

12th Annual Report 2010-2011



CONTENTS

PAGE No.

■ Corporate Information	01
■ Notice	03
■ Directors' Report	09
■ Management Discussion & Analysis	14
■ Corporate Governance	20
■ Standalone Financial Statements	
■ Auditor's Report	35
■ Balance Sheet	38
■ Profit & Loss Account	39
■ Schedules	40
■ Cash Flow Statement	49
■ Balance Sheet Abstract and Company's General Business Profile	50
■ Consolidated Financial Statements	
■ Auditor's Report	51
■ Balance Sheet	52
■ Profit & Loss Account	53
■ Schedules	54
■ Cash Flow Statement	63
■ Balance Sheet Abstract and Company's General Business Profile	64
■ Statement under Section 212	65

Corporate Information

Board of Directors

Mr. Venkata Subba Rao Karusala
Mr. Venkateswara Rao Kadiyala
Mr. Sasikanth Chivukula
Dr. Rajesh Sankhla
Mr. Kishore Kumar Putta
Mr. Venkata Subbaraju Kanumuri

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

Vice President (F & A)

CA Srinivasa Rao Yepuri

Company Secretary

CS Jagadeeshwara Rao Mabagapu

Statutory Auditors

M/s. P. Murali & Co.,
Chartered Accountants,
6-3-655/2/3, Somajiguda,
Hyderabad - 500 082,
Andhra Pradesh, India.
Tel.: +91-40-23326666
Fax: +91-40-23392474

Registrar & Share Transfer Agent

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

Bankers

Axis Bank Limited
State Bank of India
Canara Bank

Listing

Bombay Stock Exchange Limited (BSE)
Madras Stock Exchange Limited (MSE)

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

SEZ Unit

Block - 401, Building No. 14,
Survey No. 64, Mindspace,
Cyberabad, Madhapur,
Hyderabad - 500 081, A. P.
Tel: +91 40 6699 4499
Fax: +91 40 6699 4488

NOTICE is hereby given that the **12th Annual General Meeting** of the Members of **LGS GLOBAL LIMITED** (formerly, Lanco Global Systems Limited) will be held on **Tuesday, September 27, 2011 at 12.00 noon** 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 March 31, 2011;
 - (b) Audited Profit and Loss Account for the financial year ended on that date;
 - (c) Auditor's Report thereon; and
 - (d) Directors' Report thereon;
2. To declare dividend for the financial year ended March 31, 2011.
3. To appoint a Director in place of Mr. Venkateswara Rao Kadiyala, 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 on such remuneration as may be determined by the Board of Directors of the Company.

SPECIAL BUSINESS

5. ***To appoint Mr. Chivukula Sasikanth as Director of the Company***

To consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT Mr. Chivukula Sasikanth, who was appointed by the Board of Directors as an Additional Director with effect from February 4, 2011 and who holds the office of Director up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby

appointed as a Director of the Company liable to retire by rotation."

6. ***To appoint Dr. Rajesh Sankhla as Director of the Company***

To consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT Dr. Rajesh Sankhla, who was appointed by the Board of Directors as an Additional Director with effect from February 4, 2011 and who holds the office of Director up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. ***To appoint Mr. Kishore Kumar Putta as Director of the Company***

To consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT Mr. Kishore Kumar Putta, who was appointed by the Board of Directors as an Additional Director with effect from February 4, 2011 and who holds the office of Director up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. ***To appoint Mr. Venkata Subbaraju Kanumuri as Director of the Company***

To consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT Mr. Venkata Subbaraju Kanumuri, who was appointed by the Board of Directors as an Additional Director with effect from February 4, 2011 and who holds the office of Director up to the date of this Annual General Meeting of the Company in

terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. *To reappoint Mr. Venkata Subba Rao Karusala as Managing Director*

To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Shareholders be and is hereby accorded for the reappointment of Mr. Venkata Subba Rao Karusala as Managing Director for further period up to February 15, 2012 with effective from July 28, 2011 on the following terms and conditions:

- a) Remuneration of Rs. 30,00,000/- (Rupees Thirty Lakhs only) per annum.
- b) Contribution to Provident Fund as per the rules of the company.
- c) Provision of Car and Telephone, Internet, Mobile, Fax for Office use.
- d) Group Medical & Personal Accident Insurance as per the rules of the company.

"RESOLVED FURTHER THAT the above remuneration shall be subject to the overall ceiling laid down under section 198 and 309 read with Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT notwithstanding anything contained herein above, where, in any financial year during the currency of this appointment, the Company has no profits or its profits are inadequate, the above remuneration payable to the Managing Director shall be governed by and subject to the limits prescribed under Section II, Part II of Schedule XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as minimum remuneration".

"RESOLVED FURTHER THAT no sitting fee shall be payable for attending meetings of the Board of Directors or any Committee(s) thereof."

10. *To reappoint Mr. Venkateswara Rao Kadiyala as Joint Managing Director*

To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Shareholders be and is hereby accorded for the reappointment of Mr. Venkateswara Rao Kadiyala as Joint Managing Director for further period up to February 15, 2012 with effective from July 28, 2011 on the following terms and conditions:

- a) Remuneration of Rs. 30,00,000/- (Rupees Thirty Lakhs only) per annum.
- b) Contribution to Provident Fund as per the rules of the company.
- c) Provision of Car and Telephone, Internet, Mobile, Fax for Office use.
- d) Group Medical & Personal Accident Insurance as per the rules of the company.

"RESOLVED FURTHER THAT the above remuneration shall be subject to the overall ceiling laid down under section 198 and 309 read with Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT notwithstanding anything contained herein above, where, in any financial year during the currency of this appointment, the Company has no profits or its profits are inadequate, the above remuneration payable to the Joint Managing Director shall be governed by and subject to the limits prescribed under Section II, Part II of Schedule XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as minimum remuneration".

"RESOLVED FURTHER THAT no sitting fee shall be payable for attending meetings of the Board of Directors or any Committee(s) thereof."

By order of the Board
For **LGS GLOBAL LIMITED**

CS JAGADEESHWARA RAO M
Company Secretary

Place : Hyderabad
Date : August 23, 2011

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 **Saturday, September 24, 2011 to Tuesday, the September 27, 2011** (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 September 27, 2011 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 Friday, September 23, 2011;
 - (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 Friday, September 23, 2011;
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.
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 re-appointment in the Annual General Meeting is annexed.

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

ITEM NO.5

Mr. Chivukula Sasikanth was appointed as an Additional Director of the Company on February 4, 2011. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Chivukula Sasikanth holds the office only up to the date of ensuing Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received notice under Section 257 of the Companies Act, 1956, in respect of Mr. Chivukula Sasikanth, proposing his candidature to the office of Director of the Company, along with the requisite deposit of Rs. 500/-. The approval of members is required for his appointment as Director.

Brief Profile: Details regarding the person proposed to be appointed as Director has been given in the Annexure attached to the Notice.

Nature of concern & interest: Except Mr. Chivukula Sasikanth, being the proposed appointee, to the extent of his appointment, no other director of the company is interested or concerned in the resolution.

ITEM NO.6

Dr. Rajesh Sankhla was appointed as an Additional Director of the Company on February 4, 2011. As per the provisions of Section 260 of the Companies Act, 1956, Dr. Rajesh Sankhla holds the office only up to the date of ensuing Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received notice under Section 257 of the Companies Act, 1956, in respect of Dr. Rajesh Sankhla, proposing his candidature to the office of Director of the Company, along with the requisite deposit of Rs. 500/-. The approval of members is required for his appointment as Director.

Brief Profile: Details regarding the person proposed to be appointed as Director has been given in the Annexure attached to the Notice.

Nature of concern & interest: Except Dr. Rajesh Sankhla, being the proposed appointee, to the extent of his appointment, no other director of the company is interested or concerned in the resolution.

ITEM NO.7

Mr. Kishore Kumar Putta was appointed as an Additional Director of the Company on February 4, 2011. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Kishore Kumar Putta holds the office only up to the date

of ensuing Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received notice under Section 257 of the Companies Act, 1956, in respect of Mr. Kishore Kumar Putta, proposing his candidature to the office of Director of the Company, along with the requisite deposit of Rs. 500/-. The approval of members is required for his appointment as Director.

Brief Profile: Details regarding the person proposed to be appointed as Director has been given in the Annexure attached to the Notice.

Nature of concern & interest: Except Mr. Kishore Kumar Putta, being the proposed appointee, to the extent of his appointment, no other director of the company is interested or concerned in the resolution.

ITEM NO.8

Mr. Venkata Subbaraju Kanumuri was appointed as an Additional Director of the Company on February 4, 2011. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Venkata Subbaraju Kanumuri holds the office only up to the date of ensuing Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received notice under Section 257 of the Companies Act, 1956, in respect of Mr. Venkata Subbaraju Kanumuri, proposing his candidature to the office of Director of the Company, along with the requisite deposit of Rs. 500/-. The approval of members is required for his appointment as Director.

Brief Profile: Details regarding the person proposed to be appointed as Director has been given in the Annexure attached to the Notice.

Nature of concern & interest: Except Mr. Venkata Subbaraju Kanumuri, being the proposed appointee, to the extent of his appointment, no other director of the company is interested or concerned in the resolution.

ITEM NO.9

Mr. Venkata Subba Rao Karusala was initially appointed as Vice Chairman & Managing Director for a period of three years w.e.f. July 28, 2008 and the same was approved by the Members of the company in the 9th Annual General Meeting held on September 30, 2008. Consequently, the Designation has been changed as Managing Director w.e.f. November 18, 2009 and the same was approved by the Members of the company in the 10th Annual General Meeting held on December 30, 2009.

The present term was expired on July 28, 2011. Therefore, the Board of Directors of the Company in its meeting held on July 23, 2011, subject to the Members approval, re-appointed Mr. Venkata Subba Rao Karusla as Managing Director for further period up to February 15, 2012 on such terms and conditions and remuneration given in the resolution.

Disclosure of Memorandum of Interest u/s. 302: The abstract of terms of reappointment and remuneration payable to the Managing Director and memorandum of interest pursuant to Section 302 of the Companies Act, 1956 was already circulated to the shareholders to their registered address.

Compliance under the Companies Act, 1956: In compliance with the provisions of Section 269 and 309 read with Schedule XIII of the Companies Act, 1956, the terms of re-appointment and remuneration as specified in the resolution, are now placed before the members in the Annual General Meeting for their approval.

Nature of concern & interest: Except Mr. Venkata Subba Rao Karusala, to the extent of his re-appointment, no other director of the company is interested or concerned in the resolution. Mr. Venkata Subba Rao Karusala is promoter director and holding 713963 equity shares in the company.

ITEM NO.10

Mr. Venkateswara Rao Kadiyala was initially appointed as Executive Co-Chairman for a period of three years w.e.f. July 28, 2008 and the same was approved by the Members of the company in the 9th Annual General Meeting held on September 30, 2008. Consequently, the Designation has been changed as Joint Managing Director w.e.f. November 18, 2009 and the same was approved by the

Members of the company in the 10th Annual General Meeting held on December 30, 2009.

The present term was expired on July 28, 2011. Therefore, the Board of Directors of the Company in its meeting held on July 23, 2011, subject to the Members approval, re-appointed Mr. Venkateswara Rao Kadiyala as Joint Managing Director for further period up to February 15, 2012 on such terms and conditions and remuneration given in the resolution.

Disclosure of Memorandum of Interest u/s. 302: The abstract of terms of reappointment and remuneration payable to the Joint Managing Director and memorandum of interest pursuant to Section 302 of the Companies Act, 1956 was already circulated to the shareholders to their registered address.

Compliance under the Companies Act, 1956: In compliance with the provisions of Section 269 and 309 read with Schedule XIII of the Companies Act, 1956, the terms of re-appointment and remuneration as specified in the resolution, are now placed before the members in the Annual General Meeting for their approval.

Nature of concern & interest: Except Mr. Venkateswara Rao Kadiyala, to the extent of his re-appointment, no other director of the company is interested or concerned in the resolution. Mr. Venkateswara Rao Kadiyala is promoter director and holding 713963 equity shares in the company.

By order of the Board
For **LGS GLOBAL LIMITED**

Place: Hyderabad
Date : August 23, 2011

CS JAGADEESHWARA RAO M
Company Secretary

IMPORTANT COMMUNICATION TO THE MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including annual report can be sent by e-mail to its members. To support this green initiative, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and in respect of physical holding with their Registrar & Share Transfer Agent (RTA) i.e Aarthi Consultants Private Limited. Members holding shares in physical form may send their requests to RTA address or placing request through website www.aarthiconsultants.com; or Company website www.lsgsglobal.com; under investor section in the "Go green initiative" button.

Annexure to Notice

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. Chivukula Sasikanth	Dr. Rajesh Sankhla	Mr. Kishore Kumar Putta	Mr. Venkata Subbaraju Kanumuri	Mr. Venkata Subba Rao Karusala	Mr. Venkateswara Rao Kadiyala
Date of Birth	09.03.1951	06.07.1957	15.05.1972	16.10.1972	06.03.1968	14.04.1971
Date of Appointment	04.02.2011	04.02.2011	04.02.2011	04.02.2011	27.03.2008	27.03.2008
Relationship with other Directors	None	None	None	None	None	None
Expertise in specific function area	Corporate Finance, Strategic Planning, Project Management	Software e-Governance Projects, Industrialist in electronic components	Industrialist and Software Entrepreneur	Entrepreneur in Software Industry	Entrepreneur in Software Industry & Infrastructure Management	Entrepreneur in Software Industry
Qualification	Chartered Accountant	M.Sc., Ph.d.	M.S. (USA) B.Tech.	M.Sc.,	Master of Technology from REC, Warangal Fellow of Institute of Engineers	Bachelor of Science, Master's Degree in Computer Applications
Board membership of other Indian companies	Winmeen Business Advisors Pvt. Ltd. Shan Solar Pvt. Ltd. Aerospace Infrastructure Ltd. Suryakanth Powersystems Pvt. Ltd. Parkson Energy Company Pvt., Ltd., Kurumpetty Hydro Projects Pvt. Ltd., Upper Poringal Hydro Projects Pvt. Ltd. Vattappara Hydro Projects Pvt. Ltd. Palakkayam Hydro Projects Pvt. Ltd.	Pragya Mines and Resources Private Limited	Parkson Thermal Power (India) Pvt. Ltd. Koundanyashya Power Generation Pvt. Ltd. GC Power Pvt. Ltd. Parkson Power Projects Pvt. Ltd. Manisha Agro Biotech Pvt. Ltd. Prakruti Seeds Pvt. Ltd. Prakruti Electricals Systems Pvt. Ltd. SGC Biotech Pvt. Ltd.	GENEX Technologies Pvt. Ltd.	Keystone Infratech India Pvt. Ltd. Hi-Rise Housing Projects Pvt. Ltd. Pragya Mines and Resources Pvt. Ltd. Tech Orbit Software Technologies Pvt. Ltd. S2 Agro Bio Tech Pvt. Ltd. 3K Agro Tech Pvt. Ltd.	Rithwik Projects Pvt. Ltd. Tech Orbit Software Technologies Pvt. Ltd. S2 Agro Bio Tech Pvt. Ltd. 3K Agro Tech Pvt. Ltd.
Chairman / member of the committee of the Board of Directors of the Company	Chairman of Audit Committee Member of Remuneration & Compensation Committee and Shareholders' Grievance Committee	Member of Audit Committee, Remuneration & Compensation Committee, Management Committee and Shareholders' Grievance Committee	Chairman of Shareholders' Grievance Committee and Member of Management Committee	Member of Audit Committee, Remuneration & Compensation Committee and Management Committee	Member of Remuneration & Compensation Committee and Management Committee	Member of Audit Committee, Management Committee and Shareholders' Grievance Committee
Chairman / Member of the committees in other companies in which he is a Director	Nil	Nil	Nil	Nil	Nil	Nil
Number of shares held in the Company	Nil	Nil	Nil	Nil	713963	713963

To
The Members

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

FINANCIAL RESULTS

(Rupees in Lakhs)

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

DIVIDEND

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

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

TRANSFER OF UNPAID DIVIDEND

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

Directors' Report

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

TRANSFER TO RESERVES

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

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

OPERATIONAL RESULTS & BUSINESS

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

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

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

SUBSIDIARIES

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

PARTICULARS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

CHANGES & DEVELOPMENTS DURING THE YEAR AND THEREAFTER

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

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

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

FIXED DEPOSITS

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

HUMAN RESOURCES

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

PARTICULARS OF EMPLOYEES

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

AUDITORS

M/s. P. Murali & Co., Chartered Accountants, Auditors of the Company will retire at the conclusion of the Annual General Meeting and are eligible for re-appointment. They have conveyed their willingness to accept re-appointment and confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956.

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

DIRECTORS

Retires by rotation:-

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

Appointments:-

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

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

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

Re-appointment of MD & JMD:

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

Resignations:

During the year following directors were resigned from the Board:

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

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

GROUP FOR INTER-SE TRANSFER OF SHARES

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

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

REPORT ON CORPORATE GOVERNANCE

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

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

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

MANAGEMENT DISCUSSION & ANALYSIS

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

DECLARATION ON CODE OF CONDUCT

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

LISTING OF SHARES & ANNUAL LISTING FEE

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

DISCLOSURE ON COMPANY'S EMPLOYEES STOCK OPTIONS

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

CASH FLOW STATEMENT PURSUANT TO CLAUSE 32

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

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

The particulars, as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are as following:

(i) Details of Conservation of Energy

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

- Implementation of viable energy audit proposals.
- Installation of automatic power factor controllers to save maximum demand charges and energy.
- Training front-end operational persons on the opportunities and importance of energy conservation.
- Automation of air conditioners is taken up in all locations.
- Precision temperature controllers are installed in all locations.
- Awareness and training sessions for maintenance personnel were conducted by experts.

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

(ii) Research & Development and Technology Absorption

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

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

Vertical Focus would primarily deal with building Centers of Excellence (CoE) around verticals such as financial services, Life sciences, pharmacy, energy, retail and process / discrete manufacturing. The Company would also setup Research & Development facilities around tools supporting some of the COTS solutions and in the BI space. Specialized process oriented tools to enhance business process performance are ready for deployment. The Company would be developing products for B2B and SaaS.

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

(iii) Foreign Exchange Earnings and outgo

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

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

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

Amount in Rs.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in preparation of annual accounts containing financial statements for the financial year ended March 31, 2011 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 AND APPRECIATIONS

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

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

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

For and on behalf of the Board of Directors

LGS GLOBAL LIMITED

Venkata Subba Rao Karusala
Managing Director

Venkateswara Rao Kadiyala
Joint Managing Director

Place : Hyderabad

Date : August 23, 2011

Management Discussion & Analysis

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute forward looking statement within 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

Changing economic and business conditions and rapid technological innovation are creating an increasingly competitive market environment that is driving corporations to transform their operations. Consumers of products and services are increasingly demanding accelerated delivery times and lower prices. Companies are focusing on their core competencies and using outsourced technology service providers to adequately address these needs. The role of technology has evolved from supporting corporations to transforming their business. LGS has a strong base in fast growing markets. The company's advanced technologies and insights into growing segments like mobile applications and cloud computing, equip to service the best of companies and foster the optimal utilization of technology budgets across futuristic opportunities. The company is well equipped and supported by highly qualified professionals to complement varied requirements in the areas of mobile applications and cloud computing. LGS' plans to penetrate into more markets with locally established front-end sales team is expected to bring in desired results.

Market predictions are that India's next outsourcing market converges with mobile applications. The increased engagements in the digital medium, especially mobile will be the driving force behind reaching greater heights.

To reiterate, a SWOT of LGS: Global footprints, Entry into futuristic and growing markets, Comprehensive range of services, Robust Technology Platforms, Agile Team, Deep domain knowledge, Complementary merger plans and Pricing Edge are the main strengths and weaknesses are Dynamic global technology and the need to match varied mobile requirements; whereas Growing Mobile usage and dependence, Growing mobile internet penetration and India emerging a strong market are the opportunities and Competition and Industry standards and regulations while operation in different countries are the main threats.

The Mobile Market: Developers for hire for mobile applications may generate \$5.6 billion in revenue by 2015, a 14-fold jump from this year, estimates Forrester Research Inc. There are 5.3 billion mobile subscribers (that's 77 percent of the world population). Growth

is led by China and India. The world has witnessed a rise in mobile devices, while smartphone sales showed the strongest growth. The interesting fact is that half a billion people accessed mobile Internet worldwide in 2009. Usage is expected to double within five years as mobile overtakes the PC as the most popular way to get on the Web. With the industry growing at large across the world, by 2011, over 85 percent of new handsets will be able to access the mobile Web. Today in US and W. Europe, 90% of mobile subscribers have an Internet-ready phone which is a sign for progressive growth. Presently, almost one in five global mobile subscribers have access to fast mobile Internet (3G or better) services and the number of 3G handsets is growing fast.

Cloud Computing: Cloud is rapidly changing the world. It is enabling new business models and creating pressure in the system to match up. Cloud is the emerging paradigm with on-demand IT infrastructure and the use of on-demand software applications, both are essential for a business to perform better and cut their cost spend on IT infrastructure and business applications. Cloud computing takes these steps to a new level and allows an organization to further reduce costs through improved utilization, reduced administration and infrastructure costs, and faster deployment cycles. The cloud is a next generation Model that provides dynamic resource pools, virtualization, and high availability.

II. OUTLOOK AND OPPORTUNITIES

The outlook and the opportunities in the mobile and cloud computing segment looks promising. In mature markets, such as Western Europe and Japan, approximately 60% of handsets shipped will be smart phones with sophisticated browsing capabilities. In mature markets, the mobile Web, along with associated Web adaptation tools, will be a leading technology for business to consumer (B2C) mobile applications through 2012, and should be part of every organization's B2C technology portfolio. There are more than 60 different types/versions of mobile browser in use on mobile handsets. This makes mobile Web design more complicated than desktop Web design.

Implementing Cloud Model - Advantages: "Cloud computing" has dramatically changed how business applications are built and run. At its core, cloud computing eliminates the costs and complexity of evaluating, buying, configuring, and managing all the hardware and software needed for enterprise applications. Instead, these applications are delivered

as a service over the Internet. Business analysts are beginning to tap Amazon and Google's computers to analyze data on the Internet for business intelligence.

Cloud computing turns the enterprise infrastructure cost to a variable cost by giving on demand computational power. It provides organization with an infinite computing capacity, allows the organization to concentrate on core business and reduce the cost spend on infrastructure.

As a vendor it reduces the cost of application maintenance and enhancement since we need to maintain only one environment. It is two ways cost saving both for vendor and customer. Massive amount of dollars can be saved in the outsourcing industry, by reducing the amount they invest in desktops and use devices which are more congenial to connect internet and work like cherry pal C100.

The software and hardware enhancement is taken care by the LGS, where as you will get most advanced technologies in market for less cost, whereas the acquiring license cost will be one time for the vendor.

The software piracy may be controlled to a huge extend as everyone is using the service via internet and controlled by provider.

The Infrastructure clouds are best suited for data intensive applications which require high computing power and do not require real time response from server like OLAP systems.

QUALITY MANAGEMENT SYSTEM

A growing enterprise seeks continuous improvements in productivity, efficiency, and quality of service in order to remain profitable. To meet the demands of the clients, companies must build on the strengths of the past to create a dynamic future. With renewed purpose, effective plans for improvement, and innovative practices, LGS has set goals with regards to quality to reach the pinnacle of its growth. LGS started its quality journey from the very beginning and has been continuously improving the quality management system - EQUIP (Enabling Quality and improving Processes).

EQUIP is a framework that facilitates the integration of extensive delivery, consulting and Project Management methodologies in solution implementations and services. EQUIP enables to deliver Quality services to the clients continuously and consistently throughout project and product life cycle by following various metrics tailored as per the requirements. EQUIP methodology leverages some of the best practices of Rational Unified Process (RUP),

Rapid Application Development (RAD) and extreme Programming (XP).

LGS follows EQUIP processes and procedures to deliver clients' requirements and to attain customer delight. The Strategic Global Sourcing Group consists of senior professionals and has been established to identify, secure and manage new, large and long-term client engagements.

Quality Certificates and Assessments: The Company complies with CMMI framework and is reappraised at CMMI ML 3 with an upgraded version 1.2, 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 to improve customer confidence:

- 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.

Certifications and Partnerships: The Company has retained 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 continued to foster our strategic partnerships with SAP, Oracle, software AG and other major vendors. The company also had a strategic distributorship with world's leading identity solutions company L-1 in India targeting Aadhaar (UID) infrastructure.

Strengths and Opportunities of the Company:

Strengths:

- In depth knowledge and capabilities of Mobile Applications/Cloud Computing/Health Care industry enables to extend good service.
- 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.

Management Discussion & Analysis

- 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 in different regions and NHMS mission in health care industry.

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

The Company is presently engaged in the business of providing Software Services. LGS is providing strategy and solutions to customers involved in the following verticals through *ERP Practice*, *SAP Practice*, *Oracle Practice*, *MS Dynamics*, *Business Intelligence*, *ISS Infrastructure Support Services* and *Open Source Technologies*.



ERP Practice: LGS evaluates enterprises and analyzes their information system requirements to design solutions that include the 'right' software and hardware. Its knowledge of ERP and pool of talented resources enable LGS to deliver cutting-edge solutions through in-house SAP and Oracle practices.

SAP Practice: LGS has implemented, upgraded and maintained ERP systems for a wide range of industry sectors. LGS has developed core competencies with leading applications, such as SAP, Oracle Applications and PeopleSoft. LGS offers a portfolio of solutions that is modified to specific standards, processes and challenges of the industry, and delivers rich functionality and productivity building tools.

Oracle Practice: LGS is an Oracle partner and specializes in the implementation of Oracle Applications and Oracle Technology based solutions. LGS leverages in-house Oracle expertise to deliver high-value, cost-effective Oracle solutions both in Custom built arena and Enterprise Applications. LGS helps organizations deliver better services to customers and improve efficiencies. LGS offers complete services for Oracle Technology and e-Business Suite Implementations, Migrations, Integrations, Customizations and Upgrades to latest product releases. LGS provides quality service in implementing a wide range of solutions like Oracle e-Business Suite, PeopleSoft Enterprise, JD Edwards Enterprise one, SIEBEL, MS Dynamics to name a few.

MS Dynamics: LGS has translated all its experience into service offerings that provide immense value to its clients. Some of these offerings are deliberately broad in nature and some of them are focused on solving specific challenges faced by the clients. LGS offerings include Application Development and Integration, Application Development on a BOT Model, Re-engineering and Migration, Microsoft Dynamics Implementation, Maintenance and Support, Product Development, R & D Outsourcing and Infrastructure Management.

Business Intelligence: Business Intelligence (BI) is about getting the right information, to the right decision makers, at the right time. BI services help to bring together the data from disparate sources through multiple channels, transforming the data into intelligence and delivering it to the right people, at the right time, through the right channel.

ISS Infrastructure Support Services: LGS offers IT Infrastructure Support Services which are flexible and agile for the global customers. LGS has in place, well-defined service level agreements (SLAs) which epitomize reliability and ensure consistency in performance.

Open Source Technologies: LGS is a truly open source development company and has developed many custom based open source applications and open source websites which are highly reliable, robust and secure. LGS strongly believes in the value of open source software very extensively. These widely-used open source technologies provide a stable, scalable and cost effective solution while allowing a rapid development. The aim is to help small and medium enterprises to maximize their return on software investment by allowing them to cut cost. LGS delivers high quality services using established methodologies and toolsets for Web based business solutions

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: At present, we have only one class of shares - equity shares of par value of Rs 10/- each. Our authorized share capital is Rs 60 crore, divided into 6 crore equity shares of Rs 10/-each. The issued, subscribed and paid up equity share capital stood at Rs. 25,42,36,670/- as at March 31, 2011 (same as previous year). Pursuant to the approval of the members in the EGM held on July 15, 2011, the Board allotted 3,00,00,000 (Three Crores) convertible equity warrants of each warrant convertible in to one equity share of Rs. 10/- each to the persons under promoter group in compliance with SEBI (Issue of Capital and Disclosure Requirements) Regulations and other applicable laws.

Dividend: Board of Directors have recommended a dividend of Re. 1/-per Equity share (10%) on face value of Rs. 10/- per share for the financial year ended March 31, 2011. The dividend, if declared as above, would involve an outflow of Rs. 2,54,23,667/- towards dividend and Rs. 42,22,553/- towards dividend tax, resulting in a total outflow of Rs. 2,96,46,220/-. 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 is 10% of the paid up capital, hence an amount of Rs. 63,55,917 transferred to the General 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. 1,22,63,597/- towards the one fifth Goodwill written off for the year 2010-11 being the goodwill arised 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. 29849.19 lakhs as against Rs. 23713.69 lakhs in the previous year. The consolidated total income was Rs. 46721.17 lakhs as against Rs. 38085.84 lakhs in previous year.

Loans, Investments and Liabilities:

Secured Loans from Axis Bank: The Term Loan amounting to Rs.500 Lacs, Working Capital of Rs. 4500 lakhs and Bank Guarantee of Rs. 400 Lakhs from Axis Bank Ltd is secured by charge on current assets, fixed assets of the company.

Collateral Security: Pledge of promoters shares, Mortgage of Land and personal guarantee of promoter directors.

Secured loans from SBI Global factors: The Factoring facility of Rs. 1750 lakhs from SBI Global Factors Ltd is secured by the 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.

Secured Loan from SBI: Working Capital of Rs. 3000 Lakhs, Term Loan of Rs. 400 lakhs and Bank Guarantee of Rs. 1000 lakhs from State Bank of India are secured by current assets, Fixed Assets.

Collateral Security: Pledge of Promoters shares, mortgage of Land and personal guarantee of Promoter Directors.

Investments: During the year, the company invested Rs. 162.43 Lakhs (USD 0.36 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.

Management Discussion & Analysis

Liabilities: The deferred income tax provision for the current year amounts to Rs. 7,206,262/- towards deferred income tax liability as against Rs.24,95,479/- towards deferred income tax Liability in the previous year and the Contingent liability of Rs 31,619,269 /- as on March 31, 2011 towards Bank Guarantee was given to different parties for Tender participation.

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) Decreases in IT budgets, volatility in currencies and withdrawal of tax benefits.
- d) Competition from China and other Asian countries for global BPO market share.
- e) As the Company predominantly has operations outside India, any regulatory or legislative changes in other countries will pose a risk which may affect the operations of the Company.
- f) The global operations expose the Company to complex management, foreign currency, legal, tax and economic risks.
- g) Moves to stimulate the hardware sector are having mixed results.
- h) 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.
- i) 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.
- j) 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.

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

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

India Office	India Office - SEZ Unit	USA Office
8-2-293/82/A/796/B, Road No. 36, Jubilee Hills, Hyderabad - 500 033, A. P.	Block - 401, Building No. 14, Survey No. 64, Mindspace, Cyberabad, Madhapur, Hyderabad - 500 081, A. P.	21351 Gentry Dr. Suite 110-A, Sterling, VA 20166

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. A specialized ORG Team for recruitment is continuously hunting and processing appropriate talent resources at all levels of the organization.

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 within 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 : August 23, 2011

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The basic philosophy of Corporate Governance of the Company is to achieve business excellence and enhance shareholder value keeping in view the interest of all stake-holders. The Company stands by transparency in all its dealings and strict regulatory compliance.

2. BOARD OF DIRECTORS

- (a) Your Company has optimum combination of executive, non executive, independent and non independent directors in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. Your Company has total strength of 6 directors consisting of 2 Executive Directors and 4 Non Executive Independent directors.
- (b) None of the directors on the Board is a member of more than 10 committees or chairman of more than 5 committees as specified in Clause 49, across all the companies in which he is a director. Necessary disclosures regarding committee positions in other public companies have been made by the directors.

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

Name of the Director	Category	Designation	No. of Directorships in other Public Companies	No. of Committees positions held in other Public Companies	
				Chairman	Member
Mr. Venkata Subba Rao Karusala	Promoter & Executive Director	Managing Director	Nil	Nil	Nil
Mr. Venkateswara Rao Kadiyala	Promoter & Executive Director	Joint Managing Director	Nil	Nil	Nil
Mr. Sasikanth Chivukula	Non Executive Independent Director	Director	1	Nil	Nil
Dr. Rajesh Sankhla	Non Executive Independent Director	Director	Nil	Nil	Nil
Mr. Kishore Kumar Putta	Non Executive Independent Director	Director	Nil	Nil	Nil
Mr. Venkata Subbaraju Kanumuri	Non Executive Independent Director	Director	Nil	Nil	Nil

- (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) Five Board Meetings were held during the financial year ended March 31, 2011. 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. May 03, 2010
 2. July 09, 2010
 3. August 14, 2010
 4. November 11, 2010
 5. February 04, 2011

Name of the Director	No. of Board Meetings (during the year 2010-11)		Whether attended last AGM held on 24.12.2010
	Held	Attended	
Mr. Venkata Subba Rao Karusala	5	5	YES
Mr. Venkateswara Rao Kadiyala	5	4	YES
Mr. Anand Boddapaty*	5	5	YES
Mr. Pradeep Kumar Dev Vyricherla [§]	5	5	YES
Mr. Sasikanth Chivukula	1	1	NO
Mr. Kishore Kumar Putta	1	1	NO
Dr. Rajesh Sankhla	1	Nil	NO
Mr. Subba Raju Kanumuri	1	Nil	NO

* Alternate Director to Dr. Prasada Rao VDM Ravella and resigned from the Board with effect from February 12, 2011.

§ Resigned from the Board with effect from February 8, 2011.

Leave of absence was granted to those directors, who requested the same for not attending of the Board meetings 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 Independent directors has any pecuniary or material relationship or transaction with the Company.
- (g) 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.
- (h) Board Committees: To enable better management of the affairs of the Company, the Board delegates certain matters to Committees of the Board set up for the purpose. The proceedings of the meetings of the Committees are circulated to the Board. The Minutes of the Committee meetings are placed before the Board for its adoption.

3. AUDIT COMMITTEE

- (a) The Audit Committee of the company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- (b) The brief description of terms of reference of the Audit Committee 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 (Finance & Accounts) 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 then Chairman of the Audit Committee Mr. Pradeep Kumar Dev attended the previous Annual General Meeting of the Company held on December 24, 2010 in terms of Clause 49 of the Listing Agreement.
- (f) The composition of the Audit Committee as on date and particulars of meetings attended by the members of the Audit Committee are given below:

The Audit Committee comprises of Three Non Executive Independent Directors namely Mr. Sasikanth Chivukula, Dr. Rajesh Sankhla and Mr. Venkata Subba Raju Kanumuri and One Executive Director namely Mr. Venkateswara Rao Kadiyala. Mr. Chivukula Sasikanth, Non Executive Independent Director is the Chairman of the Audit Committee. Mr. Sasikanth is a Qualified Chartered Accountant and having rich experience in Corporate Finance & Accounting.

Five Audit Committee Meetings were held during the financial year ended March 31, 2011. The dates on which the Meetings were held are as follows:

May 3, 2010; July 9, 2010; August 14, 2010; November 11, 2010; February 4, 2011

Name of the Member	Status in the Committee	No.of Meetings (during the year 2010-11)	
		Held	Attended
Mr. Pradeep Kumar Dev Vyricherla [§]	Chairman	5	5
Mr. Anand Boddapati*	Member	5	5
Mr. Venkateswara Rao Kadiyala	Member	5	4
Mr. Sasikanth Chivukula [%]	Chairman	1	1
Dr. Rajesh Sankhla	Member	N.A	N.A
Mr. Venkata Subba Raju Kanumuri	Member	N.A	N.A

[§] Resigned from the Board and hence not the Chairman of the Audit Committee with effect from February 8, 2011.

* Alternate Director to Dr. Prasada Rao VDM Ravella and resigned from the Board with effect from February 12, 2011.

[%] Chairman to the Audit Committee w. e. f. May 12, 2011.

N.A - during the year under review, these directors were not audit committee members for above meetings.

4. REMUNERATION & COMPENSATION COMMITTEE

Remuneration & Compensation Committee, as on date comprises as follows:

Name of the Member	Status in the Committee	Category
Dr. Rajesh Sankhla	Chairman	Non Executive and Independent
Mr. Sasikanth Chivukula	Member	Non Executive and Independent
Mr. Venkata Subbaraju Kanumuri	Member	Non Executive and Independent
Mr. Venkata Subba Rao Karusala	Member	Executive and Non independent

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 under review no meeting was held.

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 has increased the sitting fee paid to its Non Executive Independent Directors for attending meetings of the Board and Committees from Rs. 500/- to Rs. 5000/- in the Board Meeting held on August 14, 2010. 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 March 31, 2011 are given below:

Name	Sitting fee paid as on 31.03.2011 (Rs.)	No. of Shares held as on 31.03.2011
Mr. Venkata Subba Rao Karusala	NIL	713963
Mr. Venkateswara Rao Kadiyala	NIL	713963
Mr. Anand Boddapati(Alternate Director)*	32000	NIL
Mr. Pradeep Kumar Dev Vyricherla [§]	32000	NIL
Mr. Sasikanth Chivukula	10000	NIL
Mr. Kishore Kumar Putta	5000	NIL
Dr. Rajesh Sankhla	NIL	NIL
Mr. Venkata Subbaraju Kanumuri	NIL	NIL

* Alternate Director to Dr. Prasada Rao VDM Ravella and resigned from the Board with effect from February 12, 2011.

§ Resigned from the Board with effect from February 8, 2011.

Remuneration paid to the Whole time Directors for the year ended March 31, 2011

(Amount in Rupees)

Name	Designation	Salary	Contribution to P. F.	Others	Total Amount
Mr. Venkata Subba Rao Karusala	Managing Director	2961000	252000	3750	3216750
Mr. Venkateswara Rao Kadiyala	Joint Managing Director	2961000	252000	3750	3216750

5. 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 are as follows:

Name of the Member	Status	Category
Mr. Kishore Kumar Putta	Chairman	Non Executive and Independent
Mr. Venkateswara Rao Kadiyala	Member	Executive and Non Independent
Mr. Sasikanth Chivukula	Member	Non Executive and Independent
Dr. Rajesh Sankhla	Member	Non Executive and Independent

(ii) Name and Designation of the Compliance Officer

Mr. M. Jagadeeshwara Rao, Company Secretary.

(iii) No. of Shareholders complaints received during the year 2010-11 and the Status of Investor's Requests/Complaints:

During the year 2010-11 total 8 requests/letters were received from the shareholders and all were disposed off during the year.

INVESTOR REQUEST/GRIEVANCES REPORT FOR THE PERIOD 01.04.2010 TO 31.03.2011

Sl.	Particulars	Receipt	Resolved	Pending
A.	REQUESTS			
	a) Change/Correction of address	1	1	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	3	3	0
	e) Registration of Power of Attorney	0	0	0
	f) Request for ECS facility (Electronic Clearance Services)	3	3	0
	g) Loss of securities and request for issue of duplicate s/c	0	0	0
	h) Receipt of I/B and affidavit for issue of duplicate securities	0	0	0
	i) Request for status of shares/refund	0	0	0
	j) Request for consolidation/split of securities/exchange of S/c	0	0	0
	k) Request for issue of demand drafts against D/W	0	0	0
	l) Request for correction of name	0	0	0
	m) Request for transmission	0	0	0
	n) Request for transposition	0	0	0
	o) Specimen Sign change/not mentioned in Appln&intimation of the same	0	0	0
	TOTAL	7	7	0
B.	COMPLAINTS			
	a) Non receipt of dividend warrants	1	1	0
	b) Non receipt of Annual reports	0	0	0
	c) Complaints from Stock Exchanges	0	0	0
	d) Complaints from SEBI	0	0	0
	e) Legal Notice	0	0	0
	f) Non receipt of refund order	0	0	0
	g) Non receipt of Electronic credit	0	0	0
	TOTAL	1	1	0
	GRAND TOTAL (A+B)	8	8	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

6. 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. The Management Committee meets as and 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. Venkata Subba Rao Karusala	Member	Executive and Non Independent
Mr. Venkateswara Rao Kadiyala	Member	Executive and Non Independent
Dr. Rajesh Sankhla	Member	Non Executive and Independent
Mr. Kishore Kumar Putta	Member	Non Executive and Independent
Mr. Venkata Subbaraju Kanumuri	Member	Non Executive and Independent

7. GENERAL BODY MEETINGS

(i) Location and time, where last three Annual General Meetings held:

Year	Location	Date	Time
2009-10	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 24, 2010	11.00 A.M.
2008-09	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 30, 2009	11.00 A.M.
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

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

Date	Description of Special Resolution passed
24.12.2010	(i) 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.
30.12.2009	(i) 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.
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.

(iii) Extra-Ordinary General Meetings held during the last three years:

Year	Location	Date	Time
2011	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.	July 15, 2011	04:30 P.M.

(iv) Resolutions passed in the above said Extra-Ordinary General Meeting:

Date	Description of Resolutions passed
15.07.2011	(i) Increase of Authorised Share Capital to Rs. 60,00,00,000/- (Rupees Sixty Crores only) divided into 6,00,00,000 (Six Crores) equity shares of Rs. 10/- (Rupees Ten only) each.
	(ii) Issue and allotment of 3,00,00,000 (Three Crore only) convertible warrants to the persons under promoter group on preferential basis.

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

Procedure for postal ballot: 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.
- 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.
- Board of directors nominates any one of the Executive Directors and the Company Secretary to be responsible to the conducting the postal ballot process.
- The scrutinizer submits his report to the Chairman on the date of declaration of results.

8. DISCLOSURES

- 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 15 (B) to the Accounts in the Annual Report. The Audit Committee and Board consider related party transactions at their meetings.
- Accounting Treatment:** There is no different Accounting treatment from the prescribed Accounting standards.
- Risk Management:** The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up at its meetings.
- 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.
- 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 of Conduct for prevention of insider trading, as required by SEBI, was adopted by the Company for the prevention of Insider Trading as applicable to all the Board members and designated employees. 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) **Reconciliation of Share Capital Audit Report:** A qualified Company Secretary carried out Reconciliation of Share Capital 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 Reconciliation of Share Capital 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 Reconciliation of Share Capital Audit Report submitted to Stock Exchanges for every quarter within one month from the end of the quarter.

9. 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.lgsglobal.com
- iii) **Website:** The Company's website www.lgsglobal.com contains a separate dedicated section "Investor Information" 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 others entitled thereto to their registered address and also sent electronically to those members who have agreed to the part of the "Green Initiative". Annual Reports also available on the company's website www.lgsglobal.com; Registrar & Share Transfer Agent (RTA) website www.aarthiconsultants.com; and also available for inspection at the registered office of the company during the office hours on all working days.

- v) **Designated exclusive E-mail ID:** The Company has designated the following E-mail IDs exclusively for investor servicing investor.services@lgsglobal.com; cs@lgsglobal.com.
- vi) **Management Discussion & Analysis:** The detailed report is forming part of this Annual Report.

10. GENERAL SHAREHOLDERS INFORMATION

(i) Twelfth Annual General Meeting

Date and Time	Tuesday, September 27, 2011 at 12.00 noon
Venue	K L N PRASAD AUDITORIUM, The Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCD), 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 2011-12 (tentative)

Financial reporting for the quarter ended	On or Before end of the
June 30, 2011	August 15, 2011
September 30, 2011	November 15, 2011
December 31, 2011	February 15, 2012
March 31, 2012	May 15, 2012
AGM for the year ending March 31, 2012	September 30, 2012
Dividend payment	The dividend, if declared, shall be paid / credited within the statutory period.

- (iii) **Book Closure Dates** : 24.09.2011 to 27.09.2011 (both days inclusive)
- (iv) **Dividend Payment Date** : if, declared, within 30 days from the date of AGM
- (v) **Listing on Stock Exchanges** : The Bombay Stock Exchange Limited (BSE), Mumbai
The Madras Stock Exchange Limited, (MSE), Chennai
- (vi) **Listing fee** : The Company has paid the listing fee for the financial year 2011-12
- (vii) **Annual Custodial fee** : the Company has paid the Annual Custodial fee to the Depositories for the financial year 2011-12.

(viii) Stock Code:

Exchange	Stock Code	Script 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, 2010 to March, 2011 is furnished below.

Bombay Stock Exchange Limited, Mumbai Share Prices (In Rs.)			BSE Sensex	
Month	High	Low	High	Low
April '10	126.80	96.65	18047.86	17276.80
May '10	151.50	120.55	17536.86	15960.15
June '10	155.55	128.80	17919.62	16318.39
July '10	159.40	91.60	18237.56	17395.58
August '10	95.35	63.50	18475.27	17819.99
September '10	83.20	66.90	20267.98	18027.12
October '10	85.00	58.95	20854.55	19768.96
November '10	101.00	65.00	21108.64	18954.82
December '10	74.80	57.45	20552.03	19074.57
January '11	63.75	47.15	20664.80	18038.48
February '11	51.95	35.70	18690.97	17295.62
March '11	46.20	34.20	19575.16	17792.17

(xi) Registrar & Share Transfer Agent

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

**Contact Person: Mr. G Bhaskar, Manager
AARTHI CONSULTANTS PRIVATE LIMITED,**

(Unit: 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@aarthicconsultants.com; aarthicconsultants@gmail.com

Website: www.aarthicconsultants.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.

97.93% of the shares of the company are in electronic form as on March 31, 2011. 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.

Corporate Governance

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 Reconciliation of Share Capital Audit on a quarterly basis for reconciliation of the company's share capital.

(xiii) (a) Distribution of Shareholding as on March 31, 2011

Nominal Value of Shareholding (in Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 5000	3397	79	533183	2.1
5001 - 10000	331	8	271963	1.07
10001 - 20000	193	5	307430	1.21
20001 - 30000	97	2	251086	0.99
30001 - 40000	37	1	133028	0.52
40001 - 50000	48	1	231030	0.91
50001 - 100000	67	2	504006	1.98
100000 & Above	101	2	23191941	91.22
TOTAL	4271	100	25423667	100

(b) Shareholding pattern as on March 31, 2011:

Shareholders		Number of Shares		Total Shareholding as a % of total no. of shares
Category	No.	Total	Dematerialized	
A. Promoters Shareholding				
Indian Individuals	4	1627925	1627925	6.4
Foreign Bodies Corporate	4	12266667	12266667	48.25
Total Promoters Shareholding	8	13894592	13894592	54.65
B. Public Shareholding				
Foreign Institutional Investors	2	790000	790000	3.11
Bodies Corporate	209	5639087	5313587	22.18
Individual Shareholders holding nominal share capital				
- upto Rs. 1 Lakh	3934	1878805	1812065	7.39
- in excess of Rs. 1 Lakh	54	2274364	2239931	8.95
Non Resident Individuals	45	51309	51309	0.2
Overseas Corporate Bodies	2	100100	100	0.39
Trusts	1	783509	783509	3.08
Clearing Members	16	11901	11901	0.05
Total Public Shareholding	4263	11529075	11002402	45.35
GRAND TOTAL	4271	25423667	24896994	100

(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 dematerlized shares	% to the total paid up share capital
31.03.2011	24896994	97.93



Source: March, 2011

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

Convertible Share Warrants outstanding: Pursuant to members’ approval in its EGM held on 15.07.2011, the Company issued and allotted 3,00,00,000 (Three Crore only) convertible warrants to the persons under promoter group on preferential basis in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations.

Conversion date: The above warrants will be convertible into one equity share of Rs. 10/- each of each warrant within a period of 18 months from the date of allotment (allotment date 23.07.2011).

Likely impact on equity: if converted fully, equity capital will be Rs. 55,42,36,670/- (Rupees Fifty Five crores Forty Two Lakhs Thirty Six Thousand Six Hundred and Seventy only)

(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: cs@lgsglobal.com
 Website: www.lgsglobal.com

SEZ Unit:

Block - 401, Building No. 14,
 Survey No. 64, Mindspace,
 Cyberabad, Madhapur,
 Hyderabad - 500 081, A. P.
 Tel: +91 40 6699 4499
 Fax: +91 40 6699 4488

(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 given elsewhere in this report.

(xviii) Corporate Identity Number (CIN)

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

11. OTHER INFORMATION

(i) Unclaimed Dividends

Pursuant to the provisions of Section 205C of the Companies Act, 1956 the amount of dividend remaining unclaimed for the 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, 2011	Due date for transfer to Investor Education and Protection Fund
2009-2010	December 24, 2010	December 23, 2017	Rs. 18,179,272	January 29, 2018
2008-2009	December 30, 2009	December 29, 2016	Rs. 75,340	February 05, 2017
2007-2008	September 30, 2008	September 29, 2015	Rs. 98,307	November 05, 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 : August 23, 2011

CEO & CFO CERTIFICATE

(Pursuant to clause 49 (V) of the Listing Agreement)

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, 2011 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

Srinivasa Rao Yepuri
Vice President (F & A)

Place : Hyderabad
Date : August 23, 2011

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

(Pursuant to Clause 49 I (D) of the Listing Agreement)

This is to confirm and declare 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, 2011. The Company has complied with the provisions of the Listing Agreement in this respect.

for **LGS GLOBAL LIMITED**

Date : Hyderabad
Place : August 23, 2011

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 March 31, 2011 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 : August 23, 2011

P. Murali Mohana Rao
Partner
FRN: 007257S
Membership No.23412

Auditors' Report

To
The Members,
LGS GLOBAL LIMITED

We have audited the attached Balance Sheet of **LGS GLOBAL LIMITED** as at 31st March, 2011 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 & Profit & Loss Account dealt with by this report are in agreement with the books of account ;
- (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, 2011;
 - (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

P. Murali Mohana Rao
Partner
FRN: 007257S
Membership No. 23412

Place : Hyderabad
Date : August 23, 2011

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 loans from Banks 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

P. Murali Mohana Rao
Partner
FRN: 007257S
Membership No. 23412

Place : Hyderabad
Date : August 23, 2011

Standalone Financial Statements

Balance Sheet as at March 31, 2011

(Amount in Rupees)

Particulars	Schedule Reference	As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS			
1. Share Holders Funds			
(a) Share Capital	1	254,236,670	254,236,670
(b) Reserves & Surplus	2	784,561,201	608,257,989
2. Loan funds			
(a) Secured Loans	3	932,993,772	957,217,098
(b) Unsecured Loans	4	197,482,348	141,050,000
3. Deferred Tax Liability		17,797,945	7,731,594
TOTAL		2,187,071,936	1,968,493,351
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	5	537,226,913	456,729,145
Less: Depreciation		176,485,054	133,107,581
(b) Net Block		360,741,859	323,621,564
2. Investments	6	742,107,032	725,864,532
3. Current Assets, Loans & Advances			
(a) Sundry Debtors	7	1,967,988,607	1,431,392,804
(b) Cash and Bank Balances	8	5,880,808	37,234,631
(c) Loans & Advances	9	526,867,851	133,692,546
Less: Current Liabilities & Provisions	10	1,416,624,648	683,605,153
Net Current Assets		1,084,112,618	918,714,828
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	11	110,427	292,427
Notes on Balance Sheet and Profit & Loss Account	15		
TOTAL		2,187,071,936	1,968,493,351

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
FRN: 007257S
Membership No. 23412

Y. SRINIVASA RAO
Vice President (F&A)

M. JAGADEESHWARA RAO
Company Secretary

Place : Hyderabad
Date : 23.08.2011

Profit & Loss Account for the Year ended March 31, 2011

(Amount in Rupees)

Particulars	Schedule Reference	for the Year ended March 31, 2011	for the Year ended March 31, 2010
INCOME			
Export		2,306,947,313	2,376,299,865
Domestic		679,818,744	31,154,536
Other Income	12	(1,846,908)	(36,084,922)
TOTAL		2,984,919,149	2,371,369,479
EXPENDITURE			
Purchases & Personnel Cost		2,499,722,107	2,015,914,894
Interest & Financial Charges	13	117,092,098	103,069,624
Operating & Administration Expenses	14	74,249,808	85,481,977
Depreciation		43,377,473	33,124,110
Written off Expenses		182,000	182,000
TOTAL		2,734,623,486	2,237,772,605
Profit / (Loss) before tax		250,295,663	133,596,874
Provision for Tax		25,247,274	26,263,042
Profit / (Loss) after tax		225,048,389	107,333,832
Provision for deferred Tax Liability		7,206,262	2,495,479
Profit After deferred Tax		217,842,127	104,838,353
Prior Period Adjustments		11,892,695	–
Balance Brought forward		593,546,580	524,808,563
Amounts available for Appropriations		799,496,012	629,646,916
Appropriations			
Proposed Dividend on Equity		25,423,667	25,423,667
Corporate Dividend Tax		4,222,553	4,320,752
General Reserve		6,355,917	6,355,917
Surplus carried to Balance Sheet		763,493,875	593,546,580
TOTAL		799,496,012	629,646,916
Notes on Balance Sheet and Profit & Loss Account	15		
Earnings Per Share Basic & Diluted		8.57	4.12

 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
 FRN: 007257S
 Membership No. 23412
 Place : Hyderabad
 Date : 23.08.2011

Y. SRINIVASA RAO
 Vice President (F&A)

M. JAGADEESHWARA RAO
 Company Secretary

Schedules

(Amount in Rupees)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE - I		
SHARE CAPITAL		
Authorised	400,000,000	400,000,000
4,00,00,000 Equity Shares of Rs.10/- each		
Issued , Subscribed and Paid Up	254,236,670	254,236,670
25,423,667 Equity Shares of Rs.10/- each		
TOTAL	254,236,670	254,236,670
SCHEDULE - 2		
RESERVES & SURPLUS		
Investment Subsidy	2,000,000	2,000,000
Surplus in Profit & Loss Account	763,493,875	593,546,580
General Reserve		
- at the commencement of the year	12,711,409	6,355,492
- Add: Transfer from P & L a/c	6,355,917	6,355,917
TOTAL	784,561,201	608,257,989
SCHEDULE - 3		
SECURED LOANS		
Working Capital - Axis Bank	455,409,347	452,535,058
Working Capital - SBIGF Ltd	122,028,851	169,355,209
Working Capital - SBI	302,808,714	301,432,194
Term Loan - Axis Bank	16,600,839	33,553,479
Term Loan - SBI	36,056,107	-
Axis Bank - Car Loan	89,914	341,158
TOTAL	932,993,772	957,217,098
SCHEDULE - 4		
UNSECURED LOANS		
Other Loans & Advances		
i) From Banks	-	-
ii) From Others		
Infinite India Pvt Ltd	1,116,000	1,116,000
Others	196,366,348	139,934,000
TOTAL	197,482,348	141,050,000

SCHEDULE - 5

FIXED ASSETS

(Amount in Rupees)

DESCRIPTION OF ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as at 01.04.2010	Additions during the year	Deletions during the year	Total Cost as at 31.03.2011	For the year	Deletions of Depreciation for the Year	Total as at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Good will	61,317,995	-	-	61,317,995	12,263,597	-	61,317,995	-	12,263,597
Computers	44,886,022	32,767,540	-	77,653,562	9,266,558	-	43,126,658	34,526,904	11,025,922
Furniture & Fixtures	47,075,396	20,678,156	-	67,753,552	4,263,697	-	18,081,726	49,671,826	33,257,367
Airconditioners	6,493,766	663,972	-	7,157,738	339,388	-	1,524,989	5,632,749	5,308,165
Electricals	10,138,059	961,200	-	11,099,259	526,339	-	3,252,726	7,846,533	7,411,672
Office Equipments	6,591,387	1,628,450	-	8,219,837	388,379	-	1,915,608	6,304,229	5,064,158
Vehicles	954,104	-	-	954,104	90,640	-	285,829	668,275	758,915
Intangible Assets-India	9,283,313	-	-	9,283,313	440,957	-	992,152	8,291,161	8,732,118
Computer Products	90,957,100	-	-	90,957,100	4,320,462	-	4,687,405	86,269,695	90,590,157
Assets at US Branch	6,869,813	23,798,450	-	30,668,263	-	-	6,869,813	23,798,450	-
Intangible Assets-USA	172,162,190	-	-	172,162,190	11,477,456	-	34,430,153	137,732,037	149,209,493
TOTAL	456,729,145	80,497,768	-	537,226,913	43,377,473	-	176,485,054	360,741,859	323,621,564

Standalone Financial Statements

(Amount in Rupees)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE - 6		
INVESTMENTS		
I Long Term		
Trade-Unquoted-at Cost		
Investment in Subsidiaries		
(Valued at Cost)		
Global IT Inc , USA	659,979,382	643,736,882
100000 shares without par value		
Techorbit Inc, USA	61,884,000	61,884,000
100000 shares without par value		
LGS Global FZE, UAE	243,650	243,650
Others		
Lanco Net Limited	20,000,000	20,000,000
2000000 shares of Rs 10/- each		
TOTAL	742,107,032	725,864,532
SCHEDULE - 7		
SUNDRY DEBTORS		
(Unsecured and Considered good)		
More than six months	830,587,883	457,206,265
Others	1,137,400,724	974,186,539
TOTAL	1,967,988,607	1,431,392,804
SCHEDULE - 8		
CASH AND BANK BALANCES		
Cash in hand	400,826	1,424,844
Bank Balance		
a) With Scheduled Banks		
Current Accounts	4,966,239	14,046,935
b) Others		
Wachovia Bank - Current Account	513,743	21,762,852
TOTAL	5,880,808	37,234,631
SCHEDULE - 9		
LOANS & ADVANCES		
(Unsecured and Considered good)		
a) Advance and Loans to Subsidiaries		
LGSL Foundation (Trust)	7,064,173	7,063,773
b) Advance recoverable in Cash or in Kind		
i) Pre-paid Expenses	52,098	3,805,430
ii) Advance for Expenses & Recoverable	490,101,531	108,730,081
c) Balance with Customs Etc		
Security Deposits	29,650,049	14,093,262
TOTAL	526,867,851	133,692,546

(Amount in Rupees)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE - 10		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
a) Sundry Creditors		
i) Due to SSI Undertakings	–	–
ii) Dues to other than SSI Undertakings	1,278,729,205	595,824,589
b) Advance payments	–	537,499
c) Unpaid dividend	18,352,919	180,781
d) Other Liabilities	37,420,674	18,826,235
B. Provisions		
Provision for Dividend	25,423,667	25,423,667
Provision for Tax	50,933,664	35,307,020
Provision for Gratuity	3,937,548	5,134,982
Provision for Leave Encashment	1,826,971	2,370,380
TOTAL	1,416,624,648	683,605,153
SCHEDULE - 11		
MISCELLANEOUS EXPENDITURE		
Preliminary Expenses	110,427	292,427
TOTAL	110,427	292,427

Standalone Financial Statements

(Amount in Rupees)

Particulars	for the Year ended March 31, 2011	for the Year ended March 31, 2010
SCHEDULE - 12		
OTHER INCOME		
Interest Income	563,618	30,558
Lease rentals	1,701,228	1,569,840
Foreign Exchange Fluctuation Profit/(Loss)	(4,111,754)	(37,685,320)
TOTAL	(1,846,908)	(36,084,922)
SCHEDULE - 13		
INTEREST & FINANCIAL CHARGES		
Bank Charges	8,322,417	15,732,776
Interest on Working Capital	99,257,543	82,209,518
Interest On Term Loan	6,829,168	5,001,392
Interest on Others	2,682,970	125,938
TOTAL	117,092,098	103,069,624
SCHEDULE - 14		
OPERATING & ADMINISTRATION EXPENSES		
Communication Expenses	5,361,409	5,873,130
Repairs and Office Maintenance		
- Building	507,327	1,711,842
- Others	2,939,268	4,402,043
Rent	16,433,230	15,435,436
Rates, Taxes & Insurance	6,911,565	10,397,618
Business Development Expenses	11,619,216	11,025,930
Bad Debts	2,009,321	8,945,883
Electricity Charges	3,311,305	3,264,956
Travelling & Conveyance	9,231,433	10,991,370
Printing & Stationery	1,155,624	860,640
Staff Recruitment Charges	240,246	288,066
Consultancy Charges	5,713,236	8,259,196
Directors Remuneration	6,433,500	240,000
Quality Certification Fee	128,000	799,000
Audit Fee		
- As Auditor	220,600	220,600
- Other Services	330,900	330,900
Misc.Expenses	1,703,628	2,435,367
TOTAL	74,249,808	85,481,977

SCHEDULE - 15

Notes Forming Part of The Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION:

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year :

USE OF ESTIMATES :

The preparation of financial statements is in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of fixed assets and provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

1. 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.

2. Foreign Exchange Transaction :

Realised gains & loss in foreign exchange transactions are recognised in Profit & Loss Account.

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

3. Investments :

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

4. Fixed Assets :

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.

5. Depreciation and Amortisation :

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 and there is no change in the method of Depreciation during the year.

Preliminary Expenses are amortised over the period of 5 years.

6. 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.

7. Earning Per Share:

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

8. Gratuity and Leave Encashment :

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

9. Borrowing Cost :

Borrowing cost relating to acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. Borrowing cost that are attributable to the projects are charged to the respective projects. All other borrowing costs, not eligible for inventorisation/capitalisation, are charged to revenue.

10. Cash Flow Statement :

The Company has prepared Cash Flow Statement as per the AS-3.

11. Provisions, Contingent Liabilities and Contingent Assets :

Provisions are recognized for liabilities that can be measured only by using a substantial degree

of estimation, if

- a) the Company has a present obligation as a result of a past event;
- b) a probable outflow of resources is expected to settle the obligation; and
- c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of:

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- b. a possible obligation, unless the probability of outflow of resources is remote. Contingent Assets are neither recognized nor disclosed.

12. Impairment of Assets:

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sale price or present value as determined above.

13. Related Party Disclosures :

The Company as required by AS-18 furnishes the details of Related Party Disclosures in Schedule 15(B).

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) Rules, 1975 as amended, is not applicable as there is no employees covered under this section.

2. Director's Remuneration :	Current Year (Rs.)	Previous Year (Rs.)
	64,33,500	2,40,000

3. Auditor's Remuneration :	Current Year (Rs.)	Previous Year (Rs.)
Audit Fee	2,20,600	2,20,600
Other Services	3,30,900	3,30,900
Total	5,51,500	5,51,500

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 2010 -11 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. 3K technologies is a related party only upto 07-12-2010.

Sl. No.	Name of the Related Party	Nature of Relation	Nature of Transaction	Amount Involved
1.	3K Technologies Ltd	Common Directors	Business Advance Paid	Rs. 2860.66 lakhs
2.	3K Infrastructures Ltd	Common Directors	Business Advance Paid	Rs. 13.61 lakhs
3.	Global IT Inc	Subsidiary	Investment	Rs. 162.43 Lakhs (USD 0.36 millions)
4.	K.Venkata Subba Rao	Managing Director	Remuneration	Rs. 32.17 Lakhs
5.	K.Venkateswara Rao	Joint Managing Director	Remuneration	Rs. 32.17 Lakhs

6. The Company has debited the amount of Rs. 1,22,63,597/- towards the one fifth Goodwill written off for the year 2010-11 being the goodwill arised on merger of Lanco Global Systems Inc.

7. All Investments are unquoted Equity Shares. Investment include additional investment of Rs 1.62 Crores in Global IT Inc an 100% subsidiary of LGS Global Limited

8. Foreign Currency Outflow :	Current Year (Rs.)	Previous Year (Rs.)
Capital Expenditure	Nil	Nil
Foreign Travelling	12,40,367/-	40,60,934/-
Others	8,91,69,106/-	1,22,12,81,734/-

9. 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	67,07,03,122/-	1,17,11,08,279/-

10. Earnings Per Share

	Current Year (Rs.)	Previous Year (Rs.)
Profits Attributable to Equity Share Holders	217,842,126	104,838,353
No. of Shares Outstanding for the Year ended		
Basic	25,423,667	25,423,667
Diluted	25,423,667	25,423,667
Earning per Share - Basic/Diluted	8.57	4.12

Standalone Financial Statements

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 debited to P & L a/c. The receivables have been considered at the actual rate at which the amount is realized and accordingly Loss from Foreign Exchange fluctuation and Integral transactions of Rs.4,111,754/- (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. Balances relating to debtors/creditors are subject to Confirmations.
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. 72,06,262/- towards deferred income tax liability. (Previous year Rs. 24,95,479/- towards deferred income tax Liability.).
16. Tech orbit Inc, Global It Inc and LGS Global FZE are wholly owned subsidiaries of LGS Global Limited. During the current year there are no operations in LGS Global FZE.
17. **Secured Loans from Axis Bank:** The Term Loan Amounting to Rs.500 Lacs, Working Capital of Rs 4500 lakhs and Bank Guarantee of Rs 400 Lakhs from Axis Bank Ltd are secured by charge on current assets, Fixed Assets of the company.
Collateral Security: Pledge of promoters shares, Mortgage of Land and personal Guarantee of Promoter Directors.
Secured loans from SBI Global factors: The Factoring facility of Rs 1750 lakhs from SBI Global Factors Ltd is secured by the 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.
Secured Loan from SBI: Working Capital of Rs 3000 Lakhs, Term Loan of Rs. 400 lakhs and Bank Guarantee of Rs 1000 lakhs from State Bank of India are secured by current assets, Fixed Assets.
Collateral Security: Pledge of Promoters shares, mortgage of Land and personal guarantee of Promoter Directors.
18. **Prior Period Items:** During the year the company has made a provision for prior period income tax liability for the year 2008-09 and 2009-10 for an amount of Rs.31,78,136/- and Rs.58,54,470/- respectively for the above years. It has also made a provision for prior period deferred tax liability during the year which is amounting to Rs.28,60,089/-. Prior period Income tax provision was made on the basis of tax demand notice received by the company.
19. Contingent liability of Rs 31,619,269/- as on 31st March 2011 towards Bank Guarantee given to different parties for Tender participation and supply of materials.
20. 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.
21. Previous years figures have been regrouped wherever necessary.
22. The figures have been rounded off to the nearest rupee.

SIGNATURES TO SCHEDULES 1 To 15

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
FRN: 007257S
Membership No. 23412
Place : Hyderabad
Date : 23.08.2011

Y. SRINIVASA RAO
Vice President (F&A)

M. JAGADEESHWARA RAO
Company Secretary

Cash Flow Statement for the Year ended March 31, 2011

(Rupees in lakhs)

Particulars	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary Items	2502.96	1335.97
Adjustments for:		
Depreciation	433.77	331.24
Foreign Exchange Fluctuation profit	—	0.00
Loss on Sale of Assets	—	0.00
Interest expenses	1170.92	1030.70
Written off Expenses	1.82	1.82
Operating Profit before working capital changes	4109.47	2699.73
Trade and other receivables	(9297.71)	2445.15
Trade payables	6190.57	2407.00
Cash generated from operations	1002.33	7551.88
Interest paid	(1088.74)	(987.49)
NET CASH FLOW OPERATING ACTIVITIES	(86.41)	6564.39
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets including Capital Work-in-progress	(804.98)	(913.75)
Investment in Subsidiary	(162.43)	(5017.31)
Pre-operative & Project Expenses	—	0.00
NET CASH USED IN INVESTING ACTIVITIES	(967.41)	(5931.06)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Share Capital	—	—
Investment Subsidy	—	5.00
Unsecured Loan	564.32	(180.26)
Proceeds from Term Loans	178.47	(173.74)
Net Proceeding from HP Loans	(2.51)	(2.26)
NET CASH USED IN FINANCING ACTIVITIES	740.28	(351.26)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(313.54)	282.07
Cash and Cash equivalents as at (Opening Balance)	372.34	90.27
Cash and Cash equivalents as at (Closing Balance)	58.80	372.34

 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 : 23.08.2011

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, 2011. 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 August 23, 2011 to the members of the company.

for P. MURALI & CO.,
 Chartered Accountants

 Place : Hyderabad
 Date : 23.08.2011

P. MURALI MOHANA RAO
 Partner
 FRN: 007257S
 Membership No. 23412

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No: - State Code :

Balance Sheet Date . .
 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 Total Assets

Sources of Funds

Paid - Up Capital Reserves & Surplus

Secured Loans Un-Secured Loans/
Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses N I L

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

Turnover Total Expenditure

+ - Profit / Loss Before Tax + - Profit / Loss After Tax

+ +

Earning Per Share in Rs. . Dividend rate %

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

Item Code No. (ITC Code): .

Product Description :

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, GLOBAL IT INC, USA and LGS Global FZE, UAE as at 31st March, 2011 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, GLOBAL IT INC, USA and LGS Global FZE, UAE as at 31st March, 2011. 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, 2011.
- (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

P. Murali Mohana Rao
Partner
FRN: 007257S
Membership No. 23412

Place : Hyderabad
Date : August 23, 2011

Consolidated Financial Statements

Consolidated Balance Sheet as at March 31, 2011

(Amount in Rupees)

Particulars	Schedule Reference	As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS			
1. Share Holders Funds			
(a) Share Capital	1	254,236,670	254,236,670
(b) Reserves & Surplus	2	1,440,523,971	979,101,628
2. Loan funds			
(a) Secured Loans	3	1,007,654,287	1,050,652,023
(b) Unsecured Loans	4	266,892,559	248,443,973
3. Deferred Tax Liability		17,797,945	7,731,594
TOTAL		2,987,105,432	2,540,165,888
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	5	893,762,132	745,138,108
Less: Depreciation		224,439,236	166,115,535
(b) Net Block		669,322,896	579,022,573
2. Investments	6	20,000,000	20,000,000
3. Current Assets, Loans & Advances			
(a) Sundry Debtors	7	2,542,207,789	1,728,460,859
(b) Cash and Bank Balances	8	16,346,723	76,083,559
(c) Loans & Advances	9	1,389,752,989	1,005,745,480
Less: Current Liabilities & Provisions	10	1,650,879,042	869,682,660
Net Current Assets		2,297,428,459	1,940,607,238
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	11	354,077	536,077
Notes on Balance Sheet and Profit & Loss Account	15		
TOTAL		2,987,105,432	2,540,165,888

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
FRN: 007257S
Membership No. 23412

Y. SRINIVASA RAO
Vice President (F&A)

M. JAGADEESHWARA RAO
Company Secretary

Place : Hyderabad
Date : 23.08.2011

Consolidated Profit and Loss Account for the Year ended March 31, 2011

(Amount in Rupees)

Particulars	Schedule Reference	for the Year ended March 31, 2011	for the Year ended March 31, 2010
INCOME			
Export		3,994,144,704	3,813,514,463
Domestic		679,818,744	31,154,536
Other Income	12	(1,846,908)	(36,084,922)
TOTAL		4,672,116,540	3,808,584,077
EXPENDITURE			
Purchases & Personnel Cost		3,779,013,707	3,081,186,434
Interest & Financial Charges	13	123,271,743	113,374,796
Operating & Administration Expenses	14	125,279,155	159,012,352
Depreciation		58,323,701	48,070,338
Written off Expenses		182,000	182,000
TOTAL		4,086,070,306	3,401,825,920
Profit/(Loss) before tax		586,046,234	406,758,157
Provision for Tax		65,106,909	77,421,828
Profit/(Loss) after tax		520,939,325	329,336,329
Provision for deferred Tax Liability		7,206,262	2,495,479
Profit After deferred Tax		513,733,063	326,840,850
Prior Period Items		11,892,695	–
Balance Brought forward		978,686,237	687,945,723
Amounts available for Appropriations		1,480,526,605	1,014,786,573
Appropriations			
Proposed Dividend on Equity		25,423,667	25,423,667
Corporate Dividend Tax		4,222,553	4,320,752
General Reserve		6,355,917	6,355,917
Surplus carried to Balance Sheet		1,444,524,468	978,686,237
TOTAL		1,480,526,605	1,014,786,573
Notes on Balance Sheet and Profit & Loss A/c	15		
Earnings Per Share Basic & Diluted		20.21	12.86

 For and on behalf of the Board of
LGS GLOBAL LIMITED

As per our Report Attached

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

P. MURALI MOHANA RAO
 Partner
 FRN: 007257S
 Membership No. 23412

 Place : Hyderabad
 Date : 23.08.2011

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 Financial Statements

Schedules

(Amount in Rupees)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE - I		
SHARE CAPITAL		
Authorised	400,000,000	400,000,000
4,00,00,000 Equity Shares of Rs.10/- each		
Issued , Subscribed and Paid Up	254,236,670	254,236,670
25,423,667 Equity Shares of Rs.10/- each		
TOTAL	254,236,670	254,236,670
SCHEDULE - 2		
RESERVES & SURPLUS		
Investment Subsidy	2,000,000	2,000,000
Surplus in Profit & Loss Account	1,444,524,468	978,686,236
Foreign Exchange Translation Reserve	(25,067,823)	(14,296,017)
General Reserve		
-at the commencement of the year	12,711,409	6,355,492
- Add: Transfer from P & L a/c	6,355,917	6,355,917
TOTAL	1,440,523,971	979,101,628
SCHEDULE - 3		
SECURED LOANS		
Working Capital - Axis Bank	455,409,347	452,535,058
Working capital - SBIGF Ltd	122,028,851	169,355,209
Working Capital - SBI	302,808,714	301,432,194
Term Loan- Axis Bank	16,600,839	33,553,479
Term Loan - SBI	36,056,107	
Car Loan - Axis Bank	89,914	341,158
Loan from Chase Bank	74,660,515	93,434,925
TOTAL	1,007,654,287	1,050,652,023
SCHEDULE - 4		
UNSECURED LOANS		
Other Loans & Advances		
i) From Banks		
ii) From Others		
Infinite India Pvt Ltd	1,116,000	1,116,000
Others	265,776,559	247,327,973
TOTAL	266,892,559	248,443,973

(Amount in Rupees)

DESCRIPTION OF ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost as at 01.04.2010	Additions during the year	Deletions during the year	Total Cost as at 31.03.2011	up to 31.03.2010	For the year	Deletions of Depreciation for the Year	Total as at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Good will	137,989,162	-	-	137,989,162	51,871,486	12,263,597	-	64,135,083	73,854,079	86,117,676
Computers	44,886,022	32,767,540	-	77,653,562	33,860,100	9,266,558	-	43,126,658	34,526,904	11,025,922
Furniture & Fixtures	47,075,396	20,678,156	-	67,753,552	13,818,029	4,263,697	-	18,081,726	49,671,826	33,257,367
Airconditioners	6,493,766	663,972	-	7,157,738	1,185,601	339,388	-	1,524,989	5,632,749	5,308,165
Electricals	10,138,059	961,200	-	11,099,259	2,726,387	526,339	-	3,252,726	7,846,533	7,411,672
Office Equipments	6,591,387	1,628,450	-	8,219,837	1,527,229	388,379	-	1,915,608	6,304,229	5,064,158
Vehicles	954,104	-	-	954,104	195,189	90,640	-	285,829	668,275	758,915
Intangible Assets-India	9,283,313	-	-	9,283,313	551,195	440,957	-	992,152	8,291,161	8,732,118
Computer Products	90,957,100	-	-	90,957,100	366,943	4,320,462	-	4,687,405	86,269,695	90,590,157
Assets at US Branch	6,869,813	23,798,450	-	30,668,263	6,869,813	-	-	6,869,813	23,798,450	-
Intangible Assets-LGS-Branch	172,162,190	-	-	172,162,190	22,952,697	11,477,456	-	34,430,153	137,732,037	149,209,493
Asset at Subsidiary's	6,227,911	68,126,256	-	74,354,167	4,461,415	1,245,584	-	5,706,999	68,647,168	1,766,496
Intangible Assets-Subsidiary	205,509,885	-	-	205,509,885	25,729,451	13,700,644	-	39,430,095	166,079,790	179,780,434
TOTAL	745,138,108	148,624,024	-	893,762,132	166,115,535	58,323,701	-	224,439,236	669,322,896	579,022,573

Consolidated Financial Statements

(Amount in Rupees)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE - 6		
INVESTMENTS		
I Long Term		
Trade- Unquoted- at Cost		
Others		
Lanco Net Limited	20,000,000	20,000,000
2000000 shares of Rs. 10 each		
TOTAL	20,000,000	20,000,000
SCHEDULE - 7		
SUNDRY DEBTORS		
(Unsecured and Considered good)		
More Than six months	933,210,952	457,206,265
Others	1,608,996,837	1,271,254,594
TOTAL	2,542,207,789	1,728,460,859
SCHEDULE - 8		
CASH AND BANK BALANCES		
Cash in hand	400,826	1,424,844
Bank Balance		
a) With scheduled Banks		
Current Accounts	4,966,239	14,046,935
b) Others		
- Current Accounts	10,979,658	60,611,780
TOTAL	16,346,723	76,083,559
SCHEDULE - 9		
LOANS & ADVANCES		
(Unsecured and Considered good)		
a) Advance and Loans to Subsidiaries		
LGSL Foundation (Trust)	7,064,173	7,063,773
b) Advance recoverable in Cash or in Kind		
i) Pre-paid Expenses	71,175,485	76,058,860
ii) Advance for Expenses & Recoverable	1,281,863,282	908,529,584
c) Balance with Customers Etc		
Security Deposits	29,650,049	14,093,263
TOTAL	1,389,752,989	1,005,745,480

(Amount in Rupees)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE - 10		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
a) Sundry Creditors		
i) Due to SSI Undertakings	–	–
ii) Dues to other than SSI Undertakings	1,380,928,813	679,738,359
b) Advance payments	–	537,499
c) Unpaid Dividend	18,352,919	180,781
d) Other Liabilities	112,374,450	69,831,185
B. Provisions		
Provision for Dividend	25,423,667	25,423,667
Provision for Tax	108,034,674	86,465,807
Provision for Gratuity	3,937,548	5,134,982
Provision for Leave Encashment	1,826,971	2,370,380
TOTAL	1,650,879,042	869,682,660
SCHEDULE - 11		
MISCELLANEOUS EXPENDITURE		
Preliminary Expenses	354,077	536,077
TOTAL	354,077	536,077

Consolidated Financial Statements

(Amount in Rupees)

Particulars	for the Year ended March 31, 2011	for the Year ended March 31, 2010
SCHEDULE - 12		
OTHER INCOME		
Interest Income	563,618	30,558
Lease rentals	1,701,228	1,569,840
Foreign Exchange Fluctuation Profit/(Loss)	(4,111,754)	(37,685,320)
TOTAL	(1,846,908)	(36,084,922)
SCHEDULE - 13		
INTEREST & FINANCIAL CHARGES		
Bank Charges	9,070,348	16,290,963
Interest on Working Capital Facility	104,689,257	91,956,503
Interest on Term Loan	6,829,168	5,001,392
Interest on Others	2,682,970	125,938
TOTAL	123,271,743	113,374,796
SCHEDULE - 14		
OPERATING & ADMINISTRATION EXPENSES		
Communication Expenses	7,655,539	8,636,823
Repairs and Office Maintenance		
- Building	507,327	1,711,842
- Others	10,437,699	43,529,699
Rent	20,863,261	17,793,148
Rates, Taxes & Insurance	8,753,741	10,397,618
Business Development Expenses	19,307,510	18,452,102
Bad Debts	6,238,834	15,269,614
Electricity Charges	3,311,305	3,264,956
Travelling & Conveyance	18,173,368	21,455,235
Printing & Stationery	1,155,624	860,640
Staff Recruitment Charges	240,246	288,066
Consultancy Charges	19,818,073	13,326,742
Directors Remuneration	6,433,500	240,000
Quality Certification Fee	128,000	799,000
Audit Fee		
- As Auditor	220,600	220,600
- Other Services	330,900	330,900
Misc. Expenses	1,703,628	2,435,367
TOTAL	125,279,155	159,012,352

SCHEDULE - 15

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, GLOBAL IT INC, U.S.A and LGS Global FZE, UAE 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, 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, Techorbit Inc. USA, LGS Global FZE, UAE subsidiary companies have been considered

in the consolidated financial Statements. As required by Accounting Standard (AS - 23) on Accounting for Investments in Subsidiaries in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

USE OF ESTIMATES :

The preparation of financial statements is in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of fixed assets and provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

1. 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.

2. Foreign Exchange Transaction :

Realised gains & loss in foreign exchange transactions are recognised in Profit & Loss Account. However in case of 100 % subsidiaries it have been reflected in the Foreign Exchange Translation Reserve Account.

Transactions in foreign currency will be recorded at the rates of exchange prevailing on the date

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

3. Investments :

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

4. Fixed Assets :

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.

5. Depreciation and Amortisation :

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 and there is no change in the method of Depreciation during the year.

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.

6. 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.

7. Earning Per Share:

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

8. Gratuity and Leave Encashment :

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

9. Borrowing Cost :

Borrowing cost relating to acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. Borrowing cost that are attributable to the projects are charged to the respective projects. All other borrowing costs, not eligible for inventorisation/capitalisation, are charged to revenue.

10. Cash Flow Statement :

The Company has prepared Cash Flow Statement as per the AS-3.

11. Provisions, Contingent Liabilities and Contingent Assets :

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of a past event;
- b) a probable outflow of resources is expected to settle the obligation; and
- c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of:

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- b. a possible obligation, unless the probability of outflow of resources is remote. Contingent Assets are neither recognized nor disclosed.

12. Impairment of Assets:

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sale price or present value as determined above.

13. Related Party Disclosures :

The Company as required by AS-18 furnishes the details of Related Party Disclosures in Schedule 15(B).

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, is not applicable as there is no employees covered under this section.

2. Director's Remuneration :	Current Year (Rs.)	Previous Year (Rs.)
	64,33,500	2,40,000
3. Auditor's Remuneration :	Current Year (Rs.)	Previous Year (Rs.)
Audit Fee	2,20,600	2,20,600
Other Services	3,30,900	3,30,900
Total	5,51,500	5,51,500

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 2010-11 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. 3K Technologies Limited is a related party only upto 07-12-2010.

Sl. No.	Name of the Related Party	Nature of Relation	Nature of Transaction	Amount Involved
1.	3K Technologies Ltd	Common Directors	Business Advance Paid	Rs. 2860.66 lakhs
2.	3K Infrastructures Ltd	Common Directors	Business Advance Paid	Rs. 13.61 lakhs
3.	K.Venkata Subba Rao	Managing Director	Remuneration	Rs. 32.17 Lakhs
4.	K.Venkateswara Rao	Joint Managing Director	Remuneration	Rs. 32.17 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. Foreign Currency Outflow :	Current Year (Rs.)	Previous Year (Rs.)
Capital Expenditure	Nil	Nil
Foreign Travelling	12,40,367/-	40,60,934/-
Others	8,91,69,106/-	1,22,12,81,734/-

9. 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	67,07,03,122/-	1,17,11,08,279/-

Consolidated Financial Statements

10. 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 fluctuation profit / loss is reflected in Foreign Exchange Translation Reserve account.
11. The intra Branch transactions have been eliminated during the year. The inter company transactions have been eliminated while consolidation of consolidated Financial Statements.
12. There are no dues to SSI Units outstanding for more than 30 days.
13. Balances relating to debtors and creditors are subject to Confirmations.
14. 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. 72,06,262/- towards deferred income tax liability. (Previous year Rs. 24,95,479/- towards deferred income tax Liability)
15. **Secured Loans from Axis Bank:** The Term Loan Amounting to Rs.500 Lacs, Working Capital of Rs 4500 lakhs and Bank Guarantee of Rs 400 Lakhs from Axis Bank Ltd are secured by charge on current assets, Fixed Assets of the company.

Collateral Security: Pledge of promoters shares, Mortgage of Land and personal Guarantee of Promoter Directors.

Secured loans from SBI Global factors: The Factoring facility of Rs 1750 lakhs from SBI Global Factors Ltd is secured by the 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.

Secured Loan from SBI: Working Capital of Rs 3000 Lakhs, Term Loan of Rs. 400 lakhs and Bank Guarantee of Rs 1000 lakhs from State Bank of India are secured by current assets, Fixed Assets.

Collateral Security: Pledge of Promoters shares, Mortgage of Land and personal guarantee of Promoter Directors.

Tech Orbit Inc: Notes payable to J.P.Morgan Chase Bank of USD 64,406(INR 28.76 Lakhs) secured by personal guarantee of the officer of the company and an amount of USD 532,697 (INR 237.85 Lakhs) is secured by accounts receivables of the company.

Global IT Inc: Notes payable to J.P.Mogan Chase Bank of USD 119,226(INR 53.23 Lakhs) is secured by personal guarantee of the president of the company. Notes payable to J.P.Morgan Chase Bank of USD 1,075,025 (INR 480.00 Lakhs) is secured by accounts receivables.

16. Prior Period Items: During the year the company has made a provision for prior period income tax liability for the year 2008-09 and 2009-10 for an amount of Rs.31,78,136/- and Rs.58,54,470/- respectively for the above years. It has also made a provision for prior period deferred tax liability during the year which is amounting to Rs.28,60,089/-. Prior period Income tax provision was made on the basis of tax demand notice received by the company.
17. Contingent liability of Rs 31,619,269/- as on 31st March 2011 towards Bank Guarantee given to different parties for Tender participation and supply of materials.
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 15

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
FRN: 007257S
Membership No. 23412

Y. SRINIVASA RAO
Vice President (F&A)

M. JAGADEESHWARA RAO
Company Secretary

Place : Hyderabad
Date : 23.08.2011

Consolidated Cash Flow Statement for the Year ended March 31, 2011

(Rupees in lakhs)

Particulars	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary Items	5860.46	4067.58
Adjustments for:		
Depreciation	583.24	480.70
Foreign Exchange translation Reserve	(107.72)	(421.35)
Loss on Sale of Assets	0.00	0.00
Interest expenses	1232.72	1133.75
Written off Expenses	1.82	1.82
Operating Profit before working capital changes	7570.52	5262.50
Trade and other receivables	(11977.55)	(5628.86)
Trade payables	6086.00	2244.40
Cash generated from operations	1678.97	1878.04
Interest paid	(1150.54)	(1090.54)
NET CASH FLOW OPERATING ACTIVITIES	528.43	787.50
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets including Capital Work-in-progress	(1486.24)	(913.75)
Pre-operative & Project Expenses	0.00	0.00
NET CASH USED IN INVESTING ACTIVITIES	(1486.24)	(913.75)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Share Capital	0.00	0.00
Investment Subsidy	0.00	5.00
Unsecured Loan	184.49	(145.00)
Proceeds from Term Loans	178.46	760.61
Net Proceeding from HP Loans	(2.51)	(2.25)
NET CASH USED IN FINANCING ACTIVITIES	360.44	618.36
NET INCREASE IN CASH AND CASH EQUIVALENTS	(597.37)	492.11
Cash and Cash equivalents as at (Opening Balance)	760.83	268.72
Cash and Cash equivalents as at (Closing Balance)	163.46	760.83

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 : 23.08.2011

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, 2011. 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 23rd August 2011 to the members of the company.

for P. MURALI & CO.,
 Chartered Accountants

Place : Hyderabad
 Date : 23.08.2011

P. MURALI MOHANA RAO
 Partner
 FRN: 007257S
 Membership No. 23412

Consolidated Financial Statements

Consolidated Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No: - State Code :

Balance Sheet Date - -

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 Total Assets

Sources of Funds

Paid - Up Capital Reserves & Surplus

Secured Loans Un-Secured Loans/
Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses N I L

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

Turnover Total Expenditure

Profit/Loss Before Tax Profit/Loss After Tax

Earning Per Share in Rs. . Dividend rate %

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

Item Code No. (ITC Code) : -

Product Description :

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

No.	Particulars	Name of the Subsidiary companies		
		Global IT Inc	Techorbit Inc	LGS Global FZE
1.	Financial year	31-03-2011	31-03-2011	31-03-2011
2.	Shares of the subsidiary held by the Company on the above date:			
	a) Number and face value	100000/- \$0.10	100000/- \$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, 2011	N.A	N.A	N.A
	b) For the previous financial year of the subsidiaries since it became a subsidiary	N.A	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, 2011	\$ 3,411,046	\$ 3,177,772	Nil
	b) For the previous financial year of the subsidiaries since it became a subsidiary	\$ 4,595,986	\$ 5,745,466	Nil
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	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.	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 : 23.08.2011

Statement under Section 212

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

S.No.	Description	Tech Orbit Inc.,		Global IT Inc.,		LGS Global FZE.,	
		Amount In INR	Amount In USD	Amount In INR	Amount In USD	Amount In INR	Amount In USD
a)	Capital	446,500	10,000	565,135,050	12,657,000	223,250	5000
b)	Reserves & Surplus	330,039,941	7,391,712	405,421,509	9,079,989	NIL	NIL
c)	Total Assets	502,325,404	11,250,289	1,177,042,716	26,361,539	223,250	5000
d)	Total Liabilities	502,325,404	11,250,289	1,177,042,716	26,361,539	223,250	5000
e)	Details of Investments	Nil	Nil	NIL	NIL	NIL	NIL
f)	Turnover	706,086,170	15,813,800	971,903,873	21,767,164	NIL	NIL
g)	Profit Before Taxation	167,338,020	3,747,772	166,712,339	3,733,759	NIL	NIL
h)	Provision for Taxation	25,450,500	570,000	14,409,135	322,713	NIL	NIL
i)	Profit after taxation	141,887,520	3,177,772	152,303,204	3,411,046	NIL	NIL
j)	Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL
	Reporting Currency		USD (\$)		USD (\$)		USD (\$)

India Rupees equivalent of the figures given in foreign currencies based on the exchange rate as on 31-03-2011 (USD 1 = INR 44.65).

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 : 23.08.2011

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

12th Annual General Meeting - 27th September, 2011

Regd. Folio No.	*DP ID:
No. of Shares held	*Client ID:
Name of the Shareholder	
Name of Proxy	
Signature of Member/Proxy	

I hereby record my presence at the 12thAnnual General Meeting of the Company to be 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 12:00 noon, Tuesday, the 27th September, 2011 and at any adjournment thereof.

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.	*DP ID:
No. of Shares held	*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 12th 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 12:00 noon, Tuesday, the 27th September, 2011 and at any adjournment thereof.

Dated this day of September, 2011.

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

Signature
(Member)

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.*



Design, Build & Run

Cloud Computing and Mobile Applications made easy!



Book-Post Printed Matter

If undelivered, please return to:

LGS GLOBAL LIMITED

8-2-293/82/A/796/B,
Road No: 36,
Jubilee Hills,
Hyderabad-500033.
Phone: +91-40-66990000
www.lgsglobal.com

