



LGS GLOBAL LIMITED

Registered office: 8-2-293/82/A/796/B, Road No.36,
Jubilee Hills, Hyderabad – 500 033, AP.

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS of LGS GLOBAL LIMITED

DATE : December 24, 2011
DAY : Saturday
TIME : 11.30 a.m.
VENUE : K.L.N. Prasad Auditorium, Federation
House, FAPPCI, FAPPCI Marg, Red
Hills, Hyderabad - 500 004

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**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH
AT HYDERABAD
(ORIGINAL JURISDICTION)
COMPANY APPLICATION NO. 1688 OF 2011
IN THE MATTER OF COMPANIES ACT, 1956 (1 OF 1956)
AND
IN THE MATTER OF SECTIONS 391 AND 394 OF THE SAID ACT
AND
IN THE MATTER OF M/S. LGS GLOBAL LIMITED
AND
IN THE MATTER OF M/S. YBRANT DIGITAL LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**

M/s. LGS Global Limited,
a Company incorporated under the Companies
Act, 1956 having its Registered Office at
8-2-293/82/A/796/B, Road No.36,
Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh
Represented by its Managing Director
Shri K.Venkata Subba Rao

... Applicant/
Transferee Company

NOTICE CONVENING MEETING

To,
The Members of
M/s. LGS Global Limited,

Take notice that by an order made on the 17th November, 2011 the Hon'ble High Court of Andhra Pradesh at Hyderabad has directed that the meeting of the shareholders of M/s. LGS Global Limited, be held at K.L.N. Prasad Auditorium, Federation House, FAPPCI, FAPPCI Marg, Red Hills, Hyderabad – 500 004, on Saturday the 24th day of December, 2011 at 11.30 AM for the purpose of considering and, if thought fit, approving, with or without modification(s) the proposed Scheme of Amalgamation of Ybrant Digital Limited with LGS Global Limited and their respective shareholders.

Take further notice that in pursuance of the said order, the meeting of the shareholders of the above transferee company will be held at K.L.N. Prasad Auditorium Federation House, FAPPCI, FAPPCI Marg, Red Hills, Hyderabad – 500 004, on Saturday the 24th day of December, 2011 at 11.30 AM at which time and place the said shareholders are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that the proxy in the prescribed form duly signed by you or your authorized representative is deposited at the registered office of the transferee company at 8-2-293/82/A/796/B, Road No.36, Jubilee Hills, Hyderabad – 500 033, not later than 48 hours before the meeting.

The Hon'ble High Court of Andhra Pradesh, Hyderabad has appointed Smt N. Sasikala, Advocate to be the Chairperson of the said meeting.

A copy of the statement under section 393 of the Companies Act, 1956 the Scheme of Amalgamation and a form of proxy are enclosed.

Sd/-
N. Sasikala
Advocate

Chairperson appointed for the meeting.
Address: Plot No. 775/C, Road No.45,
Jubilee Hills, Hyderabad – 500 033

Place : Hyderabad,
Date : 28.11.2011.

**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH
AT HYDERABAD
(ORIGINAL JURISDICTION)
COMPANY APPLICATION NO. 1688 OF 2011
IN THE MATTER OF COMPANIES ACT, 1956 (1 OF 1956)
AND
IN THE MATTER OF SECTIONS 391 AND 394 OF THE SAID ACT
AND
IN THE MATTER OF M/S. LGS GLOBAL LIMITED
AND
IN THE MATTER OF M/S. YBRANT DIGITAL LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**

M/s. LGS Global Limited,

a Company incorporated under the Companies Act, 1956 having its Registered Office at 8-2-293/82/A/796/B, Road No.36, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh
Represented by its Managing Director
Shri K.Venkata Subba Rao

... Applicant/
Transferee Company

STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

- 1.0 The accompanying notice has been sent for convening meeting of the shareholders of M/s. LGS Global Limited for the purpose of considering and, if thought fit, approving with or without modifications, the proposed Scheme of Amalgamation of Ybrant Digital Limited with LGS Global Limited and their respective shareholders.
- 2.0 The circumstances which justify and / or necessitate the said Scheme of Amalgamation, inter alia, as follows:-
 - 2.1 That Ybrant Digital Limited / transferor Company is in the business of providing digital marketing solutions to businesses, agencies, and online publishers worldwide.
 - 2.2 That the transferor Company connects advertisers with their audience across any form of digital media, using its massive local presence to deliver appropriate messages to the right audience, through the most relevant digital channels.
 - 2.3 That the LGS / transferee Company is engaged in the business of providing IT service and solutions to diverse enterprises through its onsite consulting expertise and offshore development experience.
 - 2.4 That the Transferee Company is listed on The Bombay Stock Exchange Limited and the Madras Stock Exchange Limited.
 - 2.5 That the Transferor and the Transferee Companies' businesses and facilities are complementary to each other. This will enable the amalgamated entity to derive benefits of vertical and horizontal integration and benefits of synergy which would ultimately contribute to the future of the business and profitability of the amalgamated Company.
 - 2.6 That the proposed Amalgamation of YDL with LGS is in line with the global trends to achieve size, integration and greater financial strength with a view to enhancing customer relationships and thereby shareholders' wealth.

- 2.7 That the amalgamation of YDL with LGS would, inter alia, have the following benefits:
- i) The Amalgamation will help in creation of a highly competitive Digital Marketing Solutions Company. The combination of the operations will create a unique level of integration and will enable substantial savings in cost and will enhance the value to customers.
 - ii) It will also enhance the scale of operations thereby providing significant impetus to the growth of both the companies, since they are engaged in lines of business that could draw upon synergies of both the companies.
 - iii) Further, the amalgamation will also result in improved shareholders' value for both companies by way of improved financial structure, cash flows, increased assets base, consolidated revenues and profitability.
- 2.8 That the proposed amalgamation would not only benefit both the companies but also its shareholders, employees and their creditors.
- 3.0 The details of financial position of the "LGS" / Transferee Company and "YDL" / Transferor Company as per their audited Balance Sheets as at 31st March, 2011 are as under:-
- 3.1 "LGS" / Transferee Company:

		(In Rupees)
I. SOURCES OF FUNDS		
1.	Shareholder's Funds	
	Share capital	254,236,670
2.	Reserves & Surplus	784,561,201
	Loan Funds	
	Secured Loans	932,993,772
	Unsecured Loans	197,482,348
	Deferred Tax Liability	17,797,945
	TOTAL	<u>2,187,071,936</u>
II. APPLICATION FUNDS		
1.	Fixed Assets	
	Gross Block	537,226,913
	Less: Depreciation	176,485,054
	Net block	360,741,859
	Investments	742,107,032
	Current Assets, Loans and Advances	
(a)	Sundry debtors	1,967,988,607
(b)	Cash and Bank Balance	5,880,808
(c)	Loans and advances	526,867,851
	Less: Current Liabilities and Provisions	1,416,624,648
	Net Current Assets	1,084,112,618
	Miscellaneous Expenditure (to the extent not written off or adjusted)	110,427
	TOTAL	<u>2,187,071,936</u>

3.2 YDL / Transferor Company

(In Rupees)

I. SOURCES OF FUNDS

1. Shareholder's Funds	
Share capital	708,120,700
2. Share Warrants	100,000
3. Reserves and Surplus	3,591,188,438
Loan Funds	
Secured Loans	300,000,000
Unsecured Loans	1,140,793,799
Differed Tax Liability	6,607,838
TOTAL	5,746,810,775

II. APPLICATION FUNDS

1. Fixed Assets	
Gross Block	210,166,414
Less: Depreciation	121,020,462
Net block	89,145,952
Capital Work in progress	245,852,364
Product Development	353,330,729
	688,329,045
Investments	4,306,990,685
Current Assets, Loans and Advances	
(a) Sundry debtors	117,444,853
(b) Cash and Bank Balance	21,521,903
(c) Loans and advances and deposits	705,768,826
(d) Foreign currency Translation Reserve	(2,003,667)
	842,731,914
Less: Current Liabilities and Provisions	
Liabilities	82,648,855
Provisions	13,482,823
NET CURRENT ASSETS	746,600,236
Miscellaneous Expenses (Assets) (To the extent not written off or adjusted)	4,890,808
TOTAL	5,746,810,775

4.0 A copy of the Scheme of amalgamation setting out the terms and conditions of the scheme of amalgamation of the transferor company with the transferee company and their respective shareholders as approved by the Board of Directors of the respective companies in their respective Board Meetings is enclosed herewith.

5.0 The shareholding pattern of pre and post amalgamation of the transferee company is given below:-

(i) The Pre share holding pattern of LGS / Transferee Company is as follows:

Name of the Company :LGS GLOBAL LIMITED

Scrip Code:532368		LGS GLOBAL LIMITED,EQUITY	
Quarter Ended: AUG'2011			
Partly Paid-up Shares	No.of Partly Paid-up Shares	As a % of total No. of partly paid-up Shares	As a % of total No. of shares of the company
Held by promoter/promoter group	NIL		
Held by Public	NIL		
TOTAL	NIL		
Outstanding Convertible Securites:	No. of outstanding Securities	As a % of total No. of outstanding convertible securities	As a % of total No. of shares for the company, assuming full conversion of the convertible securities
Held by promoter/promoter group	NIL		
Held by Public	NIL		
TOTAL	NIL		
Warrants:	No. of Warrants	As a % of total No. of Warrants	As a % of total No. of shares of the company, assuming full conversion of warrants
Held by promoter/promoter group	30000000	100	54.13
Held by Public	0	0	0.00
TOTAL	30000000	100	54.13
Total paid-up capital of the company, assuming full conversion of warrants and convertible securities	55423667		

Table I (a) Statement showing the share holding pattern

Category code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Percentage of (A+B)1	As a Percentage of (A+B+C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VII)	(IX)=(VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
a.	Individuals/Hindu Undivided Family	4	1627925	1627925	6.4	6.4	1627925	100
b.	Central Government/State Government(s)	0	0	0	0	0	0	0
c.	Bodies Corporate	0	0	0	0	0	0	0
d.	Financial Institutions/Banks	0	0	0	0	0	0	0

Category code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Percentage of (A+B)1	As a Percentage of (A+B+C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VII)	(IX)=(VIII)/(IV)*100
	Others :-	0	0	0	0	0	0	0
e.	Mutual Funds	0	0	0	0	0	0	0
f.	Trusts	0	0	0	0	0	0	0
	Sub Total (A)(1)	4	1627925	1627925	6.4	6.4	1627925	100
2	Foreign							
a.	Individuals (Non Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0
b.	Bodies Corporate	4	12266667	12266667	48.25	48.25	5769167	47.03
c.	Institutions	0	0	0	0	0	0	0
	Others :-	0	0	0	0	0	0	0
d.	Overseas Corporate Bodies	0	0	0	0	0	0	0
	Sub Total (A)(2)	4	12266667	12266667	48.25	48.25	5769167	47.03
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	8	13894592	13894592	54.65	54.65	7397092	53.24
(B)	Public Shareholding							
1	Institutions							
a.	Mutual Funds/UTI	0	0	0	0	0	0	0
b.	Financial Institutions/Banks	0	0	0	0	0	0	0
c.	Central Government/State Government(s)	0	0	0	0	0	0	0
d.	Venture Capital Funds	0	0	0	0	0	0	0
e.	Insurance Companies	0	0	0	0	0	0	0
f.	Foreign Institutional Investors	2	490000	490000	1.93	1.93	0	0
g.	Foreign Venture Capital Investors	0	0	0	0	0	0	0
	Others :-	0	0	0	0	0	0	0
h.	Foreign Companies	0	0	0	0	0	0	0
	Sub Total (B)(1)	2	490000	490000	1.93	1.93	0	0
2	Non-Institutions							
a.	Bodies Corporate	200	6343674	6018174	24.95	24.95	0	0
b.	Individuals							
i)	Individual shareholders holding nominal share capital upto Rs.1 lakh	3741	1683791	1617051	6.62	6.62	0	0

Category code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Percentage of (A+B) ¹	As a Percentage of (A+B+C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VII)	(IX)=(VIII)/(IV)*100
ii)	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	50	2076018	2041585	8.17	8.17	0	0
c.	Any Others : -							
i)	Non Resident Individuals	41	31682	31682	0.12	0.12	0	0
ii)	Overseas Corporate Bodies	1	100000	0	0.39	0.39	0	0
iii)	Trusts	1	783509	783509	3.08	3.08	0	0
iv)	Employees	0	0	0	0	0	0	0
v)	Clearing Members	23	20401	20401	0.08	0.08	0	0
vi)	Foreign Nationals	0	0	0	0	0	0	0
	Sub Total (B) (2)	4057	11039075	10512402	43.42	43.42	0	0
	Total Public Shareholding (B)=(B)(1)+(B)(2)	4059	11529075	11002402	45.35	45.35	0	0
	Total (A)+(B)	4067	25423667	24896994	100	100	7397092	53.24
(C)	Shares held by Custodians and against Depository Receipts have been issued	0	0	0	0	0	0	0
1	Shareholding of Promoter and Promoter Group	0	0	0	0	0	0	0
2	Public Shareholding	0	0	0	0	0	0	0
	Grand Total (A)+(B)+(C)	4067	25423667	24896994	100	100	7397092	29.1

(ii) The Post share holding pattern of LGS / Transferee Company is as follows:-

Name of the Company : LGS GLOBAL LIMITED

Scrip Code:532368		LGS GLOBAL LIMITED,EQUITY	
Quarter Ended: AUG'2011			
Partly Paid-up Shares	No.of Partly Paid-up Shares	As a % of total No. of partly paid-up Shares	As a % of total No. of shares of the company
Held by promoter/promoter group	NIL		
Held by Public	NIL		
TOTAL	NIL		
Outstanding Convertible Securites:	No. of outstanding Securities	As a % of total No. of outstanding convertible securities	As a % of total No. of shares to the company, assuming full conversion of the convertible securities
Held by promoter/promoter group	NIL		
Held by Public	NIL		
TOTAL	NIL		
Warrants:	No. of Warrants	As a % of total No. of Warrants	As a % of total No. of shares of the company, assuming full conversion of warrants
Held by promoter/promoter group	30000000	100	54.13
Held by Public	0	0	0.00
TOTAL	30000000	100	54.13
Total paid-up capital of the company, assuming full conversion of warrants and convertible securities	55423667		

Table I (a) Statement showing the share holding pattern

Category code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Percentage of (A+B)1	As a Percentage of (A+B+C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VII)	(IX)=(VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
a.	Individuals/Hindu Undivided Family	55	161999345	8486525	32	32	1627925	1
b.	Central Government/ State Government(s)	0	0	0	0	0	0	0
c.	Bodies Corporate	19	73543038	7980000	14.53	14.53	0	0
d.	Financial Institutions/ Banks	0	0	0	0	0	0	0

Category code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Percentage of (A+B)1	As a Percentage of (A+B+C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VII)	(IX)=(VIII)/(IV)*100
	Others :-	0	0	0	0	0	0	0
e.	Mutual Funds	0	0	0	0	0	0	0
f.	Trusts	1	9000000	0	1.78	1.78	0	0
	Sub Total (A)(1)	75	244542383	16466525	48.3	48.3	1627925	0.67
2	Foreign							
a.	Individuals (Non Resident Individuals/Foreign Individuals)	14	3645000	0	0.72	0.72	0	0
b.	Bodies Corporate	10	62101215	22166667	12.27	12.27	5769167	9.29
c.	Institutions	0	0	0	0	0	0	0
	Others :-	0	0	0	0	0	0	0
d.	Foreign Nationals	11	3261852	0	0.64	0.64	0	0
	Sub Total (A)(2)	35	69008067	22166667	13.63	13.63	5769167	8.36
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	110	313550450	38633192	61.94	61.94	7397092	2.36
(B)	Public Shareholding							
1	Institutions							
a.	Mutual Funds/UTI	0	0	0	0	0	0	0
b.	Financial Institutions/Banks	0	0	0	0	0	0	0
c.	Central Government/State Government (s)	0	0	0	0	0	0	0
d.	Venture Capital Funds	0	0	0	0	0	0	0
e.	Insurance Companies	0	0	0	0	0	0	0
f.	Foreign Institutional Investors	20	181661974	39677962	35.88	35.88	0	0
g.	Foreign Venture Capital Investors	0	0	0	0	0	0	0
	Others :-	0	0	0	0	0	0	0
h.	Foreign Companies	0	0	0	0	0	0	0
	Sub Total (B) (1)	20	181661974	39677962	35.88	35.88	0	0
2	Non-Institutions							
a	Bodies Corporate	200	6343674	6018174	1.25	1.25	0	0
b.	Individuals							
i)	Individual shareholders holding nominal share capital upto Rs.1 lakh	3781	2487517	2386344	0.49	0.49	0	0

Category code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Percentage of (A+B)1	As a Percentage of (A+B+C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VII)	(IX)=(VIII)/(IV)*100
ii)	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	10	1272292	1272292	0.25	0.25	0	0
c.	Any Others : -							
i)	Non Resident Individuals	41	31682	31682	0.01	0.01	0	0
ii)	Overseas Corporate Bodies	1	100000	0	0.02	0.02	0	0
iii)	Trusts	1	783509	783509	0.15	0.15	0	0
iv)	Employees	0	0	0	0	0	0	0
v)	Clearing Members	23	20401	20401	0	0	0	0
vi)	Foreign Nationals	0	0	0	0	0	0	0
	Sub Total (B)(2)	4057	11039075	10512402	2.18	2.18	0	0
	Total Public Shareholding (B)=(B)(1)+(B)(2)	4077	192701049	50190364	38.06	38.06	0	0
	Total (A)+(B)	4187	506251499	88823556	100	100	7397092	2.36
(C)	Shares held by Custodians and against Depository Receipts have been issued	0	0	0	0	0	0	0
1	Shareholding of Promoter and Promoter Group	0	0	0	0	0	0	0
2	Public Shareholding	0	0	0	0	0	0	0
	Grand Total (A)+(B)+(C)	4187	506251499	88823556	100	100	7397092	1.46

6.0 The shares held by the Directors of the transferor and transferee companies, as on date are set out below:-

Sl.No.	Name of the Director	Shares held in YDL /Transferor Company	Shares held in LGS/Transferee Company
1.	Mr. Muthukuru Suresh Kumar Reddy	10977585	NIL
2.	Mr. Vijay Kancharla	10977585	NIL
3.	Mr. Maddi Vijaya Bhasker Reddy	30000	NIL
4.	Mr. Allamsetty Raghunath	NIL	NIL
5.	Mr. Saggireddy Pulla Reddy	NIL	NIL
6.	Mr. Yerradoddi Ramesh Reddy	NIL	NIL
7.	Ms. Alicia Ann Eastman	NIL	NIL
8.	Mr. Roy Rodrigues	NIL	NIL
9.	Mr. Karusala Venkata Subba Rao	NIL	713963
10.	Mr. Kadiyala Venkateswara Rao	NIL	713963
11.	Dr. Rajesh Sankhla	NIL	NIL
12.	Mr. Chivukula Sasikanth	NIL	NIL
13.	Mr. Putta Kishore Kumar	NIL	NIL
14.	Mr. Kanumuri Venkata Subba Raju	NIL	NIL
	TOTAL	21,985,170	1,427,926

6.1 That none of the Directors of the transferee company have any material interest in the said scheme except as shareholders in general the extent of which will appear from the Register of the Directors' Shareholding maintained by the transferor and the transferee companies.

6.2 Copies of the following documents are open for inspection at the registered office of the Applicant company between 11.00 A. M. to 1.00 P. M. on any working day.

- (a) Memorandum and Articles of Association of the applicant / transferee company.
- (b) Annual Reports and Accounts of the applicant / transferee company for the year ended 31.03.2011.
- (c) Scheme of Amalgamation of Ybrant Digital Limited with LGS Global Limited and their respective shareholders.
- (d) Registers of Directors, Directors' Shareholding and Members of the applicant company.
- (e) Valuation Report dated July 27, 2011 given by M/s. P. Murali & Co., Chartered Accountants, Hyderabad and fairness opinion dated August 2, 2011 given by M/s. BOB Capital Markets Ltd., Hyderabad.
- (f) Copy of the order of the Hon'ble High Court of Andhra Pradesh, Hyderabad dated 17th November, 2011.

Sd/-

N. Sasikala

Advocate

Chairperson appointed for the meeting.
Address: Plot No. 775/C, Road No.45,
Jubilee Hills, Hyderabad – 500 033

Place : Hyderabad,

Date : 28.11.2011.

**SCHEME OF AMALGAMATION
OF
YBRANT DIGITAL LIMITED
WITH
LGS GLOBAL LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**

PREAMBLE

This Scheme of Amalgamation is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 for the transfer and merger of Ybrant Digital Limited (YDL) with LGS Global Limited (LGS).

RATIONAL OF THE SCHEME

Ybrant Digital Limited (Transferor Company) is in the business of providing digital marketing solutions to businesses, agencies, and online publishers worldwide. It connects advertisers with their audience across any form of digital media, using its massive local presence to deliver appropriate messages to the right audience, through the most relevant digital channels.

LGS Global Limited (Transferee Company) is engaged in the business of providing IT service and solutions to diverse enterprises through its onsite consulting expertise and offshore development experience. The Transferee Company is a listed company listed on The Bombay Stock Exchange Limited and the Madras Stock Exchange Limited.

The Transferor and the Transferee Companies' businesses and facilities are complementary to each other. This will enable the amalgamated entity to derive benefits of vertical and horizontal integration and benefits of synergy which would ultimately contribute to the future of the business and profitability of the amalgamated Company.

The proposed Amalgamation of YDL with LGS is in line with the global trends to achieve size, integration and greater financial strength with a view to enhancing customer relationships and thereby shareholders' wealth.

The amalgamation of YDL with LGS would, inter alia, have the following benefits:

- i) The Amalgamation will help in creation of a highly competitive Digital Marketing Solutions Company. The combination of the operations will create a unique level of integration and will enable substantial savings in cost and will enhance the value to customers.
- ii) It will also enhance the scale of operations thereby providing significant impetus to the growth of both the companies, since they are engaged in lines of business that could draw upon synergies of both the companies.
- iii) Further, the amalgamation will also result in improved shareholders' value for both companies by way of improved financial structure, cash flows, increased assets base, consolidated revenues and profitability.

After extensive discussions and deliberations, the Board of Directors of both the companies have decided to amalgamate Ybrant Digital Limited with LGS Global Limited with effect from April 1, 2011 which not only benefits both the companies but also its shareholders, employees and their creditors.

This Scheme of Amalgamation is divided into the following parts:-

- | | |
|-----------------|----------------------------------------------------------------------------------------------------------------|
| Part I | deals with the definitions of the terms and Interpretation used in this Scheme |
| Part II | deals with incorporation, main objects and the Share Capital of Ybrant Digital Limited and LGS Global Limited. |
| Part III | deals with the Amalgamation of Ybrant Digital Limited with LGS Global Limited. |
| Part IV | deals with the reorganization of share capital of LGS Global Limited. |
| Part V | deals with the General Terms and Conditions |

PART I - DEFINITIONS AND INTERPRETATION

1. DEFINITIONS

In this Scheme, unless repugnant to the context, the following expressions shall have the following meanings:

- 1.1. **“Act”** means the Companies Act, 1956 and shall include any statutory modification, re-enactment or amendment thereof for the time being in force.
- 1.2. **“Appointed Date”** For the purpose of this Scheme and for Income tax Act, 1961, the “Appointed Date” means 01 April, 2011.
- 1.3. **“Board”** means the Board of Directors of the Transferor Company / Transferee Company or any committee thereof duly constituted or appointed by the Board for this purpose
- 1.4. **“Effective Date”** means the date on which the authenticated/certified copies of the Order of the High Court of Judicature at Hyderabad, Andhra Pradesh sanctioning the Scheme and filed with the Registrar of Companies at Hyderabad, Andhra Pradesh.
- 1.5. **“High Court”** means the High Court of Judicature at Hyderabad and shall include the National Company Law Tribunal, if applicable.
- 1.6. **“YDL “ or “Transferor Company”** means Ybrant Digital Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at Plot No. 7A, Road No.12, MLA Colony, Banjara Hills, Hyderabad — 500 034, Andhra Pradesh, -
- 1.7. **“Undertaking of the Transferor Company”** shall mean and include
 - 1.7.1. any and all immovable property, including land, buildings, movable assets including, machinery and equipments, whether leased or otherwise, any and all rights, title, interest, covenant, undertakings, liabilities including continuing rights, title and interest in connection with the immovable properties whether leasehold or otherwise comprised in its business together with all present and future liabilities including contingent liabilities and debts appertaining to its business, as per the records of YDL;
 - 1.7.2. any other property or assets, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent, owned, held, used or otherwise enjoyed by YDL ;
 - 1.7.3. any and all permits, quotas, rights, approvals, consents, entitlements, licences, approvals obtained from Central/State/Quasi Government/Agencies and in all agreements of all tax reliefs including sales tax deferment benefits if any, tenancies, trademarks, patents, copyrights, service marks, trade names, descriptions, trading style, franchise, labels, label designs, color schemes, utility models, holograms, bar codes, designs, privileges and benefits of all contracts, agreements and all other rights, whether available as on date or vested in future, including, lease rights, licences, approvals, exemptions, tax benefits, concessions, subsidies and other beneficial interests, powers and facilities of every kind and description of whatsoever nature, appertaining to its business, as per the records of YDL;
 - 1.7.4. any and all debts, borrowings and liabilities, present or future, whether secured or unsecured, pertaining to the business, as per the records of YDL;
 - 1.7.5. any and all permanent, temporary daily rated casual, and contractual employees of YDL engaged in or in relation to its business at their respective offices branches, factories, depots or otherwise at their current terms and conditions as per the records of YDL;
 - 1.7.6. any and all earnest monies and / or security deposits, or other entitlements in connection with or relating to its business, as per the records of YDL;
 - 1.7.7. any and all investments including the investments by the transferor company in its subsidiaries , current assets, funds, and loans and advances including accrued interest, in connection with or relating to its business, as per the records of YDL; and
 - 1.7.8. all records, files, papers, documents, process information, computer programs, manuals, data, catalogues, quotations, internal control information / material, technical knowhow, present and

prospective list of customers and suppliers, customer credit information, customer pricing information, books of accounts and other supporting data, documents, invoices etc. and all other records whether in physical or electronic form, pertaining to the business of YDL.

- 1.8. **“Record Date”** means the date to be fixed by the Board of Directors of the Transferor Company for the purpose of reckoning names of the equity shareholders of the Transferor Company, who shall be entitled to receive shares of the Transferee Company upon coming into effect of this Scheme as specified in Clause 1.4 of this Scheme.
- 1.9. **“LGS” or “Transferee Company”** means LGS Global Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at 8-2-293/82/A/796/B, Road No.36, Jubilee Hills, Hyderabad — 500 033.
- 1.10. **“Scheme” or “the Scheme”** means this Scheme of Amalgamation in its present form submitted to the High Court or any other appropriate authority.

2 DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court or in terms of this Scheme, shall be effective from the Appointed Date, but shall be operative from the Effective Date.

Part II - INCORPORATION, MAIN OBJECTS AND THE SHARE CAPITAL.

3. Transferor Company / YDL

a) Incorporation:

Ybrant Digital Limited / transferor Company was originally incorporated as a private Limited company under the name and style of USA Greetings (India) Private Limited in the State of Andhra Pradesh on 28th March, 2000 under the Certificate of Incorporation No. 01-34055 of 1999-2000. Later on the Company had changed its name to M/s. Ybrant Technologies (India) Private Limited and a fresh Certificate of Incorporation consequent on change of name was issued by the Registrar of Companies, Andhra Pradesh, Hyderabad on 7th November, 2000. Later on the Company had converted itself into a public Limited Company and a fresh certificate of Incorporation consequent on conversion under section 31/44 of the Companies Act, 1956 was issued by the Registrar of Companies, Andhra Pradesh, Hyderabad on 23rd August, 2005. Later on the Company had changed its name to M/s. Ybrant Technologies Limited and a fresh Certificate of Incorporation consequent on change of name was issued by the Registrar of Companies, Andhra Pradesh, Hyderabad on 21st February, 2006. Later on the name of the Company was changed to its present name i.e. M/s. Ybrant Digital Limited and a fresh Certificate of Incorporation consequent on change of name was issued by the Registrar of Companies, Andhra Pradesh, Hyderabad on 15th April, 2008 after complying with the necessary formalities under the Companies Act, 1956.

b) Share Capital

- i) The Share Capital of YDL (Transferor company) as on 01/08/2011 is as under:

Particulars	Amount in Rupees
Authorized	
12,00,00,000 Equity Shares of Rs 10/- each	120,00,00,000
1,50,00,000 Preference Shares of Rs.10/- each	15,00,00,000
TOTAL	135,00,00,000
Issued, Subscribed and Paid-up:	
5,87,35,260 Equity Shares of Rs 10/- each fully paid-up	58,73,52,600
1,20,76,810 Compulsory Convertible Preference Shares of Rs. 10/- each	12,07,68,100
TOTAL	70,81,20,700

- ii) Further the following capital which is still outstanding and yet to be converted into equity capital of YDL.

Sl. No.	Outstanding securities of YDL	No of equity shares upon conversion
1.	1,20,76,810 Compulsorily Convertible Preference shares of Rs. 10/- each	1,19,02,712 of Rs.10/- each
2.	10,00,000 convertible warrants	30,00,000 of Rs.10/- each
3.	15,00,000 Employees Stock Option Scheme (ESOS)	15,00,000 of Rs.10/- each

c) Main Objects

The Main Objects of the Transferor Company presently enables it to carry on the business of:

- i) To develop software for Computer Systems for data processing, data acquisition, data transmission, Tele data entry and industrial instrumentation and process control and to act as Computer and Electronic Data Processing consultants and Agents.
- ii) To provide comprehensive end-to-end digital marketing services to direct marketers, brand advertisers and marketing agencies in India and Abroad and also internet and mobile marketing services, support services and software tools for Online Marketing. To provide global internet and mobile advertising network and focus on delivering graphical and contextual banners to users from around the world. To target users by using advanced geotargeting technology to reach users in their native languages.
- iii) To carry the business of and to establish, develop, formulate, structure, offer service and/or otherwise deal in all types of information and communication, telephone, telex, fax, radio television, computers, satellite communication and other type of communications job works/contract to design and develop various information technologies, software and hardware property rights in the above fields. And to carry on the business of and to render consultancy services and services in the field of Software development, Software export, information and data processing, computer systems, communications, research and technical services including commercial exploitation, export, import, and to act as dealers authorized representatives of the same. To depot personnel to design and develop software in India and abroad and to start Technology Parks in India and abroad. To set up offices, labs, development centers, factories, works and also to enter into joint venture collaboration or otherwise with parties, companies, entities India or abroad or acquire, merge, amalgamate or takeover the business of any other company or entity for the purpose of development of software.
- iv) To carry on the business of research and development, design, production, creation, manufacturing, marketing, trading, providing, transferring exporting, importing, buying and selling all types of Computer Software including, applications software, development software, computer programs, algorithms, statements, source codes, packages etc., in areas like ecommerce, web page design and development, web enabled applications, Internet services, Intranet, Enterprise Wide Resource Planning (ERP), Data Base Management Systems, Operating Systems, Distributed Computing, Open Systems, Multi Media, Computer Aided Designing (CAD), Computer Aided Manufacturing (CAM, Computer Graphics, Computer Animation, Document Management Systems, Management Information Systems and all such areas relevant to Scientific, Financial, Industrial, Telecommunications, Satellite Communications, Domestic, Administrative, Agricultural, Medical and all other applications. And to set up, establish and run In-bound and out-bound Call Center business in India and abroad, via e-mail, voice or Web Chart or any other mode of communication to provide client service such as Order processing, Reservations, Lead generation, tele-Marketing, cross selling, customer acquisition and activation, customer interface, medical transcription work processing and such other services required by the clients along with providing technical support.

4. Transferee Company (LGS)

a) Incorporation:

LGS Global Limited / transferee Company was originally incorporated as a public Limited company under the name and style of Lanco Global Systems Limited in the State of Andhra Pradesh on 28th January, 1999 under the Certificate of Incorporation no.01-30996 of 1998-1999. Later on the Company had changed its name to its present name i.e .M/s. LGS Global Limited and a fresh Certificate of Incorporation consequent on change of name was issued by the Registrar of Companies, Andhra Pradesh, Hyderabad on 5th November, 2008 after complying with the necessary formalities under the Companies Act, 1956.

b) Share Capital

i) The Share Capital of LGS as on 01/08/2011 is as under:

Particulars	Amount in Rupees
Authorized	
6,00,00,000 Equity Shares of Rs 10/- each	60,00,00,000
Issued, Subscribed and Paid-up:	
25,423,667 Equity Shares of Rs 10/- each fully paid-up	25,42,36,670

ii) Further the following capital which is still outstanding and yet to be converted into equity capital of LGS.

Outstanding securities of LGS	No of equity shares upon conversion
3,00,00,000 Convertible Warrants, convertible within 18 months	3,00,00,000 of Rs. 10/- each

c) Main Objects

The Main Objects of the Transferee Company presently enables it to carry on the business of:

i) To carry on business to Design, Develop, Acquire, Accept, Arrange, Assemble, Manufacture, Produce, Fabricate, Generate, Equip, Obtain, Provide, Erect, Construct, Install, Set Up, Supervise, Implement, Support, Assign, Engineer, Give Consultancy, Advise, Train, Process, Assist, Use, Distribute, Transmit, Repair, Maintain, Improve, Extend, Manage, Modify, Alter, Convert, Enfranchise, Explore, Establish, Insure, Undertake, Conduct, Perform, Sponsor, Participate, Protect, Act, Patent, Value add and Resell, Lease or Hire, Sell on Hire Purchase or on Installment System or Entering into Contract, to act as an Authorized Representative, Reseller, Agent, Stockiest, Distributor, Dealer, Clearing and Forwarding Agent, Franchise Holder, Counsellor, Broker, Consultant /Advisor, Retainer, Licensee, Trainer, to acquire technical know-how to provide technical services, to perform benchmark tests, to undertake turnkey projects, to conduct operation research, to provide management information processing applications and to conduct operation research to provide management and marketing services, in the fields of software Devotement, Computer software CAD/CAM Books, Systems, Teaching aids, Servers, Parallel Computers, Mini and Micro Computers, all types of Network Computers, microprocessors Pentium drives, disks, modem, monitors, information technology, virtual training & animation software internet, Internet, Web technologies and any such product or things which may be considered either as an integral part of a computer system or in related fields and supplement thereto. Also in the fields of Micro processors, Electromagnetic and Mechanical, Electrical and Electronic Equipments, Expert Systems, Photo setters, Digital Equipments/imaging, process Control and Real time systems, Engineering work systems, Electronic Circuits, Projects and cameras, time relay and telecommunications equipment, Cellular phones, paging systems, optical fibers, Telephone machines, Audio and Video equipments, Establishing earth station, Satellite communications, Software Technology parks, Internet and E-Mail Services, Generators, Uninterrupted power supply system, all other allied fields and integral parts, items and components intended to use used in Electrical, Electronic, Telecommunications, satellite communications and Internet service industry.

- ii) To carry on business and to undertake consultancy, research, designing, conducting test, implementation, supervising and to give support services for the development of software, systems and programming either for own use for other users, for sale in India or export outside India. To send staff and students within and outside India for implementation of projects, for doing research and advanced studies, to set up information management services like data processing, data entry works, Desk top Publishing, word processing, hiring out machine time, supervise and advise to other companies in info processing aspects to undertake turn key projects, conducting feasibility studies, operations research in complete Hardware and software solutions and to undertake the data processing and programming' relating to issue of securities and to act as registrars and transfer agents, to digitize and make drawings, maps, pictures, photographs, CAD works, deal in Animation, Multimedia, to design and fabricate integrated and other electronic circuits and to render all kinds of job work relating to information Technology.
- iii) To carry on business to render higher education consultancy within and outside India, to provide computer education, teaching and training in software, hardware, networking and all other related fields in Information Technology by setting up training centers at various places within and outside India, either through own efforts or through franchising, and to publish books, journals, bulletins, study materials, magazines, brochures, pamphlets, periodicals, circulations, newsletters, news papers and to own and maintain stores for imparting and spreading the knowledge of computer programming and in general about information Technology, to conduct, sponsor, grant, aid, subsidize, send for advanced studies or otherwise participate in training programmes, courses, seminars and conferences to improve the overall knowledge in computer field or information Technology.

PART III - AMALGAMATION OF YDL WITH LGS

5. TRANSFER AND VESTING OF THE TRANSFEROR COMPANY

- 5.1 With effect from the Appointed Date, the entire business and whole of the undertakings of the Transferor Company including all its immovable properties and assets, whether moveable or immovable, tangible or intangible, balance in bank, cash or investments, in equity shares and/ or other instruments including the investments by the transferor company in its subsidiaries, and other assets of whatsoever nature such as licenses, permits, approvals, obtained from Central/State/Quasi Government/Agencies and in all agreements of all tax reliefs including sales tax deferment benefits if any, lease, tenancy rights, if any, tenancies, trademarks, patents, copyrights, service marks, trade names, descriptions, trading style, franchise, labels, label designs, color schemes, utility models, holograms, bar codes, designs, privileges and benefits of all contracts, agreements and all other rights letter of intents, permissions, income tax and/or any other statutes, incentives if any and all other rights, title, interest, contracts, consent, approvals or powers of every kind, nature and descriptions whatsoever, shall, under the provisions of Sections 391 to 394 of the Act, and pursuant to the orders of the High Court or any other appropriate authority sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and / or deemed to be transferred to and vested in the Transferee Company so as to become the properties and assets of the Transferee Company.
- 5.2 All the movable assets of the Transferor Company or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand, shall be physically handed over by manual delivery or by endorsement and delivery, to the Transferee Company to the end and intent that the property therein passes to the Transferee Company on such manual delivery or endorsement and delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly.
- 5.3 In respect of movable assets, other than those specified in sub-clause 5.2 above, the same shall, without further act, instrument or deed, be transferred and/ or deemed to be transferred to and vested in the Transferee Company pursuant to the provisions of Section 394 of the Act and the Transferor Company shall give notice in such form as it deems fit to such persons, that pursuant to the Order of the High Court, the said asset would be paid or made good to or held on account of, the Transferee Company, and the rights of the Transferor Company will vest with the Transferee Company upon this Scheme becoming effective.

- 5.4 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of the Transferor Company, as on the Appointed Date whether provided for or not in the books of accounts of the Transferor Company, and all other liabilities which may accrue or arise after the Appointed Date but which relates to the period on or upto the Effective Date, shall, pursuant to the Orders of the High Court or such other competent authority as may be applicable under Section 394 and other applicable provisions of the Act and without any further act or deed, be transferred or deemed to be transferred to and vested in and be assumed by the Transferee Company, so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company.
- 5.5 The Transferee Company, may, anytime after this Scheme coming into effect, if required under law or otherwise, execute deeds of confirmation in favor of secured creditors of the Transferor Company, or in favor of any other party with which the Transferor Company has a contract or arrangement, or give any such writings, as may be necessary, to give effect to the above.
- 5.6 It is hereby clarified that all assets and liabilities of the Transferor Company shall be transferred at values appearing in the books of account of the Transferor Company as on the Appointed Date which are set forth in the closing balance sheet of the Transferor Company as of the close of business hours on the date immediately preceding the Appointed Date.
- 5.7 Part IV of the Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/ are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modifications will however, not affect the other parts of the Scheme.
- 5.8 The transfer and vesting of the assets comprised in the Transferor Company to and in the Transferee Company under this Scheme shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided.
- 5.9 The existing securities, mortgages, charges, encumbrances or liens (the “Encumbrances”) or those, if any created by the Transferor Company after the Appointed Date, in terms of this Scheme, over the assets comprised in the Transferor Company or any part thereof transferred to the Transferee Company by virtue of this Scheme, shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they relate or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets, of the Transferee Company.
- 5.10 Subject to the other provisions of the Scheme, all contracts, including contracts for tenancies and licenses, approvals deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party, or the benefit to which the Transferor Company may be eligible, subsisting or operative immediately on or before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectively as if instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings, endorsements or confirmation or enter into any tripartite agreement, confirmations or novations to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. Further, the Transferee Company shall be deemed to be authorised to execute any such deeds, writings, endorsements or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.
- 5.11 The entitlement to various benefits under incentive schemes and policies in relation to the Transferor Company shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not limited to) income-tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs and other and incentives in relation to the Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was

originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Transferor Company. The Transferee Company shall be entitled to such benefits in its name, without any additional liabilities or expenses whatsoever.

- 5.12 Any tax liability under the Income-tax Act, 1961, Customs Act 1962, Central Excise Act, 1944, State Value Added Tax laws, Central Sales Tax Act, 1956 or other applicable laws/ regulations dealing with taxes/ duties/ levies (herein referred to as 'Tax Laws') allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to Transferee Company. Any surplus in the provision for taxation/ duties / levies account including advance income tax and Tax Deducted at Source ('TDS') as on the Appointed Date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.
- 5.13 Any refund/ credit under Tax Laws due to the Transferor Company consequent to the assessments made on the Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 5.14 All taxes (including income tax, sales tax, excise duty, service tax, VAT etc.) paid or payable by the Transferor Company in respect of the operations and/ or the profits of the business before the Appointed Date shall be on account of the Transferor Company and in so far as it relates to the tax payment (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax, VAT etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operations of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall in all proceedings be dealt with accordingly.
- 5.15 Without prejudice to the generality of the foregoing,
 - 5.15.1 On and from the Appointed Date, if any certificate for Tax Deducted at Source or any other tax credit certificate relating to the Transferor Company is received in the name of the Transferor Company, it shall be deemed to have been received by the Transferee Company, which alone shall be entitled to claim credit for such tax deducted or paid.
 - 5.15.2 On and from the Appointed Date, benefit of all balances relating to CENVAT or Service Tax or VAT being balances pertaining to the Transferor Company, if any, shall stand transferred to and vested in the Transferee Company as if the transaction giving rise to the said balance or credit was a transaction carried out by the Transferee Company. The liabilities of the Transferor Company as on the Appointed Date shall stand transferred to and vested in the Transferee Company save otherwise in respect of the liabilities which were met by the Transferor Company during the period between Appointed Date and Effective Date, which shall be construed to have been met by the Transferee Company as if the transaction giving rise to the said liability was a transaction carried out by the Transferee Company.

6. CONSIDERATION

- 6.1 Upon the scheme coming into effect, all the outstanding securities / warrants pertaining to the transferor Company shall be first converted into equity shares as mentioned in Clause no's 3 (b) (ii).
- 6.2 The Transferee Company shall, upon coming into effect of the Scheme, and in consideration for the transfer of and vesting of the entire undertaking of the Transferor Company, issue and allot, to the members of the Transferor Company, whose names appear in the Register of Members as on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title, as may be recognized by the Board of Directors, in the following manner:
 - (a) 6 equity shares of Rs. 10/- each of the Transferee Company would be issued for every 1 equity share of Rs. 10/- each held by shareholders of Transferor Company. Accordingly, 45,08,27,832 fully paid-up Equity Shares of Rs. 10 (Rupees Ten Only) each of the Transferee Company shall be issued and allotted to the equity shareholders of the Transferor Company in the same proportion as to their shareholding in the Transferor Company. Fractions, if any shall be rounded off to nearest integer; and

- 6.3 The Equity Shares in the Transferee Company to be issued to the members of the Transferor Company pursuant to Clause 6.2 (a) above shall be subject to the Memorandum and Articles of Association of the Transferee Company. The Equity Shares so issued shall rank pari passu in all respects with the existing shares and equity shares to be issued upon exercise of pending warrants and options in the Transferee Company.
- 6.4 The Equity shares, upon receipt of requisite approvals as may be required, will be issued in dematerialized / physical form, to the members of the Transferor Company, who shall have account with a depository participant and, shall provide details thereof and such other confirmations as may be required. It is only thereupon, that the Transferee Company shall issue and directly credit the demat securities account with the Shares as stated in Clause 6.2 (a) above.
- 6.5 The new shares to be allotted on approving the scheme of amalgamation by the transferee Company shall be listed or admitted on the stock exchanges wherever the shares of the transferee company are listed and further the Transferee Company shall comply with Clause 40A of the Listing Agreement.
- 6.6 The issue and allotment of Equity Shares in the Transferee Company, by the Transferee Company to the shareholders of the Transferor Company as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Section 81(1A) of the Act and any other applicable provisions of the Act were duly complied with.

7 ACCOUNTING TREATMENT

- 7.1 The Transferee Company shall account for the amalgamation of Transferor Company as per the Accounting Standard 14 — Accounting for Amalgamations (AS14) as stated in the Companies (Accounting Standards) Rules, 2006 and any amendments thereto. On the Scheme becoming effective, the accounting for merger will be done in accordance with the Purchase method referred to in Accounting Standard 14 — Accounting for Amalgamation (AS-14).
- 7.2 All assets, liabilities and reserves of the Transferor Company would to be transferred to the Transferee Company under this Scheme and shall be recorded in the books of account of the Transferee Company at the values as appearing in the Books of Account of the Transferor Company.
- 7.3 Intercompany deposits, loans, share application money and other balances and investments, if any, shall be cancelled and there shall be no further obligation/ outstanding in that respect.
- 7.4 The difference if any, being the excess or shortfall between the assets, liabilities and reserves of the Transferor Company as transferred to the Transferee Company accounted as per clause 5.1 above, (after making adjustments for clause 6.2 above), and the consideration discharged as per clause 6.2 (a) above, shall be adjusted against / transferred to Share Premium Account of the Transferee Company.
- 7.5 In case of any difference in accounting policy between the Transferee Company and the Transferor Company, the impact of the same till the Appointed Date will be quantified and adjusted in the Share Premium Account and / or Reserves & Surplus Account of the Transferee Company to ensure that the Financial Statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy, with effect from the Appointed Date.
- 7.6 The application and reduction of Share Premium Account and/ or Reserves & Surplus Account if any effected under Clause 7.4 and Clause 7.5 above, shall be effected as an integral part of the Scheme in accordance with the provisions of section 100-103 of the Act, as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholders of paid-up share capital and the Order of the High Courts sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act for confirming the reduction and no separate procedure shall be following under the Act.

8 STAFF, WORKMEN & EMPLOYEES

- 8.1 On the scheme becoming operative, all permanent staff, workmen and employees of the Transferor Company including its subsidiary companies in service on the effective date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date without any break

in their service and on the basis of continuity of service, and the terms and conditions of their employment with Transferee Company shall not be less favorable than those applicable to them in the Transferor Company on the effective date.

- 8.2 The equitable interest in accounts/funds of the employees, staff and workmen whose services are transferred to the Transferee Company, relating to superannuation, provident fund and gratuity fund shall be identified, determined and transferred to the respective trusts/funds of Transferee Company and such employees shall be deemed to have become members of such trusts/funds of Transferee Company. Until such time, the Transferee Company may, subject to necessary approvals and permissions, if any, continue to make contributions pertaining to the employees of the Transferor Company to the relevant funds of Transferor Company.
- 8.3 The Transferee Company, at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Transferor Company to which the Transferor Company is a party in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances, referred to above, on behalf of the Transferor Company.

9 LEGAL PROCEEDINGS

- 9.1 If any suit, appeal or other legal proceedings of whatsoever nature by or against Transferor Company is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation and by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.
- 9.2 On and from the Effective Date, Transferee Company shall and may, if required, initiate any legal proceedings in relation to the business of the Transferor Company.

10 BUSINESS AND PROPERTY IN TRUST FOR THE TRANSFEEE COMPANY

With effect from the Appointed Date and up to and including the Effective Date:

- 10.1 The Transferor Company shall carry on and be deemed to have carried on all their business and activities and shall stand possessed of all the assets, rights, title and interest for and on account of and in trust for, the Transferee Company;
- 10.2 All profits and cash accruing to the Transferor Company, or expenditure or losses arising or incurred by it (including the effect of taxes if any thereon), shall for all purposes, be treated as the profits/ cash, taxes or losses, as the case may be, of the Transferee Company;
- 10.3 All accretions and depletions to the Transferor Company shall be for and on account of the Transferee Company.
- 10.4 The Transferor Company shall not utilize the profits or income, if any, for the purpose of declaring or paying any dividend or for any other purpose, without the prior written consent of the Transferee Company.
- 10.5 Upon the scheme becoming effective, all the subsidiaries of the transferor Company shall become the subsidiaries of the transferee Company and consequently the investments made by the transferor company in its subsidiaries shall be deemed to be the investments of that of the transferee company.

11 CONDUCT OF BUSINESS

- 11.1 The Transferor Company will, from the Appointed Date upto and including the Effective Date, preserve and carry on the business with reasonable diligence and prudence and agrees that it will not, without the prior written consent of Transferee Company, alienate, charge or otherwise deal with or dispose of the business or any part thereof or recruit new employees or vary or alter the terms and conditions of employment of any of its employees (in each case except in the ordinary course of business), without the prior written consent of the Transferee Company.

- 11.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and carry on the business of the Transferor Company.
- 11.3 With effect from the Effective Date, Transferee Company shall commence and carry on and shall be authorized to carry on the business carried on by the Transferor Company.

12 SAVING OF CONCLUDED TRANSACTION

The transfer of the entire business and undertakings of the Transferor Company to the Transferee Company and the continuance of all contracts or proceedings by or against the Transferor Company shall not affect any contracts or proceedings already concluded by the Transferor Company on or after the Appointed Date to the end and intent that the Transferee Company accepts and adopts all acts, deeds, matters and things done and/or executed by the Transferor Company in regard thereto as having been done or executed on behalf of the Transferee Company.

13 WINDING UP

On the Scheme becoming effective, the Transferor Company shall be dissolved without going through the process of winding up and without further acts by parties.

PART IV

14. REORGANISATION OF EQUITY SHARE CAPITAL OF LGS

- 14.1 The Issued, Subscribed and Paid-up Capital (including outstanding convertible equity warrants) of LGS is Rs. 55,42,36,670 (Rupees Fifty Five Crores and Fourty Two Lakhs Thirty Six Thousand Six Hundred and Seventy only) divided into 5,54,23,667 (Five Crores Fifty Four Lakhs and Twenty Three Thousand Six Hundred and Sixty Seven only) equity shares of Rs. 10 each fully paid-up. Pursuant to the merger of YDL with LGS under Part III of this Scheme, the share capital of LGS will be Rs. 506,25,14,990 (Rupees Five hundred and Six Crores Twenty Five Lakhs Fourteen Thousand Nine Hundred and Ninety only) divided into 50,62,51,499 (Fifty Crores and Sixty Two lakhs Fifty One Thousand Four Hundred and Ninety Nine) equity shares of Rs. 10 each fully paid-up (as per Clause 6.2 (a)).
- 14.2 With effect from the Appointed Date, the Issued, Subscribed and Paid-up capital of LGS shall be reorganized from Rs. 506,25,14,990 (Rupees Five hundred and Six Crores Twenty Five Lakhs Fourteen thousand Nine hundred and Ninety) divided into 50,62,51,499 (Fifty Crores and Sixty Two lakhs Fifty one thousand Four hundred and Ninety Nine) equity shares of Rs. 10 each fully paid-up to Rs. 101,25,02,998 (Rupees One Hundred and one Crores Twenty Five lakhs Two Thousand Nine hundred and Ninety Eight only) divided into 50,62,51,499 (Fifty Crores and Sixty Two lakhs Fifty One Thousand Four Hundred and Ninety Nine) equity shares of Rs. 2 each fully paid-up as follows:-
- 14.2.1 The equity share capital of LGS shall be reorganized by cancellation of Rs.8 of every equity share of Rs. 10 fully paid-up, i.e. issued, subscribed and paid-up capital of Rs. 506,25,14,990 (Rupees Five hundred and Six Crores Twenty Five Lakhs fourteen thousand nine hundred and ninety) divided into 50,62,51,499 (Fifty Crores and Sixty Two lakhs Fifty one thousand four hundred and ninety nine) equity shares of Rs. 10 each fully paid-up to Rs. 101,25,02,998 (Rupees One Hundred and one Crores twenty five lakhs two thousand nine hundred and ninety eight only) divided into 50,62,51,499 (Fifty Crores and Sixty Two Lakhs Fifty One Thousand Four Hundred and Ninety Nine) equity shares of Rs. 2 each fully.
- 14.2.2 Difference of Rs.8/- per equity share i.e Rs. 405,00,11,992 arising on account of reorganization of LGS's equity share capital, pursuant to the Scheme as referred to in clause 14.2, shall be credited to the Share Premium Account of LGS.
- 14.3 The board of directors of LGS shall consolidate all fractional entitlements, if any, arising due to the aforesaid reorganization of equity share capital of LGS under Clauses 14.2 shall be rounded to nearest integer.

- 14.4 The reduction of share capital of LGS as provided in Clause 14.2.1 shall be effected as a part of the Scheme upon the Scheme becoming effective on the Effective Date, and the order of the High Court of Andhra Pradesh sanctioning the Scheme shall be deemed to be an order under Sections 78, 100 to 102 of the Act confirming such reduction of equity share capital of LGS.
- 14.5 The application and consequential reduction of the face value of each share of LGS as stated above, shall be effected as an integral part of the Scheme, upon which the share capital of LGS shall be deemed to be reduced to the extent as the case may be and the Order of the High Court of Andhra Pradesh sanctioning the Scheme shall be deemed to be an order under Sections 78, 100- 102 of the Act confirming the reduction.
- 14.6 Upon the scheme becoming effective, LGS shall deemed to have complied with the necessary formalities under Sections 78, 100, 101 to 104 and all other applicable provisions of the Act. Further as an integral part of the scheme, LGS shall not pass a Special Resolution pursuant to Section 100 of the Companies Act, 1956 and shall be deemed to have been passed for reduction of the share capital, and the Transferee Company shall not be required to add the words “and reduced”, as a suffix to its name.
- 14.7 Upon the Scheme being finally effective, the Authorised Capital of Transferor Company will get merged with that of the Transferee Company without payment of additional fees and duties as the said fees have already been paid and the Authorised Capital of the Transferee Company will be increased to that effect by just filing requisite forms. The preference share capital of the transferor company appearing under authorised share capital be reclassified as equity share capital and shall appear as equity share under the authorized capital of the transferee company. The resolution approving the Scheme shall be deemed to be the approval of increase in the Authorised Share Capital of the Transferee Company under Section 94 and 97 other applicable provisions of the Act. The Clause V of the Memorandum of Association of the Transferee Company relating to the Authorised Share Capital shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Section 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause: -
- V *“The Authorised Share Capital of the Company is Rs. 195,00,00,000/- (Rupees One hundred and Ninety Five Crores Only) divided into 97,50,00,000 (Ninety Seven Crores and fifty lakhs Only) Equity Shares of Rs.2/- (Rupees Two only) each.*
- 14.8 On the Scheme becoming effective, the name of the Transferee Company shall stand changed to “Ybrant Digital Limited” and the same shall be substituted for the existing name wherever it appears in the Memorandum and Articles of Association of the Transferee Company.
- 14.9 The approval of this Scheme by the shareholders of the Transferee Company and by the Hon'ble High Court of Andhra Pradesh shall be deemed to be due compliance of the provision of Section 21 and other relevant and applicable provision of the Act for the change in name of the Transferee Company, as provided in this Scheme.
- 14.10 Upon the Scheme becoming effective and upon receiving intimation / notice of the Record Date fixed, the shareholders of LGS shall present their share certificates of the existing series of shares of LGS as on the Appointed Date, for enabling endorsement of the reduction in paid up value of the shares, and reorganization of such capital of LGS in accordance with the provisions of this Scheme. It is clarified that the number of shares held in the dematerialized form will be reduced / increased automatically on such reorganization of capital.
- 14.11 Upon the Scheme coming into effect, the share capital of the transferee company post amalgamation shall be as follows:-

Particulars	Amount in Rupees
Authorised:	
97,50,00,000 Equity Shares of Rs 2/- each fully paid-up	195,00,00,000
Issued, Subscribed and Paid-up:	
50,62,51,499 Equity Shares of Rs 2/- each fully paid-up	101,25,02,998

PART V - GENERAL TERMS AND CONDITIONS

15. APPLICATION TO HIGH COURT

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make necessary applications/petitions, under Sections 391 and 394 and other applicable provisions of the Act to the High Court for seeking sanction of this Scheme.

16. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 16.1 The Transferor Company and the Transferee Company by their respective Board may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the High Court and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board). The Transferor Company and the Transferee Company by their respective Board be and are hereby authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.
- 16.2 In the event of any of the conditions that may be imposed by the High Court or other authorities which the Transferor Company and/or the Transferee Company may find unacceptable for any reason, in whole or in part of the Scheme, then Transferor Company and/or the Transferee Company are at liberty to withdraw the Scheme in whole or such part thereof and such withdrawal of a part of the Scheme will however no affect the other parts of the Scheme.

17. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

The Scheme is conditional upon and subject to:

- 17.1 The approval by the respective requisite majorities of the members and/or creditors (where applicable) of the Transferor Company and the Transferee Company as required under the Act and the requisite orders of the High Court being obtained;
- 17.2 The certified copy of the High Court order sanctioning the Scheme being filed with the Registrar of Companies, Andhra Pradesh at Hyderabad; and such other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

18. EFFECT OF NON-RECEIPT OF APPROVALS

In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Transferor and the Transferee Companies shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the High Court, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme. Further, in the case of non-receipt of approvals to the Scheme, no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the Transferor Company or the Transferee Companies or their shareholders or creditors or employees or any other person.

19. BINDING EFFECT

Upon the Scheme becoming effective, the same shall be binding on the Transferee Company and all concerned parties without any further act, deed, matter or thing.

20. COSTS

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the Transferee Company.

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**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH
AT HYDERABAD
(ORIGINAL JURISDICTION)**

**COMPANY APPLICATION NO. 1688 OF 2011
IN THE MATTER OF COMPANIES ACT, 1956 (1 OF 1956)
AND
IN THE MATTER OF SECTIONS 391 AND 394 OF THE SAID ACT
AND
IN THE MATTER OF M/S. LGS GLOBAL LIMITED
AND
IN THE MATTER OF M/S. YBRANT DIGITAL LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**

M/s. LGS Global Limited,

a Company incorporated under the Companies Act, 1956 having its Registered Office at 8-2-293/82/A/796/B, Road No.36, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh
Represented by its Managing Director
Shri K.Venkata Subba Rao

... Applicant / Transferee Company

FORM OF PROXY

I/we, the undersigned shareholder/s of the above company hereby appoint Mr./Mrs. as my/our proxy, to act for me/our at the meeting of the shareholders to be held at K.L.N. Prasad Auditorium Federation House, FAPPCI, FAPPCI Marg, Red Hills, Hyderabad – 500 004, on Saturday the 24th day of December, 2011 at 11.30 AM, for the purpose of considering and if thought fit, approving with or without modification(s), the proposed Scheme of Amalgamation of Ybrant Digital Limited with LGS Global Limited and their respective shareholders and at such meeting and any adjournment thereof, to vote, for me/us and in my/our name (herein if for insert “for”, if against, insert “against”) the said Scheme of amalgamation of either with or without modification(s) as my/our proxy my approve.

Dated this _____ day of December, 2011.

Signature : _____ Name : _____

Address : _____ No. of shares held : _____

DP. ID, Client ID/Folio No : _____

(Strike whichever is not applicable).

M/s. LGS GLOBAL LIMITED

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

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting venue)

Name and address of the Shareholder : _____

No. of Shares held _____

DP. ID, Client ID/Folio No. _____

I/we certify that I/we am/are registered shareholder/proxy for the registered shareholder of the company. I/we hereby record my/our presence at the meeting of the shareholders of the company to be held at K.L.N. Prasad Auditorium, Federation House, FAPPCI, FAPPCI Marg, Red Hills, Hyderabad – 500 004, on Saturday the 24th day of December, 2011 at 11.30 AM.

Member's / Proxy's Name
in block letters.

Member's / Proxy's Signature.

Note: Please fill in this attendance slip and hand it over at the entrance of the hall.

**PRINTED MATTER
BOOK-POST**

If undelivered, please return to:



LGS GLOBAL LIMITED

**Registered office: 8-2-293/82/A/796/B, Road No.36,
Jubilee Hills, Hyderabad – 500 033, AP.**