			
Export		61,124,638	28,773,343
Other Income		208,805	543,175
<b>TOTAL</b>		<b>61,333,443</b>	<b>29,316,518</b>
<b>EXPENDITURE</b>			
Personnel Cost		33,731,749	12,732,629
Interest & Financial Charges	10	125,642	691,619
Operating & Administration Expenses	11	15,454,786	8,071,842
Depreciation		5,507,566	5,134,165
Written off Expenses		611,455	611,456
<b>TOTAL</b>		<b>55,431,198</b>	<b>27,241,711</b>
Profit / (Loss) before tax		5,902,245	2,074,807
Provision for Tax		28,764	135,779
Profit / (Loss) after tax		5,873,481	1,939,028
Provision for Deferred Income Tax Assets		592,430	211,061
Profit After deferred Tax		6,465,911	2,150,089
Balance Brought forward		8,557,264	6,407,175
Profit Carried to Balance Sheet		15,023,175	8,557,264
Notes on Balance Sheet and Profit & Loss Account	12		
Earnings Per Share Basic & Diluted		0.61	0.20

As per our Report Attached  
For **P. MURALI & CO.**,  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

**P. MURALI MOHANA RAO**  
PARTNER

**L. MADHUSUDHAN RAO**  
CHAIRMAN

**NAGARJUN VALLURIPALLI**  
DIRECTOR & C.E.O.

PLACE : HYDERABAD,  
DATE : 29-07-2005.

**Y. SRINIVASA RAO**  
G.M-F&A

**C. KRISHNAKUMAR**  
COMPANY SECRETARY



**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS**

PARTICULARS	As at 31-03-2005 (Rupees)	As at 31-03-2004 (Rupees)
<b>SCHEDULE - I</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b> 26,000,000 Equity Shares of Rs. 10/- each	<u>260,000,000</u>	<u>260,000,000</u>
<b>Issued &amp; Subscribed Capital</b> 10,657,000 Equity Shares of Rs. 10/- each	<u>106,570,000</u>	<u>106,570,000</u>
Less: Allotment Money Arrears	<u>75,800</u>	<u>75,800</u>
<b>TOTAL</b>	<u><u>106,494,200</u></u>	<u><u>106,494,200</u></u>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Investment Subsidy	<u>1,250,000</u>	<u>1,000,000</u>
Surplus in Profit & Loss Account	<u>15,023,175</u>	<u>8,557,264</u>
<b>TOTAL</b>	<u><u>16,273,175</u></u>	<u><u>9,557,264</u></u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Term Loan with Bank	-	1,000,000
Interest accrued payable	-	14,908
Vehicle Finance	<u>192,454</u>	-
<b>TOTAL</b>	<u><u>192,454</u></u>	<u><u>1,014,908</u></u>

**SCHEDULE - 4  
FIXED ASSETS**

(Rupees)

SL. No.	DESCRIPTION OF ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Cost As at 01-04-2004	Additions During the Year	Deletions During the Year	Total Cost as at 31-03-2005	up to 01-04-2004	For the Year	Deletion of Depreciation for the year	Total as at 31-03-2005	as at 31-03-2005	as at 31-03-2004
1.	Computers	23,845,885	355,103	-	24,200,988	12,163,284	3,906,229	-	16,069,513	8,131,475	11,682,601
2.	Furniture & Fixtures	16,617,233	179,656	-	16,796,889	3,596,520	1,058,728	-	4,655,248	12,141,641	13,020,713
3.	Airconditioners	1,338,000	20,500	-	1,358,500	249,678	64,121	-	313,799	1,044,701	1,086,322
4.	Electricals	4,784,237	114,567	-	4,898,804	780,599	229,070	-	1,009,669	3,889,135	4,003,638
5.	Office Equipments	1,984,415	543,980	-	2,528,395	332,890	111,238	-	444,128	2,084,267	1,651,525
6.	Vehicles	1,020,482	440,075	-	1,460,557	355,194	138,180	-	493,374	967,183	665,288
	<b>TOTAL</b>	<b>49,590,252</b>	<b>1,653,881</b>	<b>-</b>	<b>51,244,133</b>	<b>17,478,165</b>	<b>5,507,566</b>	<b>-</b>	<b>22,985,731</b>	<b>28,258,402</b>	<b>32,112,087</b>

PARTICULARS	As at 31-03-2005 (Rupees)	As at 31-03-2004 (Rupees)
<b>SCHEDULE - 5</b>		
<b>SUNDRY DEBTORS</b>		
<b>(Unsecured and Considered good)</b>		
(a) Over six months old	-	-
(b) Other Debts	30,531,256	18,670,836
<b>TOTAL</b>	<b>30,531,256</b>	<b>18,670,836</b>
<b>SCHEDULE - 6</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in hand	19,589	7,462
Cash at Bank	3,098,917	3,037,188
<b>TOTAL</b>	<b>3,118,506</b>	<b>3,044,650</b>
<b>SCHEDULE - 7</b>		
<b>LOANS &amp; ADVANCES</b>		
Staff Advances	1,268	-
Pre-paid Expenses	599,994	107,098
Advance for Expenses & Recoverable	2,685,850	2,115,458
Deposits	2,389,909	2,433,240
LGSL Foundation (Trust)	9,911,500	9,911,500
<b>TOTAL</b>	<b>15,588,521</b>	<b>14,567,296</b>
<b>SCHEDULE - 8</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Outstanding Expenses & Provisions	3,060,009	1,710,388
Other Liabilities	16,743,246	14,903,533
<b>TOTAL</b>	<b>19,803,255</b>	<b>16,613,921</b>

PARTICULARS	As at 31-03-2005 (Rupees)	As at 31-03-2004 (Rupees)
<b>SCHEDULE - 9</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Preliminary Expenses	307,953	473,429
Public Issue Expenses	-	445,979
<b>TOTAL</b>	<b>307,953</b>	<b>919,408</b>
<b>SCHEDULE - 10</b>		
<b>INTEREST &amp; FINANCIAL CHARGES</b>		
Interest on Term Loan	40,722	622,844
Interest on Vehicle Loans	23,358	15,426
Bank Charges	61,562	53,349
<b>TOTAL</b>	<b>125,642</b>	<b>691,619</b>
<b>SCHEDULE - 11</b>		
<b>OPERATING &amp; ADMINISTRATION EXPENSES</b>		
Communication Expenses	3,538,202	2,639,686
Repairs and Office Maintenance	2,232,083	548,799
Rent	2,812,320	2,083,200
Rates, Taxes & Insurance	261,480	172,901
Business Development Exp	730,870	362,203
Electricity Charges	1,591,833	971,641
Travelling & Conveyance	880,984	464,681
Printing & Stationery	207,299	123,743
CMMi Training Fee	1,004,335	-
Miscellaneous Expenses	1,054,831	470,915
Directors Remuneration	120,000	120,000
Project Related Expenses	5,130	70,873
Audit Fee	44,080	43,200
Foreign Exchange Fluctuation Loss	971,339	-
<b>TOTAL</b>	<b>15,454,786</b>	<b>8,071,842</b>

**SCHEDULE - 12**

**NOTES FORMING PART OF THE ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**General :**

- (i) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

**Revenue Recognition :**

- (i) Income from software development is accounted for on the basis of Software developed and billed to clients on acceptance and/or on the basis of man days/man hours as per the terms of contract.
- (ii) Revenue from professional services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognised as and when the services are performed.
- (iii) Revenue from software development services includes revenue from time and material and fixed price contracts are recognised as related services are performed.
- (iv) Revenue on fixed price contracts is recognised in accordance with percentage of completion and method of account.
- (v) Revenue is not recognised on the grounds of prudence, until realised in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

**Foreign Exchange Transaction :**

- (i) Realised gains & loss in foreign exchange transactions are recognised in Profit & Loss Account.

Transactions in foreign currency will be recorded at the rates of exchange prevailing on the date of the transaction. Current assets and liabilities denominated in foreign currency will be translated at the rate of exchange as at Balance Sheet date.

**Investments :**

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable.

**Fixed Assets :**

- (i) Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, taxes and incidental expenses thereto.

**Depreciation and Amortisation :**

- (i) Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956.
- (ii) Preliminary Expenses are amortised over the period of 5 years.
- (iii) Public Issue Expenses are amortised over the period of 5 years.

**Capital Work-in-Progress :**

The Capital Work-in-Progress includes cost of Fixed Assets under installation, advances for Capital Goods and unallocated expenditure.

**Taxation :**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognised 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 asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

**Earning Per Share:**

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year.

**Gratuity :**

The provision for Gratuity and leave Encashment is calculated as per accrual method and included in current liability & provision.

**B. NOTES ON ACCOUNTS**

- Particulars of Employees in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule 1975.

**NIL**

2. Director's Remuneration :	<u>Current Year (Rs.)</u> 1,20,000/-	<u>Previous Year (Rs.)</u> 1,20,000/-
3. Auditor's Remuneration : Audit Fee	<u>Current Year (Rs.)</u> 44,080/-	<u>Previous Year (Rs.)</u> 43,200/-
4. The Company is engaged in the development of Computer Software and services. The production and sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.		
5. All Investments are un quoted equity shares.		
6. Foreign Currency outgo on Capital expenditure is Rs.2,34,603 /- (previous year Rs.13,23,970/-)		
7. Capital work in progress current year Rs.479,37,410/-(previous year Rs.479,37,410/- ) is in respect of Product development and advances made to suppliers towards capital goods. This will be capitalised on completion of the project.		
8. Expenditure in Foreign Currency : Foreign Travelling	<u>Current Year (Rs.)</u> Nil	<u>Previous Year (Rs.)</u> 90,381/-
9. Earnings in Foreign Exchange as reported by the Company to Government of India and as certified by Management.		
Foreign Exchange Inflow	<u>Current Year (Rs.)</u> 48,692,620/-	<u>Previous Year (Rs.)</u> 25,930,140/-

10. The receivables have been considered at the actual rate at which the amount is realised and accordingly loss from Foreign Exchange fluctuation has been reflected in Profit and Loss Account for the Year
11. There are no dues to SSI Units outstanding for more than 30 days.
12. Confirmations were obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.
13. In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounts to Rs.5,92,430/- towards deferred income tax Asset. (Previous year Rs.2,11,061/- towards deferred income tax Asset).
14. Vehicle loan is secured by way of hypothecation of the vehicle.
15. Previous years figures have been regrouped wherever necessary.
16. The figures have been rounded off to the nearest rupee.

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**SIGNATURES TO SCHEDULES 1 TO 12**

As per our Report of even date  
**For P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

**P. MURALI MOHANA RAO**  
PARTNER

**L. MADHUSUDHAN RAO**  
CHAIRMAN

**NAGARJUN VALLURIPALLI**  
DIRECTOR & C.E.O.

PLACE : HYDERABAD,  
DATE : 29-07-2005.

**Y. SRINIVASA RAO**  
G.M-F&A

**C. KRISHNAKUMAR**  
COMPANY SECRETARY

	(Rs. in lakhs)	
<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2005.</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation and extraordinary Items	59.02	20.75
Adjustments for:		
Depreciation	55.08	51.34
Interest Income	1.26	6.92
Interest expenses	-	-
Written off Expenses	6.11	6.11
Operating Profit before working capital changes	121.47	85.12
Trade and other receivables	(128.82)	(24.28)
Trade payables	31.61	48.05
Cash generated from operations	24.26	108.89
Interest paid	(1.26)	(6.77)
<b>NET CASH FLOW OPERATING ACTIVITIES</b>	<b>23.00</b>	<b>102.12</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets including Capital Work-in-progress	(16.54)	(23.83)
Pre-operative & Project Expenses	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(16.54)</b>	<b>(23.83)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Issue of Share Capital	-	-
Investment Subsidy	2.50	0.00
Unsecured Loan	0.00	(50.08)
Proceeds from Term Loans	(10.15)	0.00
Net Proceeding from HP Loans	1.92	0.00
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(5.73)</b>	<b>(50.08)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>0.73</b>	<b>28.21</b>
Cash and Cash equivalents as at (Opening Balance)	30.45	2.23
Cash and Cash equivalents as at (Closing Balance)	31.18	30.45

for and on behalf of the Board

**L. MADHUSUDHAN RAO**  
CHAIRMAN

**NAGARJUN VALLURIPALLI**  
DIRECTOR & C.E.O.

Place : Hyderabad,  
Date : 29-07-2005.

**Y. SRINIVASA RAO**  
G.M-F&A

**C. KRISHNAKUMAR**  
COMPANY SECRETARY

To  
The Board of Directors  
**M/s. Lanco Global Systems Limited**

We have examined the attached Cash Flow Statement of Lanco Global Systems Limited for the year ended 31st March, 2005. The Statement has been prepared by the company in accordance with the requirement of Clause 32 of listing agreement with Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 29th July 2005 to the members of the company.

for **P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD,  
DATE : 29-07-2005.

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



**SCHEDULE - VI  
PART - IV**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details :

Registration No. 

0	1	-	3	0	9	9	6
---	---	---	---	---	---	---	---

 State Code : 

0	1
---	---

  
Balance Sheet Date 

3	1
---	---

0	3
---	---

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

  
Date Month Year

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 

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

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

Total Liabilities 

			1	2	5	9	3	9
--	--	--	---	---	---	---	---	---

 Total Assets 

			1	2	5	9	3	9
--	--	--	---	---	---	---	---	---

**SOURCES OF FUNDS**

Paid-Up Capital 

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

 Reserves & Surplus 

			1	6	2	7	3
--	--	--	---	---	---	---	---

  
Secured Loans 

						1	9	2
--	--	--	--	--	--	---	---	---

 Un-secured Loans/Deferred Tax Liability 

						2	9	7	9
--	--	--	--	--	--	---	---	---	---

**APPLICATION OF FUNDS**

Net Fixed Assets 

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

 Investments 

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

  
Net Current Assets 

			2	9	4	3	5
--	--	--	---	---	---	---	---

 Misc. Expenditure 

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

  
Accumulated Losses 

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

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

Turnover 

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

 Total Expenditure 

			5	5	4	3	1
--	--	--	---	---	---	---	---

  
+ - Profit/Loss before Tax 

			5	9	0	2
--	--	--	---	---	---	---

 + - Profit/Loss after Tax 

			5	8	7	3
--	--	--	---	---	---	---

  
Earning per share in Rs. 

			0	.	6	1
--	--	--	---	---	---	---

 Dividend Rate % 

						N	A
--	--	--	--	--	--	---	---

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code) : 

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



# LANCO GLOBAL SYSTEMS LIMITED

Regd. Office : "Lanco House", 141, Avenue # 8, Road # 2, Banjara Hills,  
Hyderabad - 500 034, Andhra Pradesh, INDIA.

## ATTENDANCE SLIP

6th Annual General Meeting - 28th September, 2005

DP .Id*	
---------	--

Reg. Folio No.	
----------------	--

Client Id*	
------------	--

I certify that I am a member/proxy for the member of the Company. I hereby record my presence at the 6th Annual General Meeting of the Company at Surana Udyog Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad - 500 004 at 3.00 P.M. on Wednesday, the 28th day of September, 2005.

\*\* Member's/Proxy's Name in Block Letters

\*\* Member's/Proxy's Signature

Note : Member/Proxy must bring the Attendance Slip to the Meeting and hand it over signed, at the registration counter.

\* Applicable for investors holding shares in Electronic Form.

\*\* Strike out whichever is not applicable.



# LANCO GLOBAL SYSTEMS LIMITED

Regd. Office : "Lanco House", 141, Avenue # 8, Road # 2, Banjara Hills,  
Hyderabad - 500 034, Andhra Pradesh, INDIA.

## PROXY SLIP

6th Annual General Meeting - 28th September, 2005

DP .Id*	
---------	--

Reg. Folio No.	
----------------	--

Client Id*	
------------	--

I/We .....  
of .....  
being a member/members of **LANCO GLOBAL SYSTEMS LIMITED** hereby appoint .....  
..... of .....  
or failing him / her .....  
of .....  
as my/our proxy to vote for me/our on my/us behalf at the 6th Annual General Meeting of the Company to be held at Surana Udyog Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad - 500 004 at 3.00 P.M. on Wednesday, the 28th day of September, 2005.

Signed this ..... day of ..... 2005.

- Note :
1. Proxy need not be a member.
  2. Proxy Form, complete in all respects, should reach the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

\* Applicable for Investors holding shares in Electronic form

Please  
Affix  
Re. 1/-  
Revenue  
Stamp

Signature

✓

**BOOK - POST**

To

*If Undelivered please return to :*



**LANCO GLOBAL SYSTEMS LIMITED**

"LANCO HOUSE", 141, Avenue # 8, Road # 2, Banjara Hills,  
Hyderabad - 500 034. Andhra Pradesh, INDIA.  
website: [www.lancoglobal.com](http://www.lancoglobal.com)