

**10th Annual Report
2008-2009**



Contents

Page No.

Corporate Information	1
Notice.....	2
Directors' Report	11
Management Discussion & Analysis.....	20
Corporate Governance	31
Standalone Financial Statements	
Auditor's Report.....	51
Balance Sheet.....	54
Profit & Loss Account	55
Schedules	56
Cash Flow Statement.....	64
Balance Sheet Abstract and Company's General Business Profile.....	65
Consolidated Financial Statements	
Auditor's Report	67
Balance Sheet	68
Profit & Loss Account	69
Schedules	70
Cash Flow Statement.....	79
Balance Sheet Abstract and Company's General Business Profile.....	80
Statement under Section 212	82
ECS Mandate	85
Proxy form & Attendance Slip	

Corporate Information

Board of Directors

Mr. Karusala Venkata Subba Rao
Mr. Kadiyala Venkateswara Rao
Dr. Prasada Rao VDM Ravella
Mr. Boddapaty Anand
Mr. Gorantla Ramesh
Mr. Vyricherla Pradeep Kumar Dev

Managing Director
Joint Managing Director
Independent Director
Alternate Director
Independent Director
Independent Director

Vice President (F & A)

Mr. Y. Srinivasa Rao

Company Secretary

Mr. M. Jagadeeshwara Rao

Statutory Auditors

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

Bankers

Axis Bank Ltd

Registered Office

8-2-293/82/A/796/B,
Road No.36, Jubilee Hills,
Hyderabad - 500 033, A.P.
Tel: +91 40 6699 0000
Fax: +91 40 6699 4444
Website: www.lgsglobal.com

Registrar & Share Transfer Agent

Aarthi Consultants Private Limited
1-2-285, Domalguda,
Hyderabad - 500 029, A.P.
Tel: +91-40-27634445, 27638111, 27642217
Fax: +91-40-27632184
Email: info@arthiconsultants.com

NOTICE is hereby given that the **Tenth Annual General Meeting** of the Members of **LGS GLOBAL LIMITED** (Formerly Lanco Global Systems Limited) will be held on **Wednesday, 30th December, 2009** at **11.00 A.M.** at KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Federation House, 11-6-841, Red Hills, Hyderabad-500 004, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the
 - (a) Audited Balance Sheet as at 31st March, 2009;
 - (b) Audited Profit and Loss Account for the financial year ended on that date;
 - (c) Auditors' Report thereon; and
 - (d) Directors' Report thereon;
2. To declare dividend on equity shares for the financial year ended 31st March, 2009.
3. To appoint a Director in place of Mr. Gorantla Ramesh, who retires by rotation, and, being eligible, offers himself for re-appointment.
4. To appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad, the retiring Auditors, as Statutory 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.

SPECIAL BUSINESS

5. **To Consider, and if thought fit, to pass with or without modification(s), the following resolution as ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and Schedule XIII of the Companies Act, 1956, consent of the members be and is hereby accorded for the appointment of Mr. Venkateswara Rao Kadiyala as Joint Managing Director of the Company with effect from November 18, 2009 for the remaining period of his tenure upto July 27, 2011 at the same terms and conditions and remuneration of his appointment approved by the members of the Company vide Resolution No. 12 in the 9th Annual General Meeting held on 30.09.2008".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter,

vary the terms and conditions, designation and / or remuneration as may be permitted by any applicable law from time to time during the said period of office and as may be agreed to by the Board of directors of the company and Mr. Venkateswara Rao Kadiyala".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary to give effect to this Resolution."

6. **To Consider, and if thought fit, to pass with or without modification(s), the following resolution as ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and Schedule XIII of the Companies Act, 1956, consent of the members be and is hereby accorded for the appointment of Mr. Venkata Subba Rao Karusala as Managing Director with effect from November 18, 2009 for the remaining period of his tenure upto July 27, 2011 at the same terms and conditions and remuneration of his appointment approved by the members of the Company vide Resolution No. 13 in the 9th Annual General Meeting held on 30.09.2008".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, vary the terms and conditions, designation and / or remuneration as may be permitted by any applicable law from time to time during the said period of office and as may be agreed to by the Board of directors of the company and Mr Venkata Subba Rao Karusala".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary to give effect to this Resolution."

7. **To Consider, and if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof) (the "Act") and all other applicable laws and regulations including the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, any statutory modification(s) or re-enactment thereof, for the time being in force

and such other statutes, notifications, clarifications, circulars, rules and regulations as may be applicable and relevant, as amended from time to time, if any, issued by the Government of India (the "**GOI**"), the Securities and Exchange Board of India (the "**SEBI**"), the Reserve Bank of India (the "**RBI**"), Stock Exchanges and any other appropriate authorities, institutions or bodies, as may be applicable and the provisions in the Memorandum and Articles of Association of the Company and Listing Agreements entered into by the Company with the stock exchanges where the shares of the Company are listed, and any other applicable laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and subject to such approvals, consents, permissions and sanctions, if any, of the GOI, RBI, SEBI, Stock Exchanges and any other relevant statutory, governmental authorities or departments, institutions or bodies (the "**Concerned Authorities**") in this regard, as may be required and applicable and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the Concerned Authorities while granting such approvals, and permissions as may be necessary or which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), the consent of the members of the Company be and is hereby accorded to the Board to create, issue, offer and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted), Equity Shares and/or Equity Shares through depository receipts including American Depository Receipts, Global Depository Receipts and/or Convertible Bonds, Convertible Debentures, fully or partly, and/or other securities convertible into Equity Shares at the option of the Company and/or the holder(s) of such securities, and/or securities linked to Equity Shares and/or securities with or without detachable/non-detachable warrants and/or warrants with a right exercisable by the warrant-holder to subscribe for Equity Shares and/or any instruments or securities representing either Equity Shares, secured premium notes, and/or any other financial instruments which would be converted into/exchanged with Equity Shares at a later date (the "**Securities**") as the Board at its sole discretion or in consultation with underwriters, merchant bankers,

financial advisors or legal advisors may at any time decide, by way of one or more public, follow-on, preferential issues or private offerings in domestic and/or one or more international market(s), with or without a green shoe option, or private placement or issued/allotted through Qualified Institutions Placement in accordance with the Guidelines for "Qualified Institutions Placement" prescribed under Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, or by any one or more or a combination of the above model/methods or otherwise and at such time or times and in one or more tranches, whether rupee denominated or denominated in foreign currency, to any eligible Qualified Institutional Buyers including Foreign Institutional Investors, resident/ non-resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), Venture Capital Funds (foreign or Indian), Indian and/or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, stabilizing agents and/or any other categories of investors, whether they be holders of shares of the Company or not (collectively called the "**Investors**") whether or not such Investors are members of the Company as may be deemed appropriate by the Board and permitted under applicable laws and regulations, resulting in the issue of an aggregate amount not exceeding Rs.200 Crores (Rupees Two Hundred Crores) or equivalent thereof and on such terms and conditions and timing of the issue(s)/offering(s) including the Investors to whom the Securities are to be issued, issue price, number of Securities to be issued, creation of mortgage/charge in accordance with Section 293(1)(a) of the Companies Act, 1956 in respect of any Securities as may be required either on pari-passu basis or otherwise, the stock exchanges on which such Securities will be listed, finalization of allotment of the Securities on the basis of the subscriptions received, face value, rate of interest, redemption period, manner of redemption, amount of premium on redemption, the number of equity share to be allotted on redemption/conversion, the ratio, period of conversion, fixing of record date or book closure dates, and any other matter in connection with, or incidental to, the issue, in consultation with the merchant bankers or other advisors or otherwise, as the Board at its sole discretion may decide together with any amendments or modifications thereto.

RESOLVED FURTHER THAT the Securities to be created, issued, offered and allotted shall be subject to the provisions of the Memorandum and Articles

of Association of the Company and the equity shares allotted in terms of this resolution shall rank pari passu in all respects with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT without prejudice to the generality of the above, subject to applicable laws and subject to approval, consents, permissions, if any of any governmental body, authority or regulatory institution including any conditions as may be prescribed in granting such approval or permissions by such governmental authority or regulatory institution, the aforesaid Securities may have such features and attributes or any terms or combination of terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets including but not limited to the terms and conditions for issue of additional Securities and such of these Securities to be issued as are not subscribed may be disposed of by the Board in such manner and/or on such terms including offering or placing them with banks/financial institutions/ mutual funds or otherwise, as the Board may deem fit and proper in its absolute discretion, subject to applicable laws, regulations and guidelines.

RESOLVED FURTHER THAT without prejudice to the generality of the foregoing, the Board be and is hereby authorized to prescribe with respect to the aforesaid issue of the Securities all or any of the terms or any combination of terms thereof in accordance with local and/or international practice including but not limited to conditions in relation to the offer, issue and allotment of the Securities, payment of interest, dividend, premium and redemption or early redemption of Securities, debt service payments and any other payments whatsoever, voting rights and all such terms as are provided in domestic and/or international offerings of this nature including terms for such issue, or variation of the price or period of conversion of any Securities into Equity Shares or issue of Equity Shares during the duration of the Securities or terms pertaining to early redemption of Securities and/or conversion into Equity Shares as the Board may in its sole discretion deem appropriate.

RESOLVED FURTHER THAT the Board be and are hereby authorised to do such acts, deeds and things as they, in its absolute discretion, may deem necessary or desirable in connection with the issue of the Securities and to give effect to these resolutions, including, without limitation, the following:

- (i) seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in or outside India, and any other consents that may be required in connection with the issue and allotment of the Securities;
- (ii) giving or authorizing the giving of such undertakings, declarations, affidavits, certificates, consents and authorities as may be required from time to time by concerned persons; and
- (iii) Settling any questions, difficulties or doubts that may arise in regard to any such issue or allotment of Securities as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and any offer, issue and allotment of Securities, the Board be and is hereby authorized to take all such actions, give such directions and to do all such acts, deeds and things as may be necessary, desirable or incidental thereto and matters connected therewith including without limitation the entering into of arrangements/ agreements for underwriting, marketing, listing of Securities, trading, appointment of Lead Manager(s), Advisor(s), Registrar(s), paying and conversion agent(s) and any other advisors, professionals and intermediaries and all such agencies as may be involved or concerned in such offerings of Securities and to issue and sign all deeds, documents, instruments and writings and to pay any fees, commission, costs, charges and other outgoings in relation thereto and to settle all questions whether in India or abroad, for the issue and to do all requisite filings with SEBI, the stock exchanges, the GOI, the RBI, if required and any other concerned authority in India or outside, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the issue, and to give such directions that may be necessary or arise in regard to or in connection with any such offer, issue or allotment of Securities and utilization of the issue proceeds, as it may, in its absolute discretion, deem fit and any such action, decision or direction of the Board shall be binding on all members.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions and any offer, issue and allotment of Securities, the Board be and are hereby authorised to constitute a Special Committee of the Board named the "Issue Committee"

and further delegates all or any of the powers herein conferred to give effect to the aforesaid resolutions to the Issue Committee and further authorizes the Issue Committee to take all such steps and to do all such acts, deeds, matters and things and accept any alterations or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of equity shares including but not limited to:

- (a) To decide on the timing, pricing and all the terms and conditions of the issue, including the price, and to accept any amendments, modifications, variations or alterations thereto;
- (b) Approving the offer document and filing the same with the any authority or persons as may be required;
- (c) To affix the Common Seal of the Company on any agreement(s)/ documents as may be required to be executed in connection with the above, in the presence of any Director of the Company and persons authorized who shall sign the same in token thereof;
- (d) Arranging the delivery and execution of all contracts, agreements and all other documents, deeds, and instruments as may be required or desirable in connection with the issue of equity shares by the Company;

- (e) Opening such banks accounts and demat accounts as may be required for the transaction;
- (f) To do all such acts, deeds, matters and things and execute all such other documents and pay all such fees, as it may, in its absolute discretion, deem necessary or desirable for the purpose of the transactions;
- (g) To make all such necessary applications with the appropriate authorities and make the necessary regulatory filings in this regard;
- (h) Making applications for listing of the equity shares of the Company on one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s); and
- (i) To authorize or delegate all or any of the powers herein above conferred to any or more persons, if need be."

By Order of the Board
for **LGS GLOBAL LIMITED**

M. JAGADEESHWARA RAO
Company Secretary

Place : Hyderabad
Date : 18.11.2009

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. **An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special business to be transacted at the meeting is annexed hereto.**
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. Proxies, in order to be effective, must be received at the Company's registered office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolution /authority, as applicable.
5. The Register of Members and Share Transfer Books of the Company will be closed from **Thursday, 24th December, 2009 to Wednesday, the 30th December, 2009** (both days inclusive). If the dividend as recommended by the Board of Directors is approved and declared at the Annual General Meeting, payment of such dividend will be made on or after December 30th, 2009 as under:
 - (a) To all Beneficial owners in respect of shares held in electronic form as per the data as may

be made available by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as of the close of business hours on Wednesday, 23rd December, 2009;

- (b) To all members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the company on or before the close of business hours on Wednesday, 23rd December, 2009;
6. Members are requested to inform immediately their bank account particulars in the following manner, if not informed earlier, to the Registrar, in respect of equity shares in physical mode and to their Depository Participants (DPs), in respect of equity shares held in dematerialized form, so that the same could be incorporated in payment warrants after their names to avoid fraudulent encashment:

Folio No./DP Id No. & Client Id No.:
Name:
Bank A/c No.:
Name of the Bank:
Signature of Shareholder:
7. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective Demat accounts will be used by the Company for payment of the Dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participant of the members.
8. To avoid loss of dividend warrants in transit and undue delay in respect of dividend warrants, the Company has provided a facility to the members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations

identified by Reserve Bank of India (RBI) from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the company's Registrar's and Share Transfer Agent. Members are requested to find the ECS mandate attached in the last pages of this report.

9. Members are requested to intimate the change of address if any, to the Share Transfer Agents, Aarthi Consultants Private Limited, (Unit: LGS GLOBAL LIMITED), 1-2-285, Domalguda, Hyderabad - 500 029, Andhra Pradesh, India. Members, whose shareholdings are in electronic mode, are requested to send the intimation for change of address to their respective depository participants and not to the Company or the Registrar & Share Transfer Agent.
10. 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.
11. Members attending the Meeting are requested to complete and bring the attendance slip enclosed with the Annual Report and hand over the same, duly signed, at the entrance of the meeting hall.
12. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance slip for attending the meeting.
13. The Register of Director's Shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.
14. The information pursuant to Clause 49 of the Listing Agreement with Respect to the details of the directors seeking appointment/re-appointment in the Annual General Meeting is annexed.

Explanatory Statement Pursuant to section 173 (2) of the Companies Act, 1956

ITEM NO.5

The members of the company in their 9th Annual General Meeting held on 30.09.2008 approved the appointment of Mr. Venkateswara Rao Kadiyala as Executive Co-Chairman for a period of three years w.e.f. 28.07.2008. However, as part of rationalization of board hierarchy, the Board of directors of the Company in its meeting held on November 18, 2009 subject to the members' approval, appointed him as Joint Managing Director for his remaining tenure of period from November 18, 2009 to July 27, 2011, without any variation of other terms and conditions, including remuneration as approved by the members in the 9th Annual General Meeting. Therefore, except change in designation, there is no variation in other terms and conditions of his earlier appointment of Executive Co-Chairman.

Mr. Venkateswara Rao Kadiyala, aged 39 years is a Graduate in Science, and Post Graduate holder in Computer Applications. He is a software entrepreneur and having rich experience in IT/ITES industry. He was initially inducted as an Additional director on the Board on 27.03.2008 and thereafter appointed as Executive Co-chairman of the company on 28.07.2008 for a period of 3 years.

Brief information of Mr. Venkateswara Rao Kadiyala is given in the Annexure attached to the Notice.

In compliance with the provisions of Section 269 and 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the resolution, is now placed before the members in the Annual General Meeting for their approval.

Except Mr. Venkateswara Rao Kadiyala no other director of the company is interested or concerned in the resolution. Mr. Venkateswara Rao Kadiyala is under promoter category and holding 713963 equity shares in the company. He is not related to any other director of the Company.

The Resolution as set in the notice together with this explanatory statement constitute abstract of terms of appointment, remuneration and memorandum of interest under Section 302 of the Companies Act, 1956.

The Board of directors recommends the resolution for your approval.

The Copy of the Resolution passed by the members in the 9th Annual General Meeting of the Company held on 30.09.2008 is available for inspection by the members at

the registered office of the company during business hours on any day and also available for inspection during this meeting.

ITEM NO.6

The members of the company in their 9th Annual General Meeting held on 30.09.2008 approved the appointment of Mr. Venkata Subba Rao Karusala as Vice Chairman & M.D for a period of three years w.e.f. 28.07.2008. However, as part of rationalization of board hierarchy, the Board of directors of the Company in its meeting held on November 18, 2009 subject to the members' approval, appointed him as Managing Director for his remaining tenure of period from November 18, 2009 to July 27, 2011, without any variation of other terms and conditions, including remuneration as approved by the members in the 9th Annual General Meeting. Therefore, except change in designation, there is no variation in other terms and conditions of his earlier appointment.

Mr. Venkata Subba Rao Karusala, aged 41 years is a holder Bachelor of Technology in Civil Engineering and Master of Technology in Geo-Technical Engineering from Regional Engineering College (REC), Warangal and Fellow of Institute of Engineers (FIE). He is an Entrepreneur in Software Industry and Infrastructure management. He was inducted as Additional director on the Board on 27.03.2008 and thereafter appointed as Vice Chairman & Managing Director of the company on 28.07.2008 for a period of 3 years.

Brief information of Mr. Venkata Subba Rao Karusala is given in the Annexure attached to the Notice.

In compliance with the provisions of Section 269 and 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the resolution, is now placed before the members in the Annual General Meeting for their approval.

Except Mr. Venkata Subba Rao Karusala no other director of the company is interested or concerned in the resolution. He is under promoter category and holding 713963 equity shares in the company. He is not related to any other director of the Company.

The Resolution as set in the notice together with this explanatory statement constitute abstract of terms of appointment, remuneration and memorandum of interest under section 302 of the Companies Act, 1956.

The Board of directors recommends the resolution for your approval.

The Copy of the Resolution passed by the members in the 9th Annual General Meeting of the Company held on 30.09.2008 is available for inspection by the members at the registered office of the company during business hours on any day and also available for inspection during this meeting.

ITEM NO.7

The resolution contained in the business of the Notice relates to a proposal by the Company to create, offer, issue and allot Equity Shares, GDRs, ADRs, Convertible Bonds/Debentures and such other securities as stated in the resolution (the "Securities") at such price as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead managers, either in foreign currency or equivalent Indian Rupees inclusive of such premium as may be determined by the Board in one or more tranche or tranches. The Company intends to make issue of an aggregate amount not exceeding Rs.200 Crores or equivalent thereof.

The objects of this issue are to meet expansion, potential acquisitions, long term working capital and capital expenditure requirements of the Company and its subsidiaries, acquisition of companies, businesses and projects, and other general corporate purposes.

The detailed terms and conditions for the offer will be determined by the Board/Issue Committee of the Board in consultation with the Advisors, Lead Managers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

As the pricing of the offering cannot be decided except at a later stage, it is not possible to state the price or the exact number of Equity Shares to be issued. For reasons

aforesaid, an enabling resolution is therefore proposed for consideration of the shareholders to give adequate flexibility and discretion to the Board to finalize the terms of the issue.

The Equity Shares allotted or arising out of conversion of any Securities would be listed. The issue/allotment/conversion would be subject to the availability of regulatory approvals, if any. The conversion of other Specified Securities held by foreign investors, into shares would be subject to the applicable foreign investment cap.

Section 81(1) of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of such company in the manner laid down. As the aforesaid resolution provides for or may result in issue of Equity Shares to persons other than the existing shareholders of the Company, consent of the shareholders is being sought pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 and the SEBI Guidelines.

The Special Resolution as set out above, if passed, will have the effect of allowing the Board to issue and allot Securities to Investors, who may or may not be existing shareholders of the Company in the manner as set out in the resolution. The said resolution also enables the Board to create mortgage/ charge on the property/ assets of the Company in respect of any debt securities offered by the Company.

The Board of Directors recommends the special resolution for your approval.

None of the Directors is concerned or interested in the resolution.

By Order of the Board
for **LGS GLOBAL LIMITED**

M. JAGADEESHWARA RAO
Company Secretary

Place : Hyderabad
Date : 18.11.2009

Additional Information on Directors seeking appointment / re-appointment at the ensuing Annual General Meeting as per Clause 49 of the Listing Agreement.

Name of Director	Mr. Venkateswara Rao K	Mr. Venkata Subba Rao K	Mr. Ramesh G
Date of Birth	14.04.1971	06.03.1968	23.10.1963
Date of Appointment	27.03.2008	27.03.2008	20.06.2007
Relationship with other Directors	None	None	None
Expertise in specific function area	He has more than 15 years experience in Software Industry	He has more than 16 years of experience in Software Industry & Infrastructure industry	Entrepreneur, outstanding Sportsman, Founder President of Biomass Energy Developers Association
Qualification	Master's Degree in Computer Applications	Bachelor of Technology in Civil Engineering and Master of Technology in Geo-Technical Engineering from REC, Warangal, Fellow of Institute of Engineers (FIE)	Bachelor of Engineering in Mechanical
Board membership of other Indian public companies	3K Technologies Ltd. 3K Infrastructures Ltd.	3K Technologies Ltd. 3K Infrastructures Ltd.	Nil
Chairman / member of the committee of the Board of Directors of the Company	Member of (i) Audit Committee, (ii) Shareholders'/ Investors Grievance Committee, (iii) Management Committee	Member of Management Committee	Member of (i) Audit Committee (ii) Shareholders'/ Investors Grievance Committee (iii) Chairman to Remuneration & Compensation Committee
Chairman / Member of the committees in other companies in which he is a Director	Nil	Nil	Nil
Number of shares held in the Company	713963	713963	Nil

Directors' Report

To

The Members

Your Directors have great pleasure in presenting the Tenth Annual Report on the business and operations of the Company for the financial year ended 31st March, 2009.

FINANCIAL RESULTS

(Rupees in Lakhs)

Financial Results	For the financial year ended 31st March			
	Consolidated		Standalone	
	2009	2008	2009	2008
Income from Operations	29458.56	27728.63	18514.07	13652.22
Other Income	401.50	14.15	401.50	14.15
Total Income	29860.06	27742.78	18915.57	13666.37
Operating expenditure	25407.09	23707.79	15259.20	10593.13
Gross Profit before Interest, Depreciation & Tax	4452.97	4034.99	3656.37	3073.24
Less: Interest	681.01	106.71	616.71	68.51
Depreciation	462.03	199.18	329.34	186.92
Provision for Tax	599.77	286.44	426.09	286.44
Profit after Tax	2710.16	3442.66	2284.23	2531.37
Less: Provision for Deferred Tax Liability	11.44	11.93	11.44	11.93
Profit after Deferred Tax	2698.72	3430.73	2272.79	2519.44
Net Profit for the year	2698.72	3430.73	2272.79	2519.44
Balance Brought forward from the previous year	4255.10	1185.35	3049.65	891.19
Profit available for appropriations	6953.82	4616.08	5322.44	3410.63
Provision for proposed Dividend	63.56	254.22	63.56	254.22
Tax on Dividends	10.80	43.20	10.80	43.20
Transferred to General Reserve	0.00	63.56	0.00	63.56
Profit Carried to Balance Sheet	6879.46	4255.10	5248.08	3049.65

DIVIDEND

Your Directors have recommended a dividend of Re.0.25/-paise per Equity share (2.5%) on face value of Rs.10/- per share for the financial year ended 31st March, 2009. The dividend, if declared as above, would involve an outflow of Rs.6,355,917 towards dividend and Rs.1,080,188 towards dividend tax, resulting in a total outflow of Rs.7,436,105.

SHARE CAPITAL

During the year, your company received Allotment money arrears for an aggregate amount of Rs.17,000/- from respective shareholders. After the payment of arrears the paid up Equity share capital of the company is Rs.25,42,36,670/- divided into 25423667 equity shares of Rs.10/- each.

OPERATIONAL RESULTS & BUSINESS

In spite of severe financial crisis and recession in the global market which had a direct bearing on company's business, your company could withstand the turbulences and maintained better performance and working in progressive direction. During the year under review, the standalone total income was Rs.18915.57 lakhs as against Rs. 13666.37 lakhs in the previous year. The consolidated total income was Rs.29860.06 lakhs as against Rs.27742.78 lakhs in previous year.

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

You Company has three subsidiaries namely Techorbit Inc, Global IT Inc situated in USA and LGS Global FZE. LGS Global FZE was incorporated on 7th January, 2009 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.

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

As per Section 212 of the Companies Act, 1956, we are required to attach the directors' report, balance sheet, and

profit and loss account of the subsidiaries. The Ministry of Corporate Affairs (MCA), Government of India has granted exemption from complying with Section 212 vide its approval letter No.47/203/2009-CL-III, Dtd.16.03.2009. In compliance with the terms of the exemption we have presented summary of financial information through statements for each subsidiary. Summary financial information includes Share Capital, Reserves & Surplus, Total Assets, Total Liabilities, our holding in the subsidiary, details of Investment, turnover, Profit before taxation, provision for taxation, Profit after taxation etc.. Accordingly, the annual report does not contain the financial statements of these subsidiaries. The Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the Holding and Subsidiary Companies' investors seeking such information at any point of time. The Annual Accounts of the Subsidiary Companies will also be kept for inspection by any investor at the Registered Office of the Company and that of Subsidiary Companies concerned.

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

Your Company has obtained approval to set up a unit in Special Economic Zone (SEZ) at Sundew Properties Private Limited (formerly K Raheja IT Park (Hyderabad) Private Limited), Mindspace, Cyberbad, Madhapur, Hyderabad, A.P.

The SEZ Unit operations are expected to commence in January 2010.

QUALITY INITIATIVES, CERTIFICATIONS

The Company values its customers and focuses on ensuring high quality delivery of services to them. Your Company Strategic Global Sourcing Group consists of senior professionals and has been established to identify, secure and manage new, large, and long-term client engagements.

Enabling Quality and Improving Processes (EQUIP) is a framework that facilitates the integration of the Company's

extensive consulting experience that is deeply rooted in solution implementations, methodologies and delivery tools.

CMMI:

The Company complies with CMMI framework and is appraised at CMMI ML 3. This year the company has undertaken CMMI ML 5 activities and expected to go up to higher maturity levels of the CMMI pyramid in future.

Benchmarking the services and processes against globally recognized quality standards, the Company has achieved the following:

ISO 9001-2008:

The company always keeps itself abreast with periodic upgrades for independent software process and quality assurance review and audit activities and has moved up from ISO 9001-2000 to ISO 9001-2008.

ISO 27001 - 2005:

Attained ISO 27001 - 2005 certificate for information security management compliance (ISMS) which certifies the Company as able organization to comply with clients' data security requirements.

Certifications and Partnerships

- ✓ The Company achieved the Microsoft Gold partnership status Certificate for its Data Management Solutions Competency which recognizes the commitment, expertise and superiority using Microsoft products and services.
- ✓ During the year, the Company has also attained partnership from IBM and Sun Microsystems to deliver enhanced quality services to our global clientele.
- ✓ Your company continues to foster our strategic partnerships with SAP, Oracle, software AG and other major vendors.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public for the financial year ended March 31, 2009.

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, forms part of this report given as annexure to the Directors' Report.

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.

CHANGE OF NAME TO LGS GLOBAL LIMITED

Consequent on the change of name from Lanco Global Systems Limited to LGS Global Limited, as approved by the members at Ninth Annual General Meeting, fresh Certificate of Incorporation has been issued by Registrar of Companies, Andhra Pradesh vide dated 5th November, 2008. The said certificate of incorporation along with Memorandum & Articles of Association are available for inspection by members.

DIRECTORS

Mr. G. Ramesh, Director, retires by rotation and being eligible offers himself for re-appointment. Mr. Anand Swaroop Y, Mr. Tejesh Kumar Kodali and Mr. Asokan Ganapathy have submitted their resignations to the directorship of the company with effect from 01.09.2008, 29.04.2009 and 27.10.2009 respectively and same were accepted by the Board. Your Board placed on record its appreciation to the outgoing Directors for their valuable services rendered during their tenure on the Board of the Company.

"GROUP" FOR INTER-SE TRANSFER OF SHARES

As required under Clause 3 (1) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares

and takeovers) Regulations, 1997, persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the aforesaid SEBI Regulations are given as annexure to the Directors' Report.

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.

DISCLOSURE ON ESOS - 2005

Your company has Employee Stock Option Scheme (ESOS)-2005. First tranche of options vested and exercised by the eligible employees in April, 2006 and the Second tranche of options vested and exercised by the eligible employees in April, 2007. The third and final tranche of options vested and exercised by the eligible employees in April, 2008. The required information relating to the Employees Stock Option Scheme pursuant to Clause 12 of the SEBI (ESOS / ESPS) Guidelines 1999 is enclosed as Annexure.

LISTING OF SHARES & ANNUAL LISTING FEE

The Securities of the Company are listed at Bombay Stock Exchange Limited (BSE). The Listing fee for BSE has been

paid and there are no outstanding dues. Your company has filed application along with necessary documents for listing of its shares at National Stock Exchange of India Limited (NSE). Your company is waiting for listing approval from NSE.

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 equipment 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. As an ongoing process, the following measures are undertaken to conserve energy:

- (a) Implementation of viable energy audit proposals.
- (b) Installation of automatic power factor controllers to save maximum demand charges and energy.
- (c) Training front-end operational persons on the opportunities and importance of energy conservation.
- (d) Automation of air conditioners is taken up in all locations.
- (e) Precision temperature controllers are installed in all locations.
- (f) 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.

Rs.

A) Foreign Exchange Earnings(Received)	75,17,91,009/-
B) Foreign Exchange outgo	
(i) for Capital Expenditure	8,09,000/-
(ii) for Traveling	18,47,674/-
(iii) for Others	83,75,17,035/-

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm:

- in preparation of annual accounts containing financial statements for the financial year ended 31st March, 2009 the applicable accounting standards have been followed.
- 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.
- 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.
- annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors seize this opportunity to thank the esteemed Shareholders, Financial Institutions, Banks, Customers, Suppliers and Regulatory and Government Authorities for their continued support to the Company. Further, the Directors wish to place on record their appreciation to all employees of the Company for their 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 : 18.11.2009

Directors' Report

Annexure to the Directors' Report

Details of Stock options Pursuant to SEBI Guidelines on Stock Options

Description		
a.	Options granted during the year	NIL
b.	The pricing formula	The options issued by the Employee Stock Option Trust were at Par Value
c.	Options vested during F.Y 2008-09	53,760
d.	Options exercised during F.Y. 2008-09	53,760
e.	The total number of shares arising as a result of exercise of options	53,760
f.	Options lapsed during the F.Y. 2008-09	NIL
g.	Variation of terms of options	NIL
h.	Money realized by exercise of options	Rs.5,37,600
i.	Total number of options in force as on 31-03-2009	NIL
j.	Employee wise details of options granted to	
	(i) Senior managerial personnel	NIL
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	NIL
	(iii) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL
k.	Diluted earnings per share(EPS) pursuant to issue of shares on exercise of option calculated in accordance with (Accounting Standard (AS) 20 Earning per share)	Rs. 8.94 The ESOP scheme is administered through ESOP Trust, so there is no impact on EPS
l.	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The ESOP scheme is administered through ESOP Trust so there is no impact on the profits and EPS
m.	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A
n.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information (1) risk-free interest rate (2) expected life (3) expected volatility (4) expected dividends, and (5) the price of the underlying share in market at the time of option grant.	N.A

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 : 18.11.2009

Annexure to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the directors report for the year ended March 31, 2009

Employee Name	Designation / Nature of Duties	Qualification	Age (years)	Joining Date	Experience (years)	Gross Remuneration (Rs.)	Previous Employment -Designation
Mr. Tejesh Kumar Kodali*	Chairman	M.B.A, FAGE	38	27.03.2008	15	36,17,520	–
Mr. Venkateswara Rao Kadiyala*	Co-Chairman	M.C.A.	38	27.03.2008	15	36,17,520	–
Mr. Venkata Subba Rao Karusala*	Vice Chairman & Managing Director	M.Tech, FIE	41	27.03.2008	17	36,17,520	–
Mr. Anand Swaroop Yadagiri*	Director & CEO	B.Tech PGDBM	43	09.05.2007	22	15,72,000	Executive Vice - President of Indu Group & COO
Mr. Srinivasa Rao Yepuri	Vice President (F&A)	M.Com F.C.A.	47	14.06.2001	23	29,84,250	Lanco Kalahasti Castings-Deputy General Manager
Mr. Rakesh Kumar Potluri	Vice President (Technology Services & Delivery)	M.Tech	52	21.04.2005	25	25,67,504	Virtusa-Senior Project Manager
Mr. Sateesh Kumar Balusu	Head - ERP	B E	39	18.06.2007	17	29,62,500	IGATE-Group Project Manager

* Remuneration paid for the part of the year.

- The Department of Company Affairs has amended the Companies (Particulars of Employees) Rules, 1975 to the effect that particulars of employees of companies engaged in the information technology sector posted and working outside India, not being directors or their relatives, drawing more than Rs. 24 Lakh per financial year or Rs. 2 Lakh per month, as the case may be, need not be included in the statement. Accordingly, the statement included in this report does not contain the particulars of employees who are posted and working outside India.
- Particulars regarding the employees drawing salary in excess of that drawn by Managing Director or Whole time director and holding, either himself or along with spouse and dependent children, not less than two percent of the equity shares of the Company - Nil
- Remuneration includes Salary, allowances, Provident Fund, perquisites as per Income Tax Rules and other benefits, if any, as per Company Rules.
- The nature of employment of above employees is permanent.
- Conditions of employment are contractual/governed by the Company's Rules.
- None of the above mentioned employees are related to each other or related to any Director of the Company.

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 : 18.11.2009

Annexure to the Directors' Report

The following is the list of persons constituting "Group" (within in the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (MRTP) or any enactment thereof) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ('the said Regulations') as provided in clause 3(1)(e)(i) of the said Regulations.

1. K. Venkateswara Rao
2. K. Venkata Subba Rao
3. Y. Sirisha
4. P. Sridevi
5. Fiora Enterprises Ltd
6. Mundi Enterprise Ltd
7. Probus Capital Ltd
8. Fingrowth Co. Ltd

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 : 18.11.2009

Management Discussion & Analysis

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute forward looking statement with in the meaning of applicable laws and regulations. In this report words used as 'LGS', 'we', 'our', 'us', 'company' refers to your company i.e LGS.

I. INDUSTRY STRUCTURE AND DEVELOPMENT

Overview

Global technology spending has stalled during early 2009 as companies adjust to this challenging economic environment. Spending is expected to increase once the global economy starts the recovery process. Information Technology (IT) is a core part of business operations across industries and is seen by organizations as a primary driver of productivity improvement and business transformation, leading to sustained competitive advantages. The IT services segment grew by 9.0% in 2008 to \$820 billion USD and is expected to grow at a Compounded Annual Growth Rate (CAGR) of 7.1% till 2012, according to a Gartner Dataquest estimate. The Business Process Outsourcing sector grew by 11.9% worldwide last year as per NASSCOM strategic review 2009.

(US\$ Billion)

Worldwide IT Services Market (USD Billion)	2008	2012	CAGR
Global Consulting Practice	72.448	85.903	6.7%
Development and Integration	254.500	302.983	6.9%
Enterprise Solutions, BI, KM	55.847	74.486	10.6%
IT Infrastructure Services	221.254	268.361	7.4%
Business Process Outsourcing	120.078	157.495	9.1%
Others	95.661	101.936	3.0%
Total	819.788	991.164	7.1%

Source: Gartner Feb '09

(US\$ Billion)

IT Services Spends by Geography (USD Billion)	2008	2012	CAGR
Americas	329.763	410.534	7.1%
Asia Pacific	150.097	170.020	6.2%
Europe	187.265	215.885	7.1%
Ibero America	50.385	70.721	12.9%
India	5.453	9.413	18.4%
Middle East Africa	12.439	16.813	12.8%
UK & Ireland	84.386	97.778	4.0%
Total	819.788	991.164	7.1%

Source: Gartner Feb '09

India Market

LGS expects the Indian IT market to grow at a compound annual growth rate (CAGR) greater than 12% over 2008-2013, as strong fundamental growth drive enable the market to overcome difficulties associated with the global economic slowdown. IT spending is expected to ease further in 2009, before recovering in 2010.

According to Forrester, over the next four years the Indian IT market is projected grow from \$13.8 Billion (US) to over \$25 Billion (US). The growth is driven by business process outsourcing (BPO) and the growing domestic market for hardware and solutions. India's BPO industry is likely to capture more than half of the US\$110bn global off shoring market by 2010.

The government's IT agency, the National Association of Software and Service Companies (NASSCOM), has downgraded its 2009 growth projections for the domestic IT sector as a result of the global economic crisis. The government now envisages Indian IT exports in FY09 growing at a rate in the high teens. NASSCOM identified China as a major challenger to India's dominance in BPO segment of the IT market, but found that China was unlikely to significantly close the gap over the next three to five years.

Market research group, BMI, highlights that leading Indian IT companies have taken a hit from the US slowdown, with companies freezing wages and slowing hiring. We believe that this slowdown is likely to accelerate the current trend of large IT integrators and hardware vendors focusing on domestic revenue generation. Indian domestic company demand for IT services is increasing rapidly, and average project size - typically below the US\$1mn mark - is now increasing, resulting in several projects above the US\$100mn mark.

We anticipate 15+ new Indian e-government projects to be implemented from the 2008-2010 period as part of a national e-government plan. These enterprise projects will be implemented at central-, state- and local-government levels. Most of these Mission Mode Projects (MMPs) will use a public-private partnership (PPP) model. LGS is well positioned to capture a portion of these opportunities.

Developed Markets

The Company continues its efforts to service our large, global client base in major markets: U.S., UK, and Western Europe. Within these markets we continue to grow revenues with existing clients while pursuing strategic accounts. Current forecasts from Gartner and Forrester highlight a slowing of growth in the developed markets, ranging from 6% to 8%. Our numerous long-term relationships with large multinational corporations, providing integration and staffing service, serve as a strong foundation for our revenue growth.

Emerging Markets

Over the past year, the Company has been investing in emerging markets, such as the UAE, and is currently preparing to enter the Eastern Europe, South African and Latin American markets. According to Gartner, these regions can expect to sustain double digit growth (11% to 13%) over the next 3 years. These markets present significant long-term revenue potential for LGS.

II. OUTLOOK AND OPPORTUNITIES

Opportunities in Turbulent Times

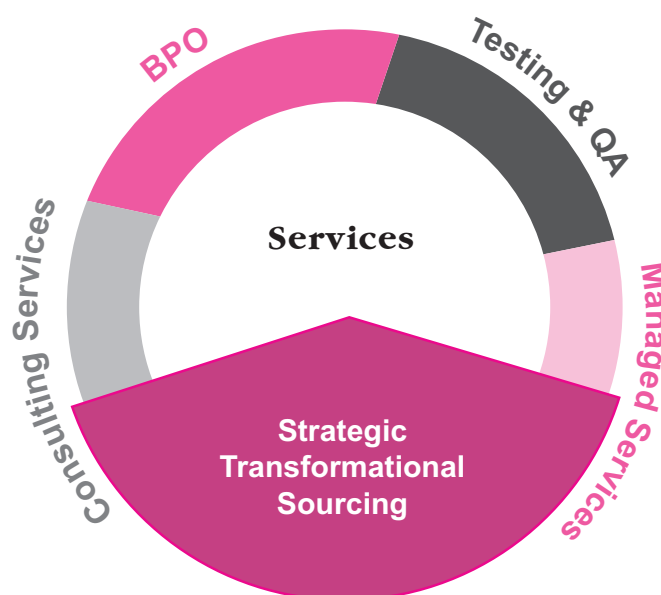
Mark McDonald, Group VP and Head of Research at Garnter, stated, "In 2009, executives face challenging global economic conditions that have not existed for more than 50 years. This environment is reflected in IT budgets, priorities and strategies as one third of CIOs reported no change in their budget from 2008, while 46 percent reported a slight increase, and 21 percent reported a cut in IT budgets."

While we recognize there is still great uncertainty about the depth of the current recession, the Company see great opportunity in the IT outsourcing market segment. As companies begin to adjust to the new market paradigms, there will be opportunities for the Company to gain greater market share and expand our client base. We think that there is great value in positioning our company to support a client's long-term recovery goals. Accordingly, we have adjusted our offerings, our sales & marketing focus, and most importantly, our Solutions Factory to capitalize on what we see as an unprecedented opportunity in the IT industry. Success in this strategy will have long-term growth value for LGS over the next 3-5 years.

As an innovative technology service provider, the Company has identified several key business opportunity areas which will drive the Company's organic and inorganic growth for the foreseeable future. As we look into 2009 and 2010, the Company is expanding its global presence with plans to enter the Eastern Europe, Middle East, South African and South American markets.

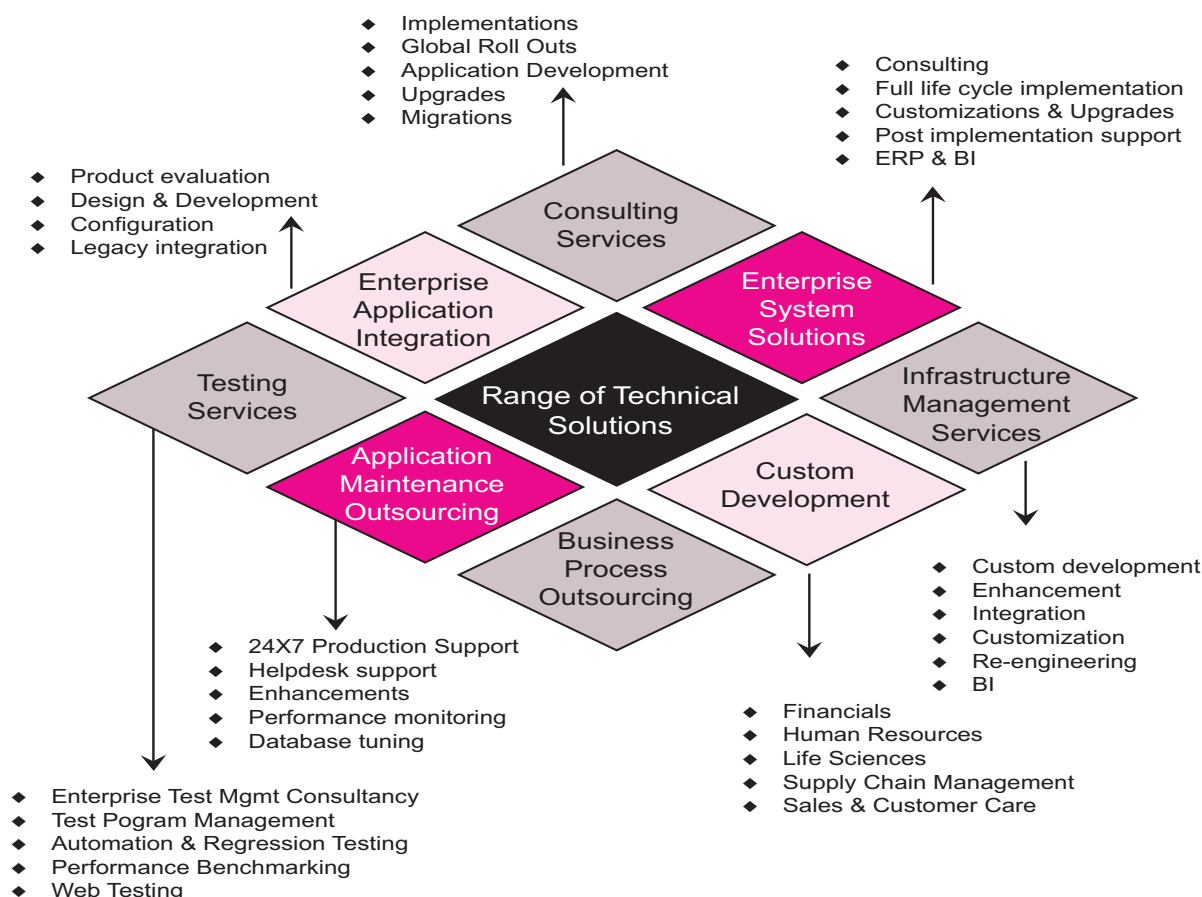
LGS - Vertical & Horizontal Market Focus

Government	Healthcare	Manufacturing	Training & Education
Business Intelligence			
Supply Chain Management			
Managed Services			
Testing & Quality Assurance			



Management Discussion & Analysis

The Company offers IT Services and Solutions to diverse enterprise companies through its onsite consulting expertise and offshore development experience. Company's clients and partners include global fortune 500 companies which offer significant scope for expanding its share of their IT budgets and this is indicative of the continued potential for growth. Most importantly, the Company is leveraging its capability as an integrated solutions provider, with appropriate technology expertise and domain knowledge, to deepen its relationships with its clients.



Throughout 2008-09, we provided staffing and services to multi-national companies in the construction, manufacturing, industrial, banking, finance, healthcare, insurance, retail, government, energy, automotive and consumer goods industries.

LGS Competitive Strengths

The Company's strong brand value continues to grow through our quality assurance processes, superior delivery of complex solutions, access to highly skilled talent, a 24 x 7 x 365 any-shore delivery model, and lower delivery costs. We believe that these organic capabilities enable us to capitalize on the current market conditions, capturing greater market share over the next year.

The Company has heavily invested in our innovative Solution Factory in Hyderabad, India. From this SEI-CMMI Level 3 facility, we have provided our clients with industry specific specialized support, created dynamic solutions and in-house tools to meet our client's global needs, while utilizing our knowledge management system to leverage our expertise across the company.

The Company's Global Delivery Model remains a core strength of our company; allowing us to deliver cost effective services while marketing these services in the areas where the profits are greatest. We are able to gain maximum benefit from the GDM by accessing a highly skilled talent pool of technology professionals, 24x7 delivery of solutions and services, reduction of total cost of ownership by executing parallel delivery tracks, remaining cost competitive on a global scale, and leveraging our knowledge management system to ensure a highly efficient solution delivery process.

Additionally, the Company's ITSP (Info Technology Strategy and Planning) services are offered to clients in two-to-five year service level agreement (SLA) inclusive of quality assurance, testing, performance benchmarking, security, governance, and risk assurance. These repeatable service capabilities will be executed quarterly, biannually, or by client and are scalable whether industry-specific, business process-focused or regional in scope, IT deliverables comprise structured methodologies, and technological components that will scale across the enterprise.

The Company's ITSP deliverables are extensible due to their modular design and are easily repositioned for usage other than the original intention. For example, an IT strategy framework developed for a midsize electronics organization can be reused for a banking institution. Service offerings provide value-added updates, business process flow checks, and/or performance audits on a scheduled basis.

Committed to superior quality and process execution, the Company has developed a sophisticated project management methodology EQUIP to ensure timely, consistent and accurate delivery of superior quality solutions to maintain a high level of client satisfaction. Enabling Quality and Improving Processes (EQUIP) is a framework that facilitates the integration of company's extensive consulting experience that is deeply rooted in solution implementations, methodologies and delivery tools.

EQUIP provides the framework that allows us to deliver services to our clients consistently across our global footprint, to gather continued enhancements for our supporting methodology and thereby provide continued value for our clients.

The EQUIP methodology is a combination of some of our top delivery assets into one global integrated methodology. It provides:

- A scalable integrated collection of assets.
- Consistent vocabulary, level of detail and presentation.
- Allows tailoring to scale, to provide a unique but consistent cost effective delivery approach for each client.

The Company values its customers and focuses on ensuring high quality delivery of services to them. The Company's Strategic Global Sourcing Group

consists of senior professionals and has been established to identify, secure and manage new, large, and long-term client engagements.

The Company complies with CMMI framework and is appraised at CMMI ML 3. This year the company has undertaken CMMI ML 5 activities and expected to go up to higher maturity levels of the CMMI pyramid in future.

Benchmarking the services and processes against globally recognized quality standards, the Company has achieved the following during this financial year,

- ◆ The company always keeps itself abreast with periodic upgrades for independent software process and quality assurance review and audit activities and has moved up from ISO 9001-2000 to ISO 9001-2008.
- ◆ Attained ISO 27001 - 2005 certificate for information security management compliance which certifies LGS as able organization to comply with clients' data security requirements.
 - Policy-driven security and backup procedures
 - Protection of internal networks through firewalls
 - Systems, including mail servers, proxy servers, and database servers are protected with anti-virus software receiving frequent updates based on new releases
 - Weekly backup of our servers
 - Access to project repositories only by the authorized project team members through application and operating system security
 - Data security activities are captured, organized and archived
 - Secure access to project rooms and the data center
 - 7x24 security guard

Certifications and Partnerships

To bring our clients industry-leading solutions, the Company forms alliances with market-leading technology companies. More than simple marketing agreements, these relationships are an investment in the joint development of solutions to serve our clients'

unique business needs. We invest in training and certifying our professionals around the world in these leading technologies, and together our focus is on effective deployment.

The Company achieved the Microsoft Gold partnership status Certificate for its Data Management Solutions Competency which recognizes the commitment, expertise, and superiority using Microsoft products and services. During the year the Company has also attained partnership from IBM and Sun Microsystems to deliver enhanced quality services to our global clientele. We continue to foster our strategic partnerships with SAP, Oracle, software AG and other major vendors.

Strengths and Opportunities of the Company:

Strengths:

- Scalable, extensible and renewable ITSP (Info Technology Strategy and Planning) Services
- Inorganic growth: Acquisitions of Business and customers - a key element in our growth strategy
- Organic Growth: Expanded offices and expanded foot print across geographies and continued development of new products
- Availability of skilled and technically qualified manpower with English language proficiency
- Capability and relationships to Partner with major IT Consulting firms in US
- Business process outsourcing (BPO) in India
- Project size increase in domestic India

Opportunities:

- Potential thawing of Global Marketplace
- Uncertain business environment encourages customer mergers and acquisition and possible IT consolidations that require Company talents
- Indian hardware sector growth set to accelerate after a number of government measures to encourage domestic manufacturing, and new investment incentives under consideration
- Indian government creating framework to meet ambitious targets for IT investment.

III. SEGMENT WISE OR PRODUCT WISE PERFORMANCE AND DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company forecast its excellent growth in Retail Industry, Education, Energy and Government departments in the coming days.

Financial Performance/Overview

The financial statements are prepared under the historical cost convention, on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) in India, and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956.

The financial statements presented in the Accounts and notes on accounts thereon are self explanatory, however, material changes, if any, discussed under the relevant head.

Share Capital: During the year your company received Allotment money arrears for an aggregate amount of Rs.17,000/- from respective shareholders. After the payment of arrears the paid up Equity share capital of the company is Rs.25,42,36,670/- divided into 25423667 equity shares of Rs.10/- each.

Dividend: Board of Directors have recommended a dividend of Re.0.25/-paise per Equity share (2.5%) on face value of Rs.10/- per share for the financial year ended 31st March, 2009. The dividend, if declared as above, would involve an outflow of Rs.6,355,917 towards dividend and Rs.1,080,188 towards dividend tax, resulting in a total outflow of Rs.7,436,105. Dividend as recommended by the Board of Directors is provided for in the accounts pending shareholders/lending institutions approval. The provision for current dividend tax is provided in the accounts.

Reserves: The dividend proposed by your Company does not exceed 10% of the paid up capital, hence no amount to be transferred to the Reserves from Profit & Loss Account as per provisions of the Companies (Transfer of Profits to Reserves) Rules, 1975.

Goodwill written off: The Company has debited the amount of Rs. 1,22,63,600/- towards the one fifth Goodwill written off for the year 2008-09 being the goodwill arising on merger of Lanco Global Systems Inc.

Operations: In spite of severe financial crisis and recession in the global market which had a direct bearing on company's business, your company could withstand the turbulences and maintained better performance and working in progressive direction. During the year under review, the standalone total income was Rs.18915.57 lakhs as against Rs.13666.37 lakhs in the previous year. The consolidated total income was Rs.29860.06 lakhs as against Rs.27742.78 lakhs in previous year.

Loans: The Term Loan amounting to Rs.500 Lacs and Working Capital of Rs 3500 lakhs from Axis Bank Ltd secured by charge on current assets, Fixed Assets pledge of promoters' shares and personal Guarantee of Promoter Directors. The Factoring facility of Rs 2000 lakhs from Global Trade Finance Ltd by hypothecation of Book Debts present and future on all the approved debtors as mentioned in the sanction letter and Personal guarantee of Directors and Corporate guarantee from their company.

Investments: During the year, the company invested Rs.602.35 Lakhs (USD 1.4 millions) in its subsidiary namely, Global IT Inc, which is related party transaction and accordingly necessary approvals taken from Board/authorities wherever necessary. All Investments are unquoted Equity Shares only.

Subsidiaries: Techorbit Inc and Global IT Inc are wholly owned subsidiaries of LGS Global Limited. LGS Global FZE was incorporated in United Arab Emirates on 7th January, 2009 as a fully owned subsidiary of LGS Global Limited.

Sale of Software: During the year your company recorded transaction of sale of software to its subsidiary namely Techorbit Inc., for Rs.84 lakhs, which is related party transaction the same was placed before the Audit Committee and Board.

Liabilities: The deferred income tax provision for the current year amounts to Rs.11,43,613/- towards deferred income tax liability. (Previous year Rs.11,92,688/- towards deferred income tax Liability)

IV. RISKS AND CONCERNS

Your company has following risks and concerns generally:

- a) Global economic slowdown and rising costs impacts on consumer and business Sentiment
- b) Uncertain business environment encourages customer mergers and acquisition and possible IT consolidations
- c) The financial crisis will hit key financial-sector outsourcing clients
- d) Decreases in IT budgets, volatility in currencies and withdrawal of tax benefits.
- e) Competition from China and other Asian countries for global BPO market share
- f) Moves to stimulate the hardware sector are having mixed results
- g) Rising elements of cost, and countering the wage inflation averaging 10-15 per cent annually is a concern in the IT sector, however, companies are able to leverage declines in telecom and other overhead costs, and increase in productivity gains and economies of scale to sustain the cost arbitrage
- h) Skilled manpower, considered as a key to offshore success, has remained one of the key concerns and challenges for the country's IT sector and to add attrition of skilled employees both onsite and off-shore is one of the growing concern.
- i) 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.
- j) 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.

The current weak economic conditions have reduced corporate revenues, compressed margins, and slowed the overall economic growth. As a consequence, the real market yields on government securities are just marginally positive. With low interest rates in many developed countries, we anticipate a slow increase in the marginal interest rates during the fall of 2009 and into 2010. This will increase our cost of operating

capital. As the capital markets have tightened, only the best rated companies receiving financial support from banks, as they themselves attempt to correct balance sheet deficiencies. The strength of Company' balance sheet and reserves will provide a positive influence as we seek capital to support our growth plans in the US and emerging markets.

The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up at its meetings.

V. MATERIAL DEVELOPMENTS IN HUMAN RELATIONS / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Headquartered in Hyderabad, India, we have our worldwide offices at the following locations.

India office

8-2-293/82/A/796/B,
Road No. 36, Jubilee Hills,
Hyderabad - 500 033, A. P.

USA Office

Princeton, New Jersey
116 Village Boulevard
Suite # 200
Princeton, New Jersey 08540

USA Office

Sterling, Virginia
21351 Gentry Drive
Suite # 265-A
Sterling, VA 20166

USA Office

Daytona Beach, Florida
139, Executive Circle,
Suite # 203
Daytona Beach FL 32114

USA Office

Atlanta, Georgia
1725 Windward Concourse
Suite # 150
Alpharetta, GA 30005

USA Office

Irving, Texas
1303 W Walnut Hill Lane
Suite # 325
Irving TX 75038

UK Office

Suite # 508
1 Alie Street
London E1 8DE

South Africa Office

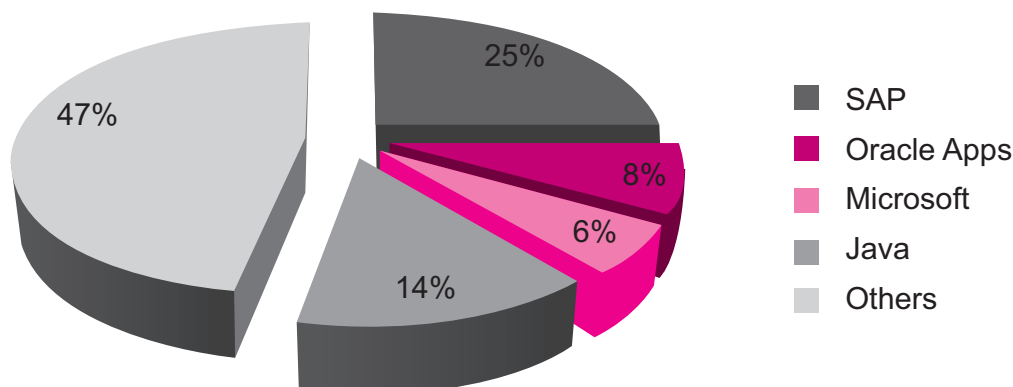
West Tower, 2nd floor,
Nelson Mandela Square,
Maude Street,
Sandown, Johannesburg 2146

SEZ Unit set up: The Company is in expansion of its office facilities to cater exclusive service to the client oriented. In this way it has stepped to set up SEZ unit and obtained approval to set up a unit in Special Economic Zone (SEZ) at Sundew Properties Private Limited (formerly K Raheja IT Park (Hyderabad) Private Limited), Mindspace, Cyberbad, Madhapur, Hyderabad, A.P. The SEZ Unit operations are expected to commence in January 2010.

Human resources

The employees of the company are the prime assets of your company. As a continuous process, your Company added senior talent and capabilities to cater to the growth phase of the company.

LGS Employees



LEADERSHIP TEAM OF THE COMPANY

Mr. Sailendra Yerrapragada, Chief Technology Officer

Sailendra Yerrapragada is a professional with an overall experience of 12 years in delivering professional services for top tier accounts. He has successfully delivered consulting solutions focusing on strategic account management, business development, industry specific solutions and large-scale project delivery. During his tenure at Bearing Point and Oracle Corporation, he has built relationships in the executive management of various lines of business, client community and partners. He has expertise in the functional, technical, business process and methodology aspects of enterprise solutions in Public and Private sectors. Sailendra holds a PhD in Management Information Systems (KWU) and Global Executive MBA from Duke University. He also received Strategic Leadership Management training from Yale School of Management. He is also a certified Project Management Professional (PMP) and holds Six Sigma Black belt certification. Prior to joining LGS he held the position of Director of Technology Services at Bearing Point which is a leading Management & Technology Consulting firm and was Technical Manager at Oracle Corporation prior to joining BearingPoint.

Mr. Srikanth Paladugu, President - US Consulting Services

Srikanth Paladugu graduated from the University of Houston with a Master's degree in computer science. For the last two decades he contributed to several technology groups including OMG and Open source while successfully building a services/development enterprise "Indus Valley". Srikanth incubated and helped "NextGen" of UK to launch "Blue Tooth" operations in North American markets. He successfully built Blue tooth Inter Operability business for Jaguar, Land Rover, BMW and Aston Martin with NextGen partnership. In the last 10 years Srikanth nurtured, trained and mentored nearly 200 software professionals while helping them build successful careers at the same time instilling in them his passion for quality and continuous improvement. He successfully executed several projects for chemical and Energy clients in Houston, Texas and medical products for PDAs (Palm). He contributed significantly to open source community while working on MDA (Model Driven Architecture) based tool called "Jewel Box". He also successfully implemented Jewel Box in Shell, Houston and DTE Energy, Ann Arbor, MI. He has extensive product development and delivery experience which includes being a key member of Computer Associates (Software Interfaces) "Clever Path" development team. He is a voracious reader with interests spanning technology, history, economics and politics.

Mr. Leon S. Kanopka, Executive Vice President - Global ERP Practice

Mr. Leon S. Kanopka is an experienced business professional with over 25 years of wide spread accomplishments, change management and results throughout federal agencies, commercial manufacturers, financial service organizations, service providers and advertising conglomerates. He is a problem solver with strong leadership skills. Mr. Kanopka has over 12 years of Oracle ERP project experience at both Oracle and Bearing Point delivering business solutions expertise throughout the US, Central America, Europe and the Mid-East. These ERP solutions covered Financial, Procurement, Supply Chain, Manufacturing, and Customer CRM business applications. His multi-disciplinary, world-wide experience includes a full range of business knowledge in program management, process design, full life-cycle systems development and implementation and corporate responsibilities in Accounting, Finance, Information Technology, Service, Strategic Planning, Logistics, Distribution and Manufacturing. He was a frequent speaker at Council of Logistics Management local and national meetings and was considered an industry expert who was featured in American Shipper Magazine, interviewed in Transportation Digest's audio tape programs and often quoted in Traffic Management Magazine. Mr. Kanopka has an active Department of Defense Top Security Clearance and previously held a Top Secret "Q" Clearance from Department of Energy. He has an MBA in Finance from St. Johns University in New York and has been an Adjunct Professor of Strategic Management and International Management at Kean University in New Jersey.

Mr. P. Rakesh Kumar, Vice President (Technology Services & Delivery)

Rakesh has over 25 years of experience in delivery, processes, pre-sales, competency development, operations and people management with the reputed Information Technology companies, in delivering IT solutions in wide range of technologies and domains. Possess a wealth of process management experience and domain knowledge in SEI CMM & CMMi models, essaying a key role in promoting software process initiatives and in cultivating professionalism in project management activities. He is also involved in PMBOK training to Project Managers across various organizations and domains. Prior to joining LGS, Rakesh had long stint in CMC & Virtusa. He holds M. Tech (Computer Science) from OU and is a certified project management professional (PMP) from PMI, USA.

Mr. Demetrius Maxey - Executive Vice President Global Public Sector

Mr. Maxey joined LGS in the spring of 2008 after a 20+ year career in the United States Marine Corps. As the head of the LGS' Global Public Sector, he is

responsible for the strategy, business development, and delivery of solutions to National, State, and Local governments. Prior to joining LGS, Mr. Maxey served as an infantry and reconnaissance officer in the U.S. Marine Corps. Throughout his career, he served in positions of command, operations, and analysis. After three combat tours of duty in Operation IRAQI FREEDOM, he retired from the Marines. He brings to LGS an extensive background in leadership, operations, and public sector procurement. Mr. Maxey is a graduate of the U.S. Naval Academy and Duke University's Fuqua School of Business (GEMBA).

Dr. S. Vincent Grasso, Executive Vice President - Global Healthcare Solutions

Dr. Vincent Grasso is a surgeon, software architect / informaticist, and healthcare business analyst. In addition to his medical degree, he completed an Internal Medicine Internship within the Robert Wood Johnson School of Medicine network from 1991 to 1992. He also completed a general surgical residency at the Mount Sinai School of Medicine Manhattan Program in 1997. Additional training in Advanced Minimally Invasive Surgery as a Postdoctoral Fellow along with research within the domain of Medical Informatics at Yale University was obtained as a Postdoctoral Fellow and Associate. While at Yale, he launched the concept of Extreme Telemedicine and joined the Yale-NASA Commercial Space Center for Medical Informatics and Technology Applications (CSCMITA) as a NASA Project Manager resulting in a series of expeditions to Mount Everest starting in 1998 where he participated as the Medical Director.

He founded Technology Integrations for Medical Applications, Inc. (TIMA), a software development company dedicated to creating solutions for alternative-site healthcare delivery. His academic relationships with Stevens Institute of Technology include his position as an Adjunct Professor with the Department of Chemistry and Chemical Biology and also as Advisory Board Member for the Healthcare IT Management initiative at Stevens. In 2006, In addition, he is a scientific advisor to Legend Merchant Group, a Wall Street based investment and asset management firm.

Mr. Sateesh Balusu, Head of ERP - SBU

Sateesh is an engineering graduate with a rich experience of more than 16 years in the IT industry with expertise and a proven track record in ERP management, Delivery and Business Development. He has been involved in some of the prestigious defense projects; and has experience in Competencies building, Tools, operations, people management and, design and development of real time systems. Prior to joining LGS, he was associated with iGATE and Wipro systems, and also has over 8 years of industry experience in the overseas as he worked for various US organizations, during his stay at US.

Mr. Shrikanth Maddirela, Head - SAP Practice

Shrikanth brings in a deep expertise in SAP implementation / roll out / upgrade and application maintenance projects for global Fortune 500 and Fortune 50 clients. At various engagements, his responsibilities included presales technical support, competency building, and solution architecting, project and program management in SAP. He is a subject matter expert in SAP Logistics, SAP SRM (Supplier Relationship Management) and SAP xCLM (Contract Lifecycle Management). Prior to LGS he worked with Accenture, TCS and Mahindra & Mahindra Ltd. He has worked with global Fortune 500 and Fortune 50 clients across Oil & Gas, Energy, Chemicals, Life Sciences and Hi Tech industry verticals at client locations across North America (USA & Canada), South America (Brazil), Europe (UK & Germany) and Asia Pacific (Australia and Singapore). Shrikanth is a BE from Bangalore University and has attended a number of management and leadership development trainings and seminars.

Mr. Amit Sharma - Technical Architect

Amit Sharma bejewels our technical expertise and project delivery experience. He brings in over 14 years of dynamic experience in Global Information technology solutions delivery focusing on ERP systems, Infrastructure Administration, Infrastructure/Network upgrades and migrations.

He has been actively involved in many state of the art projects as a lead infrastructure expert. Amit has enjoyed great success during his association with Department of Health and Human Services and some of the prestigious brands such as CISCO, McDonald's Corporation, Motorola, and BearingPoint

Amit has completed his Master's degree in Computer Applications (MCA) from the University of Hyderabad, India and has completed technical courses in Sun and Oracle Products.

Mr. Prem Kumar Mandava, Associate Vice President - Sales

Prem has extensive experience in partnering with and implementing large scale projects for state and local government clients. His responsibilities have included proposal management, managing client relationships, negotiating scope and change control. He is a subject matter expert in integrated tax systems, content management, enterprise claims, collections and loan servicing applications. He has worked for American Management Systems (AMS). He also worked at the Wisconsin Department of Revenue (DOR) to identify requirements for implementing the individual income tax component of an integrated tax system. While at AMS, he was also responsible for managing proposals to implement Property Tax at the Wisconsin DOR and Eau Claire County, Wisconsin. He has a BE from Osmania University

and an MS from the University of Illinois, Urbana - Champaign. Additionally, he has taken leadership and management courses as part of the emerging leader program at AMS.

Mr. Ravi Kiran Vasa, Head - SAP Sales

Ravi Vasa comes with more than ten years of experience in Sales and SAP Delivery. He has been a part of many SAP Implementations, Roll outs & Support Services for Multinational Giants. Being a Certified consultant in SAP SD Module, his responsibilities included pre-sales, solution architecting, competency building and successful delivery of projects throughout his IT career. Prior to LGS in the IT frame he was associated with Ananth Technologies and Yash Technologies. He is an expert right from suspecting a lead, prospecting it, qualifying it and driving it to a successful closure. He started his career as a Graduate Trainee in Coca Cola India, Bangalore and later worked for companies like Seagram's India and TATA Indicom. His expertise spreads into various verticals like FMCG, CPG, Life Style Products and IT. Ravi Vasa is a Post Graduate in Sales (PGDSM) from NIS Sparta (National Institute of Sales, Chennai) and has attended many management and leadership trainings from major B Schools like XLRI and IIM-Bangalore during his stint with Coca Cola India and Seagram's India.

Mr. Yepuri Srinivasa Rao, Vice President, Finance

Srinivasa Rao is Chartered Accountant with expert competency in, Commercial banking, Corporate Accounts and Finance, Corporate reporting, Mergers & Acquisitions, Financial and Legal due diligence, Management Information System, Costing and internal controls, Assurance and Compliance, Relationship with banks and Govt. agencies. Beginning his career as a Team Leader with M.Bhaskara Rao & Co, Mr. Rao has been associated with some of the reputed corporate groups supporting various finance functionalities in his glorified career of two decades. He plays a key role in the company's resource mobilization. Mr. Rao has completed his post graduation in commerce (Master of Commerce) from S V University in Andhra Pradesh and is a Fellow member of the Institute of Chartered Accountants of India, New Delhi

CS Jagadeeshwara Rao Mabagapu, Company Secretary

Jagadeesh is Company Secretary with good working knowledge and competency in Company Secretarial, Securities, SEBI, Stock Exchanges and Corporate legal functions. His total tenure of experience spreads into manufacturing industry (bulk drugs), ITES (Broadband services), Corporate Consultancy Services Firm. Having good experience from basic works to high end works in Merchant Banking activities such as IPOs, Mergers & Acquisitions, Takeovers, Due Diligence, Compliance of various laws, Managing

Secretarial & Legal Compliance(s) ensuring the Guidelines of SEBI, Listing agreements & Companies Act, Liaison with Govt & Statutory authorities, Drafting and vetting of legal agreements. Jagadeesh is Associate Member of The Institute of Company Secretaries of India (ICSI) and Master's Degree holder in Commerce from the Andhra University, Master' Degree holder in Financial Management from Pondicherry University, Master' Degree in Law with Corporate Laws Specialization from Andhra University, Graduation in Law from Osmania University and Post Graduation Diploma in Cyber Laws from NALSAR University.

VI. 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.

VII. CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute forward looking statement with in the meaning of applicable laws and regulations. Actual results might differ marginally or materially from those either expressed or implied. Readers are cautioned not to place undue reliance on these forward looking statements. The Report should be read in conjunction with our financial statements included herein and the note thereto.

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 : 18.11.2009

Corporate Governance



I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE 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.

II. 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 6 (including one Alternate Director) directors consisting of 2 Executive Directors and 3 Non Executive Independent directors.

All Independent Directors comply with the requirements of the Listing Agreement for being categorised as Independent Director. The composition of Board is as follows:

Name of the Director	Category	Designation
Mr. K. Venkata Subba Rao	Promoter & Executive Director	Managing Director
Mr. K. Venkateswara Rao	Promoter & Executive Director	Joint Managing Director
Dr. Prasada Rao VDM Ravella	Non Executive Independent Director	Director
Mr. B. Anand #	Non Executive Independent Director	Alternate Director
Mr. G. Ramesh	Non Executive Independent Director	Director
Mr. V. Pradeep Kumar Dev	Non Executive Independent Director	Director

Alternate Director to Dr. Prasada Rao VDM Ravella

- (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 as at March 31, 2009 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. Venkateswara Rao	Promoter & Executive Director	3	Nil	Nil
Mr. K. Venkata Subba Rao	Promoter & Executive Director	2	Nil	Nil
Dr. Prasada Rao VDM Ravella	Non Executive Independent Director	1	Nil	Nil
Mr. B. Anand #	Non Executive Independent Director	1	Nil	Nil
Mr. G. Ramesh	Non Executive Independent Director	Nil	Nil	Nil
Mr. V. Pradeep Kumar Dev	Non Executive Independent Director	2	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) Six Board Meetings were held during the financial year ended 31st March, 2009. 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:
1. April 29, 2008
 2. July 28, 2008
 3. July 28, 2008
 4. August 25, 2008
 5. October 30, 2008
 6. January 30, 2009

Name of the Director	No. of Board Meetings (during the year 2008-09)		Whether attended last AGM held on 30.09.2008
	Held	Attended	
Mr. K. Venkateswara Rao	6	5	YES
Mr. K. Venkata Subba Rao	6	6	YES
Mr. G. Ramesh	6	6	YES
Mr. B. Anand #	6	6	NO
Mr. V. Pradeep Kumar Dev	6	5	YES
Mr. K. Tejesh Kumar*	6	6	YES
Mr. Asokan Ganapathy\$	6	0	NO
Mr. Anand Swaroop@	4	3	NO

Alternative Director to Dr. Prasada Rao VDM Ravella

* Resigned on 29th April, 2009

@ Resigned on 01st September, 2008

\$ Resigned on 27th October, 2009

Leave of absence has been granted to the directors for the Board meetings not attended by them.

- (e) The Board meetings are generally held at least once in a quarter, amongst others for consideration of the 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, are 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 Independent directors has any pecuniary or material relationship or transaction with the Company.

Notes:

- (i) Following directors were regularized as Directors at the 9th AGM held on 30th September, 2008;
Mr. K. Tejesh Kumar,
Mr. K. Venkateswara Rao,
Mr. K. Venkata Subba Rao,
Mr. V. Pradeep Kumar Dev and
Mr. Asokan Ganapathy.
- (ii) The members in their 9th AGM held on 30th September, 2008 approved the following appointments for a period of 3 (three) years w.e.f. 28th July, 2008:
Mr. K. Tejesh Kumar as Executive Chairman,
Mr. K. Venkateswara Rao as Executive Co-Chairman and
Mr. K. Venkata Subba Rao as Vice-Chairman & Managing Director.
- (iii) Following directors have resigned and accepted by the Board.
Mr. K. Tejesh Kumar resigned with effect from 29th April, 2009,
Mr. Y. Anand Swaroop resigned with effect from 1st September, 2008,
Mr. Asokan Ganapathy resigned with effect from 27th October, 2009.

(g) **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. The Minutes of the Committee meetings are placed before the Board for its adoption.

III. 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 is as under:
 - i. 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.
 - ii. Recommending the appointment and removal of external auditor, fixation of their audit fee and also approval for repayment for any other services.
 - iii. Reviewing with management the quarterly and annual financial statements before submission to the Board.
 - iv. 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 Quarterly and Annual financial results 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.

- (e) The Chairman of the Audit Committee Mr. Pradeep Kumar Dev attended the previous Annual General Meeting of the Company held on 30th September, 2008 in terms of Clause 49 of the Listing Agreement.
- (f) The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

The Audit Committee comprises of 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. Mr. Tejesh Kumar had resigned from the office of Director and hence he is not a member of the Audit Committee with effect from 29th April, 2009. Mr. K. Venkateswara Rao was appointed as Member of the Committee with effective from 29th July, 2009.

Four Audit Committee Meetings were held during the financial year ended 31st March, 2009. The dates on which the Meetings were held are as follows:

29.04.2008, 28.07.2008, 30.10.2008 and 30.01.2009

Name of the Member	Status in the Committee	No.of Meetings (during the year 2008-09)	
		Held	Attended
Mr. V. Pradeep Kumar Dev	Chairman	4	3
Mr. K. Tejesh Kumar	Member	3	3
Mr. G. Ramesh	Member	4	4
Mr. B. Anand *	Member	4	4

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

IV. REMUNERATION & COMPENSATION COMMITTEE

Remuneration & Compensation Committee comprises of 3 (three) Non Executive Independent Directors. Mr. G. Ramesh, Independent Non Executive Director is the Chairman of the Committee. 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. During the year the Committee held one meeting on 28th July, 2008.

The composition of the Committee and particulars of meetings attended by the members are given below:

Name of the Member	Status in the Committee	No.of Meetings (during the year 2008-09)	
		Held	Attended
Mr. G. Ramesh	Chairman	1	1
Mr. B. Anand*	Member	1	1
Mr. V. Pradeep Kumar Dev	Member	1	1

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

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, 2009 are given below:

Name	Sitting fee (Rs) as on 31.03.2009	No.of Shares held as on 31.03.2009
Mr. K. Venkateswara Rao*	500	442642
Mr. K. Venkata Subba Rao*	1000	442642
Mr. G. Ramesh	5500	24300
Mr. B. Anand (Alternate Director)	5500	Nil
Mr. V. Pradeep Kumar Dev	4500	Nil
Mr. Asokan Ganapathy	Nil	Nil
Mr. K. Tejesh Kumar *	1500	442642
Mr. Y. Anand Swaroop	N.A	3750

* Sitting fee paid to them during their tenure as Non Executive Directors.

Remuneration paid to the Whole time Directors for the year ended 31st March, 2009

(Amount in Rupees)

Name	Designation	Salary	Contribution to P. F.	Others	Total Amount
Mr. K. Venkateswara Rao	Co-Chairman	3,294,000	263,520	60,000	3,617,520
Mr. K. Venkata Subba Rao	Vice Chairman & M. D.	3,294,000	263,520	60,000	3,617,520
Mr. K. Tejesh Kumar	Chairman	3,294,000	263,520	60,000	3,617,520
Mr. Y. Anand Swaroop	Director & C.E.O.	1,473,750	72,000	26,250	1,572,000

V. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

(i) Constitution and Composition

Shareholders/Investors Grievance committee had 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.

Composition of Shareholders/Investors Grievance Committee as follows:

Name of the Member	Status	Category
Mr. V. Pradeep Kumar Dev	Chairman	Non Executive and Independent
Mr. G. Ramesh	Member	Non Executive and Independent
Mr. K. Venkateswara Rao	Member	Executive and Non Independent

Mr. K.Venkateswara Rao was appointed as member of the Committee w.e.f 30th October, 2008. Mr. Y. Anand Swaroop had resigned from the office of Director and hence he is not a member of the Shareholder's /Investors Grievance Committee with effect from September 01, 2008.

(ii) Name and Designation of the Compliance Officer

Mr. M. Jagadeeshwara Rao, Company Secretary.

(iii) No. of Shareholders complaints received during the year 2008-09 and the Status of Investor's Requests / Complaints:

During the year 2008-09 total 27 requests/letters were received from the shareholders and all were disposed off during the year.

INVESTOR REQUESTS/GRIEVANCE REPORT FOR THE PERIOD 01.04.2008 TO 31.03.2009

Sl.	Particulars	Receipt	Replied	Pending
A.	REQUESTS			
	a. Change/Correction of address	6	6	0
	b. Change / Correction of Bank Mandate	0	0	0
	c. Change of company name stickers	0	0	0
	d. Receipt of D/W for revalidation/correction of Bank mandate	1	1	0
	e. Registration of Power of Attorney	0	0	0
	f. Request for ECS facility (Electronic Clearance Services)	4	4	0
	g. Loss of securities and request for issue of duplicate s/c	1	1	0
	h. Receipt of I/B and affidavit for issue of duplicate securities	1	1	0
	i. Request for stop transfer of securities	0	0	0
	j. Request for Fully paidup shares	0	0	0
	k. Request for issue of duplicate dividend warrants	0	0	0
	l. Deletion of joint name due to death	0	0	0
	m. Request for transmission	0	0	0
	n. POA registration	1	1	0
	o. Request for transposition	0	0	0
	p. Specimen Sign change/not mentioned in Appln & intimation of the same	0	0	0
	TOTAL	14	14	0
B.	COMPLAINTS			
	a. Non receipt of dividend warrants	12	12	0
	b. Non receipt of Annual reports	1	1	0
	c. Complaints from Stock Exchanges	0	0	0
	d. Complaints frm SEBI	0	0	0
	e. Legal Notice	0	0	0
	f. Non receipt of refund order	0	0	0
	g. Correction of name on Securities	0	0	0
	h. Non receipt of shares	0	0	0
	TOTAL	13	13	0
	GRAND TOTAL (A+B)	27	27	0

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

VI. MANAGEMENT COMMITTEE

The Management Committee was constituted by the Board in its meeting held on January 30, 2009 for exercising such powers as delegated by the Board from time to time in order to deal with administrative and routine matters and to take decisions in urgent situations to avoid delays. Mr. V. Pradeep Kumar Dev was inducted as member of the committee on 29.07.2009. The Management Committee meets as when necessary and the minutes of the meetings are taken on record by the Board.

Following are the members in the Management Committee.

Name of the Member	Status	Category
Mr. K. Venkata Subba Rao	Member	Executive and Non Independent
Mr. K. Venkateswara Rao	Member	Executive and Non Independent
Mr. V. Pradeep Kumar Dev	Member	Non Executive and Independent

VII. SUBSIDIARY COMPANIES

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

VIII. DISCLOSURES

- i) **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. The Audit Committee and Board consider related party transactions at their meetings. The Audit Committee and Board consider related party transactions as their meetings.
- ii) **Accounting Treatment:** There is no different Accounting treatment from the prescribed Accounting standards.
- iii) **Risk Management:** The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up at its meetings.
- iv) **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.
- v) **Compliance:** At every Board Meeting statements of compliance with all laws and regulations as certified by the Managing Director 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.
- vi) **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. The Code, besides other relevant matters, prohibits an insider from dealing in the shares of the company while in possession of the unpublished price sensitive information in relation to the company. In accordance with this Code, the Company closes the trading window for designated employees from time to time. As per the Code, trading window is closed from the prescribed day before the Board meeting and opened after 24 hours of conclusion of Board meeting in which the financial results or any other price sensitive information is being considered by the Board.

- vii) **MD and Head of Finance Certification:** The MD and Head of Finance have given certificates to the Board as contemplated in Clause 49 of the Listing Agreement.
- viii) **Mandatory Requirements:** All the Mandatory requirements as to Corporate Governance have been complied with.
- ix) **Non Mandatory Requirements:** The Company has complied with all the mandatory requirements of the clause 49 of the Listing Agreement. Board has constituted a Remuneration and Compensation Committee, the details of which are given in this report. This year the company has unqualified financial statements.
- x) **Whistle Blower policy:** Though the Company does not have whistle blower policy, no person is denied access to the Audit Committee.
- xi) **Financial statements:** 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.
- xii) **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.

IX. MEANS OF COMMUNICATION

- i) **Quarterly Disclosures:** Quarterly un-audited financial results/yearly audited financial results are published in "Business Standard / The Financial Express" (English daily) and 'Surya / Andhra Prabha' (Telugu daily) newspapers.
- ii) **News Releases, Presentation etc.:** Official news releases, presentations made to media are displayed on the company's website www.lsgglobal.com
- iii) **Website:** The Company's website www.lsgglobal.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 is available on website in a 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.
- 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 www.corpfiling.co.in
- vi) **Designated exclusive E-mail ID:** The Company has designated the following E-mail ID exclusively for investor servicing investor.services@lsgglobal.com
- vii) **Management Discussion & Analysis:** The detailed report is forming part of this Annual Report.

X. PAST THREE ANNUAL GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2007-08	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.	September 30, 2008	11.00 A.M.
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.

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

Date	Description of Special Resolution passed
30.09.2008	(i) Amendment to the Article 89 and insertion of Article 112A in the Articles of Association of the company.
	(ii) Change in the name of the company from Lanco Global Systems Limited to LGS Global Limited.
	(iii) 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.
29.12.2007	(i) Amendment to the 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.
29.12.2006	Nil

(iii) Postal Ballot: No Postal Ballot was conducted during the year.

Procedure for postal ballot: However, the Company generally adopts the following procedure while conducting the Postal Ballot:

- 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.
- 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.
- 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.

XI. GENERAL SHAREHOLDERS INFORMATION

(i) Tenth Annual General Meeting

Date and Time	Wednesday, the 30th December, 2009 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: 040-23395515-22; Fax: 040-23395525; website: www.fapcci.in

(ii) Financial Calendar for the Year 2009-10 (tentative)

Financial reporting for the quarter ended	On or Before end of the
June 30, 2009	July 31, 2009
September 30, 2009	October 31, 2009
December 31, 2009	January 31, 2010
March 31, 2010	April 30, 2010
AGM for the year ending March 31, 2010	September 30, 2010
Dividend payment	The dividend, if declared, shall be paid/credited within the statutory period.

- (iii) **Book Closure Dates** : 24.12.2009 to 30.12.2009 (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
- (vi) **Listing fee** : The Company has paid the listing fee for the financial year 2009-2010.
- (vii) **Annual Custodial fee** : The Company has paid the Annual Custodial fee to the Depositories for the financial year 2009-10.

(viii) Stock Code:

Exchange	Stock Code	Scrip Code
Bombay Stock Exchange Limited (BSE)	LGSGLOBAL	532368

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

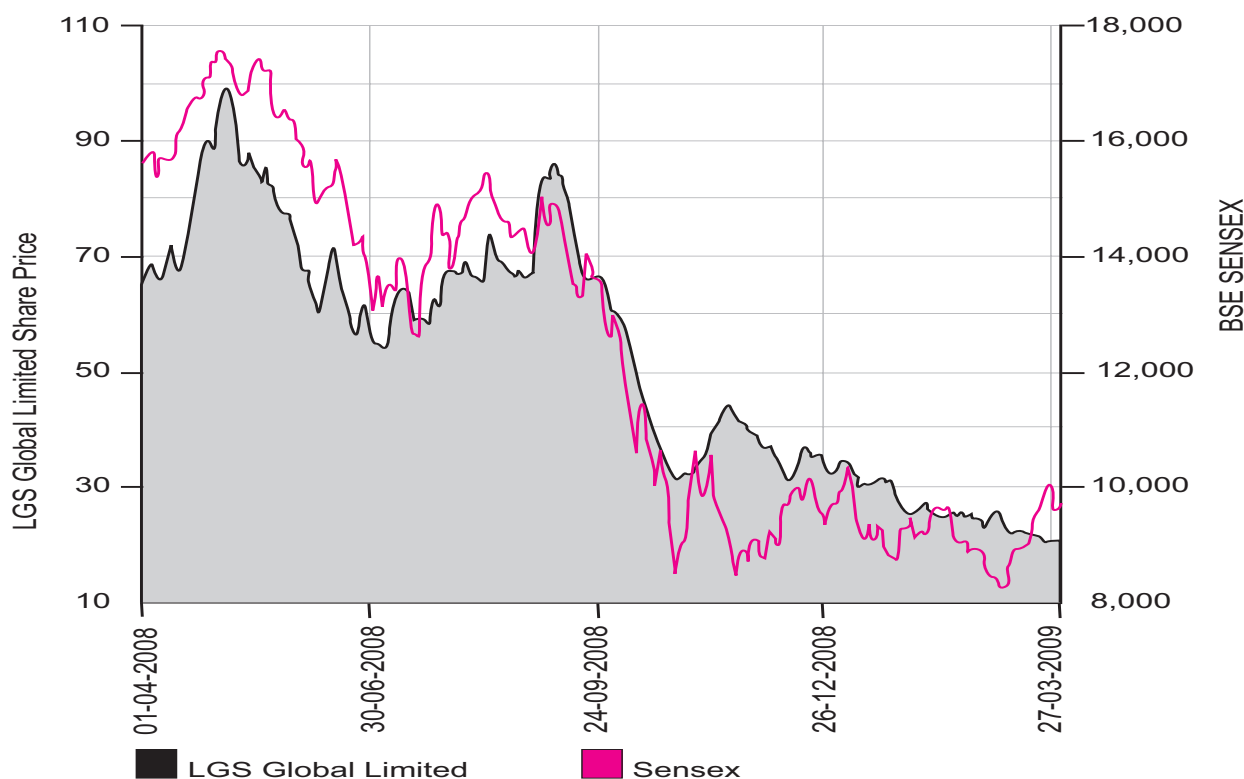
(x) Stock Market Data

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, 2008 to March, 2009 is furnished below.

Bombay Stock Exchange Limited, Mumbai Share Prices (In Rs.)			BSE Sensex	
Month	High	Low	High	Low
April '08	94.20	62.50	17,480.74	15,297.96
May '08	103.85	75.00	17,735.70	16,196.02
June '08	77.95	54.50	16,632.72	13,405.54
July '08	73.00	52.00	15,130.09	12,514.02
August '08	78.75	63.00	15,579.78	14,002.43
September '08	90.00	59.55	15,107.01	12,153.55
October '08	61.60	30.35	13,203.86	7,697.39
November '08	46.50	31.00	10,945.41	8,316.39
December '08	39.35	29.50	10,188.54	8,467.43
January '09	36.35	24.15	10,469.72	8,631.60
February '09	28.80	22.25	9,724.87	8,619.22
March '09	30.00	19.05	10,127.09	8,047.17

Start Date: 01.04.2008

End Date: 31.03.2009



(xi) Registrar & Share Transfer Agent

Aarthi 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: LGS Global Limited)

1-2-285, Domalguda, Hyderabad - 500 029, A.P. India.

Phone : +91-40-27634445, 27638111, 27642217, 66611921

Fax : +91-40-27632184, Email : info@aarthiconsultants.com; aarthiconsultants@gmail.com

Website: www.aarthiconsultants.com

(xii) Share Transfer System

The Board has delegated the power of share transfer to Registrar and Share Transfer Agent (RTA) i.e **AARTHI CONSULTANTS PRIVATE LIMITED** at the address given above.

81% of the shares of the company are in electronic form as on September 30, 2009. Transfer of these shares is done through the depositories with no involvement of the company. As regards transfer of shares held in physical form the transfer documents can be lodged with Registrar & Transfer Agent i.e **AARTHI CONSULTANTS PRIVATE LIMITED** at above mentioned address.

Shares lodged for physical transfer would be registered within a period of twelve days, on proactive measure and duly transferred would be dispatched to the concerned shareholders within a week from the date of approval of transfer by the committee. For this purpose, the Shareholders/Investors Grievance Committee meet often as required. Adequate care is taken to ensure that no transfers are pending for more than stipulated period.

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.

Pursuant to clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates on half-yearly basis are issued by a Company Secretary in Practice for due compliance with share transfer formalities by the company.

Pursuant to the SEBI (Depositories and Participants) Regulations, 1996, certificates have been received from a Company Secretary in Practice for timely dematerialization of the company's shares and for conducting a secretarial audit on a quarterly basis for reconciliation of the company's share capital.

(xiii) (a) **Distribution of Shareholding as on 31st March, 2009:**

Nominal Value of Shareholding (in Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 5000	2856	84	445525	1.75
5001 - 10000	227	7	181246	0.71
10001 - 20000	119	3	196239	0.77
20001 - 30000	40	1	101390	0.4
30001 - 40000	18	1	64410	0.25
40001 - 50000	28	1	134646	0.53
50001 - 100000	44	1	322381	1.27
100000 and Above	82	2	23977830	94.31
TOTAL	3414	100	25423667	100

(b) **Shareholding pattern as on 31st March, 2009:**

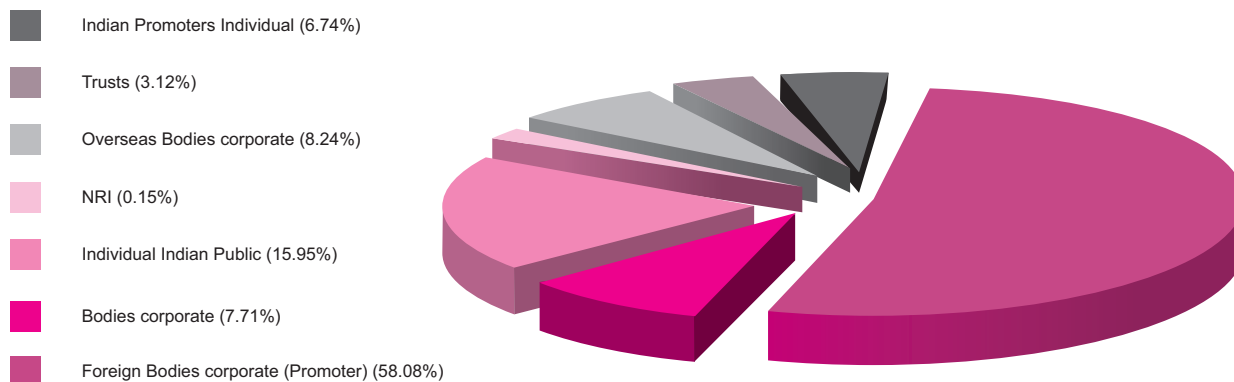
Shareholders		Number of Shares		Total Shareholding as a % of total no. of shares
Category	No.	Total	Dematerialized	
A. Promoters Shareholding				
Indian Individuals	7	1713864	1713864	6.74
Foreign Bodies Corporate	4	14766667	10445559	58.08
Total Promoters Shareholding	11	16480531	12159423	64.82
B. Public Shareholding				
Bodies Corporate	172	1959072	1633572	7.71
Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	3158	1200291	1125854	4.72
in excess of Rs. 1 Lakh	41	2842808	2808375	11.18
Non Resident Individuals	17	37747	37747	0.15
Overseas Corporate Bodies	4	2095650	0	8.24
Trusts	1	794469	794469	3.12
Clearing Members	10	13099	13099	0.05
Total Public Shareholding	3403	8943136	6413116	35.18
GRAND TOTAL	3414	25423667	18572539	100

(c) Distribution of Shareholding as on 30th September, 2009:

Nominal Value of Shareholding (in Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 5000	2840	82	451761	1.78
5001 - 10000	256	7	211457	0.83
10001 - 20000	142	4	232181	0.91
20001 - 30000	47	1	121001	0.48
30001 - 40000	18	1	63859	0.25
40001 - 50000	33	1	157897	0.62
50001 - 100000	47	1	348598	1.37
100000 and Above	81	2	23836913	93.76
TOTAL	3464	100	25423667	100

(d) Shareholding pattern as on 30th September, 2009:

Shareholders		Number of Shares		Total Shareholding as a % of total no. of shares
Category	No.	Total	Dematerialized	
A. Promoters Shareholding				
Indian Individuals	7	1713864	1713864	6.74
Foreign Bodies Corporate	4	14766667	10445559	58.08
Total Promoters Shareholding	11	16480531	12159423	64.82
B. Public Shareholding				
Bodies Corporate	197	3363124	3037624	13.23
Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	3169	1268146	1194509	4.99
in excess of Rs. 1 Lakh	34	2544132	2509699	10.01
Non Resident Individuals	18	60060	60060	0.24
Overseas Corporate Bodies	3	805650	705650	3.17
Trusts	1	783509	783509	3.08
Clearing Members	31	118515	118515	0.47
Total Public Shareholding	3453	8943136	8409566	35.18
GRAND TOTAL	3464	25423667	20568989	100



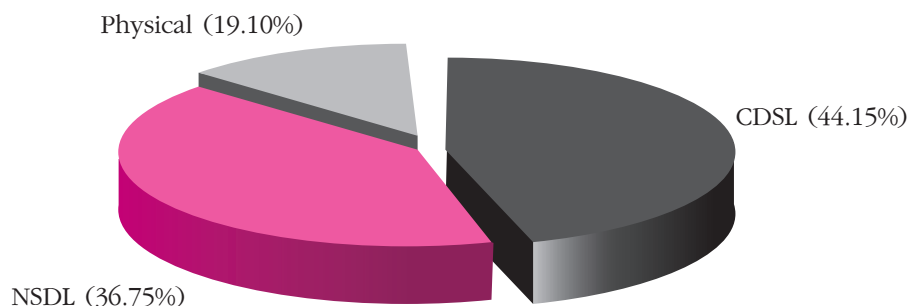
Source: March, 2009

(xiv) 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.

The status of dematerialized shares is as following

Date	No. of shares	% to the total paid up share capital
31.03.2009	185,72,539	73.05%
30.09.2009	205,68,989	80.90%



Source: September, 2009

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

No such instruments have been issued by the Company.

(xvi) Address for Correspondence

Registered Office:

LGS Global Limited
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

(xvii) 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

8-2-293/82/A/796/B,
Road No. 36, Jubilee Hills,
Hyderabad - 500 033, A. P.

USA Office

Princeton, New Jersey
116 Village Boulevard
Suite # 200
Princeton, New Jersey 08540

USA Office

Sterling, Virginia
21351 Gentry Drive
Suite # 265-A
Sterling, VA 20166

USA Office

Daytona Beach, Florida
139, Executive Circle,
Suite # 203
Daytona Beach FL 32114

USA Office

Atlanta, Georgia
1725 Windward Concourse
Suite # 150
Alpharetta, GA 30005

USA Office

Irving, Texas
1303 W Walnut Hill Lane
Suite # 325
Irving TX 75038

UK Office

Suite # 508
1 Alie Street
London E1 8DE

South Africa Office

West Tower, 2nd floor,
Nelson Mandela Square,
Maude Street,
Sandown, Johannesburg 2146

(xviii) Corporate Identity Number (CIN)

Corporate Identity Number (CIN) allotted by Ministry of Corporate Affairs (MCA), Government of India is L64203AP1999PLC030996 and the registration number is 030996. The Company is registered in the State of Andhra Pradesh.

XII. OTHER INFORMATION

(i) Unclaimed Dividends

Pursuant to the provisions of Section 205C of the Companies Act, 1956 the amount of dividend remaining unclaimed for a period of seven years from the date that becomes due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

However, in the instant case, there are no dividends that are unclaimed and due to be transferred to the Investor Education and Protection Fund administered by the Central Government. We furnish below a table providing the date(s) of declaration and corresponding date when the unclaimed dividend is due to be transferred to the Central Government pursuant to Section 205C of the Companies Act, 1956.

Financial Year	Date of Declaration of dividend	Last date for claiming unpaid dividend	Total Unclaimed amount as on 31st March, 2009	Due date for transfer to Investor Education and Protection Fund
2007-2008	30th September, 2008	29th September, 2015	Rs.1,02,800	05th November, 2015

Members are requested to correspond with the Registrar and Share Transfer Agent M/s. Aarthi Consultants Pvt. Ltd., Hyderabad for en-cashing the unclaimed dividend if any, standing to their credit. No claims shall lie against the said Fund or against the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims after the period of seven years from the date of declaration of such dividend.

(ii) Electronic Clearing Service/Mandates/Bank details

The members may please note that Electronic Clearing Service (ECS) details contained in the BENPOS downloaded from NSDL and CDSL would be reckoned for dividend whenever declared. Shareholders desirous of modifying those instructions should write to their respective Depository Participants (DP).

(iii) Nomination in case of shares held in physical form

The Companies (Amendment) Act, 1999 has introduced through Section 109A, the facility of nomination to the shareholders. The facility is mainly useful for all those holding the shares in single name. In cases where the shares are held in joint names, the nomination will be effective only in the event of the death of all the holders.

Investors are advised to avail of this facility, especially investors holding shares in single name.

The nomination form may be had on request from the company's Registrar & Transfer Agent for the shares held in physical form. For the shares held in dematerialized form, the nomination has to be conveyed by the shareholders to their respective Depository Participant directly, as per the format prescribed by them.

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 : 18.11.2009

CEO & CFO CERTIFICATE

To
The Board of Directors
LGS GLOBAL LIMITED
(Formerly Lanco Global Systems Limited)

We, the undersigned, in our respective capacities as Managing Director and Vice President (F&A) of LGS GLOBAL LIMITED (formerly 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, 2009 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.
- (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.
- (e) 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.

For **LGS GLOBAL LIMITED**

Venkata Subba Rao Karusala
Managing Director

Y Srinivasa Rao
Vice President (F & A)

Place : Hyderabad
Date : 18.11.2009

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

This is to confirm that M/s. LGS GLOBAL LIMITED (formerly 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. 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, 2009. The Company has complied with the provisions of the Listing Agreement in this respect.

for **LGS GLOBAL LIMITED**

Date : Hyderabad
Place : 18.11.2009

Venkata Subba Rao Karusala
Managing Director

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
LGS GLOBAL LIMITED
(Formerly 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 LGS GLOBAL LIMITED (formerly Lanco Global Systems Limited) ("the company") for the year ended 31st March, 2009 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 : 18.11.2009

P. Murali Mohana Rao
Partner
Membership No.23412

Standalone Financial Statements



AUDITORS' REPORT

To
The Members,
LGS GLOBAL LIMITED

We have audited the attached Balance Sheet of **LGS GLOBAL LIMITED** as at 31st March, 2009 and also the Profit & Loss Account for the year ended on the date annexed thereto and the cash flow statement for the year 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 (Auditors 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 and Profit & Loss Account dealt with by this report are in agreement with the books of account ;
- (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March , 2009 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, 2009;
 - (b) In the case of the Profit & Loss Account, of the Profit for the year ended on that date;

And

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

for **P. MURALI & CO.,**
Chartered Accountants

Place : Hyderabad
Date : 18.11.2009

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 loans, unsecured from Companies, and other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (f) During the year the Company has not repaid the loans taken from to the parties listed in the register maintained under section 301 and the terms and conditions of the same are not prejudicial to the interest of company.
- (g) The repayment of interest & principal amount to parties is regular.
- 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. According to the information and explanations given to us, as the contracts or arrangements made by the company, at a reasonable price having regard to the prevailing market prices at the relevant time .
- 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 undisputed 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 obtained term loan from Axis Bank and being used for the purpose for which it has been obtained.
- XVII. According to the information and explanations given to us, working capital funds are raised by the Company on short-term basis and being used for the purpose for which they raised. Hence short term funds were not utilized for long-term investment.
- 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

Place : Hyderabad
Date : 18.11.2009

P. Murali Mohana Rao
Partner

Balance Sheet as at March 31, 2009

(Amount in Rupees)

Particulars	Schedule Reference	As at March 31, 2009	As at March 31, 2008
I. SOURCES OF FUNDS			
1. Share Holders Funds			
(a) Share Capital	1	254,236,670	254,219,670
(b) Reserves & Surplus	2	532,664,055	312,820,869
2. Loan funds			
(a) Secured Loans	3	578,024,312	148,484,576
(b) Unsecured Loans	4	159,075,521	136,245,000
3. Deferred Tax Liability		5,236,115	4,092,502
TOTAL		1,529,236,673	855,862,617
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	5	365,354,247	172,283,853
Less: Depreciation		99,983,470	67,853,537
(b) Net Block		265,370,777	104,430,316
(c) Capital Work in progress including Advances		-	181,445,503
2. Investments		224,133,132	163,654,000
3. Current Assets, Loans & Advances			
(a) Sundry Debtors	6	1,750,068,017	965,321,512
(b) Cash and Bank Balances	7	9,027,368	38,139,431
(c) Loans & Advances	8	59,532,161	56,878,862
Less: Current Liabilities & Provisions	9	779,369,209	654,663,434
Net Current Assets		1,039,258,337	405,676,371
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	10	474,427	656,427
Notes on Balance Sheet and Profit & Loss Account	14		
TOTAL		1,529,236,673	855,862,617

For and on behalf of the Board of
LGS GLOBAL LIMITED

As per our Report Attached

for **P. MURALI & CO.,**
Chartered Accountants

K. VENKATA SUBBA RAO
Managing Director

K. VENKATESWARA RAO
Joint Managing Director

P. MURALI MOHANA RAO
Partner

Y. SRINIVASA RAO
Vice President (F&A)

M. JAGADEESHWARA RAO
Company Secretary

Place : Hyderabad
Date : 18.11.2009

Profit & Loss Account for the Year ended March 31, 2009

(Amount in Rupees)

Particulars	Schedule Reference	for the Year ended March 31, 2009	for the Year ended March 31, 2008
INCOME			
Export		1,832,459,506	1,356,834,856
Domestic		18,947,018	8,387,157
Other Income	11	40,150,185	1,415,094
TOTAL		1,891,556,709	1,366,637,107
EXPENDITURE			
Personnel Cost		1,433,909,302	976,040,269
Interest & Financial Charges	12	61,670,569	6,851,335
Operating & Administration Expenses	13	91,828,948	83,090,282
Depreciation		32,933,728	18,692,096
Written off Expenses		182,000	182,000
TOTAL		1,620,524,547	1,084,855,982
Profit / (Loss) before tax		271,032,162	281,781,125
Provision for Tax		41,929,697	28,014,899
Provision for FBT		679,561	629,250
Profit / (Loss) after tax		228,422,904	253,136,976
Provision for deferred Tax Liability		1,143,613	1,192,688
Profit After deferred Tax		227,279,291	251,944,288
Balance Brought forward		304,965,377	89,119,011
Amounts available for Appropriations		532,244,668	341,063,299
Appropriations			
Proposed Dividend on Equity		6,355,917	25,421,967
Corporate Dividend Tax		1,080,188	4,320,463
General Reserve		-	6,355,492
Surplus carried to Balance Sheet		524,808,563	304,965,377
TOTAL		532,244,668	341,063,299
Notes on Balance Sheet and Profit & Loss Account	14		
Earnings Per Share Basic & Diluted		8.94	9.91

 For and on behalf of the Board of
LGS GLOBAL LIMITED

As per our Report Attached

 for **P. MURALI & CO.,**
 Chartered Accountants

K. VENKATA SUBBA RAO
 Managing Director

K. VENKATESWARA RAO
 Joint Managing Director

P. MURALI MOHANA RAO
 Partner

Y. SRINIVASA RAO
 Vice President (F&A)

M. JAGADEESHWARA RAO
 Company Secretary

 Place : Hyderabad
 Date : 18.11.2009

Schedules

(Amount in Rupees)

Particulars	As at March 31, 2009	As at March 31, 2008
SCHEDULE - I		
SHARE CAPITAL		
Authorised	400,000,000	400,000,000
4,00,00,000 Equity Shares of Rs.10/- each		
Issued & Subscribed	254,236,670	254,236,670
25,423,667 Equity Shares of Rs.10/- each		
Less: Allotment Money Acreas	—	17,000
TOTAL	254,236,670	254,219,670
SCHEDULE - 2		
RESERVES & SURPLUS		
Investment Subsidy	1,500,000	1,500,000
Surplus in Profit & Loss Account	524,808,563	304,965,377
General Reserve		
— at the commencement of the year	6,355,492	—
— Add: Transfer from P & L a/c	—	6,355,492
TOTAL	532,664,055	312,820,869
SCHEDULE - 3		
SECURED LOANS		
Working Capital - GTF	180,678,869	148,484,576
Working Capital - Axis Bank	346,205,145	—
Term Loan Axis Bank		
Add: Interest accrued and due	50,000,000	—
Axis Bank Car Loan	573,509	—
TOTAL	578,024,312	148,484,576
SCHEDULE - 4		
UNSECURED LOANS		
Other Loans & Advances		
i) From Banks	—	—
ii) From Others		
Infinite India Pvt Ltd	1,116,000	1,116,000
Others	157,959,521	135,129,000
TOTAL	159,075,521	136,245,000

SCHEDULE - 5

FIXED ASSETS

(Amount in Rupees)

DESCRIPTION OF ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost as at 01.04.2008	Additions during the year	Deletions during the year	Total Cost as at 31.03.2009	up to 31.03.2008	For the year	Deletions of Depreciation for the Year	Total as at 31.03.2009
Good will	61,317,995	–	–	61,317,995	24,527,198	12,263,600	–	36,790,798
Computers	41,655,139	2,908,645	–	44,563,785	26,003,951	3,824,686	–	29,828,637
Furniture & Fixtures	39,282,239	7,793,157	–	47,075,396	8,125,215	2,712,940	–	10,838,155
Airconditioners	6,493,766	–	–	6,493,766	568,693	308,454	–	877,147
Electricals	9,948,234	189,825	–	10,138,059	1,769,635	475,194	–	2,244,829
Office Equipments	5,566,185	1,023,010	93,369	6,495,826	958,600	291,570	34,763	1,215,407
Vehicles	1,150,482	824,104	1,020,482	954,104	777,958	95,622	769,032	104,548
Assets at US Branch	6,869,813	–	–	6,869,813	5,122,287	1,373,964	–	6,496,251
Intangible Assets-India	–	9,283,313	–	9,283,313	–	110,239	–	110,239
Intangible Assets-USA	–	172,162,190	–	172,162,190	–	11,477,459	–	11,477,459
TOTAL	172,283,853	194,184,244	1,113,851	365,354,247	67,853,537	32,933,728	803,795	99,983,470
								265,370,777
								104,430,316

(Amount in Rupees)

Particulars	As at March 31, 2009	As at March 31, 2008
SCHEDULE - 6		
SUNDRY DEBTORS		
(Unsecured and Considered good)		
More than six months	967,366,309	57,727,921
Others	782,701,708	907,593,591
TOTAL	1,750,068,017	965,321,512
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash in hand	32,660	233,301
Bank Balance		
a) With Scheduled Banks		
Current Accounts	394,603	18,258,337
b) Others		
Wachovia Bank - Current Account	8,600,105	19,647,793
TOTAL	9,027,368	38,139,431
SCHEDULE - 8		
LOANS & ADVANCES		
(Unsecured and Considered good)		
a) Advance and Loans to Subsidiaries		
LGSL Foundation (Trust)	7,063,693	8,813,693
b) Advance recoverable in Cash or in Kind		
i) Pre-paid Expenses	2,013,607	2,331,399
ii) Advance for Expenses & Recoverable	42,824,574	39,061,130
c) Balance with Customs Etc		
Security Deposits	7,630,287	6,672,640
TOTAL	59,532,161	56,878,862

(Amount in Rupees)

Particulars	As at March 31, 2009	As at March 31, 2008
SCHEDULE - 9		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
a) Sundry Creditors		
i) Due to SSI Undertakings	—	—
ii) Dues to other than SSI Undertakings	617,181,260	505,109,940
b) Advance payments	11,073,152	66,875,653
c) Unpaid dividend	102,800	—
d) Other Liabilities	83,242,514	16,471,458
B. Provisions		
Provision for Dividend	6,355,917	25,421,967
Provision for Tax	53,690,824	34,414,099
Provision for Gratuity	4,614,196	3,586,999
Provision for Leave Encashment	3,108,546	2,783,318
TOTAL	779,369,209	654,663,434
SCHEDULE - 10		
MISCELLANEOUS EXPENDITURE		
Preliminary Expenses	474,427	656,427
TOTAL	474,427	656,427

Standalone Financial Statements

(Amount in Rupees)

Particulars	for the Year ended March 31, 2009	for the Year ended March 31, 2008
SCHEDULE - 11		
OTHER INCOME		
Interest Income	—	9,494
Lease rentals	1,490,120	1,405,600
Foreign Exchange Fluctuation Profit	38,660,065	—
TOTAL	40,150,185	1,415,094
SCHEDULE - 12		
INTEREST & FINANCIAL CHARGES		
Bank Charges	9,841,636	2,821,159
Interest on Working Capital	47,838,599	2,916,311
Interest On Term Loan	3,921,252	875,297
Interest on Others	69,082	238,568
TOTAL	61,670,569	6,851,335
SCHEDULE - 13		
OPERATING & ADMINISTRATION EXPENSES		
Communication Expenses	7,505,876	7,038,366
Repairs and Office Maintenance		
Building	1,256,753	1,204,081
Others	4,570,719	4,088,246
Rent	17,939,092	24,532,520
Rates, Taxes & Insurance	7,919,181	5,949,029
Business Development Exp	9,393,403	3,178,853
Electricity Charges	3,306,359	3,480,742
Travelling & Conveyance	15,266,939	10,868,199
Printing & Stationery	860,485	348,448
Staff Recruitment Charges	525,548	293,853
Consultancy Charges	7,340,590	5,574,068
Directors Remuneration	12,424,560	3,490,849
Iso Survival Audit	34,000	34,000
Audit Fee		
As Auditor	44,120	44,944
Other Services	66,180	67,416
Misc.Exp	3,233,414	2,846,575
Foreign Exchange Fluctuation Loss	—	10,050,093
Loss on sale of Assets	141,729	—
TOTAL	91,828,948	83,090,282

SCHEDULE - 14

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.
- (ii) 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.

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

1. 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 as amended , forms part of this report.

2. Director's Remuneration :	Current Year (Rs.)	Previous Year (Rs.)
	1,24,24,560	34,90,849

3. Auditor's Remuneration :	Current Year (Rs.)	Previous Year (Rs.)
Audit Fee	44,120	44,944
Other Services	66,180	67,416
Total	1,10,300	1,12,360

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. **Related Party Transactions:**

During the financial year 2008-09 the Company has entered into some transactions, which can be deemed as related party transactions. All these matters have been approved by the Board and the Govt. of India, wherever necessary.

Sl. No.	Name of the Related Party	Nature of Relation	Nature of Transaction	Amount Involved
1	3K Technologies Ltd	Common Directors	Business Advance received	Rs. 87.26 lakhs
2	K.Telesh Kumar	Chairman	Remuneration	Rs. 36.18 lakhs
3	K.Venkata Subba Rao	Vice- Chairman & M.D	Remuneration	Rs. 36.18 lakhs
4	K.Venkateswara Rao	Co- Chairman	Remuneration	Rs. 36.18 lakhs
5	Y. Anand Swaroop	Director & CEO	Remuneration	Rs. 15.72 Lakhs
6	Global IT Inc	Subsidiary	Investment	Rs. 602.35 Lakhs (USD 1.4 millions)
7	Techorbit Inc	Subsidiary	Sale of Software	Rs. 84.00 Lakhs

6. The Company has debited the amount of Rs. 1,22,63,600/- towards the one fifth Goodwill written off for the year 2008-09 being the goodwill arised on merger of Lanco Global Systems Inc.

7. All Investments are unquoted Equity Shares.

8. During the Financial year under Audit a Capital Work in Progress has been capitalized under the head Fixed Assets as Intangible Assets.

9. Foreign Currency Outflow :	Current Year (Rs.)	Previous Year (Rs.)
Capital Expenditure	8,09,000/-	1,04,15,518/-
Foreign Travelling	18,47,674/-	33,20,118/-
Others	83,75,17,035/-	8,52,57,908/-

10. Foreign Exchange inflow as reported by the Company to Government of India and as certified by Management.

	Current Year (Rs.)	Previous Year (Rs.)
Foreign Exchange Inflow	75,17,91,009/-	19,12,17,319/-

11. In case of Foreign exchange fluctuation profit / loss as per AS 11 the Branch and head office is having integral transactions and hence profit / loss is debited to P & L a/c. The receivables have been considered at the actual rate at which the amount is realized and accordingly Profit from Foreign Exchange fluctuation and Integral transactions of Rs. 38,660,065/- (net) has been reflected in Profit and Loss Account for the Year.
12. The Intra Branch transactions have been eliminated while preparing the financial statements.
13. There are no dues to SSI Units outstanding for more than 30 days.
14. Confirmations were obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.
15. 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. 11,43,613/- towards deferred income tax liability. (Previous year Rs.11,92,688/- towards deferred income tax Liability).
16. Techorbit Inc and Global IT Inc are wholly owned subsidiaries of LGS Global Limited. LGS Global FZE was incorporated in United Arab Emirates on 7th January, 2009 as a fully owned subsidiary of LGS Global Limited.
17. The Term Loan Amounting to Rs.500 Lacs and Working Capital of Rs.3500 lakhs from Axis Bank Ltd secured by charge on current assets, Fixed Assets pledge of promoters shares and personal Guarantee of Promoter Directors. The Factoring facility of Rs.2000 lakhs from Global Trade Finance Ltd by hypothecation of Book Debts present and future on all the approved debtors as mentioned in the sanction letter and Personal guarantee of Directors and Corporate guarantee from their company.
18. Dividend as recommended by the Board of Directors is provided for in the accounts pending shareholders/ lending institutions approval. The provision for current dividend tax is provided in the accounts
19. Previous years figures have been regrouped wherever necessary.
20. The figures have been rounded off to the nearest rupee.

SIGNATURES TO SCHEDULES 1 To 14

As per our Report Attached

For and on behalf of the Board of
LGS GLOBAL LIMITED

for **P. MURALI & CO.,**
Chartered Accountants

K. VENKATA SUBBA RAO
Managing Director

K. VENKATESWARA RAO
Joint Managing Director

P. MURALI MOHANA RAO
Partner

Y. SRINIVASA RAO
Vice President (F&A)

M. JAGADEESHWARA RAO
Company Secretary

Place : Hyderabad
Date : 18.11.2009

Cash Flow Statement for the Year ended 31.03.2009

(Rupees in lakhs)

Particulars	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary Items	2710.32	2817.81
Adjustments for:		
Depreciation	329.34	186.92
Foreign Exchange Fluctuation profit	0.00	0.00
Loss on Sale of Assets	0.00	0.00
Interest expenses	616.70	68.51
Written off Expenses	1.82	1.82
Operating Profit before working capital changes	3658.18	3075.06
Trade and other receivables	(7874.00)	(8515.30)
Trade payables	4530.60	6297.62
Cash generated from operations	314.78	857.38
Interest paid	(610.97)	(68.51)
NET CASH FLOW OPERATING ACTIVITIES	(296.19)	788.87
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets including Capital Work-in-progress	(124.29)	3.45
Investment in Subsidiary	(604.79)	
Pre-operative & Project Expenses	0.00	0.00
NET CASH USED IN INVESTING ACTIVITIES	(729.08)	3.45
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Share Capital	0.17	0.00
Investment Subsidy	0.00	0.00
Unsecured Loan	228.31	(343.28)
Proceeds from Term Loans	500.00	(76.46)
Net Proceeding from HP Loans	5.67	0.00
NET CASH USED IN FINANCING ACTIVITIES	734.15	(419.74)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(291.12)	372.58
Cash and Cash equivalents as at (Opening Balance)	381.39	8.81
Cash and Cash equivalents as at (Closing Balance)	90.27	381.39

For and on behalf of the Board of
LGS GLOBAL LIMITED

K. VENKATA SUBBA RAO
Managing Director

K. VENKATESWARA RAO
Joint Managing Director

Place : Hyderabad
Date : 18.11.2009

Y. SRINIVASA RAO
Vice President (F&A)

M. JAGADEESHWARA RAO
Company Secretary

To
The Board of Directors
LGS Global Limited

We have examined the attached Cash Flow Statement of LGS Global Limited for the year ended 31st March, 2009. 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 18th November, 2009 to the members of the company.

for **P. MURALI & CO.,**
Chartered Accountants

Place : Hyderabad
Date : 18.11.2009

P. MURALI MOHANA RAO
Partner

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 9
Date Month Year

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

Public Issue 0 0 0 0 N I L

Right Issue 0 0 0 0 N I L

Bonus Issue 0 0 0 0 N I L

Private Placement 0 0 0 0 N I L

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

Total Liabilities 1 5 2 9 2 3 7

Total Assets 1 5 2 9 2 3 7

Sources of Funds

Paid - Up Capital 0 2 5 4 2 3 7

Reserves & Surplus 0 5 3 2 6 6 4

Secured Loans 0 5 7 8 0 2 4

Un-Secured Loans/
Deferred Tax Liability 0 1 6 4 3 1 2

Application of Funds

Net Fixed Assets 0 2 6 5 3 7 1

Investments 0 2 2 4 1 3 3

Net Current Assets 1 0 3 9 2 5 9

Misc. Expenditure 0 0 0 0 4 7 4

Accumulated Losses 0 0 0 0 N I L

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

Turnover 1 8 9 1 5 5 7

Total Expenditure 1 6 2 0 5 2 5

+ - Profit/ Loss Before Tax

+ - Profit/ Loss After Tax

+ 0 2 7 1 0 3 2

+ 0 2 2 7 2 7 9

Earning Per Share in Rs. 0 0 0 8 . 9 4

Dividend rate % 2 . 5

V. Generic Names of three principal products/Services of the Company (As per monetary terms)

Item Code No. (ITC Code) : 8 5 2 4 9 0 0 9 . 1 0

Product Description : S O F T W A R E S E R V I C E S

Consolidated Financial Statements



Auditors' Report on the Consolidated Financial Statements

AUDITORS' REPORT to the Board of Directors of LGS GLOBAL LIMITED on the Consolidated Financial Statements of LGS GLOBAL LIMITED and its Subsidiaries

We have examined the attached Consolidated Balance Sheet of LGS GLOBAL LIMITED ('the Company') and its wholly owned subsidiaries TECHORBIT INC. USA and GLOBAL IT INC. USA as at 31st March, 2009 and the Consolidated Profit & Loss Account for the year ended on the date annexed thereto and Consolidated Cash flow Statement for the period ended on that date. These Consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Consolidated 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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of its subsidiaries TECHORBIT INC. USA and GLOBAL IT INC. USA as at 31st March, 2009. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the Consolidated balance Sheet, of the consolidated state of affairs of the company and its subsidiaries as at 31st March, 2009.
- (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
- (c) In the case of the Consolidated cash flows Statement, of the consolidated Cash flows of the company and its subsidiaries for the year then ended.

for **P. MURALI & CO.,**
Chartered Accountants

Place : Hyderabad
Date : 18.11.2009

P. Murali Mohana Rao
Partner

Consolidated Balance Sheet as at March 31, 2009

(Amount in Rupees)

Particulars	Schedule Reference	As at March 31, 2009	As at March 31, 2008
I. SOURCES OF FUNDS			
1. Share Holders Funds			
(a) Share Capital	1	254,236,670	254,219,670
(b) Reserves & Surplus	2	723,639,790	420,567,917
2. Loan funds			
(a) Secured Loans	3	578,024,312	148,484,576
(b) Unsecured Loans	4	262,943,923	265,621,295
3. Deferred Tax Liability		5,236,115	4,092,502
TOTAL		1,824,080,810	1,092,985,960
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	5	653,763,210	255,085,910
Less: Depreciation		118,045,196	72,645,723
(b) Net Block		535,718,014	182,440,187
(c) Capital Work in progress including Advances		-	181,445,503
2. Investments		20,000,000	20,000,000
3. Current Assets, Loans & Advances			
(a) Sundry Debtors	6	2,064,694,559	1,210,032,081
(b) Cash and Bank Balances	7	26,872,402	133,068,940
(c) Loans & Advances	8	106,625,756	254,640,629
Less: Current Liabilities & Provisions	9	930,547,998	889,297,807
Net Current Assets		1,267,644,719	708,443,843
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	10	718,077	656,427
Notes on Balance Sheet and Profit & Loss Account	14		
TOTAL		1,824,080,810	1,092,985,960

For and on behalf of the Board of
LGS GLOBAL LIMITED

As per our Report Attached

for **P. MURALI & CO.,**
Chartered Accountants

K. VENKATA SUBBA RAO
Managing Director

K. VENKATESWARA RAO
Joint Managing Director

P. MURALI MOHANA RAO
Partner

Y. SRINIVASA RAO
Vice President (F&A)

M. JAGADEESHWARA RAO
Company Secretary

Place : Hyderabad
Date : 18.11.2009

Consolidated Profit and Loss Account for the Year ended March 31, 2009

(Amount in Rupees)

Particulars	Schedule Reference	for the Year ended March 31, 2009	for the Year ended March 31, 2008
INCOME			
Export		2,926,908,933	2,764,475,868
Domestic		18,947,018	8,387,157
Other Income	11	40,150,185	1,415,094
TOTAL		2,986,006,136	2,774,278,119
EXPENDITURE			
Personnel Cost		2,308,919,387	2,184,746,054
Interest & Financial Charges	12	68,100,646	10,670,736
Operating & Administration Expenses	13	231,607,926	185,851,198
Depreciation		46,203,268	19,918,274
Written off Expenses		182,000	182,000
TOTAL		2,655,013,227	2,401,368,262
Profit / (Loss) before tax		330,992,909	372,909,857
Provision for Tax		59,297,508	28,014,899
Provision for FBT		679,561	629,250
Profit / (Loss) after tax		271,015,840	344,265,708
Provision for deferred Tax Liability		1,143,613	1,192,688
Profit After deferred Tax		269,872,227	343,073,020
Balance Brought forward		425,509,601	118,534,503
Amounts available for Appropriations		695,381,828	461,607,523
Appropriations			
Proposed Dividend on Equity		6,355,917	25,421,967
Corporate Dividend Tax		1,080,188	4,320,463
General Reserve		—	6,355,492
Surplus carried to Balance Sheet		687,945,723	425,509,601
TOTAL		695,381,828	461,607,523
Notes on Balance Sheet and Profit & Loss A/c	14		
Earnings Per Share Basic & Diluted		10.62	13.49

 For and on behalf of the Board of
LGS GLOBAL LIMITED

As per our Report Attached

 for **P. MURALI & CO.,**
 Chartered Accountants

K. VENKATA SUBBA RAO
 Managing Director

K. VENKATESWARA RAO
 Joint Managing Director

P. MURALI MOHANA RAO
 Partner

Y. SRINIVASA RAO
 Vice President (F&A)

M. JAGADEESHWARA RAO
 Company Secretary

 Place : Hyderabad
 Date : 18.11.2009

Schedules

(Amount in Rupees)

Particulars	As at March 31, 2009	As at March 31, 2008
SCHEDULE - I		
SHARE CAPITAL		
Authorised	400,000,000	400,000,000
4,00,00,000 Equity Shares of Rs.10/- each		
Issued & Subscribed		
25,423,667 Equity Shares of Rs.10/- each	254,236,670	254,236,670
Less: Allotment Money Acreas	—	17,000
TOTAL	254,236,670	254,219,670
SCHEDULE - 2		
RESERVES & SURPLUS		
Investment Subsidy	1,500,000	1,500,000
Surplus in Profit & Loss Account	687,945,723	425,509,601
Foreign Exchange Translation Reserve	27,838,575	(12,797,176)
General Reserve		
at the commencement of the year	6,355,492	—
Add: Transfer from P & L a/c	—	6,355,492
TOTAL	723,639,790	420,567,917
SCHEDULE - 3		
SECURED LOANS		
Working capital - GTF	180,678,869	148,484,576
Working Capital - Axis Bank	346,205,145	—
Term Loan- Axis Bank		
Add: Interest accrued and due	50,573,509	—
Car Loan - Axis Bank	566,789	—
TOTAL	578,024,312	148,484,576
SCHEDULE - 4		
UNSECURED LOANS		
Other Loans & Advances		
i) From Banks		
ii) From Others		
Infinite India Pvt Ltd	1,116,000	1,116,000
Others	261,827,923	264,505,295
TOTAL	262,943,923	265,621,295

SCHEDULE - 5

FIXED ASSETS

(Amount in Rupees)

DESCRIPTION OF ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost as at 01.04.2008	Additions during the year	Deletions during the year	Total Cost as at 31.03.2009	up to 31.03.2008	For the year	Total as at 31.03.2009	As at 31.03.2009
Good will	137,989,162	–	–	137,989,162	27,344,286	12,263,600	39,607,886	98,381,276
Computers	41,655,139	2,908,645	–	44,563,784	26,003,951	3,824,686	29,828,637	14,735,147
Furniture & Fixtures	39,282,239	7,793,157	–	47,075,396	8,125,215	2,712,940	10,838,155	36,237,241
Airconditioners	6,493,766	–	–	6,493,766	568,693	308,454	877,147	5,616,619
Electricals	9,948,234	189,825	–	10,138,059	1,769,635	475,194	2,244,829	7,893,230
Office Equipments	5,566,185	1,023,010	93,369	6,495,826	958,600	291,570	1,215,407	5,280,419
Vehicles	1,150,482	824,104	1,020,482	954,104	777,958	95,622	104,548	849,556
Intangible Assets-India	–	9,283,313	–	9,283,313	–	110,239	110,239	9,173,074
Assets at US Branch	6,869,813	–	–	6,869,813	5,122,287	1,373,964	6,496,251	373,562
Intangible Assets-LGS-Branch	–	172,162,190	–	172,162,190	–	11,477,459	11,477,459	160,684,731
Assets at Subsidiary's	6,130,890	97,021	–	6,227,911	1,975,098	1,240,733	3,215,831	3,012,080
Intangible Assets-Subsidiary	–	205,509,885	–	205,509,886	–	12,028,807	12,028,807	193,481,079
TOTAL	255,085,910	399,791,150	1,113,851	653,763,210	72,645,723	46,203,268	118,045,196	535,718,014
							803,795	182,440,187

Consolidated Financial Statements

(Amount in Rupees)

Particulars	As at March 31, 2009	As at March 31, 2008
SCHEDULE - 6		
SUNDRY DEBTORS		
(Unsecured and Considered good)		
More Than six months	967,366,309	57,727,921
Others	1,097,328,250	1,152,304,160
TOTAL	2,064,694,559	1,210,032,081
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash in hand	32,660	233,301
Bank Balance		
a) With scheduled Banks		
Current Accounts	18,239,637	18,258,337
b) Others		
Wachovia Bank - Current Account	8,600,105	114,577,302
TOTAL	26,872,402	133,068,940
SCHEDULE - 8		
LOANS & ADVANCES		
(Unsecured and Considered good)		
a) Advance and Loans to Subsidiaries		
LGSL Foundation (Trust)	7,063,693	8,813,693
b) Advance recoverable in Cash or in Kind		
i) Pre-paid Expenses	2,013,607	2,331,399
ii) Advance for Expenses & Recoverable	89,918,169	236,822,897
c) Balance with Customers Etc		
Security Deposits	7,630,287	6,672,640
TOTAL	106,625,756	254,640,629

(Amount in Rupees)

Particulars	As at March 31, 2009	As at March 31, 2008
SCHEDULE - 9		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
a) Sundry Creditors		
i) Due to SSI Undertakings	–	–
ii) Dues to other than SSI Undertakings	647,960,665	739,744,313
b) Advance payments	11,073,152	66,875,653
c) Unpaid dividend	102,800	–
d) Other Liabilities	180,522,368	16,471,458
B. Provisions		
Provision for Dividend	6,355,917	25,421,967
Provision for Tax	76,810,354	34,414,099
Provision for Gratuity	4,614,196	3,586,999
Provision for Leave Encashment	3,108,546	2,783,318
TOTAL	930,547,998	889,297,807
SCHEDULE - 10		
MISCELLANEOUS EXPENDITURE		
Preliminary Expenses	718,077	656,427
TOTAL	718,077	656,427

Consolidated Financial Statements

(Amount in Rupees)

Particulars	for the Year ended March 31, 2009	for the Year ended March 31, 2008
SCHEDULE - 11		
OTHER INCOME		
Interest Income	—	9,494
Lease rentals	1,490,120	1,405,600
Foreign Exchange Fluctuation Profit	38,660,065	—
TOTAL	40,150,185	1,415,094
SCHEDULE - 12		
INTEREST & FINANCIAL CHARGES		
Bank Charges	11,740,147	6,640,560
Interest on Working Capital Facility	52,370,165	2,916,311
Interest on Term Loan	3,921,252	875,297
Interest on Others	69,082	238,568
TOTAL	68,100,646	10,670,736
SCHEDULE - 13		
OPERATING & ADMINISTRATION EXPENSES		
Communication Expenses	19,602,124	8,667,918
Repairs and Office Maintenance		
Building	1,256,753	1,204,081
Others	79,876,692	57,114,931
Rent	23,326,367	30,067,338
Rates, Taxes & Insurance	10,855,443	5,949,028
Business Development Exp	29,568,460	22,708,018
Electricity Charges	3,306,359	3,480,742
Travelling & Conveyance	34,840,094	28,429,763
Printing & Stationery	860,485	348,448
Staff Recruitment Charges	525,548	293,853
Consultancy Charges	11,645,598	11,053,201
Directors Remuneration	12,424,560	3,490,849
Iso Survival Audit	34,000	34,000
Audit Fee		
As Auditor	44,120	44,944
Other Services	66,180	67,416
Misc.Exp	3,233,414	2,846,575
Foreign Exchange Fluctuation Loss	—	10,050,093
Loss on sale of Assets	141,729	—
TOTAL	231,607,926	185,851,198

SCHEDULE - 14

Notes to the Consolidated Financial Statements

Significant Accounting Policies to The Consolidated Balance Sheet and Profit and Loss Account

A. The consolidated financial statements relate to LGS GLOBAL LIMITED. (" the Company") has prepared the Consolidated Financial Statements, by consolidating its accounts with that of its wholly owned subsidiaries TECHORBIT INC, U.S.A and GLOBAL IT INC, U.S.A in accordance with the Statements of Accounting standards on " Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India (ICAI) The Consolidated Financial Statements have been prepared under the historical cost convention, on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the ICAI. The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balance and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 --"Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- (ii) In case of Foreign subsidiaries, revenue items and Assets and Liabilities are consolidated at the Foreign Exchange rates prevailing at the end of the year.
- (iii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill.
- (iv) Minority interest's share is not there as the company is holding 100 % Equity Shares.
- (v) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :

Global IT Inc. USA, and Techorbit Inc. USA subsidiary companies have been considered in the consolidated financial Statements. As required by Accounting Standard (AS - 23) on Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, the carrying amount of Investments in Associates at the beginning of the year have been restated by applying "equity Method" of accounting from the date of acquisition of the associates and corresponding adjustments has been made to the retained earnings at the beginning of the year after eliminating unrealised profits, if any.

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. However in case of 100 % subsidiaries have been reflected in the Foreign Exchange Translation Reserve Account.
- (ii) 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.

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

1. 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 as amended, forms part of this report.

2. Director's Remuneration :

Current Year (Rs.)	Previous Year (Rs.)
1,24,24,560	34,90,849

3. Auditor's Remuneration :

	Current Year (Rs.)	Previous Year (Rs.)
Audit Fee	44,120	44,944
Other Services	66,180	67,416
Total	1,10,300	1,12,360

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. Related Party Transactions:

During the year 2008 -09 the Company has entered into some transactions, which can be deemed as related party transactions. All these matters have been approved by the Board and the Govt. of India, wherever necessary.

Sl. No.	Name of the Related Party	Nature of Relation	Nature of Transaction	Amount Involved
1	3K Technologies Ltd	Common Directors	Business Advance received	Rs. 87.26 lakhs
2	K.Telesh Kumar	Chairman	Remuneration	Rs. 36.18 lakhs
3	K.Venkata Subba Rao	Vice- Chairman & M.D	Remuneration	Rs. 36.18 lakhs
4	K.Venkateswara Rao	Co- Chairman	Remuneration	Rs. 36.18 lakhs
5	Y. Anand Swaroop	Director & CEO	Remuneration	Rs. 15.72 Lakhs
6	Global IT Inc	Subsidiary	Investment	Rs. 602.35 Lakhs (USD 1.4 millions)
7	Techorbit Inc	Subsidiary	Sale of Software	Rs. 84.00 Lakhs

6. Goodwill and other Intangible Assets in the case of Subsidiary Companies it represents the difference between the purchase price and the book value of assets and liabilities acquired. Goodwill is amortised over the useful life of the asset. The goodwill is reviewed for impairment wherever events or changes in business circumstances indicate the carrying amount of assets may not be fully recoverable. If impairment is indicated the asset is written down to its fair value.

7. All Investments are unquoted Equity Shares.

8. During the Financial year under Audit a Capital Work in Progress has been capitalized under the head Fixed Assets as Intangible Assets.

9. Foreign Currency Outflow :	Current Year (Rs.)	Previous Year (Rs.)
Capital Expenditure	8,09,000/-	1,04,15,518/-
Foreign Travelling	18,47,674/-	33,20,118/-
Others	83,75,17,035/-	8,52,57,908/-

10. Foreign Exchange inflow as reported by the Company to Government of India and as certified by Management .

	Current Year (Rs.)	Previous Year (Rs.)
Foreign Exchange Inflow	75,17,91,009/-	19,12,17,319/-

11. In case of Foreign Exchange fluctuation profit/ loss as per AS 11 the subsidiaries and holding company being non-integral the difference in Foreign exchange profit / loss reflected in Foreign Exchange Translation Reserve account
12. The intra Branch transactions have been eliminated during the year. The inter company transactions have been eliminated while consolidation of consolidated Financial Statements.
13. There are no dues to SSI Units outstanding for more than 30 days.
14. Confirmations were obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.

15. 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. 11,43,613/- towards deferred income tax liability. (Previous year Rs.11,92,688/- towards deferred income tax Liability).
16. Techorbit Inc and Global IT Inc are wholly owned subsidiaries of LGS Global Limited. LGS Global FZE was incorporated in United Arab Emirates on 7th January 2009 as a fully owned subsidiary of LGS Global Limited.
17. The Term Loan Amounting to Rs.500 Lacs and Working Capital of Rs.3500 lakhs from Axis Bank Ltd secured by charge on current assets, Fixed Assets pledge of promoters shares and personal Guarantee of Promoter Directors. The Factoring facility of Rs. 2000 lakhs from Global Trade Finance Ltd by hypothecation of Book Debts present and future on all the approved debtors as mentioned in the sanction letter and Personal guarantee of Directors and Corporate guarantee from their company.
18. Previous years figures have been regrouped wherever necessary.
19. The figures have been rounded off to the nearest rupee.

SIGNATURES TO SCHEDULES 1 To 14

As per our Report Attached

for **P. MURALI & CO.,**
Chartered Accountants

P. MURALI MOHANA RAO
Partner

Place : Hyderabad
Date : 18.11.2009

For and on behalf of the Board of
LGS GLOBAL LIMITED

K. VENKATA SUBBA RAO
Managing Director

Y. SRINIVASA RAO
Vice President (F&A)

K. VENKATESWARA RAO
Joint Managing Director

M. JAGADEESHWARA RAO
Company Secretary

Consolidated Cash Flow Statement for the Year ended 31.03.2009

(Rupees in lakhs)

Particulars	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary Items	3309.93	3729.10
Adjustments for:		
Depreciation	462.03	199.18
Foreign Exchange Fluctuation profit	406.36	(111.69)
Loss on Sale of Assets	0.00	0.00
Interest expenses	681.01	106.71
Written off Expenses	1.82	1.82
Operating Profit before working capital changes	4861.15	3925.12
Trade and other receivables	(7066.48)	(8242.70)
Trade payables	3522.36	4675.72
Cash generated from operations	1317.03	358.13
Interest paid	(675.27)	(106.71)
NET CASH FLOW OPERATING ACTIVITIES	641.76	251.42
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets including Capital Work-in-progress	(2180.36)	3.45
Pre-operative & Project Expenses	(2.44)	0.00
NET CASH USED IN INVESTING ACTIVITIES	(2182.80)	3.45
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Share Capital	0.17	0.00
Investment Subsidy	0.00	0.00
Unsecured Loan	(26.77)	877.30
Proceeds from Term Loans	500.00	(76.46)
Net Proceeding from HP Loans	5.67	0.00
NET CASH USED IN FINANCING ACTIVITIES	479.07	800.84
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1061.97)	1055.71
Cash and Cash equivalents as at (Opening Balance)	1330.69	274.98
Cash and Cash equivalents as at (Closing Balance)	268.72	1330.69

for and on behalf of the Board of
LGS GLOBAL LIMITED

K. VENKATA SUBBA RAO
Managing Director

K. VENKATESWARA RAO
Joint Managing Director

Place : Hyderabad
Date : 18.11.2009

Y. SRINIVASA RAO
Vice President (F&A)

M. JAGADEESHWARA RAO
Company Secretary

To
The Board of Directors
LGS Global Limited

We have examined the attached Cash Flow Statement of LGS Global Limited for the year ended 31st March, 2009. 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 18th November, 2009 to the members of the company.

for P. MURALI & CO.,
Chartered Accountants

Place : Hyderabad
Date : 18.11.2009

P. MURALI MOHANA RAO
Partner

Consolidated 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	9
---	---	---	---	---	---	---	---	---	---

Date Month Year

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

Public Issue

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

 Right 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	8	2	4	0	8	1
---	---	---	---	---	---	---

 Total Assets

1	8	2	4	0	8	1
---	---	---	---	---	---	---

Sources of Funds

Paid - Up Capital

	2	5	4	2	3	7
--	---	---	---	---	---	---

 Reserves & Surplus

	7	2	3	6	4	0
--	---	---	---	---	---	---

Secured Loans

	5	7	8	0	2	4
--	---	---	---	---	---	---

 Un-Secured Loans/Deferred Tax Liability

	2	6	8	1	8	0
--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

	5	3	5	7	1	8
--	---	---	---	---	---	---

 Investments

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

Net Current Assets

1	2	6	7	6	4	5
---	---	---	---	---	---	---

 Misc. Expenditure

				7	1	8
--	--	--	--	---	---	---

Accumulated Losses

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

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

Turnover

2	9	8	6	0	0	6
---	---	---	---	---	---	---

 Total Expenditure

2	6	5	5	0	1	3
---	---	---	---	---	---	---

+	-
---	---

 Profit/ Loss Before Tax

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

+	-
---	---

 Profit/ Loss After Tax

	2	6	9	8	7	2
--	---	---	---	---	---	---

+

Earning Per Share in Rs.

		1	0	.	6	2
--	--	---	---	---	---	---

 Dividend rate %

2	.	5
---	---	---

V. Generic Names of three principal products/Services of the Company (As per monetary terms)

Item Code No. (ITC Code) :

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

Product Description :

S	O	F	T	W	A	R	E	S	E	R	V	I	C	E	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Statement under Section 212

**Statement pursuant to Section 212 of the Companies Act, 1956,
related to Subsidiary companies**

Name of the Subsidiary companies				
Sr. no.		Particulars	Global IT Inc	Techorbit Inc
1.		Financial year	31-03-2009	31-03-2009
2.		Shares of the subsidiary held by the Company on the above date:		
	a)	Number and face value	14100000/ \$0.10	1,00,000/\$0.10
	b)	Extent of holding	100%	100%
3		The net aggregate of profit/(loss) of the subsidiary for the above financial year so far as they concern the members of the Company and is not dealt with in the accounts of the Company:		
	a)	For the financial year ended on 31st March, 2009	N.A	N.A
	b)	For the previous financial year of the subsidiaries since it became a subsidiary	N.A	N.A
4		The net aggregate of profit/(loss) of the subsidiary for the above financial year so far as they concern the members of the Company and is dealt with in the accounts of the Company:		
	a)	For the financial year ended on 31st March, 2009	\$ 5,52,733	\$ 3,83,024
	b)	For the previous financial year of the subsidiaries since it became a subsidiary	\$ 16,72,778	\$ 11,99,593
5.		Change in the holding company's interest in the subsidiaries between the end of the financial year of the subsidiary and the end of the holding Company's financial year.	Not applicable as financial year coincides with that of the holding company	Not applicable as financial year coincides with that of the holding company
6.		Material changes which have occurred between the end of the aforesaid financial year of the subsidiaries and the end of the holding company's financial year in respect:	As the financial year of both holding and subsidiary companies coincide, there are no particulars to furnish.	As the financial year of both holding and subsidiary companies coincide, there are no particulars to furnish.
	a)	the subsidiaries fixed assets		
	b)	its investments		
	c)	money lent by the subsidiary company		
	d)	the money borrowed by it for any purpose other than that of meeting current liabilities		

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 : 18.11.2009

Statement pursuant to exemption received under Section 212 (8) of the Companies Act, 1956 relating to Subsidiary companies:

Techorbit Inc.,

S.No	Description	Amount In INR	Amount In USD
a)	Capital	509,500	10,000
b)	Reserves & Surplus	104,503,086	2,051,091
c)	Total Assets	185,721,310	3,645,168
d)	Total Liabilities	185,721,310	3,645,168
e)	Details of Investments	NIL	NIL
f)	Turnover	545,511,256	10,706,796
g)	Profit Before Taxation	25,752,117	505,439
h)	Provision for Taxation	6,237,044	122,415
i)	Profit after taxation	19,515,073	383,024
j)	Proposed Dividend	NIL	NIL
Reporting Currency			USD (\$)

As required under para iii) of the Approval Vide letter No 47/203/2009-CL- III dated 16th March 2009 issued by the Ministry of Company Affairs, India Rupees equivalent of the figures given in foreign currencies based on the exchange rate as on 31-03-2009 (USD 1 = INR 50.95).

Global IT Inc.,

S.No	Description	Amount In INR	Amount In USD
a)	Capital	71,839,500	1,410,000
b)	Reserves & Surplus	168,056,945	3,298,468
c)	Total Assets	414,234,913	8,130,224
d)	Total Liabilities	414,234,913	8,130,224
e)	Details of Investments	NIL	NIL
f)	Turnover	681,109,943	13,368,203
g)	Profit Before Taxation	41,389,946	812,364
h)	Provision for Taxation	13,228,199	259,631
i)	Profit after taxation	28,161,747	552,733
j)	Proposed Dividend	NIL	NIL
Reporting Currency			USD (\$)

As required under para iii) of the Approval Vide letter No 47/203/2009-CL- III dated 16th March 2009 issued by the Ministry of Company Affairs, India Rupees equivalent of the figures given in foreign currencies based on the exchange rate as on 31-03-2009 (USD 1 = INR 50.95).

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 : 18.11.2009

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LGS GLOBAL LIMITED

(Formerly Lanco Global Systems Limited)

Regd. Office: 8-2-293/82/A/796/B, Road No. 36, Jubilee Hills, Hyderabad - 500033

Dear Shareholder,

Re: Payment of Dividend through Electronic Clearing Services (ECS)

We hereby request you to please update the ECS particulars in the attached ECS Mandate Form and forward it immediately to the Registrar & Share Transfer Agent or concerned Depository Participant (DP). Shareholders holding shares in physical form have to submit ECS Mandate Form to the Registrar & Transfer Agent, namely M/s. Aarthi Consultants Private Limited, Unit: LGS Global Limited, #1-2-285, Domalguda, Hyderabad - 500 029, A.P., and Shareholders holding their shares in Electronic mode have to submit same to their Depository Participant.

We would like to inform you that the ECS mode is safe and secure. The dividend amount will be directly credited to the Bank Account of the respective shareholder. ECS also provides adequate protection against fraudulent interception and encashment of dividend warrants apart from eliminating loss/damage of dividend warrants in transit and the correspondence with the company on revalidation/issuance of duplicate dividend warrants.

Please ensure that the details submitted are correct, as any error therein could result in the dividend amount being credited to wrong account.

Kindly help us in our endeavor to serve you better.

Yours faithfully
for **LGS GLOBAL LIMITED**

Karusala Venkata Subba Rao
Managing Director

FORM FOR ELECTRONIC CLEARING SERVICE (ECS) FOR PAYMENT OF DIVIDEND

** Please fill in information in CAPITAL LETTERS in English only*

Shareholder's authorization to receive dividends through Electronic Credit Clearing Mechanism

For Shares held in physical form : Folio No.

For Shares held in Demat form : DP ID:..... Client ID:

Name of First / Sole Share holder :

Bank Name :

Branch Address :

.....

.....

.....

Branch Code :

(9 digit MICR Code Number
appearing on the Cheque supplied
by the Bank) :

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

Account Type : Saving () Current () Cash Credit ()

Account No. :

(As appearing in Cheque Book)

I / We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied above, I will not hold LGS Global Limited responsible. I / We agree to inform and update any change in my / our Bank / Branch and account number.

Date :

Place :

(Signature of Sole / First Shareholder)

(Please attach photocopy of a blank cheque of your bank, duly cancelled, for ensuring accuracy of the Bank's name, branch and 9 digit MICR Code)

LGS GLOBAL LIMITED

(Formerly Lanco Global Systems Limited)

Regd. Office: 8-2-293/82/A/796/B, Road No. 36, Jubilee Hills, Hyderabad - 500033, Andhra Pradesh, INDIA.

ATTENDANCE SLIP

10th Annual General Meeting - 30th December, 2009

Regd. Folio No.	
No. of Shares held	

*DP ID:	
*Client ID:	

Name of the Shareholder	
Name of Proxy	
Signature of Member / Proxy	

I hereby record my presence at the 10th Annual General Meeting of the Company held at 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 - 500 004 at 11:00 a.m., Wednesday, the 30th December, 2009.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Member, Please sign here

If Proxy, Please sign here

Note : This form should be signed and handed over at the Meeting Venue. No duplicate Attendance Slip will be issued at the Meeting Hall. You are requested to bring copy of the Annual Report to the Meeting.

* Applicable for investors holding shares in electronic form.

LGS GLOBAL LIMITED

(Formerly Lanco Global Systems Limited)

Regd. Office: 8-2-293/82/A/796/B, Road No. 36, Jubilee Hills, Hyderabad - 500033, Andhra Pradesh, INDIA.

PROXY FORM

Regd. Folio No.	
No. of Shares held	

*DP ID:	
*Client ID:	

I / We
of, being a Member
/ Members of LGS GLOBAL LIMITED hereby appoint of
..... or failing him of
..... as my / our proxy to attend and vote for me / us on my /
our behalf at the 10th Annual General Meeting of the Company at KLN Prasad Auditorium, The Federation of
Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Federation House, 11-6-841, Red Hills, P. B.
14, Hyderabad-500 004 at 11:00 a.m., Wednesday, the 30th December, 2009.

As witness my/our hand(s) this day of December, 2009.

Signed by the said

**Affix
Re.1/-
Revenue
Stamp**

NOTE: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

* Applicable for investors holding shares in electronic form.



Delivering Business Value

India Office

Hyderabad, India:

LGS Global Ltd
8-2-293/82/A/796/B,
Road No: 36
Jubilee Hills
Hyderabad-500033.

Phone: +91-40-66990000
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21351 Gentry Drive
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Sterling, VA 20166

Irving, Texas

1303 W
Walnut Hill Lane
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Irving, TX 75038

Website: www.lgsglobal.com

E-mail: info@lgsglobal.com