

To
The Members

Your Directors have great pleasure in presenting the Twelfth Annual Report on the business and operations of the Company for the financial year ended March 31, 2011.

FINANCIAL RESULTS

(Rupees in Lakhs)

Financial Results	For the financial year ended March 31			
	Consolidated		Standalone	
	2011	2010	2011	2010
Income from Operations	46739.63	38446.69	29867.66	24074.54
Other Income	(18.47)	(360.85)	(18.47)	(360.85)
Total Income	46721.16	38085.84	29849.19	23713.69
Operating expenditure	39044.74	32403.80	25741.55	21015.78
Gross Profit before Interest, Depreciation & Tax	7676.42	5682.04	4107.64	2697.91
Less: Interest	1232.72	1133.75	1170.92	1030.70
Depreciation	583.24	480.70	433.77	331.24
Provision for Tax	651.07	774.22	252.47	262.63
Profit after Tax	5209.39	3293.37	2250.48	1073.34
Less: Provision for Deferred Tax Liability	72.06	24.96	72.06	24.96
Profit after Deferred Tax	5137.33	3268.41	2178.42	1048.38
Net Profit for the year	5137.33	3268.41	2178.42	1048.38
Balance Brought forward from the previous year	9786.86	6879.46	5935.46	5248.09
Prior Period Adjustments	(118.93)	–	(118.93)	–
Profit available for appropriations	14805.26	10147.87	7994.95	6296.47
Provision for proposed Dividend	254.24	254.24	254.24	254.24
Tax on Dividends	42.22	43.21	42.22	43.21
Transferred to General Reserve	63.56	63.56	63.56	63.56
Profit Carried to Balance Sheet	14445.24	9786.86	7634.93	5935.46

DIVIDEND

Your Directors take pleasure in recommending a dividend of Re.1 (one) per equity share (i.e. 10%) on face value of Rs. 10/- per share for the approval of the members for the financial year ended March 31, 2011. The dividend, if declared as above, would involve an outflow of

Rs. 25,423,667/- towards dividend and Rs. 4,222,553/- towards dividend tax, resulting in a total outflow of Rs. 29,646,220/-.

TRANSFER OF UNPAID DIVIDEND

Your company does not have any unpaid dividend required to be transferred to the Investor Education and

Directors' Report

Protection Fund under section 205C of the Companies Act, 1956 in the financial year 2010-11.

TRANSFER TO RESERVES

Your Company proposes to transfer Rs. 63,55,917 to the General Reserve out of the amount available for appropriations and an amount of Rs. 1,44,45,24,468/- is proposed to be retained in the consolidated Profit and loss account.

Your Company proposes to transfer Rs. 63,55,917 to the General Reserve out of the amount available for appropriations and an amount of Rs. 76,34,93,875/- is proposed to be retained in the Stand Alone Profit and loss account.

OPERATIONAL RESULTS & BUSINESS

During the year under review your company attained good performance compared to the previous year with skillful financial management in the face of challenging economic conditions. During the year under review, the standalone total income was Rs. 29849.19 lakhs as against Rs. 23713.69 lakhs in the previous year. The consolidated total income was Rs. 46721.17 lakhs as against Rs. 38085.84 lakhs in previous year.

The Board authorised Managing Director/Joint Managing Director for proposed investment in Atari Technologies Limited, MIL Smartgrid Limited and also authorised to incorporate a wholly owned subsidiary in Virginia, U.S.A.

Your Company caters to its clients through a network of global presence by its established offices and a relentless effort is on the leash for bringing out constant improvements.

SUBSIDIARIES

Your Company has three subsidiaries namely Techorbit Inc, Global IT Inc situated in USA and LGS Global FZE in United Arab Emirates. There has been no material change in the nature of the business of the subsidiaries. As required under the Listing Agreement with the Stock Exchanges, consolidated financial statements have been prepared and included in this Annual Report.

PARTICULARS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Pursuant to the provisions of Section 212 of the Companies Act, 1956 (Act), documents in respect of the various subsidiaries viz., Directors' Report, Auditor's Report, Balance Sheet and Profit and Loss Account, are required to be attached to the Balance Sheet of the holding company. However, in terms of the provisions of Section 212(8) of the Act, the Government of India, Ministry of Corporate Affairs, has

granted general exemption from the provisions of Section 212(1) of the Act. Accordingly, the Annual Report does not contain the financial statements of the subsidiaries of the Company. However, the Company will make available the audited annual accounts and related detailed information of the subsidiaries to the shareholders upon request in accordance with the applicable law. These documents are also available for inspection at the Registered Office of the Company during business hours.

A statement pursuant to Section 212 of the Companies Act, 1956 related to Subsidiary Companies given elsewhere in this Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standards AS-21 on Consolidated Financial Statements, the Audited Consolidated Financial Statements are included in this Annual Report.

CHANGES & DEVELOPMENTS DURING THE YEAR AND THEREAFTER

Share Capital & Convertible Share Warrants: Pursuant to the members approval in its Extraordinary General Meeting held on July 15, 2011 the authorized share capital of the company has been increased from Rs. 40,00,00,000/- (Rupees Forty Crores) divided into 4,00,00,000 (Four Crores) equity shares of Rs. 10/- each to Rs. 60,00,00,000/- (Rupees Sixty Crores) divided into 6,00,00,000 (Six Crores) equity shares of Rs. 10/- each by creation of additional equity shares of Rs. 10/- each, ranking pari passu with the existing Equity Shares and also issued and allotted 3,00,00,000 (Three Crores) convertible equity warrants of each warrant convertible in to one equity share of Rs. 10/- each to the persons under the promoter group. If converted fully, of these warrants equity capital will be Rs. 55,42,36,670/ (Rupees Fifty Five crores Forty Two Lakhs Thirty Six Thousand Six Hundred and Seventy only)

Merger proposal: The proposal for amalgamation of Ybrant Digital Limited with LGS Global Limited with a swap ratio of 6 (six) equity shares of Rs. 10/- each in LGS for every 1 (one) equity share of Rs.10/- each held in Ybrant Digital Limited was approved by the Board of directors of your company subject to the approval of the members/creditors, Hon'ble High Court of State and other statutory approvals, if any. The proposed Amalgamation will enable the merged entity to achieve size, integration,

greater financial strength and will also result in improved shareholders' value by way of improved financial structure, cash flows, increased assets base, consolidated revenues, profitability and will help in creation of a highly competitive Digital Marketing Solutions and will enhance the scale of operations thereby providing significant impetus to the growth of the company.

FIXED DEPOSITS

The Company has not invited/accepted any fixed deposits from the public for the financial year ended March 31, 2011.

HUMAN RESOURCES

Your company recognizes the importance of human resources as it forms the backbone for its success. Your company strongly believes in nurturing and encouraging human resources. The prime focus of the company is to enhance the professional value of its employees and create win-win situations for both the organization and its employees. Your company continues to adopt best HR practices to recruit and retain talented employees. Your company is confident of reaping the best from its talent pool and sharing the benefits with its employees on an equitable basis in the years to come.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 as amended, is not applicable, as no employee was received remuneration in excess of Rs. 5 Lakhs per month (i.e Rs 60 Lakhs per annum) 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.

The Auditors' Report to the shareholders does not contain any qualification or adverse remarks which require any clarification or explanation.

DIRECTORS

Retires by rotation:-

Mr. Venkateswara Rao Kadiyala, Director retires by rotation and being eligible has offers himself for re-appointment.

Appointments:-

During the year under review following directors were appointed as additional directors of the company in the Board meeting held on February 04, 2011:

Name of the Director	w.e.f
Mr. Sasikanth Chivukula	February 04, 2011
Dr. Rajesh Sankhla	February 04, 2011
Mr. Kishore Kumar Putta	February 04, 2011
Mr. Venkata Subbaraju Kanumuri	February 04, 2011
Mr. Fernando Silva	February 04, 2011

As per the provisions of Section 260 of the Companies Act, 1956, these Directors hold office up to the ensuing Annual General Meeting of the Company only. The Company has received notices under Section 257 of the Companies Act, 1956 along with the requisite deposit, in respect of the above persons, proposing their candidature for the office of Director of the Company. Resolutions seeking approval of the members for the appointment of Mr. Chivukula Sasikanth, Dr. Rajesh Sankhla, Mr. Kishore Kumar Putta and Mr. Venkata Subbaraju Kanumuri as Directors of the Company have been incorporated in the Notice of the ensuing Annual General Meeting.

Re-appointment of MD & JMD:

The term of office of Mr. Venkata Subba Rao Karusala, Managing Director and Mr. Venkateswara Rao Kadiyala, Joint Managing Director was expired on July 28, 2011 and subject to the approval of the members, the Board of directors, at its meeting held on July 23, 2011 re-appointed to their present office for a further period up to February 15, 2012 on such terms and conditions and remuneration as recommended by Remuneration & Compensation Committee as given in the resolution else where in this Report.

Resignations:

During the year following directors were resigned from the Board:

Name of the Director	Resignation w.e.f
Mr. Pradeep Kumar Dev Vyricherla	February 8, 2011
Dr. Prasada Rao VDM Ravella	February 12, 2011
Mr. Anand Boddapaty (alternate director to Dr. Prasada Rao VDM Ravella)	February 12, 2011
Mr. Fernando Silva	March 30, 2011

Your board expresses its sincere appreciation and gratitude to all the outgoing Directors for their valuable assistance and advice tendered by them during the tenure of their association with the Board and the Company.

GROUP FOR INTER-SE TRANSFER OF SHARES

Pursuant to an intimation from the promoters, the names of the promoters and entities comprising 'group' for the purpose of Regulation 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include:

Mr. Venkateswara Rao Kadiyala	Mrs. Sirisha Yarlagadda
Mr. Venkata Subba Rao Karusala	Mrs. Sridevi Potu
M/s. Fiora Enterprises Ltd	M/s. Mundi Enterprise Ltd
M/s. Probus Capital Ltd	M/s. Fingrowth Co. Ltd

REPORT ON CORPORATE GOVERNANCE

In line with the recommendation of the Securities Exchange Board of India (SEBI) on Corporate Governance, your company had constituted the Board with optimum combination of Executive and Non Executive and Independent and Non Independent Directors. Your Company also constituted various committees to comply with the provisions of the Corporate Governance under the Listing Agreement of the Stock Exchanges.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of this Annual Report.

The requisite Certificate from the Auditors M/s. P. Murali & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis Report (MDA) of the Company forms part of this Annual Report.

DECLARATION ON CODE OF CONDUCT

Pursuant to provisions of Clause 49 (I) (D) (ii) of the Listing Agreement, a Declaration declaring that all the members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company, is forming part of the Corporate Governance Report attached herewith.

LISTING OF SHARES & ANNUAL LISTING FEE

The Securities of the Company are listed at Bombay Stock Exchange Limited (BSE) and Madras Stock Exchange Limited (MSE). The Listing fee for BSE and MSE has been paid and there are no outstanding dues. Your company has filed listing application along with necessary documents and also paid Initial Listing fees for listing of its shares at National Stock Exchange of India Limited (NSE). The Company is waiting for NSE approval.

DISCLOSURE ON COMPANY'S EMPLOYEES STOCK OPTIONS

During the year under review no scheme is in force and no options were granted, hence no information / disclosures are being made under SEBI (ESOS / ESPS) Guidelines 1999. However, the ESOP Trust namely LGSL Foundation is having 783509-shares as on March 31, 2011 after successfully implementation of various Employees Stock Option Schemes in earlier years.

CASH FLOW STATEMENT PURSUANT TO CLAUSE 32

The Cash Flow Statement pursuant to Clause 32 of the Listing Agreement entered into with Stock Exchange(s) is appended to this Annual Report.

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The particulars, as prescribed under 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 following:

(i) Details of Conservation of Energy

The operations of your company do not consume high levels of energy. The Company uses electric energy for its equipments such as computer terminals, air conditioners, lighting and utilities in the work premises. Adequate measures have been taken to conserve energy by using energy-efficient computers and equipment with the latest technologies. However, the requirement of disclosure of particulars with respect to conservation of energy as prescribed in the Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company and hence not provided. 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.

- (g) Optimum usage of air-conditioning equipment is made within the office space.
- (h) Efforts are on to provide for intelligent lighting, automatic lighting system based on sensors for optimum use of power.

(ii) 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, Life sciences, pharmacy, energy, retail and process / discrete manufacturing. The Company would also setup Research & Development facilities around tools supporting some of the COTS solutions and in the BI space. Specialized process oriented tools to enhance business process performance are ready for deployment. The Company would be developing products for B2B and SaaS.

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.

(iii) Foreign Exchange Earnings and outgo

Export Plans and Activities relating to exports - Application Management services, Application development, Tool set development, Product development and support activities have been the primary source of revenues to the offshore delivery center and would be the focus for the future with the aid of Value added tools.

Initiatives taken to increase exports - Demonstrating the benefits to the existing client base on the offshore model in terms of Cost savings, 24/7 support, Maturity in delivery processes through CMMI and ISO, State of the art infrastructure, Competency and knowledge base.

Development of new export markets for products and services - Europe and Middle East have been the markets that are being developed through our partners.

Amount in Rs.

A) Foreign Exchange Earnings(Received)	67,07,03,122/-
B) Foreign Exchange outgo	
(i) for Capital Expenditure	Nil
(ii) for Traveling	12,40,367/-
(iii) for Others	8,91,69,106/-

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby state that:

- (a) in preparation of annual accounts containing financial statements for the financial year ended March 31, 2011 the applicable accounting standards have been followed.
- (b) 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.
- (c) 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.
- (d) annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS AND APPRECIATIONS

The Directors are thankful to the members and investors for their confidence and continued support. The Directors are grateful to the Central, State Governments, Stock Exchanges, SEBI, RBI, STPI, Income Tax, Service Tax, Customs and other governmental authorities, Banks, Financial Institutions and last but not least its trusted clients for their continued support.

The Directors would like to express their gratitude for the unstinted support and guidance received from the partners and vendors.

The Directors would also like to express their sincere thanks and appreciation to all the employees for their commendable teamwork, hard work, dedication and commitment.

For and on behalf of the Board of Directors

LGS GLOBAL LIMITED

Venkata Subba Rao Karusala
Managing Director

Venkateswara Rao Kadiyala
Joint Managing Director

Place : Hyderabad

Date : August 23, 2011