

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

- (a) Your Company has optimum combination of executive, non executive, independent and non independent directors in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. Your Company has total strength of 9 (including one Alternate Director) directors consisting of 4 Executive Directors and 5 Non Executive Independent directors (including one Alternate Director).

Out of 4 Executive directors 3 are under Promoters category and 1 Director & CEO. The Board composed in lines with Corporate Governance Code. All Independent Directors comply with the requirements of the Listing Agreement for being "Independent Director". The Board composition is as follows:

Name of the Director	Category	Designation
Mr. K. Tejesh Kumar*	Promoter & Executive Director	Chairman
Mr. K. Venkateswara Rao *	Promoter & Executive Director	Co-Chairman
Mr. K. Venkata Subba Rao*	Promoter & Executive Director	Vice Chairman & MD
Mr. Y. Anand Swaroop	Executive Director	Director & CEO
Mr. G. Ramesh	Non Executive Independent Director	Director
Dr. Prasada Rao VDM Ravella	Non Executive Independent Director	Director
Mr. B. Anand #	Non Executive Independent Director	Alternate Director
Mr. V. Pradeep Kumar Dev*	Non Executive Independent Director	Director
Mr. Asokan Ganapathy*	Non Executive Independent Director	Director

Alternate Director to Dr. Prasada Rao VDM Ravella

* Appointed as Additional Director on 27th March, 2008



- (b) None of the directors on the Board is a member of more than 10 committees or chairman of more than 5 committees as specified in Clause 49, across all the companies in which he is a director. Necessary disclosures regarding committee positions in other public companies have been made by the directors.

Name of the Director	Category	No. of Directorships in other Public Companies	No. of Committees positions held in other Public Companies	
			Chairman	Member
Mr. K. Tejesh Kumar	Promoter & Executive Director	4	1	1
Mr. K. Venkateswara Rao	Promoter & Executive Director	4	1	1
Mr. K. Venkata Subba Rao	Promoter & Executive Director	2	NIL	NIL
Mr. Y. Anand Swaroop	Executive Director	1	1	2
Mr. G. Ramesh	Non Executive Independent Director	NIL	NIL	NIL
Dr. Prasada Rao VDM Ravella	Non Executive Independent Director	1	NIL	NIL
Mr. B. Anand #	Non Executive Independent Director	2	NIL	NIL
Mr. V. Pradeep Kumar Dev	Non Executive Independent Director	1	NIL	NIL
Mr. Asokan Ganapathy	Non Executive Independent Director	NIL	NIL	NIL

Alternate Director to Dr. Prasada Rao VDM Ravella

- (c) The details of category of directorship, attendance of board meetings and last Annual General Meeting during the year, number of directorships, committee chairmanships and memberships held by the directors in other companies furnished herewith. Other directorships do not include alternative directorships, directorships of Private Limited Companies, Section 25 companies and of companies incorporated outside India. Chairmanship / membership of Board Committees include only Audit Committee and the Shareholder's Grievance Committee.
- (d) Ten Board Meetings were held during the year 2007-2008. Your Company has complied with all the requirements in terms of Listing Agreement and Companies Act, 1956 in respect of Board Meetings. The dates on which the Meetings were held are as follows:

June 06, 2007	October 30, 2007
June 20, 2007	December 01, 2007
June 20, 2007	January 30, 2008
June 27, 2007	March 27, 2008
July 30, 2007	March 27, 2008



Name of the Director	No. of Board Meetings (during the year 2007-08)		Whether attended last AGM held on 29.12.2007
	Held	Attended	
Mr. K. Tejesh Kumar	2	2	N. A.
Mr. K. Venkateswara Rao	2	2	N. A.
Mr. K. Venkata Subba Rao	2	2	N. A.
Mr. Y. Anand Swaroop	7	7	YES
Mr. G. Ramesh	8	8	YES
Mr. P G K Murthy	8	8	YES
Mr. B. Anand	10	7	NO
Mr. V. Pradeep Kumar Dev	2	2	N. A.
Mr. Asokan Ganapathy	2	0	N. A.
Mr. L. Madhusudhan Rao@	9	4	NO
Mr. G. Bhaskar Rao@	9	7	NO
Mr. M N Nambiar@	9	4	YES
Mr. Y. Harish Chandra Prasad*	5	3	N.A
Mr. Nagarjun Valluripalli%	2	1	N.A

@ Resigned on 27th March, 2008

% Resigned on 20th June, 2007

* Resigned on 23rd October, 2007

- (e) The Board meetings are generally held at least once in a quarter, amongst others for consideration of the Audited / Unaudited quarterly financial results. Besides this, additional Board meetings are also convened to address the specific requirements of the Company, as and when the need arises. The urgent items, if any, may approved by passing resolutions through circulation by the Board. Agenda papers along with detailed notes are circulated to the Directors in advance for each of these meetings. All relevant information, as required was placed before the Board from time to time. The minutes of meetings of Board and Committees are circulated to the members of the meeting for their confirmation.
- (f) None of the non-executive directors has any pecuniary or material relationship or transaction with the Company.



Notes:

- (i) Following directors were appointed in the Board meeting held on 27th March, 2008
 - Mr. K Tejesh Kumar
 - Mr. K Venkateswara Rao
 - Mr. K Venkata Subba Rao
 - Mr. V Pradeep Kumar Dev
 - Mr. Asokan Ganapathy
- (ii) Following directors were resigned in the Board meeting held on 27th March, 2008
 - Mr. L Madhu Sudhan Rao
 - Mr. G Bhaskara Rao
 - Mr. M N Nambiar
- (iii) Mr. P G K Murthy resigned as Director w.e.f. 28th April, 2008
- (iv) The members in their 8th AGM held on 29th December, 2007 approved the appointment of Mr. Y Anand Swaroop as Director & CEO w.e.f. 20.06.2007.
- (v) Mr. G Ramesh and Mr. P G K Murthy were regularized as Directors at the 8th AGM held on 29th December, 2007.

(g) Directors seeking appointment / re-appointment

Dr. Prasada Rao VDM Ravella retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re appointment.

During the year Mr. K Tejesh Kumar, Mr. K Venkateswara Rao, Mr. K Venkata Subba Rao, Mr. V Pradeep Kumar and Mr. Asokan Ganapathy have been appointed as Additional directors in the Board meeting held on 27th March , 2008 and they hold the office only up to the date of the ensuing Annual General Meeting of the Company. They are eligible to act as directors on the Board, if they got elected by the members.

The Board of Directors in their meeting held on 28th July, 2008 appoints Mr. K Tejesh Kumar as Executive Chairman, Mr. K Venkateswara Rao as Executive Co-Chairman, Mr. K Venkata Subba Rao as Vice Chairman & Managing Director of the Company for a period of three years with effect from 28th July, 2008 at such terms and conditions of appointment and remuneration, however, these appointments are subject to the approval of Members at the ensuing general meeting.

The brief profiles and other details about the Directors seeking appointment / re-appointment.

Mr. Tejesh Kumar Kodali

Father's Name	:	Kodali Rambabu
Age & Date of Birth	:	37 years & 22 nd April, 1971
Nationality	:	Indian
Education	:	Bachelor of Commerce (B.Com) Master of Business Administration (MBA) Fellow of Academy of General Education (FAGE)
Address	:	Plot No. 1226, Road No. 62, Jubilee Hills Hyderabad - 5000 033, A.P.



Professional competency: More than fourteen years functional experience in Software and finance industry and having good skills in strategic technology advisory services, Information system consultancy services, technology procurement, project-based capacity building and technological project management services. Having rich experience and achieved a great success in Technology integration, business management, marketing, and operations in the IT sector. Mr. Tejesh is a director of M/s. Southern online Biotechnologies Limited, 3K Technologies Limited, 3K Infrastructures Limited, 3K Entertainment Private Limited, 3K Agro Tech Private Limited, 3K Agro Farms Private Limited, 3K Agro Sciences Private Limited, Rithwik Projects Limited. He is Chairman of the Audit Committee and Remuneration Committee and Member of Shareholder's/Investor's Grievance Committee in Rithwik Projects Limited. He is holding 4,42,642 shares in the company under promoter category.

Mr. Venkateswara Rao Kadiyala

Father's Name	:	Kadiyala Appa Rao
Age & Date of Birth	:	37 years & 14 th April, 1971
Nationality	:	Indian
Education	:	Bachelor of Science (B.Sc) Master of Computer Applications (MCA)
Residence	:	Plot No. 99, MLA & MP's Colony, Road No. 10C, Jubilee Hills, Hyderabad-500 033, A.P.

Professional competency: More than fourteen years functional experience in Software and finance industry and having good skills in strategic technology advisory services, Information system consultancy services, technology procurement, project-based capacity building and technological project management services. Having rich experience and achieved a great success in Technology integration, business management, marketing, and operations in the IT sector. Mr. Venkat is a director of M/s. Southern Online Biotechnologies Limited, 3K Technologies Limited, 3K Infrastructures Limited, 3K Entertainment Private Limited, 3K Agro Tech Private Limited, 3K Agro Farms Private Limited, 3K Agro Sciences Private Limited, S2 Agro Bio Tech Private Limited, S2 Agro Bio Sciences Private Limited, S2 Agro Tech Private Limited, S2 Agro Sciences Private Limited, S2 Agro Farms Private Limited, Rithwik Projects Limited. He is Chairman of Shareholder's/Investor's Grievance Committee & Member of Audit Committee and Remuneration Committee in Rithwik Projects Limited. He is holding 4,42,642 shares in the company under promoter category.

Mr. Venkata Subba Rao Karusala

Father's Name	:	Karusala Bapaiah
Age & Date of Birth	:	40 years & 6 th March, 1968
Education	:	Bachelor of Technology (B.Tech), Master of Technology (M.Tech), Fellow of Institute of Engineers (FIE)
Nationality	:	Indian
Residence	:	Plot No. 216, Street No. 19, Prashasan Nagar, Road No. 72, Jubilee Hills, Hyderabad- 500 033, A.P.

Professional competency: More than sixteen years of functional experience in Software industry and expertise in infrastructure management with good skills in strategic technology advisory services, Information system consultancy services, technology procurement, project-based capacity building and technological project management services. Having rich experience and achieved a great success in Technology integration, business management, marketing, and operations in the IT sector. Mr. Rao is Director of 3K Technologies Limited, 3K Infrastructures Limited, 3K



Entertainment Private Limited, 3K Agro Tech Private Limited, 3K Agro Sciences Private Limited, 3K Agro Farms Private Limited, S2 Agro Bio Tech Private Limited, S2 Agro Bio Sciences Private Limited, S2 Agro Tech Private Limited, S2 Agro Sciences Private Limited, S2 Agro Farms Private Limited, Keystone Infratech India Private Limited, Hi Rise Housing Projects Private Limited, Techorbit Software Technologies Private Limited. Mr. Rao has no other committee memberships in any other company. He is holding 4,42,642 shares in the company under promoter category.

Mr. Vyricherla Pradeep Kumar Dev

Father's Name	:	Shri V. Chandra Chudamani Dev Kumar Rajah of Kurupam - Zamindari Estate (MLA from 1953 to 1978 representing Parvathipuram Assembly Constituency)
Age & Date of Birth	:	46 Years - 25.09.1961
Education	:	Bachelor of Commerce (B.Com) Master of Business Administration (M.B.A.)
Nationality	:	Indian
Residence	:	12, Ocean View Layout, Beach Road, Visakhapatnam - 530 003, A.P. "THE PALACE", Kurupam P.O, Kurupam, Vizianagaram Dist. 535 524, Andhra Pradesh.

Professional competency & Work Experience: Mr. Pradeep Kumar Dev, Former Member of Parliament (M.P) from Parvathipuram (Vizianagaram Dt.) Lok Sabha Parliamentary Constituency and he had been active member of politics. Mr. Pradeep, prior to join in active politics worked as an executive in M/s. Coromondal Fertilisers Ltd., at their corporate office in Secunderabad. He is also Chairman and Managing Partner of M/s. East Coast Steel Profiles, Visakhapatnam, A.P., Managing Director of M/s. Vinayagar Hotels and Sea Side Restaurants Pvt. Ltd., (VIHAR), Rushikonda Beach, Visakhapatnam. Mr. Pradeep has professional competency in Management and Corporate finance. Mr. Pradeep Kumar Dev is director of 3K Infrastructures Limited. Mr. Pradeep is a Chairman of Audit Committee and Shareholders' / Investors' Grievance Committee and member of Remuneration & Compensation Committee of Lanco Global Systems Limited. Mr. Pradeep have no other Committee Memberships in any other company. He has not hold any shares in this company.

Mr. Asokan Ganapathy

Father's Name	:	Kurupiah Ganapathy
Age & Date of Birth	:	47 years & 05 th July, 1961
Education	:	B.S (Electronics & Communication) Masters in Computer Applications, (MCA) CPIM
Nationality	:	USA
Residence	:	2258, N Parkhurst Dr, Orange CA 92867 USA

Professional competency: Ashok is a senior executive with more than twenty years of experience across a variety of business sectors in the US. As Chief Information Officer, Ashok has successfully managed businesses from Aerospace, Vitamins & Minerals to Consumer Packaged Goods. Ashok has led many major business solutions implementations from ERP systems, B2B & B2C applications, business integration, etc. He was a key executive associated with the transition of Stila Cosmetics from Estee Lauder. This involved setting up of new infrastructure, affiliates, systems and processes from ground up in a short period. He has also worked as a turn around management executive for small to mid size companies in the US. He has provided valuable due diligence services to reorganize these companies. An



engineer by profession, Ashok has many business and professional credentials in the US. He participates and contributes to the Technology Network forum in Southern California. Mr Asokan has no other directorships and no other Committee Memberships on any other company. Mr Asokan has not held any shares in this company.

Dr. Prasada Rao VDM Ravella

Full Name	:	Dr. Prasada Rao VDM Ravella
Age & Date of Birth	:	59 years & 22 nd August, 1949
Education	:	M.B.B.S from Guntur Medical College, General Practice Residency (GPR) from Ravenswood Medical Association.
Professional Memberships	:	American Medical Association, Chicago Medical Society,
Nationality	:	USA
Residence	:	5021, Fairview, Ln, Skokie IL 60077, USA

Professional competency: Mr. Prasad is a famous doctor in US and he served in various positions and his experience includes Lincoln West Hospital, Chicago, (1980-95), President of Medical Staff (1994-95), Chairman, Quality Assurance (1992-93), Chairman, ER/ICU Committee (1986-95), Physical Coordinator, ER (1980-95). He is director on Millennium Finance Limited. Mr. Prasad is a Member of Audit Committee, Remuneration & Compensation Committee and Share Allotment Committee of Lanco Global Systems Limited. Mr. Prasad has no other Committee Memberships in any other company. Mr. Prasad has not hold any shares in this company.

(h) Board Committees

To enable better management of the affairs of the Company, the Board delegates certain matters to Committees of the Board set up for the purpose. The proceedings of the meetings of the Committees are circulated to the Board.

3. AUDIT COMMITTEE

- (a) The Audit Committee of the company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- (b) The brief description of terms of reference of the Audit Committee are as under:
 - Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are 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.
- (c) The Audit Committee meetings are usually held at the registered office of the Company and are usually attended by the Statutory Auditors, Vice President (F&A) apart from Committee members. Other functional heads and special invitees are invited to the meetings, as required. The Company Secretary acts as Secretary of the Committee.
- (d) The then Chairman of the Audit Committee Mr. M N Nambiar attended to the previous Annual General Meeting of the Company held on 29th December, 2007 in terms of Clause 49.
- (e) The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:



Name of the Member	Status in the Committee	No.of Meetings during the year 2007-2008	
		Held	Attended
Mr. M N Nambiar (till 27.03.2008)	Chairman	5	3
Mr. G Bhaskara Rao (till 27.03.2008)	Member	5	2
Dr. Prasada Rao VDM Ravella*	Member	5	2
Mr. G Ramesh (from 27.06.2007)	Member	3	3
Mr. P G K Murthy (till 28.04.2008)	Member	4	4
Mr. V Pradeep Kumar Dev (from 27.03.2008)	Chairman	Nil	Nil
Mr. K. Tejesh Kumar (from 29.04.2008)	Member	Nil	Nil

* Mr. B Anand is Alternate Director to Dr. Prasada Rao VDM Ravella

Mr. V Pradeep Kumar Dev appointed as Member on 27th March, 2008 and elected as chairman of the Committee with effect from 28th July, 2008.

Mr. K Tejesh Kumar appointed as Member of the Committee with effect from 29th April, 2008.

(f) **Composition, Meetings & Attendance during the year**

The Audit Committee re-constituted with 3 Non Executive Independent Directors and One Executive Director. Mr. V Pradeep Kumar Dev, Non Executive Independent Director is the Chairman of the Audit Committee. Mr. Pradeep is holder of Master of Business Administration and having rich experience in Finance & Accounting, the detailed profile given elsewhere in this Report.

5 Audit Committee Meetings were held during the year 2007-2008. The dates on which the Meetings were held are as follows:

28.05.2007, 27.06.2007, 30.07.2007, 30.10.2007 and 30.01.2008

The Meetings of the Audit Committee were attended by the Head of Finance and 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 the various compliances.

4. REMUNERATION & COMPENSATION COMMITTEE

Remuneration & Compensation Committee comprises three Non Executive Independent Directors only. Mr. G Ramesh, Independent Non Executive Director is the Chairman of the Committee with effect from 28th July, 2008. The terms of references of the Committee includes recommendations to the Board about Compensation and Benefits for Executive Directors, approval of stock options to employees and such other matters as may be referred to it by the Board from time to time. This Committee consists of the following Independent Directors. During the year the Committee held two meetings on 20th June, 2007.



Name of the Member	Status	Appointment w.e.f	Cessation w.e.f.	Meetings attended
Mr. Prasada Rao VDM Ravella	Member	21.10.2005	Continue	2
Mr. G Ramesh	Chairman	27.06.2007	Continue	N.A
Mr. V Pradeep Kumar	Member	27.03.2008	Continue	N.A
Mr. M N Nambiar	Member	27.01.2003	27.03.2008	2
Mr. P G K Murthy	Member	20.06.2007	28.04.2008	1

Mr. B Anand is Alternate director to Mr. Prasada Rao VDM Ravella.

Mr. M N Nambiar resigned to this directorship as well as his memberships in the committees.

Mr. G Ramesh elected as Chairman of the Committee w.e.f. 28th July, 2008.

No meeting was held during the year after their appointment; hence it was mentioned as N.A.

Directors' Remuneration Policy

Non Executive Directors are not paid any remuneration other than sitting fee for the meetings attended by them. There are no performance linked incentives payable to any of the directors. At present, the company does not have any stock option plan as part of remuneration package for any director.

Remuneration of the Executive Director comprises of fixed component only.

During the year, the Company paid sitting fee of Rs 500/- per meeting to its Non Executive Directors for attending meetings of the Board and Committees. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

Details of sitting fee paid during the year and their holding of equity shares of Rs.10/- each in the Company as on 31st March, 2008 are given below:

Name	Sitting fee (Rs)	No.of Shares held	
		31.03.2008	30.06.2008
Mr. K Tejesh Kumar*	500	Nil	442642
Mr. K Venkateswara Rao*	500	Nil	442642
Mr. K Venkata Subba Rao*	500	Nil	442642
Mr. Y Anand Swaroop	N.A.	Nil	Nil
Mr. G Ramesh	5500	8050	Nil
Mr. P G K Murthy	6500	Nil	Nil
Mr. B Anand (Alternate Director)	5000	Nil	Nil
Mr. V Pradeep Kumar Dev	500	Nil	Nil
Mr. Asokan Ganapathy	Nil	Nil	Nil
Mr. L Madhusudhan Rao	2000	513860	Nil
Mr. G Bhaskara Rao	4500	Nil	Nil
Mr. M N Nambiar	4000	Nil	Nil
Mr. Harish Chandra Prasad	1500	100	100
Mr. Nagarjuna Valluripalli	N.A.	484995	Nil

* sitting fee paid to them in their capacity as Non Executive Directors.



Remuneration to Director & CEO

Details of remuneration paid to Mr Anand Swaroop, Director & CEO during the year 2007-08 are given below:

Particulars	Amount (Rs)
Salary	32,72,250
Contribution to PF	1,59,480
Perks	59,119
Total	34,90,849

The Board of Directors at their meeting held on 20th June, 2007 appointed Mr. Anand Swaroop, as Director & CEO of the Company for a period of three years w.e.f.20th June, 2007 at such remuneration and the members of the company approved the same in the 8th AGM held on 29th December, 2007.

5. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

(i) Constitution and Composition

Shareholders'/ Investors' grievance committee has been constituted to look into and redress the grievances of the shareholders and investors pertaining to transfer of shares, non-receipt of Annual Reports etc. Mr. V Pradeep Kumar Dev elected as Chairman of the Committee w.e.f 27th March, 2008. Mr. G Ramesh appointed as member of the committee w.e.f. 25th August, 2008.

Name of the Member	Status	Category
Mr. L Madhusudhan Rao (till 27.03.2008)	Chairman	Non Executive and Non Independent
Mr. V Pradeep Kumar Dev (from 27.03.2008)	Chairman	Non Executive and Independent
Mr. Y Anand Swaroop (from 30.07.2007)	Member	Executive and Non Independent
Mr. G Ramesh (from 25.08.2008)	Member	Non Executive and Independent

(ii) The Name and Designation of Compliance Officer

The Name and Designation of the Compliance Officer of the Company is Mr. M Jagadeeshwara Rao, Company Secretary (w.e.f. 01.02.2008).

(iii) No.of Shareholders' Complaints received during the year 2007-08 and the Status of Investor's Requests/ Complaints:

During the year 2007-08 total 29 complaints/letters were received from the investors and all were disposed off during the year.

INVESTOR GRIEVANCE REPORT FOR THE PERIOD 01.04.2007 TO 31.03.2008				
Sl.	Particulars	Received	Resolved	Pending
1	REQUESTS			
	a. Change/Correction of address	4	4	0
	b. Receipt of I/B and affidavit for issue of duplicate securities	6	6	0
	c. Request for consolidation / split of securities	19	19	0
2	COMPLAINTS	NIL	NIL	NIL
	TOTAL	29	29	NIL



No. of complaints pending at the beginning of the year	:	NIL
No. of complaints received but not solved	:	NIL
No. of complaints pending at the end of the year	:	NIL

6. SUBSIDIARY COMPANIES

The Company has no material non listed Indian Subsidiary Company and, therefore, the requirement of inducing an Independent Director on the Board of Directors of the Subsidiary Company does not arise. However, the Company has two foreign Subsidiaries namely Global IT Inc and Techorbit Inc.

7. DISCLOSURES

- a) **Related Party Transactions:** There were no materially significant related party transactions having potential conflict with the interests of the Company at large. However, transactions with the Related Parties are disclosed in note No.5 of the Schedule 14 (B) to the Accounts in the Annual Report.
- b) **Accounting Treatment:** There is no different Accounting treatment from the prescribed Accounting standards.
- c) **Risk Management:** The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up. A detailed note on the risk identification and mitigation is included in Management Discussion and Analysis, annexed to the Directors' Report.
- d) **Strictures and Penalties:** 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.
- e) **Compliance:** At every Board Meeting statements of compliance with all laws and regulations as certified by the Director&CEO /Chief Operating Officer and the Company Secretary are placed for review by the Board. The Board considers all materially important show causes / demand notices received from statutory authorities and the steps / action taken by the Company in this regard. The Board reviews the compliance of all the applicable laws and gives appropriate directions, wherever necessary.
- f) **Code of Conduct:** The Board of Directors have laid down a "Code of Conduct" (Code) for all the Board members and the senior management of the Company, and the Code have been posted on the website of the Company. Annual declaration is obtained from every person covered by the Code.
- g) **CEO and Head of Finance Certification:** The CEO and Head of Finance have given certificates to the Board as contemplated in Clause 49 of the Listing Agreement.
- h) **Mandatory Requirements:** All the Mandatory requirements as to Corporate Governance have been complied with.
- i) **Non Mandatory Requirements:** Board has reconstituted the committees from time to time if there is any vacancy. This year the company has unqualified financial statements.
- j) In the preparation of the consolidated financial statements the company has adopted certain principle in line with interpretation given by International Financial Reporting Standards. The same has been disclosed in the notes to the consolidated financial statements and have also been explained in the Directors' Report.
- k) **Secretarial Audit:** A qualified Company Secretary carried out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Secretarial Audit Report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Secretarial Audit Report submitted to Stock Exchanges for every quarter within one month from the end of the quarter.



8. MEANS OF COMMUNICATION

- (i) **Quarterly Disclosures:** Quarterly un audited financial results are published in "Business Standard" (English daily) and 'Andhra Bhoomi' or "Surya" or "Eenadu" (Telugu daily) newspapers.
- (ii) **News Releases, Presentation etc.:** Official news releases, presentations made to media are displayed on the company's website www.lgsglobal.com.
- (iii) **Website:** The Company's website www.lgsglobal.com contains a separate dedicated section "Investors" where shareholders information is available. The soft copies of Annual Reports, Announcements, Meetings, Notices, press release, Financial results, live stock quotes from BSE, Board information etc. the information available on website in user-friendly and downloadable form.
- (iv) **Annual Report:** Annual Report containing inter alia, Director's Report, Auditors' Report, Audited Annual Accounts and other important information is circulated to members and other entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report.
- v) **SEBI EDIFAR & CFDS:** The quarterly un audited financial results, shareholding pattern, Annual Report and other required details are also posted on the SEBI EDIFAR website: www.sebiedifar.nic.in and CFDS website: www.corpfiling.co.in
- (vi) **Designate exclusive E-mail ID:** The Company has designated the following E-mail ID exclusively for investor servicing investor.services@lgsglobal.com.
- (vii) **Management Discussion & Analysis:** The detailed report is forming part of this Annual Report.

9. PAST THREE ANNUAL GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2006-07	K L N Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad, Andhra Pradesh.	December 29, 2007	11.00.A.M
2005-06	Surana Udyog Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad, Andhra Pradesh.	December 29, 2006	4.00 P.M.
2004-05	Surana Udyog Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad, Andhra Pradesh.	September 28, 2005	3.00 P.M.

- (ii) **Special Resolutions passed in the previous three Annual General Meetings:**

Date	Description of Special Resolution passed
29-12-2007	(i) Amendment to Article 83 of the Articles of Association
	(ii) Consent pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and all other applicable laws, for issue of further securities to various categories of investors in India and Abroad.
	(iii) Consent of the members accorded to Board of Directors to exercise the powers u/s 372A of the Companies Act, 1956 for investment of the funds upto Rs. 300 Crores.
28-09-2005	Increase of remuneration of Mr. Nagarjun Valluripalli, Director & CEO



(iii) Resolutions passed through Postal Ballot and details of voting:

The Company has conducted the Postal Ballot pursuant to provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001, for an Ordinary Resolution under Section 293(1) (a) of the Companies Act, 1956, for charging/mortgaging etc. the properties of the Company vide Postal Ballot Notice dated 1st December, 2007, the results of which were declared on 23rd January, 2008.

S.No	Particulars	No.of Postal Ballot forms	No.of shares	% of total polled paid-up capital
1	Total postal ballot forms received	104	1334298	100.00
2	Less: Invalid postal ballot forms	6	3600	0.27
3	Net valid postal ballot forms (1-2)	98	1330698	99.73
4	Postal ballot forms with assent for the Resolution	95	1330368	99.71
5	Postal ballot forms with dissent for the Resolution.	3	330	0.02

Persons who conducted the postal ballot exercise:

The Board of Directors had appointed Mr. P M V Subba Rao, FCS, Practicing Company Secretary as Scrutinizer for conducting the Postal Ballot exercise in a fair and transparent manner and to submit the Report.

Procedure for Postal Ballot:

The Company adopts the following procedure while conducting the Postal Ballot:

- (a) The Board of directors identifies and approves the nature of transactions for which approval has to be sought from the shareholders by way of postal ballot.
- (b) Board of directors appoints a qualified professional as prescribed under the Companies Act, 1956 and the rules made there under as the scrutinizer to conduct the postal ballot procedure in a fair and transparent manner.
- (c) The Board of directors approves the calendar of events which inter alia includes the details regarding the date of dispatch of the notice, the last date to receive the assent or dissent ballot forms and the date of declaration of the results.
- (d) The Board of directors approves the notice to be circulated to the members under Section 192A of the Companies Act, 1956 together with the explanatory statement and the postal ballot form.
- (e) Board of directors nominates any one of the Executive Directors and the Company Secretary to be responsible to the conducting the postal ballot process.
- (f) The scrutinizer submits his report to the Chairman on the date of declaration of results.



10. GENERAL SHAREHOLDERS INFORMATION
(i) Ninth Annual General Meeting

Date and Time	Tuesday, the 30 th September, 2008 at 11.00 a.m.
Venue	K L N PRASAD AUDITORIUM, The Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Federation House, 11-6-841, Red Hills, Post Box No.14, Hyderabad- 500 004 Phones: 040-23393428; 040-23393658; Fax: 040-23395083; website: www.fapcci.in

(ii) Financial Calendar for the Year 2008-09 (tentative)

Financial reporting for the quarter ended	On or Before end of the
June 30, 2008	July 31, 2008
September 30, 2008	October 31, 2008
December 31, 2008	January 31, 2009
March 31, 2009	April 30, 2009
AGM for the year ending March 31, 2009	September 30, 2009
Dividend payment	The final dividend, if declared, shall be paid / credited within the statutory period.

- (iii) **Book Closure Dates** : 25.09.2008 to 30.09.2008 (both days inclusive)
- (iv) **Dividend Payment Date** : if declared, within 30 days from the date of AGM
- (v) **Listing on Stock Exchanges** : The Bombay Stock Exchange Limited (BSE), Mumbai
The Hyderabad Stock Exchange Limited, (HSE), Hyderabad.
- (vi) **Listing fee** : The Company has paid the listing fee for the financial year 2008-2009.

(vii) Stock Code:

Exchange	Stock Code	Scrip Code
Hyderabad Stock Exchange Limited (HSE)	HSE -LAGLOB	6426
Bombay Stock Exchange Limited (BSE)	LANCOGLO	532368

- (viii) **ISIN Code** : INE425B01019

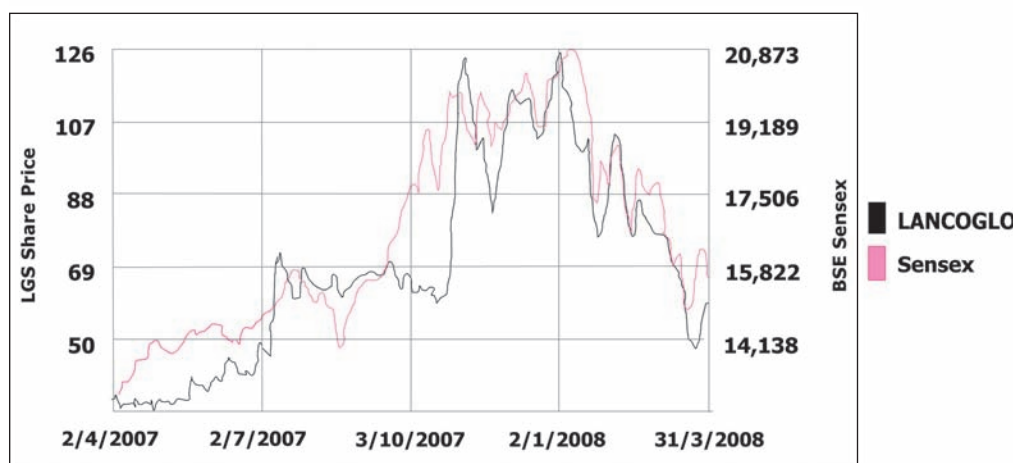
(ix) Stock Market Data

Monthly High/Low of Market price of the Company's shares traded in BSE and performance in comparison to BSE Sensex during the period from April, 2007 to March, 2008 is furnished below:

Bombay Stock Exchange Limited, Mumbai Share Prices (In Rs.)			BSE Sensex	
Month	High	Low	High	Low
April '07	38.85	29.60	14383.72	12425.52
May '07	44.00	32.05	14576.37	13554.34
June '07	51.85	38.75	14683.36	13946.99
July '07	77.90	47.00	15868.85	14638.88
August '07	74.90	56.50	15542.40	13779.88
September '07	75.00	62.20	17361.47	15323.05
October '07	89.20	59.00	20238.16	17144.58
November '07	136.70	84.20	20204.21	18182.83
December '07	120.00	100.40	20498.11	18886.40
January '08	128.75	73.35	21206.77	15332.42
February '08	105.85	74.85	18895.34	16457.74
March '08	81.15	46.20	17227.56	14677.24

Note: SEBI has withdrawn recognition to 'The Hyderabad Stock Exchange Limited (HSE)', hence, no information was furnished about monthly high & low quotations at HSE.

Start Date: 1-4-2007 End Date: 31-03-2008



(x) Registrar & Share Transfer Agent

Aarathi Consultants Private Limited, whose address is given below, is the Registrar & Share Transfer Agent of the Company for looking after the work related to share registry.

Contact Person: Mr. G Bhaskar, Manager
AARTHI CONSULTANTS PRIVATE LIMITED,
 (Unit: Lanco Global Systems Limited)
 1-2-285, Domalguda, Hyderabad - 500 029. A.P. India.
 Phone : +91-40-27634445, 27638111, 27642217, 66611921
 Fax : +91-40-27632184, Email : info@aarthicconsultants.com
 Website: www.aarthicconsultants.com



(xi) Share Transfer System

The shareholders are advised to contact the Registrars and Share Transfer Agents at their address for effecting transfer of shares or other matters related to shares held in physical mode. All correspondence relating to share transfers, transmission, dematerialization, dividends, and change of address can also be made at the above address

(xii) (a) Distribution of Shareholding as on March 31, 2008 :

Nominal Value of Shareholding (in Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage
Up to 5,000	2707	84	430141	1.69
5,001 – 10,000	201	6	160407	0.63
10,001 – 20,000	118	4	193851	0.76
20,001 – 30,000	42	1	106165	0.42
30,001 – 40,000	16	0	57199	0.22
40,001 – 50,000	23	1	111299	0.44
50,001 – 1,00,000	38	1	277263	1.09
1,00,001 and above	78	2	24087342	94.74
TOTAL	3223	100	25423667	100.00

(b) Categories of Shareholders as March 31, 2008:

Category	No. of shares	%
A. Promoters Shareholding\$		
Indian individuals	2273924	8.94
Foreign Bodies Corporate	14766667	58.07
Total Promoters Shareholding	17040591	67.03
B. Public Shareholding		
Bodies Corporate	1065353	4.19
Indian Public -Individual shareholders holding nominal share capital		
– upto Rs 1 Lakh	1053632	4.14
– in excess Rs 1 Lakh	1482092	5.83
Non Resident Individuals	1631157	6.42
Overseas Corporate Bodies	2295650	9.03
Trusts	837269	3.29
Clearing Members	17923	0.07
Total Public Shareholding	8383076	32.97
Grand Total	25423667	100.00

\$ This is the post open offer shareholding of Promoters (i.e Acquirers). However, as on 31st March, 2008 some of the shares were pending for transfer to the present promoters (i.e Acquirers) but subsequently those were transferred.



(xiii) 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 get dematerialize their shares and keep them in dematerialized form with either of the depository participants.

As on 31st March, 2008, 66,16,280 equity shares representing 26% of paid up capital of the Company have been dematerialized.

(xiv) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity.

No such instruments have been issued by the Company.

(xv) Address for Correspondence

Registered Office:

8-2-293/82/A/796/B
Road No.36, Jubilee Hills
Hyderabad 500 033, A P
Phone No.040 - 6699 0000
Fax No. 040 - 6699 4444
Email:info@lgsglobal.com
Website: www.lgsglobal.com

(xvi) Locations:

In view of the nature of the Company's business viz. Information Technology (IT) Services and IT Enabled Services, the Company operates from various offices in India and Abroad and does not have any manufacturing plant. However, the addresses of such offices are mentioned herein below.

India office	USA Office	USA Office
8-2-293/82/A/796/B Road No.36, Jubilee Hills. Hyderabad - 500 033, A.P.	Princeton, New Jersey 1 Independence Way Suite # 210 Princeton, NJ 08540	Sterling, Virginia 21351 Gentry Drive Suite # 265-A Sterling, VA 20166
UK office	USA Office	USA Office
Suite#508, 1Alie Street, London E1, 8DE	Irving, Texas 1303, W Walnut Hill Lane, Suite#360 Irving, Texas 75038	Atlanta, Georgia 1725 Windward Concourse Suite # 150 Alpharetta, GA 30005

II. NON-MANDATORY REQUIREMENTS

CHAIRMAN OF THE BOARD

The Chairman of the Company is an Executive Chairman. No separate amount was paid except his remuneration. However he was paid sitting fee during his period of non whole time directorship.

for LANCO GLOBAL SYSTEMS LIMITED

Place : Hyderabad

Date : 25.08.2008

Tejesh Kumar Kodali
Chairman



CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To
The Board of Directors
LANCO GLOBAL SYSTEMS LIMITED

We, the undersigned, in our respective capacities as Chief Executive Officer and Vice President (F&A) i.e Chief Financial Officer of Lanco Global Systems Limited ("the Company"), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2008 and based on our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - (i) significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

for **LANCO GLOBAL SYSTEMS LIMITED**

Y. Srinivasa Rao
Vice President (F&A)

Place : Hyderabad
Date : 25.07.2008

for **LANCO GLOBAL SYSTEMS LIMITED**

Y. Anand Swaroop
Director & CEO



CERTIFICATE FROM DIRECTOR & CEO FOR COMPLIANCE WITH CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT

This is to certify that M/s. Lanco Global Systems Limited has put in place the Code of Conduct for the Board of Directors and Senior Management. This code is applicable to all the Directors of the Company and the Members of Senior Management, which includes the employees of the Company who are one level below the Whole time Directors and all the functional heads. The Directors and Members of Senior Management have affirmed compliance with the Code of Conduct for the Board of Directors and Senior Management as on March 31, 2008. The Company has complied with the provisions of the Listing Agreement in this respect.

for LANCO GLOBAL SYSTEMS LIMITED

Date : Hyderabad
Place : 25.07.2008

Y. Anand Swaroop
Director & C.E.O

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
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, 2008 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 of 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

Place : Hyderabad
Date : 25.08.2008

P. Murali Mohana Rao
Partner

