PUBLIC ANNOUNCEMENT TO THE EQUITY SHAREHOLDERS OF
LANCO GLOBAL SYSTEMS LIMITED (LGS)

(Regd. Off.: Lanco House 141, Avenue 8, Road No.2, Banjara Hills, Hyderabad – 500034, A.P.
Tel No. 2375 5403/05, Fax No. 2375 5413, email id: raju.kvr@lgsglobal.com)

This Public Announcement (PA) is being issued by UTI Securities Limited (hereinafter referred to as "Manager to the Offer"), for acquisition of 20% of the paid up capital of the company i.e., 50,84,734 equity shares for and on behalf of Mr. K. Venkateswara Rao, Mr. K. Tejesh Kumar and Mr. K Venkata Subba Rao (hereinafter referred to as "Acquirers") along with their associates Ms. Y. Sirisha, Ms. Y. Janaki, Ms. P. Sridevi, Mr. D. Janardhan Sharma, Mr. C.S. Leeladhar, M/s. Firora Enterprises located at Mauritus, M/s. Mundi Enterprises Ltd., located at Mauritus M/s. Probus Capital Ltd., located at Mauritus and M/s. Fingrowth Co., Ltd. located at Mauritus (hereinafter collectively referred to as "Persons Acting in Concert") pursuant to and in compliance with Regulations 10 & 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) SEBI (SAST) Regulations, 1997 and subsequent amendments thereto (hereinafter referred to as the "Regulations").

1. THE OFFER:

The Open Offer is being made by the following Acquirers & Person Acting in Concert (PAC) to the Equity Shareholders (i.e. shareholders other than the Promoter shareholders of LGS and Parties to the Share Purchase Agreement) of LANCO GLOBAL SYSTEMS LIMITED (hereinafter referred to as "Target Company" or "LGS"), a public limited company incorporated under the Companies Act, 1956 and having its registered office at Lanco House 141, Avenue 8, Road No.2, Banjara Hills, Hyderabad - 500034, Andhra Pradesh:

(i) Mr. Kadiyala Venkateswara Rao, S/o. K. Appa Rao, aged about 35 years, resident of 8-2-120/110/1, Nandinagar, Road No.14, Banjarahills, Hyderabad – 500 034, email id: kvenkat@globalitinc.com

(ii) Sri. Karusala Venkata Subba Rao, S/o of Sri.K. Bapaiah, aged about 38 years, resident of #402, Park View Apartments, Pragathi Nagar, Yosufguda, Hyderabad – 500 045. email id: krao@techorbit.com

(iii) Mr. Kodali Tejesh Kumar, S/o. K. Rambabu, aged about 35 years resident of 8-2-120/110/1, Nandinagar, Road No.14, Banjarahills, Hyderabad – 500 034. email id: kteja@globalitinc.com

Persons Acting in Concert (PAC)

S. No.	Name	Address	Relationship, if any, with Acquirers
1	Y. Sirisha	8-2-120/110/1, Nandi Nagar, Rd No: 14, Banjara Hills, Hyderabad- 34	W/o. Mr. K Venkateswara Rao
2	Y. Janaki	8-2-120/110/1, Nandi Nagar, Rd No: 14, Banjara Hills, Hyderabad- 34	W/o. Mr. K Tejesh Kumar
3	P. Sridevi	402, Park View Apartments, Pragathi Nagar, Yousufguda, Hyderabad.	W/o. Mr. K V Subbarao
4	D. Janardhan Sharma	8-2-120/112/P/5,6 2nd floor, Park View Estate, Rd No: 2, Banjara Hills, Hyderabad.	No relation
5	C.S. Leeladhar	8-2-120/112/P/5,6 2nd floor, Park View Estate, Rd No:2, Banjara Hills, Hyderabad.	No relation
6	Firora Enterprises	St James Court – Suite 308, St Denis Street, Port-Louis, Republic of Mauritius	No relation
7	Mundi Enterprises Ltd	St James Court – Suite 308, St Denis Street, Port-Louis, Republic of Mauritius	No relation
8	Probus Capital Ltd	St James Court – Suite 308, St Denis Street, Port-Louis, Republic of Mauritius	No relation
9	Fingrowth Co. Limited	St James Court – Suite 308, St Denis Street, Port-Louis, Republic of Mauritius	No relation

Except above, there is no other PAC in terms of Regulation 2(1)(e)(1) of SEBI (SAST) Regulations, 1997 in relation to this Offer.

a) The Acquirers & PACs have vide a share purchase agreement dated June 26, 2007 executed with the promoter and promoter group (therein and hereinafter collectively referred to as the "Present Promoters") and other shareholders of LGS collectively referred to as "Sellers", agreed to acquire 1,70,40,591 equity shares of Rs. 10 each representing 67.03% of the fully paid up equity voting capital of LGS at a price of Rs.2.20 per share aggregating to a consideration of Rs. 3,74,89,300.20 payable in cash as detailed below:

Name of the Seller	No. of shares
Lanco Group Limited	531000
G Bhaskara Rao	600
G. Padmavathi	60600
L. Padma	60700
L. Madhusudhana Rao	513960
L. Rajalakshmi	50700
L. Sirisha	10000
G. Lakshmi Sirisha	61209
Lagadapati Sridhar	100
Nagaruna Valluri	6391662
Pacific Power Venture Limited	5168333
Fremont Venture Limited	3691667
Pearl Farms Private Limited	500060
Total	**17040591**

b) The Acquirers & PACs are now making this Open Offer (the "Offer") to the Shareholders of LGS (other than the Promoter shareholders of LGS and Parties to the Share Purchase Agreement) to acquire 50,84,734 Equity Shares of Rs. 10/- each representing 20% of its subscribed & voting capital at a price of Rs. 43.80 per share ("Offer Price"), payable in cash.

c) The Shares to be acquired under this Offer will be acquired free from all liens, charges and encumbrances and together with all rights attached thereto, including rights to all dividends to be declared after all the formalities relating to this Offer are completed.

d) The total subscribed capital of the target company is Rs. 25,42,36,670. Out of above, shareholders holding 3800 shares have not paid the allotment money of Rs. 5 per share. Hence, Total paid up capital of the target company is Rs. 25,42,17,670.

e) The Equity Shares of LGS are listed on Bombay Stock Exchange Limited, Mumbai (BSE) and The Hyderabad Stock Exchange Limited, Hyderabad (HSE).

f) As on date of this PA, the Acquirers/PACs do not hold any Equity Shares of LGS. The Acquirers/PACs have not acquired either directly or through any other person any Shares of LGS during the twelve months preceding the date of this PA.

g) UTI Securities Limited, The Manager to the Offer does not hold any equity shares in the Target Company, as on the date of this PA. .They declare and undertake that they shall not deal in the shares of the target company during the period commencing from the date of their appointment as manager to the offer till the expiry of fifteen days from the closure of the offer.

h) The Offer is in compliance with SEBI (SAST) Regulations 1997 and subsequent amendments thereof.

i) The Offer is not conditional upon any minimum level of acceptance. i.e. the Acquirers will acquire all the equity shares of LGS that are tendered in terms of the Offer up to 50,84,734 Shares representing in the aggregate 20% shares of the issued capital, subject to the conditions specified in this Public Announcement, Letter of Offer and Form of Acceptance-cum-Acknowledgement.

j) This is not a competitive bid.

k) The Acquirers have not entered into any separate non-compete agreement with the Sellers.

l) The consideration shall be paid in cash

2. Justification of Offer Price

a. The Equity Shares of LGS are listed on Bombay Stock Exchange Limited, Mumbai (BSE) and The Hyderabad Stock Exchange Limited, Hyderabad (HSE).

b. The annualized trading turnover based on the trading volume in the shares of LGS on each of the above mentioned stock exchanges during December 2006 to May 2007 (6 calendar months preceding the month in which Public Announcement is made) is as under:

Name of Stock Exchange(s)	Total no. of shares traded during the 6 calendar months prior to the month of Public Announcement	Total No. of listed Shares during that period	Annualized Trading turnover (as a % to total listed shares)
BSE	1945504	1,06,57,000	36.51
HSE	-	1,06,57,000	-

The Equity shares of LGS are frequently traded on BSE and infrequently traded on HSE within the meaning of explanation (i) to Regulation 20 (5) of the SEBI (SAST) Regulations. (Source: BSE website and LGS)

d. The Offer Price of Rs. 43.80 (Rupees Forty Three and Eighty Paise Only) per Share is justified in terms of Regulations 20 (4) and 20 (5) of the SEBI (SAST) Regulations in view of the following:-

a)	Negotiated Price under the Agreement	Rs. 2.20/- per equity share
b)	Highest Price paid by the Acquirer or persons acting in concert with him for acquisition, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of Public Announcement , whichever is higher.	NOT APPLICABLE
c)	The average of the weekly High and Low of the closing prices of the shares of LGS on during 26 weeks period preceding the date of PA	34.06
d)	The average of the daily High and Low of the prices of the shares of LGS during 2 weeks period preceding the date of PA	43.74

In respect of HSE, where the Equity Shares are infrequently traded, the offer price is justified considering the following:

Particulars	Based on audited Accounts for the Year-ended 31.03.06	Based on certified Unaudited Accounts for the nine month period ended 31.12.2006
Return on Networth	6.38%	12.82%
Book Value	11.37	13
Earning per Share	0.73	1.67
Industry PE Ratio*	21.39	

(Source: CapitalLine, Industry – Medium/Small-Software)

In view of the above paragraph, the Offer Price of Rs. 43.80 (Rupees Forty Three and Eighty Paise Only) per fully paid up equity share of Rs. 10 each and Rs. 38.80 per partly paid up equity share of Rs. 10 on which a sum of Rs. 5 payable on allotment has not been paid by the shareholders, being the highest among the prices mentioned above, is justified in terms of Regulation 20(4) and Regulation 20(5) of the SEBI (SAST) Regulations, 1997 as applicable on the date of PA.

c. In the opinion of the Acquirers and Manager to the Offer, the Offer price of Rs. 43.80 (Rupees Forty Three and Eighty Paise Only) per fully paid Equity Share is justified.

d. There is no non-compete agreement for payment to any person.

e. In the event of any further acquisition of Equity Shares by the Acquirers upto 7 working days prior to the closure of the Offer at a price higher than the Offer Price, then the Offer price will be revised upwards to be equal to or more than the highest price paid for such acquisition. However, the Acquirer shall not be acquiring any Equity Shares of LGS during the period of 7 working days, prior to the date of closure of the Offer.

f. The Acquirers/PACs have not acquired any shares of LGS, including by way of allotment in public or rights issue or by way of preferential allotment by Target Company during the 26 weeks period prior to the date of public announcement

3. INFORMATION ABOUT THE ACQUIRERS AND PERSONS ACTING IN CONCERT WITH THEM:

a) Mr. Kodali Tejesh Kumar , S/o. K. Rambabu, aged about 35 years resident of 8-2-120/110/1, Nandinagar, Road No.14, Banjarahills, Hyderabad – 500 034, He completed his MBA from Andhra University in the year 1996 and has about 12 years functional experience in the software and finance industry. He is promoter and Director of 3K technologies Ltd. & is also a Director in Rithwik Projects Ltd. and Southern Online Bio-technologies Limited.

b) Mr. Kadiyala Venkateswara Rao, S/o. K. Appa Rao, aged about 35 years, resident of 8-2-120/110/1, Nandinagar, Road No.14, Banjarahills, Hyderabad – 500 034,. He completed his MCA from Osmania University in the year 1994 and has about 14 years functional experience in the software industry. He is promoter and Director of 3K technologies Ltd. & is also a Director in Rithwik Projects Ltd. and Southern Online Bio-technologies Limited.

c) Sri. Karusala Venkata Subba Rao, S/o of Sri.K. Bapaiah aged about 38 years, resident of #402, Park View Apartments, Pragathi Nagar, Yosufguda, Hyderabad – 500 045. He completed his M.Tech from Regional Engineering College, Warangal in the year 1992 and has about 16 years functional experience in the software industry. He is promoter of 3K technologies Ltd.

d) As on 31.03.2007 networth of Mr. Kodali Tejesh Kumar is Rs. 9.67 crores, Mr. Kadiyala Venkateswara Rao is Rs. 9.51 crores and Mr. Karusala Venkata Subba Rao is Rs. 12.73 crores as certified by Mr. P. Murali Mohana Rao (Membership No. 23412), Partner of M/s. P. Murali & Co., Chartered Accountants, having Office at 6-3-655/2/3, Somajiguda, Hyderabad- 500 082. Tel. No. (040) 23326666/23312554 Fax No: (040) 23392474 vide certificate dated June 27, 2007.

4. INFORMATION ABOUT THE TARGET COMPANY:

a) LGS was incorporated as a public limited company on January 28, 1999. LGS is a part of Lanco group, a leading diversified group in Andhra Pradesh and has been promoted by Mr. Rajagopal, Mr.Bhaskara Rao, Mr.L.Sridhar and Mr.Madhusudhan Rao. The Certificate for Commencement of Business was obtained from Registrar of Companies (ROC), Andhra Pradesh on 10th February 1999. The company made its public issue in July 2000 and got its shares listed on BSE, Ahmedabad Stock Exchange (ASE) & HSE. Later on, the shares of the Company were delisted from ASE vide its letter dated March 4, 2004. The Company is presently engaged in the Business of Software Services. During the fiscal year 2006, LGS opened a Branch in Atlanta, State of Georgia, United States of America for expansion of the Company's business in the United States of America. There was also a merger of Lanco Global Systems Inc. USA with Lanco Global Systems Ltd. as per the Scheme of Amalgamation approved by the Honourable High Court of Andhra Pradesh on August 03, 2006 w.e.f. April 1, 2005. The Company plans to be a player in niche technologies and lays emphasis in staying current in the new technologies. The main focus of LGS is on providing IT services in following sectors: Financial Services, Healthcare, Manufacturing, Chemicals, Life Sciences and Retail Services. LGS is headed by Mr .L Madhusudan Rao who is the Chairman and Mr. Y. Anand Swaroop who is the C.E.O and Director of the Company. The Registered Office of the Company is situated at Lanco House 141, Avenue 8, Road No.2, Banjara Hills, Hyderabad – 500034, Andhra Pradesh. Ph. Nos. 2375 5403/05, Fax No. 2375 5413 Email: raju.kvr@lgsglobal.com, Website - www.lgsglobal.com.

b) As on date of this Public Announcement, the Authorised Share Capital of LGS is Rs. 40 crores and the issued and subscribed share capital is Rs. 2542.37 lakhs. The paid up Capital of the Company is Rs. 2542.18 lakhs comprising of 2,54,19,867 fully paid up Equity Shares of Rs. 10/- each representing 99.99% of the Subscribed Capital and 3,800 partly Paid-up Equity Shares of Rs.10/- each on which Rs.5/- per share (being the money due on allotment not paid by the shareholders), aggregating to 2,54,23,667 equity shares.

c) LGS was promoted by L. Madhusudhan Rao, Mr. L. Sridhar and Mr. G. Bhaskara Rao. As on March 31, 2007, the promoter group holds 2,12,92,572 Equity Shares in the target company representing 83.75% of the existing voting capital.

d) LGS is presently carrying on the business of development of software.

e) The Equity Shares of LGS are listed on BSE and HSE. The equity shares of the company are not traded on HSE in terms of explanation (i) to regulation 20(5).

f) As per Audited Accounts for the year ended 31st March 2006, the company earned gross revenue of Rs.3585.72 lakhs comprising of Export revenues of Rs. 3533.67 lakhs and Domestic Revenues of 29.26 lakhs. Other income comprised of 22.78 lakhs. LGS had a total expenditure of Rs. 3400.45 lakhs which comprised of Personnel cost of Rs.2837.02 lakhs , Interest & Financial charges Rs. 17.74 lakhs, operating & administration expenses of Rs. 48.41 lakhs , Depreciation Rs.59.95 lakhs and written off expenses of Rs.1.65 lakhs. LGS made a provision to tax of Rs.5.09 lakhs and a provision for FBT Tax of Rs. 2.05 lakhs. The net profit before tax was Rs. 185.26 lakhs and Net profit after Tax was Rs. 178.11 lakhs . The Company has made an adjustment for deferred income tax assets at Rs 6.36 lakhs and hence net profit after deferred tax was Rs. 184.48 lakhs . The paid up capital as on 31 March 2006 was Rs. 2541.76 lakhs . The reserves and surplus as on 31 March 2006 were Rs. 349.72 lakhs. The net worth as on 31.3.2006 was Rs. 2891.48 lakhs. The shares of Face Value 10 had a book value of 11.37. The earnings per share was Rs. 0.73 .The return on net worth was 6.38%.

(Source: Annual report of LGS)

g) As per the certified un-audited accounts (Consolidated) for the 9 months period ended 31.12.2006, the company earned a gross revenue of Rs.3857.81 lakhs comprising of Sales of 3829.94 lakhs and Other income of 27.87 lakhs. Expenditure during the period comprised of Staff cost of Rs.2748.01 lakhs other expenses of Rs.583.00 lakhs . Operating profit was Rs. 533.11 lakhs. Interest charges of 34.78 lakhs, Depreciation 60.94 lakhs. The net profit before tax was Rs. 429.83 lakhs. LGS made a provision to tax of 9.82 lakhs . Company has made a adjustment for deferred income tax assets at 4.72 lakhs and hence net profit after deferred tax was Rs. 424.72 lakhs . The paid up capital as on 31 Dec 2006 was Rs. 2541.76 lakhs. The net worth as on 31.12.2006 was Rs. 3307.00 lakhs. The earnings per share was Rs. 1.67. The shares with a face value of Rs. 10 had a book value of Rs. 13. The return on net worth was 12.82%.

(Source: Unaudited Certified financial results of LGS)

h) There are no major audit qualifications.

i) The Board of directors of LGS are Mr. L Madhusudhana Rao (Chairman, Non Executive), Mr. Y. Anand Swaroop (CEO & Director), Mr. G. Bhaskara Rao (Non Executive), Y Harish Chandra Prasad (Non Executive), Mr. M.N.Nambiar (Non executive & Independent), Dr. Prasada Rao VDM Ravella (Non Executive & Independent), Mr. B Anand (Alternate to Dr. Prasada Rao), Mr. G. Ramesh (Non Executive & Independent) and Mr. PGK Murthy (Non Executive & Independent)

j) The Shareholding Pattern as on March 31, 2007

	No. of Shares	% of Shares
Promoters Shareholding		
Indian Promoters & Promoters Group	76,36,922	30.04
Foreign Promoters & Promoters Group	1,36,55,650	53.71
Total promoters shareholding (A)	**2,12,92,572,**	**83.75**
Non-promoter shareholding		
Institutional shareholders	0.00	0.00
Private corporate bodies	11,43,326	4.50
NRIs / OCBs	76,599	0.30
Indian Public	20,21,204	7.95
Any other	8,89,966	3.50
Total Non-promoter shareholding (B)	**41,31,095**	**16.25**
Grand Total (A+B)	**25423667**	**100.00**

k) The Marketable Lot for the equity shares of LGS is 1 (one). The ISIN Number of Equity Shares in dematerialized form is INE425B01019.

l) LGS has been paying listing fee regularly. No action has been taken by Stock Exchanges or SEBI against LGS, its directors or promoters.

m) As per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Andhra Pradesh Vide Order dated 3rd August 2006, for the amalgamation of Lanco Global Systems Inc., USA (transferor company) with Lanco Global Systems Limited (Transferee Company), two shares of Lanco Global Systems Limited have been issued for every three shares held by the share holders of Lanco Global Systems Inc. Accordingly 1,47,66,667 shares of Lanco Global System were issued to the shareholders of Lanco Global Systems Inc., USA.

n) The company has two subsidiaries namely Global IT Inc. and Tech Orbit Inc.

o) The Compliance Officer of LGS is K.V.R. Raju who shall attend to all investor grievances

5. REASONS FOR THE ACQUISITION AND THE OFFER:

a) The Offer is being made pursuant to Regulation 10 & 12 and other provisions of Chapter III and in compliance with the Regulations.

b) The prime object of the Offer is to acquire substantial acquisition of shares/voting rights accompanied with the change of control and management of the company. The present acquisition of shares of Target Company would create synergies and help the Acquirers expand their capacities and enhance the product portfolio in combination with the operations of LGS.

c) The Acquirers are having experience in the areas of Software development, IT and ITES and through this acquisition, the Acquirers intend to expand their present activities and also derive benefits of a Listed Company. Barring unforeseen circumstances, the Acquirers are confident of ensuring sustained growth.

d) The Acquirers do not have any plans to sell, dispose off or otherwise encumber any assets of LGS in the next two years, except in the ordinary course of business. The Acquirers will not dispose off, sell or otherwise encumber any substantial Assets of LGS except with the prior approval of the Shareholders.

e) To augment the resources in future, the Acquirers intend to participate in any Equity/Debt/Quasi Debt offering from LGS, be it subscription to the Rights Issue/ Public Issue, Preferential allotment etc. Reorganization and/or streamlining of the business, including diversification, will be considered in the larger interest of LGS by its Board of Directors in accordance with the applicable rules and laws.

6. STATUTORY APPROVALS/ OTHER APPROVALS REQUIRED FOR THE OFFER:

a) The Offer along with any obligation relating to payment for, and purchase of, the shares tendered is subject to the receipt of necessary approval(s), if any, from the Reserve Bank of India ("RBI") under Foreign Exchange Management Act, 1999 ("FEMA") and subsequent amendments thereto, for acquisition of shares under the Agreement and Offer.

b) The Acquirers will make an application, if necessary, for this purpose to the RBI at the appropriate time.

c) As on the date of this PA, to the best of the knowledge of the Acquirers, no other statutory approvals are required to acquire the shares that are tendered pursuant to the Offer.

d) The Acquirers shall complete all procedures relating to the Offer within a period of 15 days from the date of closing of the offer. The Acquirers reserve the right to withdraw the Offer, in terms of Regulation 27 of the SEBI (SAST) Regulations, in the event the requisite statutory approvals are refused. In the event of withdrawal, a Public Announcement will be made in the same newspapers in which this original Public Announcement is being made. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12) of SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of the approvals was not due to willful default or negligence, grant an extension for the purpose of completion of the offer provided the Acquirers agree to pay interest to the shareholders for delay beyond 15 days from the date of closing of the offer. Further, if the delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulation, 1997 as applicable on the reference date will also become applicable

e) No approval is required to be obtained from Banks/ Financial Institutions for this offer.

7. DELISTING OPTION TO THE ACQUIRERS IN TERMS OF REGULATION 21(3):

Pursuant to the Agreement and this Offer or otherwise, if the public shareholding in LGS fall below the limit specified in the Listing Agreement with Stock Exchange(s) for the purpose of listing on continuous basis, the Acquirers undertake to acquire only such number of Equity Shares under Share Purchase Agreement so as to maintain the minimum specified public shareholding in the Company. In case the open offer for any reason reduces the public holding below the percentage specified in Clause 40 A of the Listing Agreement, the acquirers shall take the required steps as per the provisions of SEBI (SAST) Regulations, 1997 for maintaining the public holding at the desired level.

8. FINANCIAL ARRANGEMENTS:

a) The total fund requirement for the implementation of the offer at Rs. 43.80 per share for 50,84,734 equity shares being 20% of total voting capital of 2,54,23,667 equity shares is aggregating to Rs 22,27,11,349.20 assuming that full acceptance for the offer is received which is in addition to the amount of Rs. 3,74,89,300.20 required for the purpose of acquisition of 1,70,40,591 equity shares from the promoters through share purchase agreement. The Acquirers have confirmed vide their letter dated June 27, 2007 that firm financial arrangements has been made for the implementation of the Offer in full out of their own sources/Networth and no borrowings from any Bank and/or Financial Institutions is envisaged. Mr. P. Murali Mohana Rao (Membership No. 23412) Partner of M/s. P. Murali & Co., Chartered Accountants, having Office at 6-3-655/2/3, Somajiguda, Hyderabad-500 082. Tel. No. (040) 23326666/23312554 Fax No: (040) 23392474 has certified vide letter dated June 27, 2007 that sufficient resources are available with the Acquirers for fulfilling the obligations under Regulation 29 of SEBI (SAST) Regulations, 1997 under this "Offer" in full.

b) UTI Securities Ltd., the manager to the offer is satisfied about the ability of Acquirers to implement the offer in accordance with the SEBI (SAST) Regulations, as firm financial arrangements are in place to meet the obligations of the SEBI (SAST) Regulations

c) In accordance with Regulation 28 of the SEBI (SAST) Regulations, 1997, the acquirers have vide their letter mentioned above created an escrow account in the following manner:

a. Cash deposit of Rs. 29,00,000 (Rupees Twenty Nine Lakhs only), payable with M/s. UTI Bank, S.R. Nagar Branch, Hyderabad empowering UTI Securities, the Managers to the Offer to instruct the banker to issue a banker's cheque or demand draft for the amount lying in the escrow account.

b. Bank Guarantee by The Karur Vysya Bank, S.R. Nagar branch for Rs. 5,53,00,000 (Rupees Five Crores and Fifty Three Lakhs only), in favour of UTI Securities Limited, the Manager to the Offer and is valid for a period commencing from the date of this public announcement till October 25, 2007.

d) The Manager to the Offer confirms that the firm arrangement for the funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

9. OTHER TERMS OF THE OFFER:

9.1 The Letter of Offer together with Form of Acceptance cum Acknowledgement (FOA), the Form of Withdrawal (FOW) and Transfer Deed (TD) (for shareholders holding shares in physical form) will be mailed to all the shareholders of LGS, except Promoter shareholders of LGS, Seller and Parties to the Share Purchase Agreement, whose names appear on the Register of Members of LGS and the beneficial owners of the shares whose names appear as beneficiaries on the records of the respective share depositories, at the close of business hours on June 29, 2007 (specified date).

9.2 Accidental omission to dispatch Letter of Offer to any member entitled to this open offer or non-receipt of the Letter of Offer by any member entitled to this open offer shall not invalidate the open offer in any manner whatsoever. The Offer is subject to the terms and conditions set out herein and in the Letter of Offer that would be sent to the shareholders of LGS as on the specified date.

9.3 This is not a conditional Offer and there is no stipulation as to the minimum level of acceptance.

9.4 All the shareholders, except the Promoters of LGS, Seller and Parties to the Agreement, who own the shares of LGS anytime before the closure of the Offer, are eligible to participate in the Offer anytime before date of closing of the offer.

9.5 The Acquirers have appointed Aarthi Consultants Pvt. Limited as Registrar to the Offer. Registrars have set up the following center to collect the acceptances being tendered in this offer:

LOCATION	CONTACT DETAILS OF THE REGISTRAR TO THE OFFER
Hyderabad	Mr. G. Bhaskar Aarthi Consultants Private Limited 1-2-285, Domalguda, Hyderabad – 500 029 Tel: +91-40-27642217,27638111 Fax: +91-40-27632184 Email: info@aarthiconsultants.com

The documents should be sent either by Hand delivery or by Registered Post, so as to reach before the closure of the offer. The documents can be tendered at the above centre between 10.00 am to 1.00 pm and 2.00 pm to 4.00 pm from Monday to Friday and between 10.00 am to 1.00 pm on Saturday. The centre will be closed on Sundays and Public holidays.

9.6 All registered shareholders who wish to tender their shares will be required to send duly completed FOA filled and signed in accordance with the instructions specified in the Letter of Offer and FOA, to the Registrar to the Offer at the center mentioned above before the closure of the Offer, i.e. September 5, 2007.

9.7 The Registrar to the Offer has opened a special depository account with Hyderabad Stock Exchange (Depository – CDSL) styled "**AARTHI-LGS-OPEN OFFER-ESCROW ACCOUNT** ". The DP ID is 23800 and Beneficiary/Client ID is 1302380000206263.

9.8 The beneficial owners (holders of shares in Dematerialized form) who wish to tender their shares will be required to send the FOA along with the counterfoil/ photocopy of the delivery instructions in "Off-Market" mode in favour of the special depository account mentioned above, duly acknowledged by the Depository Participant ("DP"), to the Registrar to the Offer either by Hand Delivery or by Registered Post on or before the date of closing of the Offer. In case of non-receipt of the aforesaid documents, but receipt of the shares in the special depository account, it will be deemed that the shareholder has tendered acceptance of the Offer.

For shareholders of LGS holding physical shares and who wish to accept the Offer and tender their shares will be required to send the FOA together with the share certificate(s) and transfer deed(s) to the Registrars.

9.9 The shareholders tendering shares in demat form should ensure the credit of shares in favour of the special depository account mentioned above, before the closure of the Offer i.e September 5, 2007. FOA, in respect of dematerialized equity shares not credited to the above special depository account before the date of closing of offer, is liable to be rejected.

9.10 Shareholders having their beneficiary account with National Securities Depository Limited (NSDL), have to use inter-depository delivery instruction slip for the purpose of crediting their Equity shares in favour of the above mentioned Special Depository Account with CDSL.

9.11 In case of non-receipt of the Letter of Offer/FOA, the eligible persons may download the same from SEBI website or obtain a copy of the same by writing to Registrars to the offer at the collection center clearly marking the envelope "LGS Open Offer" or make an application on plain paper duly signed and stating their name, address, No. of Shares held, no. of shares offered, DP name, DP ID, Client ID and the counterfoil/photocopy of the delivery instruction in "Off-Market" mode in favour of the special depository account, duly acknowledged by the DP, to the Registrar to the Offer, before the closure of the Offer.

9.12 Unregistered owners holding shares in physical form may send their application in writing on a plain paper, duly signed and stating the name, address, number of shares held, distinctive numbers, folio number and the number of shares in respect of which they are accepting the Offer along with the original share certificate(s) and valid transfer deed(s) as received from the Broker (columns meant for transferee / buyer should be kept blank) to the Registrar to the Offer. Unregistered owners will also be required to submit documents to prove their title to the shares in respect of which they are accepting the Offer such as original broker's contract note and transfer deed(s) executed by the registered holder of the shares. No indemnity is required from the unregistered owners.

9.13 In case the Share Certificate(s) and Transfer Deeds are lodged with LGS/its Share Transfer Agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) The Share Transfer Deed(s) and (ii) The acknowledgement of the lodgment with, or receipt issued by LGS/its transfer agents for the Share Certificate(s) so lodged. Where the Transfer Deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate/limited Companies, certified copy of the Memorandum & Articles of Association and copy of the Board Resolution authorizing the signatory, shall also be sent along with.

9.14 Shareholders who have sent their physical shares for Dematerialization and the dematerialization has not yet been effected, the concerned person should send the completed FOA together with the photocopy of the dematerialization request form acknowledged by shareholder's DP. The shareholder should ensure that process of getting shares dematerialized is completed well in time so that the credit in the special depository account should be received before closure of the Offer i.e. September 5, 2007, else the application will be rejected.

9.15 Equity shares tendered by the shareholders of LGS in the offer shall be free from lien, charges and encumbrances of any kind whatsoever.

Equity shares, that are the subject matter of litigation or are held in abeyance due to pending court cases, such that the shareholder(s) of LGS may be precluded from transferring the equity shares during pendency of the said litigation, are liable to be rejected unless directions/orders regarding the free transferability of such equity shares are received together with the equity shares tendered in the offer prior to the date of closing of the offer.

9.16 In case the shares tendered in the Offer by the shareholders, are more than the shares to be acquired under the Offer, the acquisition of shares from each shareholder will be as per the provisions of Regulation 21 (6) of the SEBI (SAST) Regulations on a proportionate basis, in such a way that the acquisition from a shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than the marketable lot. Market lot for the Target Company's share is 1 (one) share.

9.17 While tendering shares under the Offer, NRIs / OCBs / foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring shares of Target Company. **In case of RBI Approvals not being submitted prior to closure of the issue, the Acquirers reserve the right to reject the shares.** While tendering shares under the Offer, NRI / OCBs / foreign shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the Income Tax Act, 1961 before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirers will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

9.18 The consideration received by the shareholders for shares accepted in the offer will be subject to the capital gains tax / deduction of tax at source applicable as per the Income Tax Act, 1961. Further the securities transaction tax will not be applicable on shares accepted in this offer.

9.19 The Registrar to the Offer will hold in Trust the Shares / Share certificates, FOA, if any, and the transfer form/s on behalf of the shareholders of LGS who have accepted the Offer, till the Acquirers complete the offer obligations in accordance with the Regulations.

9.20 Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Shares held in demat form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the FOA.

9.21 A schedule of some of the major activities in respect of the Offer is given below:

Activity	Date	Day
Specified Date (for the purpose of determining the names of the shareholders to whom the Letter of Offer would be sent)	June 29, 2007	Friday
Date by which Letter of Offer will be posted to shareholders	August 6, 2007	Monday
Date of opening of the Offer	August 17, 2007	Friday
Last date for Revising the Offer Price / Number of Shares	August 27, 2007	Monday
Last date for Withdrawing acceptances tendered by shareholders	August 31, 2007	Friday
Date of closing of the Offer	September 5, 2007	Wednesday
Date of communicating acceptance/ rejection and payment of consideration for accepted shares / dispatch of the share certificate in case of rejection.	September 20, 2007	Thursday

10. PROCEDURE FOR WITHDRAWAL OF APPLICATION

10.1 In accordance with Regulation 22(5A) of the SEBI (SAST) Regulations 1997, shareholders shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing Date i.e. upto September 5, 2007.

10.2 Shareholders who wish to withdraw their shares from the Offer will be required to send the FOW duly completed & signed along with the requisite documents.

10.3 In case of non receipt of Form of Withdrawal, the withdrawal can be exercised by making an application on plain paper along with following details :-

- **In case of physical shares**: by stating Name, Address, Distinctive numbers, Folio number, Number of shares tendered and to be withdrawn.
- **In case of dematerialized shares**: by stating Name, Address, Number of shares tendered and to be withdrawn, DP Name, DP ID, Beneficiary account number, Counterfoil/ Photocopy of the delivery instruction in "Off Market" mode duly acknowledged by the DP in favour of the special depository account.

In either case: a copy of the acknowledgement received from the Manager to the Offer upon tendering of the Shares so as to reach the Registrar to the Offer either by hand delivery or by registered post on or before September 5, 2007.

SHAREHOLDERS WHO HAVE ACCEPTED THE OFFER BY TENDERING THE REQUISITE DOCUMENTS, IN TERMS OF THE PUBLIC ANNOUNCEMENT / LETTER OF OFFER SHALL HAVE THE OPTION TO WITHDRAW THE ACCEPTANCE TENDERED BY THEM UPTO 3 WORKING DAYS PRIOR TO THE DATE OF CLOSURE OF OFFER IN TERMS OF REGULATION 22(5A) OF THE SEBI (SAST) REGULATIONS .

11 GENERAL

11.1 If there is any upward revision in the Offer Price till the last date of revision in terms of Regulation 26 i.e. August 27, 2007 or Withdrawal of the Offer, the same would be informed by way of a Public Announcement in the same newspapers in which this original Public Announcement is being made. In case of an upward revision in the offer price, the revised Offer Price would be payable to all the shareholders who have tendered their shares any time during the Offer and have been accepted under the Offer.

11.2 Neither Acquirers nor the Target Company have been prohibited by SEBI from dealing in securities, in terms of directions issued u/s 11B of SEBI Act.

11.3 The Acquirers have not acquired any shares of LGS in the last twelve months nor do they hold any shares in LGS as on the date of this Public Announcement.

11.4 Pursuant to Regulation 13 of SEBI (SAST) Regulations, Acquirers have appointed UTI Securities Limited, as Manager to the Offer.

11.5 The Acquirers accept full responsibility for the information contained in this Public Announcement, brochure, circular, letter of offer or any other advertisement or publicity material issued to shareholders in connection with the offer and also for the obligations of the Acquirers as laid down in the SEBI (SAST) Regulations.

This Public Announcement will also be available on SEBI's website at **www.sebi.gov.in**. Eligible persons to the Offer may also download a copy of Form of Acceptance-cum-Acknowledgement which will be available on SEBI's website at **www.sebi.gov.in** from the Offer opening date August 17, 2007 and apply in the same.

Issued by: Manager to the Offer
(on behalf of the Acquirers)

UTI Securities
we make Investing easier

UTI SECURITIES LIMITED
(Subsidiary of Securities Trading Corporation of India Limited)
SEBI Regn. No. INM 000007458
Dheeraj Arma, I Floor, Anant Kanekar Marg, Bandra (East), Mumbai 400 051
Tel. Nos. (022) 67515826, Fax : (022) 67023194
Website: www.utisel.com, Email: neetu.ranka@utisel.com
Contact Person : Ms. Neetu Ranka

Place: Hyderabad Date: June 28, 2007