

12th Annual Report 2010-2011



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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:

- Remuneration of Rs. 30,00,000/- (Rupees Thirty Lakhs only) per annum.
- Contribution to Provident Fund as per the rules of the company.
- Provision of Car and Telephone, Internet, Mobile, Fax for Office use.
- 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:

- Remuneration of Rs. 30,00,000/- (Rupees Thirty Lakhs only) per annum.
- Contribution to Provident Fund as per the rules of the company.
- Provision of Car and Telephone, Internet, Mobile, Fax for Office use.
- 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