

Annual Report

09



SIXTH ANNUAL REPORT

GSSAmerica
Initiate Collaborate Succeed



Vision

To be the most Respected and Preferred Global IT Services leader by consistently exceeding customer expectations in providing solutions of superior value and continuous innovation delivered by a team of "best in class" professionals.

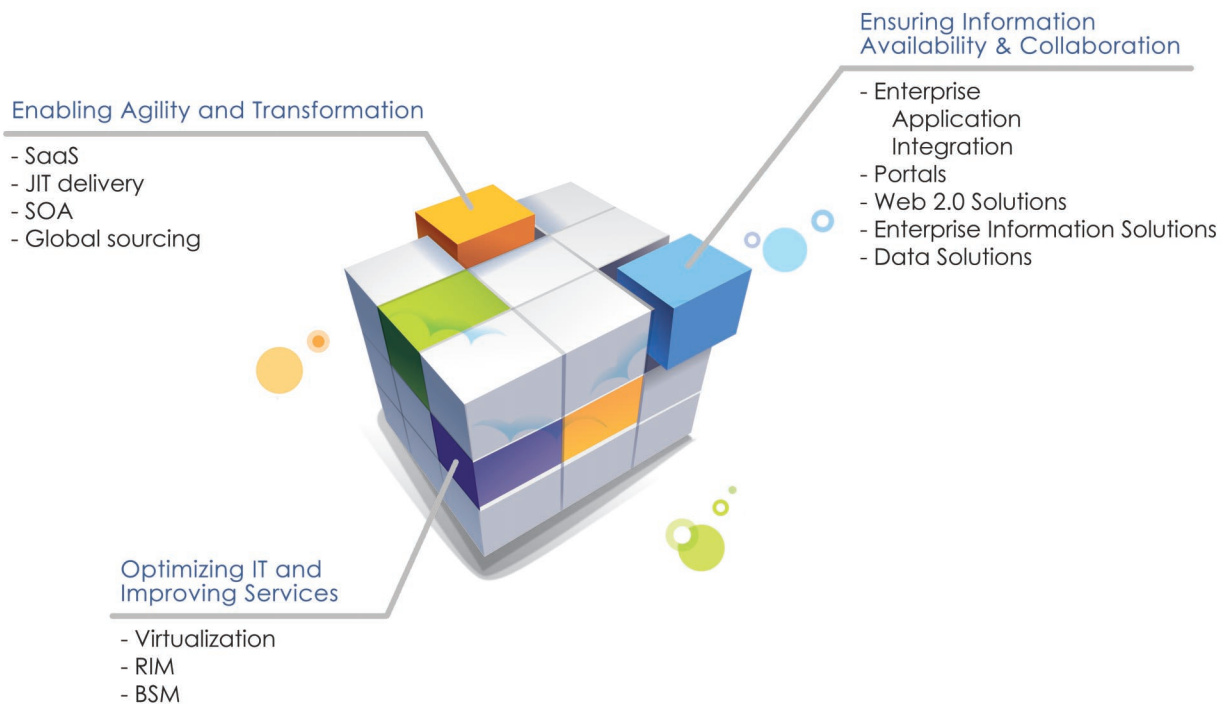
Core Values

- Pursuit of Excellence
- Honesty and Integrity
- Respect – Act with Sensitivity
- Leadership
- Positive Environment

GSS America – A Snapshot

- A Public Listed IT Services Company with 10 years in operations, headquartered in Hyderabad, India.
- One of the fastest growing IT companies in India.
- Specializes in providing Solutions for the Collaborative Virtual Enterprise.
- Strong Business Acumen with Technology Leadership.
- SEI-CMMi Level-3 company, ITIL compliant processes, ISO 9001 and 27001 certifications.
- Dedicated Network Operations Center (NOC) and Remote Delivery Center in Hyderabad, India.
- World-class delivery engine delivering solutions to 70+ Fortune 500 companies and 150+ Global 1000 companies.
- Best-in-class top tier technology alliances and domain intensive Centers of Excellence (CoEs).
- Highly capable global team.
- Strong balance sheet and well capitalized.

Creating Collaborative Virtual Enterprise for the clients



Awards & Accolades

'Best under a Billion'

GSS joins the Forbes Elite List of Asia's 200 Best Under a Billion Companies.

'Best Small Cap'

Awarded by **Financeasia.com** rating us as "The Best Small Cap" in the Asia's Best Managed Companies

U.S. Commerce Association's Award

GSS America Inc. selected as the best company based out of Mt. Prospect, IL in the computer services category for 2009.

Excellence Award and Udyog Rattan Award

Recognizing for its outstanding performances and extensive contribution to the industry, GSS America has been conferred for "Excellence Award" and the "Udyog Rattan" Award to CEO & MD Bhargav Marepally by The Institute of Economic Studies (IES), Delhi.



Mr. Bhargav Marepally receiving the awards. The award ceremony was held in New Delhi on April 11th, 2008.

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Corporate Information

Board of Directors

Bhargav Marepally
CEO & Managing Director

Ramesh Yerramsetti
Managing Director

Patri Venkata Rama Krishna Prasad
Chairman, Non-Executive Independent Director

Keerthy Jaya Tilak
Non-Executive Independent Director

L. V. Prasad
Non-Executive Independent Director

Guhan Subramaniam
Non-Executive Non-Independent Director

Chief Financial Officer
Ravi Sankar Chivukula

**Head of Legal, Company Secretary
& Compliance Officer**
Artham Someswara Rao

Bankers

Axis Bank Limited

Committees of Board of Directors

Audit Committee

Bhargav Marepally
P. V. R. K. Prasad
Keerthy Jaya Tilak
L.V. Prasad

Remuneration Committee

P.V.R.K. Prasad
L.V. Prasad
Keerthy Jaya Tilak

Share Transfer and Shareholders'/ Investors' Grievance Committee

Bhargav Marepally
Ramesh Yerramsetti
L.V. Prasad

Auditors

M/s. BVR & Associates, 104, 1-9-1088/68/71,
Yashasree Apartments, Adikmet Road, Vidya
Nagar, Hyderabad – 500 044,
Andhra Pradesh, India

Registered Office

Wing 2, Block B, 3rd Floor, Cyber Gateway,
HITECH City, Madhapur, Hyderabad - 81, India.
Ph: +91 40 44556600
Fax: +91 40 40028703
www.gssamerica.com

Registrar and Share Transfer Agents

Bigshare Services Private Limited

E/2, Ansa Industrial Estate, Saki Vihar Road, Saki
Naka, Andheri (E), Mumbai – 400 072, India
Tel: +91 22 2847 3747
Fax: +91 22 2847 5207
<https://www.bigshareonline.com>

Notice of Annual General Meeting (AGM)

Notice is hereby given that the **6th Annual General Meeting (AGM)** of the members of GSS America Infotech Limited will be held on Monday, December 28th 2009 at 11.00 A.M at Ellaa Suites, Jasmine Banquet Hall, Hill Ridge Springs, 25 Kancha, Gachibowli, ISB Road, Hyderabad 500 032 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2009, the Profit and Loss Account for the year ended on that date together with the Reports of Director's and Auditors thereon.
2. To declare dividend for the financial year ended 30th June, 2009.
3. To appoint a Director in the place of Mr. Guhan Subramaniam, who retires by rotation, and being eligible, offers himself for re appointment.
4. To appoint a Director in the place of Mr. Keerthy Jaya Tilak, who retires by rotation, and being eligible, offers himself for re appointment

Special Business

5. To appoint Mr. L.V.Prasad as a Director of the Company

To consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. L.V.Prasad who became an Additional Director of the company with effect from June 20th 2009 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act proposing his candidature to the office of Director of the Company, be and is hereby appointed a Director of the company, who shall be liable to retire by rotation."

6. To Appoint Auditors of the company

To consider and if thought fit, to pass with or without modification(s), the following as an ordinary resolution.

"RESOLVED THAT subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s.Sarath & Associates, Chartered Accountants be appointed as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting in place of the retiring Auditors M/s. B V R & Associates, Chartered Accountants, to conduct the audit of the Accounts of the Company for the Financial year 2009-10, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus service tax and out of pocket expenses."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution

"RESOLVED THAT the Board be and is hereby authorized to utilize the unutilized initial public offer funds for acquisitions / working capital requirements other than those objects for which such funds were initially allocated as mentioned in the prospectus."

By Order of the Board of GSS America Infotech Limited

Sd/-

Mr. Someswara Rao Artham

Head of Legal, Company Secretary & Compliance Officer

Place : Hyderabad

Date : November 30, 2009

Notes:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll on behalf of him and the proxy need not be a member of the Company. The enclosed proxy form should be deposited with the Company before the expiry of 48 hours from the date of the AGM.**
2. 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.
3. In terms of the Article 106 of the Articles of Association of the Company, and in accordance with Section 255 & 256 of the Companies Act, 1956, Mr. Keerthy Jaya Tilak and Mr. Guhan Subramaniam, will retire by rotation at the Annual General Meeting of the Company and being eligible, offer themselves for re-election. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges of those directors retiring by rotation and seeking reappointment at Annual General Meeting is given in the notes to this notice.
4. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
5. Members/proxies are requested to bring their copy of the Annual Report and duly filled in attendance slips to the meeting. The form of attendance slip is given at the end of this Annual Report.
6. Members who hold shares in dematerialized form are requested to write their DP ID and Client ID and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. All documents referred to in the Notice and accompanying explanatory statement are open for inspection at the Registered Office of the Company on all working days of the Company between 11:00 am to 1:00 pm up to the date of the Annual General Meeting and at the venue of the Meeting for the duration of the Meeting.
9. The members may inspect the register of directors' shareholding maintained under section 307 of the Companies Act, 1956, at the venue of the sixth annual general meeting and at the registered office of the Company.
10. In respect of holding of shares in electronic form, members are requested to notify any change of address or bank account details to their respective Depository Participants. Members holding shares in electronic form may please note that their bank details as furnished to the respective Depositories will be printed on their Dividend Warrant as per the applicable regulations.
11. Members having share certificates in physical form are requested to update immediately bank details and change of address, if any, to the Company's Registrar and Share Transfer Agent enabling the Company to dispatch the dividend warrants at their correct address.
12. Members who still hold shares certificates in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization, which include easy liquidity, since trading is permitted in dematerialized form only, electronic transfer, saving in stamp duty and elimination of any possibility of documents and bad deliveries.
13. Members desirous of obtaining any clarification on queries concerning accounts and operations of the Company are requested to address their questions in writing to the Company Secretary, at least seven days before the date of the sixth annual general meeting.
14. The register of members and the share transfer books will remain closed from December 23, 2009 to December 28, 2009 (both days inclusive) for the purpose of taking record of eligible Shareholders / Beneficial Owners for payment of Dividend as may be approved by the Members in the Annual General Meeting of the Company being scheduled on December 28th, 2009.
15. The dividend at the rate of Rs.1.50/- for the year ended June, 30, 2009 as recommended by the Board, if sanctioned at the AGM, will be payable to those members whose names appear on the Company's Register of Members on December 23, 2009.

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 5

During the year, Mr. L.V.Prasad has been co-opted as an Additional Director and holds his office up to this Annual General Meeting.

Mr. L.V. Prasad holds a Bachelors degree in Computer Science from BITS, Pilani, he has spent over 18 years in the Information Technology field in various management positions.

Your Board recommends the above re-appointment of Director as it is in the best interest of the Company.

Your Directors recommend this resolution for your approval.

None of the Directors of the Company are interested in the proposed resolution.

Item No. 6

The Company Auditors M/s. B V R & Associates, Chartered Accountants, retire at this Annual General Meeting (AGM) of the Company. However, M/s B V R & Associates have not offered themselves for re-appointment at this AGM.

Further, the Company has received a Special Notice from a member of the Company under Sections 190 and 225 of the Companies Act, 1956, signifying the Member intention to propose the appointment of M/s Sarath & Associates, Chartered Accountants as the Auditors of the company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. M/s Sarath & Associates, Chartered Accountants have also expressed their willingness to act as Auditors of the Company, if appointed and have further confirmed that the said appointment, if made would be in conformity with the provisions of section 224(1B) of the Act.

In view of the above and based on the recommendations of the Audit Committee, the Board of Directors has at its Meeting held on 30th November, 2009 proposed the appointment of M/s Sarath & Associates, Chartered Accountants as the Statutory Auditors in place of M/s B V R & Associates for the financial year 2009-10.

The Members approval is being sought to the appointment of M/s Sarath & Associates, Chartered Accountants as the Statutory Auditors and to authorize the Board of Directors, on the recommendation of the Audit Committee to determine the remuneration payable to the Auditors.

The Directors recommend the Resolution at item no. 6 for acceptance by the members.

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

Item no. 7

The board had planned building own offshore development centre in Hyderabad during 2007 and hence provided budget of Rs.66.10 Crores. However post IPO the company realized that there is significant increase in land cost and based on the tax incentives it would be wise for the company to take premises on lease in a SEZ, which would give a 5 year tax holiday. in lieu of change in the policy your board proposes to utilize the said funds for growth of the organization in terms of further acquisitions and / or working capital requirements. the members are requested to approve the item of the agenda.

None of the Directors of the company is concerned are interested in this resolution.

Statement of object wise IPO funds raised and expenditure made as on 30th June, 2009

Sl. No.	Name of the object/project	Funds raised	Expenditure incurred till 30 th June, 2009	Balance available under each project
1	Setting up Global Delivery Centre	6610.39	Nil	6610.39
2	Setting up of overseas offices	980.58	942.63	37.95
3	Working capital	2500	2384.74	115.26
4	Acquisitions	3000	3111.55	(111.55)
5	Issue expenses	1659.24	1221.17	438.07

Total: 14750.21

Particulars	Amount
Public issue proceeds	13989.98
Internal accruals	760.23

By Order of the Board of GSS America Infotech Limited

Total: 14750.21

Balance amount to be utilized Rs. 6329.89

Sd/-

Mr. Someswara Rao Artham

Head of Legal, Company Secretary & Compliance Officer

Place : Hyderabad

Date : November 30, 2009

Details of the Directors seeking re- election at the ensuing AGM as per Clause '49 IV G' of the listing agreement

Item No. 3 & 4

Name of the Director	Mr. Guhan Subramaniam	Mr. Keerthy Jaya Tilak
Brief resume and details of expertise in their functional areas	Mr. Guhan Subramaniam is a Managing Partner at IL&FS Investment Managers Limited. He is an experienced professional and a senior member of the IL&FS Private Equity team. He has 29 years experience. His experience has predominantly been in Information Technology and Software Solutions, Product and Services both in India and Global markets. His career spans from Sales, Marketing, Business Development, Human Resources Development to Business Planning. He has held senior management positions in Modi Xerox Ltd from 1985 to 1990, in Wipro Information Technology Ltd from 1990 to 1997, in Ashok Leyland Information Technology Ltd from 1997 to 1999, in BPL Innovision Technologies Pvt. Ltd from 1999 to 2000 and in IL&FS Investment Managers Ltd from December 2000 till date.	Mr. Keerthy Jaya Tilak aged 61 years, is an IIM, Kolkata Graduate, having 36 years of experience in marketing, developing marketing strategies, establishing systems and procedures and business promotion. He has worked at various senior positions with Escorts Ltd, LML Ltd, Essar Group and Nagarjuna group. As an independent Consultant, he executed many projects for SMEs for Project Funding, Rehabilitation, New Product Launches and Mergers. Since 2006 he is working as freelance consultant in the area of manpower recruitment at middle and senior level to MNCs.
Names of the other companies in which the person also holds the directorship and the membership of Committees of the Board	<ol style="list-style-type: none"> 1. Director in Mindteck India Limited 2. Director in Sark Systems Ltd 3. Director in IPF online Limited 4. Director in Si2 Micro Systems Limited 5. Director in EMR Technology Ventures Pvt. Ltd 6. Chairman of the Audit Committee and member of Remuneration and Shareholders Committee in Mind tech India Limited 	<ol style="list-style-type: none"> 1. Director in Jaytee Management Consultants Private Limited 2. Committee Memberships: NIL
Shareholding in the Company	NIL	NIL

Directors Report

Dear Members,

Your Directors are pleased to present the 06th Annual Report and the Audited Accounts for the 15 months ended June 30, 2009

I. FINANCIAL RESULTS

The Company's financial results (consolidated & standalone) for the year ended June 30, 2009 is provided in the Annual Report.

Consolidated Revenues of the Company stood at Rs.495.47 Crores, due to excellent demand for the Company's integrated service approach for IT Infrastructure and Software Services delivery Model.

The Profit before Tax of the company for the year ended 30.06.2009 is Rs.87.11 Crores; the company has recorded an impressive growth during the year. This growth has been made possible due to the enlargement of operations and consequent economies as well as improved management of costs.

The Company has had a very good year and is poised to continue its growth trend during the current year.

FINANCIAL RESULTS FOR THE 15 MONTHS ENDED 30th JUNE 2009

Particulars	GSS America Infotech Limited and its subsidiaries (Rs. In Crores)	
	15 Months ended	12 Months ended
	30.06.2009	31.03.2008
Total income	510.30	300.28
Gross Profit	126.16	93.97
Operating Profit before interest	102.66	75.92
Profit (+)/Loss (-) from Ordinary Activities before tax	87.11	69.66
Net Profit (+)/ Loss (-) from Ordinary Activities after tax	79.31	62.20
Paid-up equity share capital (Face Value. Rs. 10/- each)	12.74	13.30
Reserves and Surplus	336.04	251.28
Earnings Per Share	62.25	46.77

II. DIVIDEND

The Directors are pleased to recommend, for approval of the members, a final Dividend of Rs.1.50/- per equity share of face value of Re.10/- each of the company for the financial year 2008-09. The final dividend on the equity shares, if declared as above, would involve an outflow of Rs. Rs.2,23,52,205/- towards dividend and dividend tax.

The register of members and the share transfer books will remain closed from 23rd December, 2009 to 28th December, 2009 (both days inclusive)

III. TRANSFER TO RESERVES

Your Directors propose to transfer a sum of Rs.1,71,54,627/- to General reserves out of the amount available for appropriations and a sum of Rs. 1,65,86,93,055/- is carried forward in the Profit and Loss account.

IV. FIXED DEPOSITS

During the year under review, the Company has not accepted any deposit under Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (acceptance of Deposits) Rules, 1975.

V. DETAILS ON BUY BACK OF SHARES

During the financial year 2008-09, the board of Directors of your company recommended buy back of GSS America shares and earmarked Rs.20 (twenty) Crores for this exercise. The company proposed to buy back the shares through open market operations using stock exchanges route at a maximum price of Rs.250/- (Rupees Two Hundred and Fifty only) per share subject to the approvals as may be required from the statutory authorities. The promoters have decided not to participate in this buyback offer. A detailed description of buy back is as given below.

Method/Details of buy back	Open market route (through stock exchange)
Amount allotted for buy back	20 crores
Buy back price not exceeding	Rs.250/-
% of paid up capital and free reserves	9.86 %
Commencement of buyback	February 25, 2009
Closing of buyback	August 07, 2009
No. of shares bought back	563157
Average price per share at which equity shares bought back shares	Rs.152.19/-

The objectives of the buyback exercise are outlined below:

- To return money to the shareholders in a tax-efficient manner and investor friendly without sacrificing the growth opportunities.
- To create positive impact on share performance by –
 - u Reducing the weighted average cost of capital
 - u Improving return on equity
 - u Increasing Earning Per Share

However, inorganic route continuous to be an integral part of Company's growth strategy. Your company believes that the existing cash reserves should be sufficient to address any inorganic growth opportunities.

Capital structure

The equity capital structure of the company pre Buy-back (as on the date of public announcement) and post Buy-back are as under:

Share capital	Authorized	Issued, subscribed, paid-up
Pre buy back	1,50,00,000 equity shares of Rs.10/- each	1,33,00,000 equity shares of Rs.10/- each
Post buy back	1,50,00,000 equity shares of Rs.10/- each	1,27,36,843 equity shares of Rs.10/- each.

VI. DIRECTORS

Mr. Guhan Subramaniam and Mr. Keerthy Jaya Tilak, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mr.L. V. Prasad, Director appointed as Additional Director on the Board on 20th June, 2009 and holds office up to the commencement of forthcoming Annual General Meeting and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act proposing his candidature to the office of Director of the Company, be and is hereby appointed a Director of the company, who shall be liable to retire by rotation.

Mr.K.Vasudeva Rao, Independent Director, due to other preoccupations resigned from the Board and other committees with effect from 01st June, 2009.

VII. ACQUISITIONS AND INVESTMENTS

Acquisition of a US Based Company ATEC Group

The company's subsidiary M/s. GSS Infotech Holdings Inc., has acquired US based software Company ATEC Group through its wholly owned subsidiary GSS Infotech Holdings inc. The company is a prominent player in IT infrastructure space for several years in U.S. The revenues through this acquisition will get reflected in the current fiscal 2009-10.

VIII. AUDITORS

M/s. B.V.R & Associates, Chartered Accountants, Statutory Auditors of the Company have not offered themselves for re-appointment at the ensuing Annual General Meeting. The company has received a special notice from a member of the company, in terms of provisions of the act, 1956, signifying the intention to propose the appointment of M/s Sarath & Associates, as the statutory auditors of the company from the conclusion of ensuing Annual General Meeting till the conclusion of the next annual general meeting.

M/s Sarath & Associates have also expressed their willingness to act as Auditors of the company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of section 224(1B) of the companies act, 1956.

IX. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars as prescribed under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are set out in the Annexure A to this Report.

X. AUDIT COMMITTEE

The Company has an audit Committee comprising of 4 directors namely, Mr.P.V.R.K. Prasad, Non-Executive Independent Director, Mr. Keerthy Jaya Tilak, Non-Executive Independent Director, Mr.L. V. Prasad, Non-Executive Independent Director and Mr. Bhargav Marepally, Executive Director.

XI. SUBSIDIARIES

As on date the Company has the following subsidiaries:

a. GSS America Inc.

1699 Wall Street, Suite 201
Mt. Prospect, IL 60056
Tel: +1 847 640 3700
Fax: +1 847 640 3701
<http://www.gssamerica.com>

b. Infospectrum Consulting Inc.

1699 Wall Street, Suite 201
Mt. Prospect, IL 60056
Tel: (847) 640 3700
Fax: (847) 640 3701
<http://www.isc-na.com>

c. System Dynamix Corporation

2842 Main Street
Glastonbury, Connecticut 06033
Voice: (860) 633-7174
Fax: (860) 633-7162
<http://www.sdc-us.com>

XII. PARTICULARS OF EMPLOYEES:

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, as amended, read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the employees are set out in the Annexure B to this Report.

XIII. CORPORATE GOVERNANCE:

Your company is committed to benchmark itself with global standards for providing good corporate governance and has put in place an effective Corporate Governance System which ensures that the provisions of Clause 49 of the Listing Agreement are duly complied with. A report on Corporate Governance along with an Auditor Certificate on its compliance forms part of this Report.

XIV. MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion and Analysis is set out as **Annexure E** to this Report.

XV. CEO'S DECLARATION

Certificate from the 'Chief Executive Officer and Managing Director' and the Chief Financial Officer of the Company regarding the financial statements as per the Corporate Governance Norms is given as Annexure F to the report. Further, the declaration by the Chairman and Managing Director of the Company declaring that all the members of the Board and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company is set out as Annexure G to the Report.

XVI. DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, and after due enquiry, confirm:

- a.** That in preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure
- b.** That the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at June 30, 2009 and of the profit of the Company for the year ended on that date
- c.** That proper and sufficient care has been taken 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 and
- d.** That the annual accounts have been prepared on a going concern basis.

XVII. STATEMENT PURSUANT TO EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT 1956

In terms of the exemption granted under Section 212(8) of the Companies Act, 1956, by the Ministry of Corporate Affairs, Government of India Vide its **letter No.47/247/2009-CL-III dated 24th April, 2009**, the company has been exempted from complying with the provisions contained in sub-section (1) of section 212 of the Companies Act, 1956 in respect of subsidiaries.

Accordingly, the Annual Report of the company contains the consolidated audited financial statements prepared as per the provisions of the Listing Agreement and prepared in accordance with the accounting standards prescribed by the Institute of Chartered Accountants of India.

Further, the annual accounts of the subsidiary companies and the related detailed information will be made available to any member of the Company seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any member of the Company at the registered office of the company.

XVIII.ACKNOWLEDGEMENTS:

Your Directors would like to place on record their appreciation for the contribution made by the employees at all levels, who, through their competence, hard work, solidarity, co-operation, support and commitment have enabled the company to achieve its strong growth.

Your Directors acknowledge with thanks the continued support and valuable co-operation extended by the business constituents, investors, vendors, bankers and shareholder of the company. Your Directors also thank the Software Technology Parks of India, the Government of India, Governments of Andhra Pradesh, other governmental agencies and NASSCOM for their support during the year, and look forward to their continued support.

On behalf of the Board of Directors of GSS America Infotech Limited

Sd/-

Mr. Bhargav Marepally
Chief Executive Officer & Managing Director

Place : Hyderabad
Date : November 30, 2009

Sd/-

Mr. Ramesh Yerramsetti
Managing Director

Place : Hyderabad
Date : November 30, 2009

Annexure A

Particulars as prescribed under section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

I. Conservation of Energy:

Your company's operations involve low energy consumption. However, efforts to conserve energy will continue. The Company constantly evaluates new technologies and invests to make its infrastructure more energy efficient. As energy cost forms a very small part of the total cost, the impact on cost is not material.

II. Technology, absorption, adaptation and innovation

The Company continues to use state of the art technology for improving the productivity and quality of its products and services. To create adequate infrastructure, your Company continues to invest in the latest hardware and software.

III. Foreign Exchange Earnings and Outgo:

a. Activities relating to Exports:

The Company is in the business of software exports. All efforts of the Company are geared to increase the business of software exports in different products and markets.

b. Total Foreign Exchange Earnings used and earned: (Stand alone for 15 months ended 30-06-2009)

Particulars	Current Year (2008-2009) Rs. in lakhs	Previous Year (2007-2008) Rs. in Lakhs
Total Foreign Exchange used	40.43	42.27
Total Foreign Exchange earned	3485.72	3939.70

On behalf of the Board of Directors of GSS America Infotech Limited

Sd/-

Mr. Bhargav Marepally
Chief Executive Officer & Managing Director

Place : Hyderabad
Date : November 30, 2009

Sd/-

Mr. Ramesh Yerramsetti
Managing Director

Place : Hyderabad
Date : November 30, 2009

Annexure B

Particulars as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for 15 months ended June 30, 2009

Sr. No	Name	Designation	Qualification	Age in Years	Date of Joining	Experience in years	Gross remuneration (per annum from Apr 08 to June 2009) in Rs.	Previous Employment
1	Mr. Bhargav Marepally	CEO & Managing Director	M.Sc & Masters in Management Studies from BITS Pilani	37	October 13, 2003	14 years	45,00,000	Self employed
2	Mr. Ramesh Yerramsetti	Managing Director	M.Sc (Tech) & Masters in Systems and Information from BITS Pilani	37	October 13, 2003	14 years	45,00,000	Self employed
3	Mr. Praveen Mishra	V.P, Principle Architect	B. Tech from IIT Kanpur	47	August 29, 2007	21 years	44,04,653	Foursoft Limited
4	Mr. Vinod Rao	V.P - Client Relations	PGD-PMIR	34	October 26, 2003	13 years	31,88,508	Tera Software Limited
5	Mr. Nagender Ganji*	V.P- Operations	BSC	36	July 30, 2007	15 years	29,14,752	Nova soft technologies Limited

*resigned from the organization on 25th September, 2009.

On behalf of the Board of Directors of GSS America Infotech Limited

Sd/-

Mr. Bhargav Marepally
Chief Executive Officer & Managing Director

Place : Hyderabad
Date : November 30, 2009

Sd/-

Mr. Ramesh Yerramsetti
Managing Director

Place : Hyderabad
Date : November 30, 2009

Annexure C

Report on Corporate Governance

1. (a) Corporate Governance:

Your Company Corporate Governance is directed at the enhancement of shareholder values, keeping in mind the interests of the other stake holders, viz., clients, employees, investors, regulatory bodies, etc. the functions of the Board of Directors of the Company are well defined. The company has taken various steps including setting up of various sub-committees of the Board to oversee the functions of the Management. Your company is committed to good corporate governance and has bench marked itself against global best practices.

(b) Company's Philosophy on Code of Governance:

The Company's Philosophy on Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values.

Your company Corporate Governance policy is based on the following principles.

- a) Independence and versatility of the Board
- b) Recognition of obligations towards all stake holders
- c) High degree of disclosure and transparency levels
- d) Total compliance with laws of land in which the company operates
- e) Achievement of above goals with compassion for people and environment

2. Board of Directors:

2.1. Composition of Board:

The board of Directors of the Company "the Board" comprises of Six Directors- two (2), Managing Directors, four (4) non executive Independent Directors.

The current composition of Board of Directors of the Company is as follows:

Name of the Director	Nature of Directorship	Relationship with Other Directors	No. of Directorships in other Companies	* No. of committees of other public companies in which he is Chairman/ Member
Mr. Bhargav Marepally	CEO & Managing Director, Promoter	None	3	NIL
Mr. Ramesh Yerramsetti	Managing Director, Promoter	None	4	NIL
Mr. P.V.R.K. Prasad	Non Executive Independent Director	None	1	2
Mr. L. V. Prasad	Non Executive Independent Director	None	3	Nil
Mr. Keerthy Jaya Tilak	Non Executive Independent Director	None	1	Nil
Mr. Guhan Subramaniam#	Non Executive Non Independent Director	None	5	3

* Includes listed and unlisted & Indian and Foreign Companies

Nominee Director of IL&FS Trust Company Limited

The requirement that a Director shall not be a member of more than ten committees and Chairman of more than five committees has been complied with while constituting the Committee of Directors

2.2. Board Meetings:

Scheduling and selection of Agenda items for Board Meetings minimum of four Board Meetings are held in each year. The time gap between two consecutive meetings is not more than 4 months. Apart from the above, additional Board meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation under section 289 of the Companies Act, 1956.

2.3. Role of independent Directors:

The Independent Directors play an important role in deliberation at the Board and Committee meetings and bring to the Company their expertise in the fields of management, finance, law and public policy.

2.4. Information Supplied to the Board:

- a) Annual operating plans and budgets and any updates
- b) Quarterly, half yearly and annual results of the company
- c) Minutes of meetings of audit committee and other committees of the board
- d) Information on recruitment of senior officers just below the Board level
- e) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- f) Details of any joint venture or collaboration agreement.
- g) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- h) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- i) Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- j) Internal audit findings and external audit management reports (through the audit committee)
- k) Dividend declaration

2.5 Disclosure of shareholdings of Non Executive Directors as required under clause 49(IV) (E) (IV):

Name of the Director	Shareholding as on June, 2009
Mr. P. V. R. K. Prasad	NIL
Mr. L. V. Prasad	NIL
Mr. Keerthy Jaya Tilak	NIL
Mr. Guhan Subramaniam	NIL

2.6 Appointment / Reappointment of Directors:

The Directors whose appointment/re-appointment is proposed at the forthcoming Annual General meeting are:

- i. **Mr. Guhan Subramaniam:** Mr. Guhan Subramaniam, appointed as a Director on the Board on 05th February, 2007. Mr. Guhan will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. If reappointed will be an Independent Director.
- ii. **Mr. Keerthy Jaya Tilak:** Mr. Keerthy Jaya Tilak, appointed as a Director on the Board on July 21, 2006. He retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Mr. Tilak, if reappointed will be an Independent Director.

- iii. **Mr. L. V. Prasad:** Mr.L. V. Prasad, appointed as an additional Director on June 20, 2009 and holds office till the commencement of forthcoming Annual General Meeting. The company has received a special notice under section 257 of the Companies Act, 1956 proposing his candidature to the office of Director of the Company, be and is hereby appointed a Director of the company, who shall be liable to retire by rotation.

2.7 Board meetings and the previous Annual General Meeting:

During the financial year 7 board meetings were held on various occasions, April 28, 2008, July 29, 2008, September 02, 2008, October 30, 2008, January 29, 2009, April 29, 2009 and June 20, 2009. The last AGM of the Company was held on September 30, 2008

The details of attendance of Directors in Board Meetings and the last Annual General Meeting are as follows:

Name of the Director	No. of Board meetings attended	Attendance at the last AGM
Mr. Bhargav Marepally	7	Present
Mr. Ramesh Yerramsetti	6	Present
Mr. P. V. R. K. Prasad	3	Absent
Mr.K.Vasudeva Rao	6	Present
Mr. Keerthy Jaya Tilak	7	Present
Mr. Guhan Subramaniam	7	Present
Mr.L. V. Prasad	1	Appointed on June 20, 2009

2.8 Code of Conduct:

The company has laid down a comprehensive code of conduct for all Board Members and Senior Management of the Company. The same is posted on the website of the Company at the following link: <http://gssamerica.com/management.html>. The Company has obtained the confirmation of the Compliance with the Code from all its Board members and senior management personnel for the year 2008-2009. A confirmation to that effect from the Chairman and Managing Director is given in **Annexure G** to the Directors' report.

2.9 Risk Management:

The company has established an effective risk assessment and minimization procedures, which are reviewed by the Board periodically. There is a structure in place to identify and mitigate various risks faced by the Company from time to time.

3 Audit Committee:

3.1 Constitution of Audit Committee:

Audit Committee was constituted on July 22, 2006. Presently, the Audit Committee comprises of the four members, majority of them independent Directors. The Chairman of the Audit Committee, Mr.P.V.R.K. Prasad, a Retired I.A.S. officer, has many years of experience in general administration. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and revised clause 49 of the Listing agreement.

3.2 Composition of Audit Committee and attendance of members:

During the financial year 2008-09, the Audit Committee met four times on various occasions i.e. 28th April, 2008, 29th July, 2008, 30th October, 2008 and 29th January, 2009. The composition of the Audit Committee and the number of meetings attended during the financial year 2008-09 were as follows:

Name of the Member	Designation	Nature of Directorship	No. of meetings attended
Mr. P. V. R. K. Prasad	Member	Non- Executive, Independent	2
Mr. Keerthy Jaya Tilak	Member	Non- Executive, Independent	4
Mr.K.Vasudeva Rao	Member	Non- Executive, Independent	4
Mr. Bhargav Marepally	Member	Executive, Promoter group	4
Mr. L. V. Prasad	Member	Non- Executive, Independent	Appointed on June 20, 2009

3.3 Attendance of the Chairman of the Audit Committee at the AGM:

Mr. K. Vasudeva Rao, Non-Executive Independent Director and the member of the audit Committee, has represented the audit committee at the previous AGM to answer the shareholder queries.

3.4 Attendees:

The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The Chief Financial Officer attends such meetings. The Statutory Auditors officials are also invited to these meetings. The Company Secretary acts as the Secretary of the Committee.

3.5 The Terms of Reference of the Audit Committee:

The terms of reference of the Audit Committee as defined by the Board are as under:

- i. To have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half-yearly and annual financial statements before submission to the Board of Directors.
- ii. To review the Company's systems of internal control and to ensure that adequate system of internal audit exists and is functioning.
- iii. To investigate into any matter as may be referred to it by the Board of Directors
- iv. To recommend the appointment of internal auditors and statutory auditors
- v. To establish accounting policies
- vi. To review officer's expense accounts
- vii. To review and approve signatories to various bank accounts
- viii. To provide the company's statutory auditors and internal auditors with the normal and easy access to the Board of Directors
- ix. To serve as an informed voice on the Board of Directors in support of the financial and accounting departments of the Company
- x. Other functions as may be assigned by the Board of Directors and applicable statutory enactment.

3.6 Powers of the Audit Committee:

The following are the powers of the Audit Committee:

- xi. Investigating any activity within its terms of reference as above, or in relation to the items specified in Section 292A of the Companies Act, 1956, or as may be referred to it by the Board, from time to time and for this purpose, it shall have full access to information contained in the records of the Company and external professional advice, if necessary
- xii. Seek information from any employee.
- xiii. Obtain outside legal or other professional advice, if necessary.
- xiv. Secure attendance of outsiders with relevant expertise, if it considers necessary.

4 Remuneration Committee:

The broad terms of reference of the Remuneration Committee are as follows:-

- a) Recommend to the Board with respect to incentive and compensation plans.
- b) Recommend to the Board, remuneration including salary and perquisites to be paid to the Company's Senior Management team.
- c) Stock option details, if any

4.1 Constitution of Remuneration Committee:

The Remuneration Committee was constituted on July 22, 2006. The Remuneration Committee comprises of three members.

4.2 Composition of Remuneration Committee and attendance of members:

As there was no item of deciding on the remuneration of the executive directors of the Company, no meeting of the remuneration Committee was held during the 15 months ended June 30, 2009. The Composition of the Remuneration Committee is given below:

Name of the Member	Designation	Nature of Directorship
Mr. P. V. R. K. Prasad	Member	Non-Executive, Independent
Mr.L. V. Prasad	Member	Non-Executive, Independent
Mr. Keerthy Jaya Tilak	Member	Non-Executive, Independent

4.3 The Terms of Reference of the Remuneration Committee:

The purposes for which the committee was constituted and the general business transacted by the committee was to decide and approve the terms and conditions for appointment of executive directors of the Company and other matters related thereto.

4.4 Remuneration Policy:

4.4.1 Management staff:

Remuneration of employees largely consists of basic remuneration, perquisites and incentives to certain categories of employees. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performance, etc.

4.4.2 Non-Executive Directors:

Except sitting fees paid with in the limits of the Companies Act, 1956, in the normal course of attending the Board meetings, no other remuneration is paid to the Non- Executive Directors of the Company.

4.4.3 Executive Directors

The Company has two Executive Directors namely Mr. Bhargav Marepally, Chief Executive Officer & Managing Director and Mr. Ramesh Yerramsetti, Managing Director. The details of remuneration paid to them are as follows:

4.4.3.1 Remuneration of Mr. Bhargav Marepally:

a) Salary

Rupee Three lakhs per month, with such increase as the Board may from time to time sanction pursuant to the authority conferred on the Board by the shareholders in a general meeting.

b) Perquisites

Besides salary as mentioned above perquisites like medical benefit for the Managing Director and family, leave travel concession, leave encashment, personal Accident Insurance, use of Company's telephone at Managing Director's own residence, payment of Annual Membership fees of one club and provision of car are also available for the Managing Director.

c) Commission

The Managing Director shall be paid a Commission of 1% of the net profits of the Company determined in accordance with Section 349 and other applicable provisions of the Act.

4.4.3.2 Remuneration of Mr. Ramesh Yerramsetti:

b) Salary

Rupee Three lakhs per month, with such increase as the Board may from time to time sanction pursuant to the authority conferred on the Board by the shareholders in a general meeting.

c) Perquisites

Besides salary as mentioned above perquisites like medical benefit for the Managing Director and family, leave travel concession, leave encashment, personal Accident Insurance, use of Company's telephone at Managing Director's own residence, payment of Annual Membership fees of one club and provision of car are also available for the Managing Director.

d) Commission

The Managing Director shall be paid a Commission of 1% of the net profits of the Company determined in accordance with Section 349 and other applicable provisions of the Act.

5 Share Transfer and Shareholders/ Investors Grievance Committee:

5.1 Constitution of the Committee:

The Share Transfer and Shareholders' / Investors Grievance Committee was constituted on July 22, 2006 and comprises of three members. The committee specifically looks into redressal of shareholders' grievances arising out of issues regarding share transfers, dividends, dematerialization and related matters.

5.2 Composition of the Committee and attendance of members:

Two meetings of the Share transfer and Shareholders/ Investors Grievance Committee were held on April 28th 2008 and October 30, 2008. The composition of the Share Transfer Committee and the attendance of members are given below:

Name of the Director	Designation	Nature of Directorship	No. of meetings attended
Mr.K.Vasudeva Rao	Member	Non- Executive, Independent	2
Mr. Bhargav Marepally	Member	Executive, Promoter group	2
Mr. Ramesh Yerramsetti	Member	Executive, Promoter group	2
Mr. L. V. Prasad	Member	Non-Executive, Independent	Appointed on June 20, 2009

5.3 The Terms of Reference of the Committee:

- To reject to the share applications as may be deem fit and proper
- To allot the shares as may be deemed fit and proper.
- To affix common seal of the Company on the Share Certificates in presence of and under the signature of such directors as may be decided by the Committee from time to time in compliance with Companies (Issue of Share Certificate) Rules, 1960.
- The share certificates should be duly stamped as per respective state stamp Act.
- Officer or by the Company Secretary or such other official as may be authorized by the Share Allotment, Transfer and Investors Grievances Committee from time to time.
- To do all works relating to registration of transfer, transmission, consolidation, split and issue of duplicate shares of the Company and also authorized to do all necessary works relating to equity shares of the company subject to the provisions of the various enactments.
- To do all necessary things as may be required from time to time under the Companies Act, 1956 and other related enactments.

5.4 Name of the Compliance Officer:

Mr. Kamal Kishore Avutapally was a Company Secretary and Compliance Officer during the 15 months ended June 30, 2009 and he resigned from the Company in the month of September, 2009 and Mr. Artham Someswara Rao has been appointed as Head of Legal, Company Secretary and Compliance Officer in place of Mr. Kamal Kishore in the month of September, 2009.

5.5 Status of Shareholders' complaints:

Status of the investor complaints during the 15 months ended June 30, 2009:

Investor Complaints pending at the beginning of the year	Received during the year	Resolved during the year	Pending/ unresolved at the end of the year
NIL	31	31	NIL

5.6 Share Transfers in Physical Mode:

In order to expedite the process of share transfers, the Directors delegated the power to the Company's Registrar & Share Transfer Agent (The R&TA), Bigshare Services Private Limited. The R&TA transfers the shares received in the physical mode on a fortnightly basis. Summary of the shares transferred is noted at the next Board Meeting.

6 General Body Meetings:

6.1 Annual General Meeting:

Location, time and date of holding of the last three Annual General Meetings (AGM) are given below:

Financial Year	Date	Time	Location of meeting
2007-2008	September 30, 2008	03.00 P.M.	Ellaa Suites, Jasmine Banquet Hall, Hill ridge springs, No.25, Kancha, Gachbowli, ISB Road, Hyderabad-500032
2006-2007	August 8, 2007	11 AM	Wing 2, 3 rd Floor, Block B, Cyber Gateway, Hitech City, Hyderabad- 500081
2005-2006	May 10, 2006	11 AM	189, Road No. 72, Prashasan Nagar, Jubilee Hills, Hyderabad- 500033

6.2 The details of the shareholders meeting held during the last 1 year are as follows:

Date of the General meeting	Type of Meeting	Purpose
30 th September, 2008	AGM	<ul style="list-style-type: none"> Approval & Adoption of accounts for the year ending 31ST March 2008 Declaration of dividend Re-appointment of retiring auditors To appoint a Director in the place of Mr.P.V.R.K. Prasad who retires by rotation and being eligible, offers himself for re appointment To appoint a Director in the place of Mr. Keerthy Jaya Tilak who retires by rotation and being eligible, offers himself for re appointment Appointment of branch auditors Raising funds through ADR/GDR/FCCB

- 6.3 The resolutions moved at the Shareholders meeting were passed on a show of hands by the shareholders present at the meeting and no resolution was put to vote by postal ballot.
- 6.4 No special resolution is proposed to be conducted through Postal Ballot in this AGM.
- 6.5 A procedure for postal ballot has been laid down internally by the Company.

7 Disclosures:

7.1 Disclosure on materially significant related party transactions:

Please see Note on Accounts. These transactions do not have any potential conflict with the interest of the Company at large.

7.2 Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory Authorities on any matter related to capital markets during last three years.

None

7.3 Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practice:

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Company has formulated, adopted and implemented the Code of Prevention of Insider Trading and Code of Corporate Disclosure Practices.

7.4 Confirmation of compliance with the Mandatory/ Non-mandatory requirements:

The Company has complied with all the mandatory requirements of the clause 49 of the listing agreement. The details of these compliances have been given in the relevant section of this report. The Company is moving towards the regime of adoption of all the non-mandatory requirements and has already complied with the some of the major points in those requirements.

7.5 Whistle blower policy:

We have established a mechanism for employees to report to the Management, concerns about unethical behavior, actual or suspected fraud or violation of our Code of Conduct policy. The mechanism provides for direct access to the Chairperson of the Audit Committee in exceptional cases, if any.

8 Means of Communication:

- The main channel of communication to the shareholders is through the Annual Report which includes inter alia, the Directors' Report, The report on Corporate Governance and annual audited financial results.
- The website of the Company **www.gssamerica.com** acts as the primary source of information regarding the operations of the company.
- The quarterly, half yearly and annual results of the Company are published in leading national and regional newspapers which include Economic Times, Business Standard, Andhra Prabha. The results are also displayed on the Company's website and also on the websites of stock exchanges.
- Management Discussion and Analysis forms part of this Annual Report.

9. General Shareholder Information:

9.1 Annual General Meeting:

The AGM of the Company for the financial year 2008-2009 is scheduled to be held on December 28, 2009 at 11 AM Ellaa Suites, Jasmine Banquet Hall, Hill Ridge Springs, 25 Kancha, Gachibowli, ISB Road, Hyderabad 500 032. The notice convening the AGM is provided elsewhere in the Annual Report.

9.2 Financial Year:

The Company has been following April to March as its Financial Year since inception, however, during the current fiscal the same has been extended to upto June 30, 2009 and presented the accounts for a period of 15 months.

9.3 Book Closure:

Register of Members and the Share Transfer Book of the Company will remain closed from December 23, 2009 to December 28th 2009 (both days inclusive) for the purpose of ascertaining the eligibility for payment of Dividend for the year 2008-09.

9.4 Dividend Payment Date:

Within 30 days from the date of AGM

9.5 Listing on Stock Exchanges & Stock Code:

The Company is listed on the following Stock Exchanges.

- ❖ Bombay Stock Exchange Limited (BSE): Scrip ID: **GSSAMERI**; Scrip Code: **532951**
- ❖ National Stock Exchange of India Limited (NSE): Symbol: **GSS**

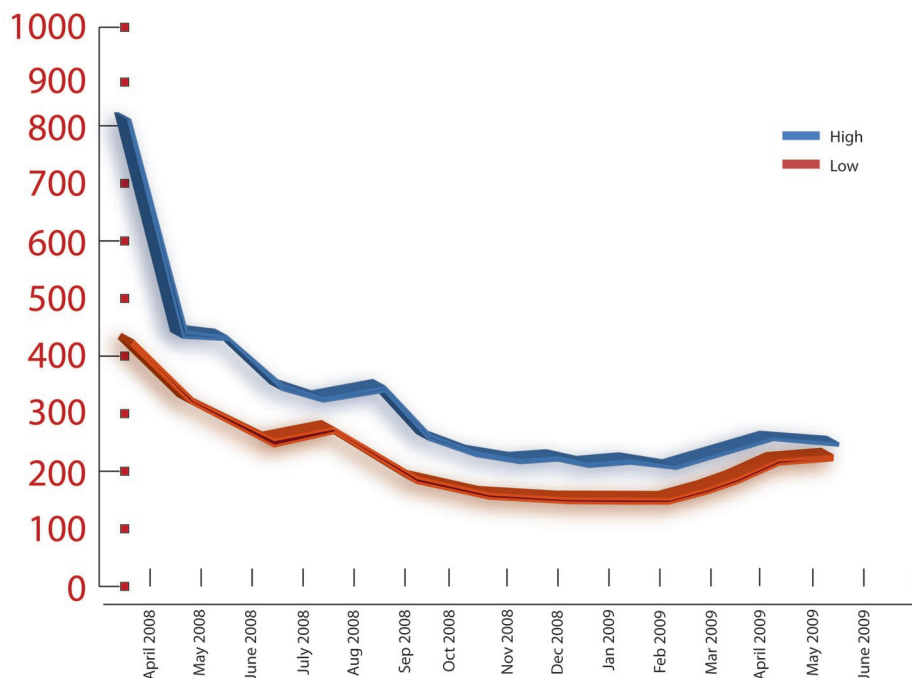
Listing fees has been paid to both the Exchanges for the FY 2008-2009. The ISIN number of the equity shares of the Company is INE870H01011.

9.6 Market Price Data : High, Low during each month for the 15 months ended June 30, 2009:

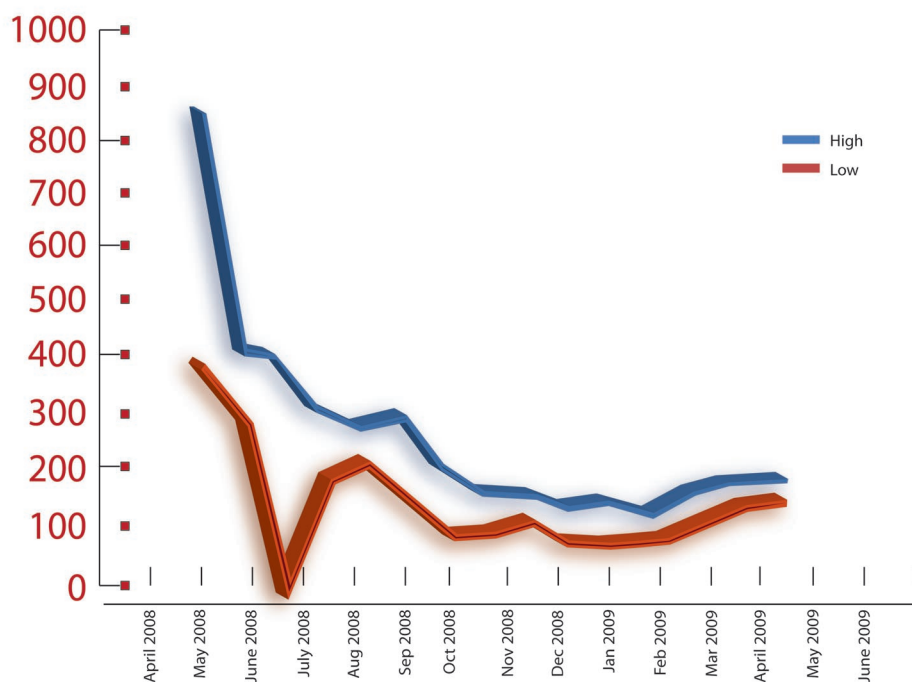
Share price Date (in Rs. Per share)

Month	NSE		BSE	
	High	Low	High	Low
April 08	869	405	865.00	400.00
May 08	429	308.05	429.80	308.25
June 08	416.8	232	417.20	230.30
July 08	317.7	200.5	316.90	200.00
Aug 08	284.7	230.05	284.80	230.65
Sep 08	311.9	165.25	312.00	170.30
Oct 08	210.4	106	211.55	105.15
Nov 08	164	103	162.00	103.95
Dec 08	157.8	111.55	157.70	122.10
Jan 09	143.85	90	143.50	92.00
Feb 09	155.7	88.85	155.00	90.15
Mar 09	129	101	129.00	98.00
Apr 09	167.5	118	167.00	118.70
May 09	192.5	153.3	192.00	154.20
June 09	190.95	152.9	191.00	153.50

The graphical representation of the high and low price in National Stock Exchange for the financial year 2008-09

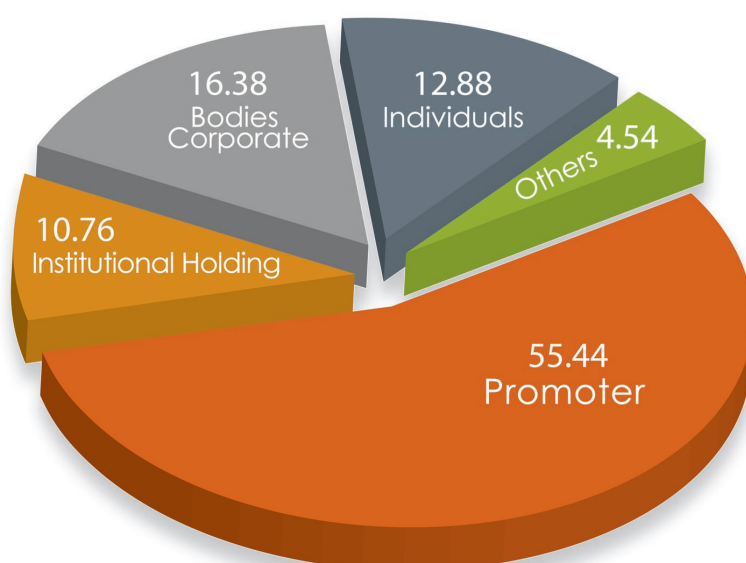


The graphical representation of the high and low price in Bombay Stock Exchange for the financial year 2008-09



9.7 Shareholding pattern as on June 30, 2009:

Category of shareholder	Number of shareholders	Total number of shares	Total shareholding as a percentage of total number of shares	
			As a percentage of (A+B)	As a percentage of (A+B+C)
Shareholding of Promoter and Promoter Group				
Indian	8	70,62,717	55.44	55.44
Foreign	0	0	0.00	0.00
Total Shareholding of Promoter and Promoter Group	8	70,62,717	55.44	55.44
Public shareholding				
Institutions	3	13,71,337	10.76	10.76
Non-institutions				
Bodies Corporate	536	20,86,433	16.38	16.38
Individuals -	14,295	16,40,887	12.88	12.88
Others	142	5,78,698	4.54	4.54
Total Public Shareholding	14976	5677355	44.56	44.56
TOTAL	14984	1,27,40,072	100.00	100.00
Shares held by Custodians and against which Depository Receipts have been issued	0	0	0.00	0.00
GRAND TOTAL	14984	1,27,40,072	100.00	100.00

Pie Diagram of shareholding pattern


9.8 Distribution of shareholding as on June 30, 2009:

Range in Rs.	Total Holders	% of Total Holders	Total holding in Rs.	% of Total Capital
Upto 5000	14631	97.61	7346120	5.67
5000 to 10000	157	1.05	1161030	0.91
10001 to 20000	76	0.51	1139060	0.89
20001 to 30000	32	0.21	781570	0.61
30001 to 40000	8	0.05	258430	0.20
40001 to 50000	12	0.08	545910	0.43
50001 to 100000	27	0.18	1983240	1.56
100001 and above	46	0.31	114185360	89.63
Total	14989	100.00	127400720	100.00

9.9 Registrar and Share Transfer Agents:

BIG SHARE SERVICES PRIVATE LIMITED

E/2, Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (E), Mumbai – 400 072, India
Tel: +91 22 2847 3747; Fax: +91 22 2847 5207
Website: <https://www.bigshareonline.com>;
E-mail: bigshare@bom7.vsnl.net.in
Contact Person: Mr. Srinivas

9.10 Bankers to the Company:

- **Axis Bank Ltd**

9.11 Share Transfer System:

Shares lodged for physical transfer would be registered with in a period of 15 days as per service standard, if the documents are clear in all respects. In the case of shares held in dematerialized form the transfers are processed and approved in the electronic form by NSDL/ CDSL through their depository participants.

9.12 Dematerialization of shares and liquidity:

The Company has entered into agreements with NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Limited) to establish electronic connectivity. The details of dematerialization as on June 30th 2009 are as follows:

Mode	Records	% to holders	Shares	% to Capital
NSDL	8235	54.94	10130196	79.51
CDSL	6746	45.01	1970275	15.47
Physical	8	0.05	639601	5.02
Total	14989	100	12740072	100

9.13 Outstanding GDRs/ ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company hasn't issued any GDRs/ ADRs/ Warrants/ Convertible Debentures till date.

9.14 Office Locations:

The Company doesn't have any manufacturing facilities. However the Company has development centers and branches the details of which are as follows:

REGISTERED OFFICE

GSS America Infotech Ltd. Block 'B',
Third Floor, Cyber Gateway HITEC City,
Madhapur, Hyderabad- 500081; AP. India
Tel: +91 40 44556600
Fax: +91 40 40028703

UNITED STATES:

a) NORTH AMERICA:

GSS America, Inc. & Infospectrum Consulting Inc.
1699 Wall Street, Suite 201
Mt. Prospect, IL 60056
Tel: (847) 640 3700
Fax: (847) 640 3701

b) System Dynamix Corporation

2842 Main Street Glastonbury,
Connecticut 06033
Voice: (860) 633-7174
Fax: (860) 633-7162
<http://www.sdc-us.com>

c) ATEC Group

1762 Central Avenue,
Albany, New York-12205

ASIA-PACIFIC

GSS America Infotech Ltd.
3 Shenton Way
#03-09, Shenton House
Singapore 068805
Tel: +65 3125 5049
Fax: +65 6491 5300

MIDDLE EAST

GSS America Infotech Ltd.
P.O. Box 73030
Dubai Internet City
Dubai - United Arab Emirates
Tel: +97 143 755 710
Fax: +97 143 672 786

9.15 Address for correspondence:

Investors' correspondence may be addressed to:

Mr.Artham.Someswara Rao, Head of Legal, Company Secretary & Compliance Officer

Any queries relating to the financial statements of the Company may be addressed to:

Mr. Ravi Sankar Chivukula, Chief Financial Officer at the registered office of the Company

10 The corporate identification number (CIN) allotted by the Registrar of Companies, Andhra Pradesh to the Company is U72200AP2003PLC041860.

11 Status Report of utilization of fund as on 30th June 2009 as per clause 43 of Listing Agreements:

During the Financial Year 2007-2008 the Company has raised Rs. 13989.98 Lakhs through Initial Public Offer (IPO) of equity shares. Out of the above stated IPO proceeds Rs. 1221.17 Lakhs were incurred towards the public issue expenses and 942.63 lakhs incurred towards setting up of overseas offices Rs.3111.55 lakhs were incurred towards acquisition and

Rs.2384.74 lakhs incurred towards working capital and the balance amounts are pending for utilization till June 30, 2009 as per the prospectus.

The unutilized monies out of the public issue have been invested on short term deposits and other interest bearing liquid investments.

On behalf of the Board of Directors

Sd/-

Mr. Bhargav Marepally
Chief Executive Officer & Managing Director

Place: Hyderabad

Date : November 30, 2009

Annexure D

Auditors' certificate on Corporate Governance

To the Members of
GSS America Infotech Limited
Wing 2, 3rd Floor, Block B
Cyber Gateway, Hitech City
Hyderabad- 500081

We have examined the compliance of conditions of Corporate Governance by GSS America Infotech Limited (the Company) for the 15 months ended June 30, 2009, as stipulated in clause 49 of the Listing Agreement stipulated by the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit, nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement. As per the records of the Company, there were no investor grievances remaining unattended for a period exceeding one month against the Company.

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 BVR & Associates
Chartered Accountants

Sd/-
Mr. B.V. Rama Rao
Partner

Place: Hyderabad

Date: November 30, 2009

Annexure E

Management Discussion and Analysis

In addition to historical information, this annual report contains certain forward-looking statements. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the “management discussion and analysis of financial performance” and elsewhere in this report. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s analysis only as of the date hereof. The financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI Guidelines.

Overview of the Global Market

The 2008 global financial crisis, the effects of which can still be felt, began with the bursting of the housing bubble in the US in mid-2007. In an increasingly interconnected world, the ripples of the crisis spread rapidly across the globe.

Termed as the worst financial crisis since the Great Depression, the 2008 global slowdown witnessed stock markets plummeting, large financial institutions collapsing or being bought out and consumer wealth declining.

According to leading research firm Brookings Institution, US consumption accounted for more than 30% of the growth in global consumption between 2000 and 2007. However, increased costs of borrowing in 2008 impacted many sectors and resulted in widespread job cuts. This in turn led to a severe cut back on consumption. With the world’s largest consumer experiencing a credit crunch and tightening its belt, companies worldwide started feeling the pinch.

In Europe, a number of major financial institutions failed. Developing countries began seething under skyrocketing food prices. Asia began witnessing the withdrawal of foreign investments, which had contributed significantly to its growth in the past. Countries exporting goods and offshoring services to the US (like India and China) were experiencing a downturn in growth.

For 1Q09, the annualized rate of decline in GDP was 14.4% in Germany, 7.4% in the UK, 21.5% in Mexico and 15.2% in Japan. By March 2009, the Arab world had suffered a loss of \$3 trillion on account of the crisis. Stock market crashes eroded the value of companies by about \$14.5 trillion.

The governments of even the wealthiest nations jumped in to bail out companies with rescue packages. Other initiatives taken by governments across the world included interest rate cuts, reduction in taxes and spending on public works.

Overview of Software Services Industry

Several IT decision-makers responded to the 2008 global crisis by reducing their IT budgets. However, according to a survey conducted by leading IT research firm Computer Economics and published in November 2008, the situation was not as bleak as was earlier feared. While 35% of US and Canadian IT organizations responded by cutting IT operational spending, 54% left their budgets unchanged and 11% actually increased their IT spending between August and October. Although the economic slowdown adversely impacted IT spending, information processing equipment and software recorded growth. IT spending did hold up better than other types of business investment through the 2008 recession.

IT budgets are not expected to return to their pre-recession levels, said analyst Chris Ingle of IDC at a customer briefing in October 2009. Worldwide IT spending is expected to record a 5.2% decline for 2009, according to a Gartner report published in mid-November 2009.

IT by Sector:

	2009	2008	Change
Industry	IT Spending	IT Spending	2008-2009
Utilities	\$131.8bn	\$128.1bn	2.90%
Healthcare	\$88.0bn	\$86.1bn	2.20%
Government	\$428.3bn	\$419.5bn	2.10%
Communications	\$371.5bn	\$268.3bn	0.90%
Education	\$60.0bn	\$59.3bn	1.00%
Agriculture, Mining & Construction	\$29.7bn	\$29.4bn	0.90%
Services	\$192.6bn	\$190.3bn	1.20%
Retail Trade	\$153.8bn	\$153.3bn	0.30%
Transportation	\$105.8bn	\$105.1bn	-0.20%
Financial Services	\$554.4bn	\$558.5bn	-0.70%
Wholesale Trade	\$81.4bn	\$81.2bn	0.40%
Manufacturing	\$479.6bn	\$482.7bn	-0.60%
Total	\$2,676.8bn	\$2,662.8bn	0.50%

Source: Gartner

Against the backdrop of the credit crunch and economic slowdown, companies were forced to cut back on their expenses. Dramatic cost savings could be realized by moving from an unmanaged environment toward a fully automated management and dynamic resource usage environment. The very purpose of Infrastructure Optimization is to assess a customer's current level of optimization and then build an effective plan to create business agility. Virtualization solutions, datacenter management / consolidation and enterprise collaboration services enable the customer to realize the full value of their investment.

Outsourcing not only results in cost reduction and quality optimization, but enhances business outcomes. While outsourcing becomes more popular, India has become the most preferred destination for IT and business process outsourcing. There are several reasons for this:

- Cost Benefits: India offers a cost advantage of at least 50% when compared to other destinations.
- Quality: India offers the same, if not better quality of outcome. With its stringent education system, the country has an excellent pool of talent from entry level to the top management level.
- Professional Service: India offers a better quality of service at a lesser cost. Moreover, given its hardworking population, clients receive support at their preferred time.
- English Language Advantage: English is widely spoken and taught as a first language in many schools.
- Stable Democratic Government

The Indian software services exporters rely heavily on the US. Indian IT vendors are more vulnerable than their international competitors. This is because their exposure to the financial services sector (which was severely hit by the recession) is almost double that of their global peers (as a percentage of revenue). The profit margins of Indian service providers will move closer to that of their global peers, says John McCarthy, analyst with US research firm Forrester. A ray of hope comes from the projections of Wipro's CFO, who predicts a 2%-3% increase in IT spending in the US for 2010. This industry is expected to return to growth next year, with \$3.3 trillion of total spending, up 3.3% according to Gartner. The IT research and advisory firm says that Asia-Pacific IT spending is expected to grow 5% to reach \$515.6 billion in 2010. While the strongest growth would be in software in Asia Pacific, telecommunications would continue to represent the largest area of IT investment. Another Garner report says that while big Indian enterprises are still cautious about their IT spends, mid-sized companies are more willing to make the required investment. Close to 80% of the mid-sized firms surveyed by Gartner said that they would either increase their IT budgets or keep them unchanged for 2010.

Our Strengths

Successful Client Relationships

In a dynamic business environment, enterprises need to expand their horizons to sustain their competitive edge in their respective markets. As business processes get more multifaceted, there is an immediate call to action of industry best practices in organizational management and business optimization techniques. The success of an organization is based on enhancing client relationships, rapid ROI, better visibility in the industry spectrum, cost efficiency and business agility.

One of our key strengths has been our ability to sustain robust relationships with our customers. We work together and explore how services and technology can enhance their businesses. Our solutions are based on a business approach that stresses on process, delivery and technology innovations. GSS adopts a collaborative approach with its clients to make the most of emerging technologies and new business opportunities. Such a comprehensive services portfolio helps us map the right services and solutions to our customers' specific needs.

Despite the troubled times, GSS delivers and projects growth. One of the key reasons for this is our long-standing relationship with our Fortune 500 clients. We have partnered closely with our client, understanding their business model, operations and strategies. We collaborate with them as their virtual extension and are able to provide best fit solutions to address their immediate and future needs. Our solutions add value to them not only in terms of cost and improved operational efficiencies, but also address their future business plans.

Need of the Hour Suite of Services

GSS has the competencies to not only accommodate domain specific requirements, but also to steer them forward to achieve customer satisfaction. Our competency comes from diverse operational challenges across a variety of domains. We leverage our rich experience and put together solutions that works best for our clients. Our expertise lies in Application Development and Maintenance, Collaborative Enterprise Services and Infrastructure Optimization Solutions.

Our focus on Collaboration Information Services (CIS) in Enterprise Portal Solutions helps increase efficiency and boosts profits for our customers. In the 21st century economy, it is imperative that companies adopt collaborative portal solutions to align their capabilities and functionalities with their business requirements. Be it for information management, client communication or inter-organizational connectivity, effective portal deployment extends the value of current IT investments, while enabling business process innovation. Today, industries rely on CIS to:

- Improve overall workplace efficiency and performance
- Foster technology innovation and market responsiveness
- Provide appropriate access to shared workspaces
- Create a centralized repository of knowledge and a platform to share ideas

Our Enterprise Portal Management services address the ever-evolving business needs of our clients by implementing the role-based filtering of content, multi-system integration, scalability, content management, business intelligence and workflow management. What we bring to the table is reduced cost and complexity in implementing systems and integrated partner relationship to incorporate the future business needs of our clients. The collaborative efforts of GSS portal deployment services include:

- A talent pool of experienced and expert professionals to devise solutions based on our client's IT and business environment
- Technology planning and architecture design
- Implementation of portal services across our client's enterprise space
- Post implementation support of our client's portal infrastructure

Our Infrastructure Management and Data Center services focus on building a strong supply chain coupled with our rich industry expertise to help our clients realize their business goals from an IT perspective. Our offshore center ensures seamless business continuity in our client's infrastructure management operations and uses industry compliant framework as the base process standard. A leader in promoting and pioneering global infrastructure management services, our belief for the success of these solutions is again the customer's need for virtualizing their IT and the growth of datacenter solutions across the globe.

Global Delivery Model

Our Global Delivery Model (GDM) enables our customers to leverage our capability to provide optimized value for procuring the best talents, a 24x7 service coverage, lower total cost of ownership and domain expertise. Our delivery center in Hyderabad provides the best value in terms of cost, efficiency and quality of deliverables, and is equipped with state-of-the-art infrastructure and compliant processes. Additionally, our center provides risk management, flexibility of resource deployment, world class quality of service, and improved time to market of customer projects.

Our Strategy

Our strategy for growth will be focused on the following:

- We will leverage our relationships with existing clients and attract new clients, and drive business strategy in our organization. We'll also streamline our customer retention process in order to achieve sustainable success and business growth. Through our extensive experience in deploying these components of operational success, we'll focus on enhancing the core competencies of our clients with our well-defined account management and business intelligence.
- We will also focus on creating a niche in our service offerings and strengthen our position in a specific business domain. Our core expertise is driven by market analytics and customer inputs, which in turn augments our commitment to enhance our delivery services. Additionally, we would reinforce our position as a pioneer in implementing business innovation to create new business lines and embrace business transformation. Our focus would be on:
 - Embracing emerging technologies
 - Strategic competency mapping across all business units
 - Flexibility in service delivery
 - Collaboration with business innovators
 - Talent transformation
- Another focus area of GSS would be on achieving inorganic growth through mergers and acquisitions. This step will broaden our service offerings in new markets and accelerate returns from acquired entities. This would also create a sustainable and reusable integration process. What we further hope to achieve is alignment in operational expertise with domain competencies, and increased confidence in new, inorganic strategies.

Threats

The threats are from the Big 5 technology consulting companies in India where they're winning new customer contracts adopting cost effective measures. Taking this as a challenge, we would like to project ourselves as a niche provider of technology and business services. Moreover, we'll focus on creating new opportunities in emerging markets and technologies, and align our core competencies with operational objectives.

Annexure F

CEO & CFO Certification

We, Bhargav Marepally, Chairman, Managing Director and Chief Executive Officer and Ravi Sankar Chivukula, Chief Financial Officer of GSS America Infotech Limited, to the best of our knowledge and belief, certify that:

- a. We have reviewed financial statements and the cash flow statement for the 15 months ended June 30, 2009 and that to the best of our knowledge and belief :
 - 1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2. 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. There are, to the best of our knowledge and belief, 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 accept responsibility for establishing and maintaining internal controls for financial reporting and we have:
 - 1. Evaluated the effectiveness of internal control systems of the company pertaining to financial reporting
 - 2. Disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee significant changes in internal control over financial reporting during the year;
- e. There are no significant changes in accounting policies during the year to be disclosed to the auditors and the audit committee
- f. There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

For GSS America Infotech Limited

Sd/-
Mr. Bhargav Marepally
CEO & Managing Director

For GSS America Infotech Limited

Sd/-
Mr. Ravi Sankar Chivukula
Chief Financial Officer

Place : Hyderabad
Date : November 30, 2009

Annexure G

CEO's Declaration

I, Bhargav Marepally, Managing Director and Chief Executive Officer of GSS America Infotech Limited do hereby declare that pursuant to the provisions of the Corporate Governance as laid down by the Stock Exchanges in India, all the members of the Board and Senior Management of the Company have furnished their affirmation of compliance with the code of conduct of the Company for Board members and senior management for the 15 months ended June 30, 2009.

On behalf of the Board of Directors

Sd/-

Mr. Bhargav Marepally
Chief Executive Officer & Managing Director

Place: Hyderabad

Date : November 30, 2009

REPORT OF THE AUDITORS ON THE CONSOLIDATED FINANCIALS STATEMENTS OF GSS AMERICA INFOTECH LIMITED FOR THE FY 2008-2009

1. We have audited the attached consolidated Balance Sheet of GSS AMERICA INFOTECH LIMITED ("the Company") as at June 30, 2009, the consolidated Profit and Loss account for the period (15 months; April 2008 to June 2009) ended on that date annexed thereto, and the consolidated cash flow statement for the period ended on that date, which we have signed under reference to this report. 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.
2. 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 presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of the wholly owned consolidated entity namely GSS America Inc and its step down subsidiaries for the period ended on June 30, 2009 (15 months; April 2008 to June 2009) 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 above subsidiaries, is based on the report of the other auditor.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of GSS America Infotech Limited and those of its consolidated entities.
5. Based on our audit and on consideration of the reports of the other auditors on separate financial statements (refer paragraph 3 above) and to the best of our information and according to the information and explanations given to us in our opinion, the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:
 - (a) in the case of consolidated balance sheet, of the consolidated state of affairs of the company and its consolidated entities as at June 30, 2009;
 - (b) in the case of the consolidated profit and loss account, of the consolidated results of operations of the Company and its consolidated entities for the period ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Company and its consolidated entities for the period ended on that date.

For BVR & ASSOCIATES
Chartered Accountants

Sd/-
(B.V.RAMA RAO)
Partner.

Place : Hyderabad
Date : November 30, 2009.

GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES
Consolidated Audited Balance Sheet as at June 30, 2009

(Amount in Rupees)

PARTICULARS	SCH.	AS AT June 30 2009	AS AT March 31 2008
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
Share Capital	1	127,400,720	133,000,000
Reserves & Surplus	2	3,360,499,962	2,512,846,007
Loan Funds			
Secured Loans	3	-	-
Unsecured Loans	4	-	-
Minority Interest		-	-
TOTAL		3,487,900,682	2,645,846,007
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	5	1,035,204,438	478,072,540
Less: Depreciation		230,746,203	79,112,439
Net Block		804,458,235	398,960,101
Capital Work in Progress		-	-
Investments	6	585,312,009	752,344,262
Current Assets, Loans and Advances			
Sundry Debtors	7	1,566,104,837	827,423,867
Loans and Advances	8	496,238,832	135,489,947
Cash and Bank Balances	9	411,423,715	864,190,977
Total Current Assets, Loans and Advances		2,473,767,384	1,827,104,791
Less: Current Liabilities and Provisions	10	375,636,946	332,563,147
Net Current Assets		2,098,130,438	1,494,541,644
TOTAL		3,487,900,682	2,645,846,007
Notes To Accounts	16		

Schedules 1 to 10 and 16 form part of the Balance sheet

As per our report of even date
for **BVR & Associates**
Chartered Accountants

for **GSS America Infotech Limited**

Mr.B.V.Rama Rao
Partner

Place : Hyderabad
Date : 30.11.2009

Mr. Bhargav Marepally
CEO & Managing Director

Mr. Ravi Sankar Chivukula
Chief Financial Officer

Place : Hyderabad
Date : 30.11.2009

Mr. Ramesh Yerramsetti
Managing Director

Mr. Someswara Rao Artham
Company Secretary

GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES

Consolidated Audited Profit and Loss Account for the 15 months ended June 30, 2009

(Amount in Rupees)

PARTICULARS	SCH.	15 months ended June 30, 2009	12 months ended March 31, 2008
INCOME			
Revenue	11	4,954,655,965	2,987,054,515
Other Income	12	148,373,924	15,733,974
TOTAL (A)		5,103,029,889	3,002,788,489
EXPENSES			
Human Resources Cost	13	3,841,382,799	2,063,117,547
General, Administrative Costs & Selling expenses	14	234,877,571	180,472,744
Preliminary Expenses Written Off		-	10,590
Prior Period Expenses		144,157	-
TOTAL (B)		4,076,404,527	2,243,600,881
Profit before Depreciation (A) - (B)		1,026,625,362	759,187,608
Less: Depreciation & Amortisation of Intangible Assets		155,206,059	62,582,106
Less: Interest		341,946	-
Profit before Taxation		871,077,358	696,605,502
Provision for Taxes	15	77,932,425	74,643,578
Profit after Tax		793,144,932	621,961,924
Add: Balance brought forward from previous period		930,075,729	365,717,857
Profit for Appropriation		1,723,220,661	987,679,781
Transfer to General Reserve		17,154,627	19,690,739
MAT Entitlement 2007-08		(20,766,206)	-
Transfer to Share Buy back		45,786,980	-
Transferred to Capital reserve		-	-
Dividend		19,105,265	33,250,000
Dividend Distribution Tax		3,246,940	4,663,313
Net Profit carried to Balance Sheet		1,658,693,055	930,075,729
Notes To Accounts	16		

Schedules 11 to 16 form part of the Balance sheet

As per our report of even date
for **BVR & Associates**
Chartered Accountants

for **GSS America Infotech Limited**

Mr.B.V.Rama Rao
Partner

Place : Hyderabad
Date : 30.11.2009

Mr. Bhargav Marepally
CEO & Managing Director

Mr. Ravi Sankar Chivukula
Chief Financial Officer

Place : Hyderabad
Date : 30.11.2009

Mr. Ramesh Yerramsetti
Managing Director

Mr. Someswara Rao Artham
Company Secretary

GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES

Consolidated Audited Schedules forming part of the Accounts as at June 30, 2009

(Amount in Rupees)

PARTICULARS	As at June 30, 2009	As at March 31, 2008
SCHEDULE 1 - Share Capital		
Authorised Share Capital		
15,000,000 Equity shares of Rs.10/- each.	150,000,000	150,000,000
<u>Issued, Subscribed and Paid Up Share Capital</u>		
Equity Share Capital		
1,27,40,072 Equity Shares of Rs.10/- each, Fully Paid up (Prev Year 1,33,00,000 Equity Shares of Rs 10 each fully paid up)	127,400,720	133,000,000
i) Out of the above 79,90,000 fully paid up equity shares of Rs 10 each were issued as bonus shares during the years 2006-07 and 2007-08		
ii) During the current year 559,928 are bought back		
TOTAL	127,400,720	133,000,000
SCHEDULE 2 - Reserves and Surplus		
Retained earnings	1,658,693,055	930,075,729
Securities Premium*	1,579,981,110	1,580,527,260
Capital Reserve	6,921,603	6,921,603
General Reserve	17,154,627	34,467,274
Foreign Exchange Translation Reserve	97,749,566	(39,145,859)
TOTAL	3,360,499,962	2,512,846,007
*Adjustment against securities premium account towards share issue expenses	546,150	121,571,000
SCHEDULE 3 - Secured Loans		
	-	-
TOTAL	-	-
SCHEDULE 4 - Unsecured Loans		
	-	-
TOTAL	-	-

Schedule: 5 Fixed Assets

Particulars	Gross Block Value				Accumulated Depreciation				Net Block Value	
	Opening Balance as on 01-Apr-08	Additions during Apr08-Jun09	Deletions during Apr08-Jun09	Closing Balance as on 30-Jun-09	Opening Balance as on 01-Apr-08	Additions during Apr08-Jun09	Deletions during Apr08-Jun09	Closing Balance as on 30-Jun-09	Opening Balance as on 01-Apr-08	Closing Balance as on 30-Jun-09
Goodwill	397,368,652	205,899,276	-	603,267,928	50,938,253	122,894,038	-	173,832,291	346,430,399	429,435,637
Furniture & Fixtures	4,501,121	173,836	425,066	4,249,891	2,601,907	561,185	425,066	2,738,025	1,899,215	1,511,866
Computer Hardware & Software	61,278,252	352,983,617	278,936	413,982,934	19,592,731	28,752,017	278,936	48,065,812	41,685,521	365,917,122
Motor Car	10,215,962	3,187,602	4,795,217	8,608,347	4,842,146	2,329,343	2,865,767	4,305,722	5,373,816	4,302,625
Office Equipments	4,708,553	421,585	34,800	5,095,338	1,137,404	669,475	2,526	1,804,353	3,571,149	3,290,985
GRAND TOTAL	478,072,540	562,665,917	5,534,019	1,035,204,438	79,112,440	155,206,059	3,572,295	230,746,203	398,960,100	804,458,235
Previous Year	256,938,402	221,392,076	257,937	478,072,540	15,277,162	63,974,381	139,104	79,112,439	241,661,240	398,960,101

GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES
Consolidated Audited Schedules forming part of the Accounts as at June 30, 2009

(Amount in Rupees)

PARTICULARS	As at 30-June-2009	As at 31-Mar-2008
SCHEDULE 6 - Investments		
Short Term Investments	585,312,009	752,344,262
The above investments are untraded and at cost		
TOTAL	585,312,009	752,344,262
SCHEDULE 7 - Sundry Debtors		
Debts- Unsecured, considered good More than 180 days	15,261,690	10,425,540
Others	1,550,843,146	816,998,327
TOTAL	1,566,104,837	827,423,867
SCHEDULE 8 - Loans and Advances		
(Considererd good unless otherwise stated)		
Advances Recoverable in <i>Cash or in</i>		
Kind or for value to be received	418,961,943	104,473,118
Advance for capital equipments	3,096,367	-
IPO Related Advances	7,694,489	7,694,489
Rental & Others Deposits	12,657,944	15,183,725
Advances To Employees	4,874,249	4,672,641
MAT entitlement	47,962,003	2,147,268
Other Current Assets	507,132	9,993
Prepaid Expenses	484,705	1,308,713
TOTAL	496,238,832	135,489,947
SCHEDULE 9 - Cash and Bank Balances		
Balances with Scheduled Banks		
- In Current Account	411,362,579	864,173,935
Cash in hand	61,136	17,042
TOTAL	411,423,715	864,190,977

GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES
Consolidated Audited Schedules forming part of the Accounts as at June 30, 2009

(Amount in Rupees)

PARTICULARS	As at 30-June-2009	As at 31-Mar-2008
Schedule 10- Current Liabilities and Provisions		
Current Liabilities		
Accounts Payable	6,193,050	3,460,390
Creditors for Expenses		
- Dues to Micro, small and medium enterprises	-	-
- Dues to other creditors	154,422,790	17,769,073
Other Current Liabilities	72,988,245	188,683,204
Statutory Dues	2,826,666	4,260,133
Proposed Dividend	19,105,265	33,250,000
Dividend Distribution Tax	3,246,940	4,663,313
Provisions		
Deferred Tax Liability	1,378,700	558,114
Provision for Expenses	2,936,809	6,283,602
Provision for Tax	112,538,480	73,635,318
TOTAL	375,636,946	332,563,147

Schedules 1 to 10 and 16 form part of the Balance sheet

As per our report of even date

for **BVR & Associates**
Chartered Accountants

for **GSS America Infotech Limited**

Mr. B.V.Rama Rao
Partner

Place: Hyderabad
Date : 30.11.2009

Mr. Bhargav Marepally
CEO & Managing Director

Mr. Ravi Sankar Chivukula
Chief Financial Officer

Place : Hyderabad
Date : 30.11.2009

Mr. Ramesh Yerramsetti
Managing Director

Mr. Someswara Rao Artham
Company Secretary

GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES

Consolidated Audited Schedules forming part of the Accounts for the 15 months ended June 30, 2009

(Amount in Rupees)

PARTICULARS	15 months ended June 30, 2009	12 months ended March 31, 2008
<u>Schedule 11 - Revenue</u>		
Income from Software Services	4,954,655,965	2,987,054,515
TOTAL	4,954,655,965	2,987,054,515
<u>Schedule 12 - Other Income</u>		
Interest Income	29,333,485	14,055,476
Miscellaneous Income	3,181,899	138,955
Dividend from Mutual Fund Investments	-	1,539,543
Exchange Rate Fluctuation	115,858,540	-
TOTAL	148,373,924	15,733,974
<u>Schedule 13 - Human Resources Cost & Cost of Services</u>		
Salaries & Allowances	2,576,732,788	1,579,157,716
Subcontractors Fees	986,332,827	151,548,417
Software Expenses	257,164,988	301,243,196
Recruitment & Training	3,131,165	3,771,958
Relocation Expenses	1,602,356	1,926,438
Employee Welfare Exp.	6,438,761	5,327,518
Mediclaime Insurance	979,914	570,900
Managerial Remuneration		
Salaries	9,000,000	7,200,000
Contribution to PF & Others	-	-
Commission	-	12,371,404
TOTAL	3,841,382,799	2,063,117,547

GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES

Consolidated Audited Schedules forming part of the Accounts for the 15 months ended June 30, 2009

(Amount in Rupees)

PARTICULARS	15 months ended June 30, 2009	12 months ended March 31, 2008
<u>Schedule 14 - Administrative Expenditure</u>		
Audit Fees	260,000	89,792
Event Expenses	234,273	551,710
Finance Charges	1,158,797	220,664
Fringe Benefit Tax	890,506	-
Insurance	23,906,363	21,619,025
Internet & Web Expenses	6,595,937	6,023,733
Legal Expenses	-	267,694
License, Immigration & Permits	5,644,880	25,083,473
Local Conveyance & Vehicle Maintenance	2,752,037	2,054,807
Meeting Expenses	1,670,478	-
Office Expenses	4,409,281	2,453,640
Partnership Certification Fees	213,251	2,845,734
Payroll Processing Fees	1,033,761	747,468
Postage & Delivery	1,312,412	1,044,304
Printing & Stationery	555,390	1,759,801
Professional Fees	46,560,917	8,730,191
Rates & Taxes	2,116,434	1,190,392
Rent	49,581,504	27,334,498
Repairs & Maintenance	4,931,460	7,335,583
Security Services	337,887	286,389
Telephone Expenses	6,880,906	5,489,700
Travel Expenses	29,289,223	31,068,117
Utilities	4,977,093	3,615,235
Advertisement & Business Promotion	4,638,656	7,271,871
Bad Debts	21,929	857,763
Provision for bad debts	34,845,000	-
Foreign Exchange Translation Reserve	59,198	80,751
Exchange Fluctuation - Loss	-	22,450,409
TOTAL	234,877,571	180,472,744
<u>Schedule 15 - Provision for Taxes</u>		
Provision for Current Tax	58,717,674	50,661,448
Provision for Minumim Alternate Tax	45,589,962	23,812,816
MAT Entitlement	(27,195,797)	-
Provision for Deferred Tax	820,586	169,314
TOTAL	77,932,425	74,643,578

CONSOLIDATED FINANCIAL STATEMENTS OF GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES

Schedule 16: Significant Accounting Policies and Notes on Account

(A) Company Overview

GSS America Infotech Ltd (GSSAIL) is one of the fastest growing IT consulting and Software Development Company, specializing in providing solutions for collaborative virtual enterprise, focused on providing scalable and cost-effective IT Solutions using Global Delivery Model. The services for the US geography are provided by its wholly owned subsidiary GSS America Inc and step down subsidiaries Infospectrum Consulting Inc and System Dynamix Corporation. The Company has expanded its overseas operations to Dubai for Middle East region and Singapore for APAC region. GSSAIL is a SEI-CMMi – level 3, ISO 9001 and 27001 certified Company. The Company also has a dedicated Network Operations Centre (NOC). GSS America's ideas and services have resulted in technology-intensive transformations that have met the most stringent international quality standards.

(B) Significant Accounting Policies

1. Principles of Consolidation:

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-Company balances and transactions & unrealized profit or losses have been fully eliminated.
- (ii) The excess of cost to the Company of its investments in the subsidiary company over its share of the net assets of the subsidiary company at the dates, on which the investments in the subsidiary company is made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of net assets in the subsidiary company as on the date of investment, is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus' in the consolidated financial statements.
- (iii) Minority interest in the net assets of the subsidiary consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary company and further movements in their share in the equity, subsequent to the dates of investments.

2. Use of Estimates:

The preparation of financial statements requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets.

3. Revenue recognition:

Revenue from Software Development on fixed-price, fixed time frame contracts, where there is no uncertainty as to the measurement or collectability of consideration is recognized as per the percentage of completion method. On time and material contracts, revenue is recognized as the related services are rendered. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. Annual technical services revenue and revenue from fixed price maintenance contracts are recognized proportionately over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except multiple element contracts, where revenue is recognized as per the percentage of completion method.

Profit of sale of investments is recorded on transfer of title from the company and is determined as the difference the sales price and the then carrying value of the investment. Dividend income is recognized where the company's right to receive dividend is established.

4. Expenditure:

All items of expenditure are accounted on accrual basis. Provisions are made for all known losses and liabilities.

5. Fixed Assets, Intangible Assets and Capital work in progress:

Fixed assets are stated at cost less accumulated depreciation. All costs, directly attributable to bringing the asset to the present condition for their intended use, are capitalized.

6. **Depreciation and Amortization:**

Depreciation on Fixed assets has been provided on Written down method and depreciation on assets acquired during the year is provided on Pro-rata basis at the rates specified in schedule XIV of the companies act, 1956.

Depreciation for assets purchased/ sold during the period is proportionately charged. Individual low cost assets (acquired for less than Rs.5000/-) are depreciated in the same year of acquisition. Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis commencing from the date the asset is available to the company for its use.

7 **Foreign Currency Transactions:**

Integral operations:

In respect of integral operations, monetary assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. Non-monetary items are translated at the historical rate. The items in the profit and loss account are translated at the average exchange rate during the period. The differences arising out of the translation is recognized in the profit and loss account.

Non-integral operations:

In respect of non-integral operations, assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. The items in the profit and loss account are translated at the average exchange rate during the period. The differences arising out of the translation are transferred to translation reserve.

(C) **Notes to Accounts**

- 1 The consolidated financial statements include financials of wholly owned subsidiary, GSS America Inc. and its subsidiaries, Infospectrum Consulting Inc and System Dynamix Corporation., for the full year. The Accounts of the subsidiaries are made and audited for the 15 Month period 1st April 2008 to 30th June 2009.

2. **Segment Reporting**

Business Segments:

The Company operates in a single business segment i.e., software services and hence segment wise reporting is not applicable.

3 **Related Party disclosures:**

A) List of Related Parties:

- i) Subsidiaries:
GSS America Inc
- ii) Step down Subsidiaries:
Infospectrum Consulting Inc
System Dynamix Corporation
- iii) Key Management Personnel :

Name of the Director	Designation
Mr. Bhargav Marepally	C.E.O. & Managing Director
Mr. Ramesh Yerramsetti	Managing Director

B) Transaction with Related Parties

Nature of Transaction	For the year (Rs. In Lakhs)		Closing Balance (Rs. In Lakhs)	
	2008- 09	2007 - 08	30.06.2009	31.03.2008
Director Remuneration				
Bhargav Marepally	45.00	97.86	-	-
Ramesh Yerramsetti	45.00	97.86	-	-

4. Events occurring after Balance sheet date: Acquisitions:

The company has acquired US based software Company ATEC Group through the wholly owned subsidiary GSS Infotech Holdings Inc.. The target company has been a prominent player in IT infrastructure space for several years in U.S.

5. Taxes:

- Deferred tax liability is created to the extent of Rs. 13,78,700 since the timing difference is unlikely to reverse within the period during which the company is eligible for exemption of its profits u/s 10 A of the Income Tax act.
- Minimum Alternate Tax liability is provided as per applicable rates.
- The Minimum Alternate Tax liability can be set off against future regular tax payable (After the end of STPI scheme by 31.03.2011). Accordingly a sum of Rs 271.96 lakhs is recognized in Current Assets under MAT Entitlement for the current year 2008.09. (Previous year Entitlement Rs 207.66 lakhs adjusted against Retained Earnings)

6. Quantitative details:

The company is engaged in the development and maintenance of Computer Software, the production and sales of such software cannot be expressed in any generic unit. It is not possible to give the quantitative details of sales and other information as required under the paragraph 3, 4C and 4D of Part - II of Schedule VI of the Companies Act, 1956.

- In terms of the exemption granted under Section 212(8) of the Companies Act, 1956, by the Ministry of Corporate Affairs, Government of India Vide its letter No.47/247/2009-CL-III dated 24th April, 2009, the company has been exempted from complying with the provisions contained in sub-section (1) of section 212 of the Companies Act, 1956 in respect of subsidiaries.

Accordingly, the Annual Report of the company contains the consolidated audited financial statements prepared in accordance with the accounting standards prescribed by the Institute of Chartered Accountants of India.

8. Earning Per Share:

	As at June 2009	As at March 2008
Standalone Basis	26.93	14.81
Consolidated	62.26	46.76

- The Company has extended its financial year for 2008-09 to 15 months and hence it is not comparable to the corresponding audited financials for 2007-08.

- The figures of the previous year are regrouped and reclassified where ever necessary to confirm to the current year figures.

For **B.V.R & Associates**
Chartered Accountants

Mr. B.V.Rama Rao
Partner

Place: Hyderabad
Date : November, 30 2009

For **GSS America Infotech Limited**

Mr. Bhargav Marepally
CEO & Managing Director

Mr. Ravi Sankar Chivukula
Chief Financial Officer

Place : Hyderabad
Date : November, 30 2009

Mr. Ramesh Yerramsetti
Managing Director

Mr. Someswara Rao Artham
Company Secretary

CONSOLIDATED AUDITED CASH FLOW STATEMENT FOR FOR THE 15 MONTHS ENDED JUNE 30, 2009

Amount in Rs

Particulars	15 months ended 2009	12 months ended 2008
Cash Flow from Operating Activities (A)		
Profit before Tax	871,077,358	696,605,503
Adjustments for:		
Depreciation and Amortisation	155,206,059	62,582,106
Interest and Financial charges	341,946	0
Miscellaneous Expenditure Written Off	0	10,590
Foreign Exchange Translation Reserve	0	0
Operating Profit before Working Capital Changes	1,026,625,362	759,198,199
Adjustments for:		
(Increase) / Decrease in Debtors	(738,680,969)	(300,378,151)
(Increase) / Decrease in Loans and Advances	(314,934,150)	(114,792,230)
Increase / (Decrease) in Current Liabilities and Provisions	18,911,158	(48,807,876)
Tax Paid	(111,219,209)	(2,019,267)
MAT Entitlement for 2007-08 transferred to retained earnings	20,766,206	0
MAT Entitlement for 2008-09	27,195,797	0
Cash Generated from Operations	(71,335,805)	293,200,675
Net Cash Flow from Operating Activities	(71,335,805)	293,200,675
Cash Flow from investing Activities (B)		
(Increase) / Decrease in Capital Commitments (net)	(560,704,192)	(219,880,968)
(Decrease)/ Increase in Minority Interest	0	0
(Cost)/ Reserves due to Consolidation	0	(25,758,281)
Preliminary Expenses	0	0
(Purchase) / Sale of Investments (net)	167,032,253	(442,344,261)
Foreign Exchange Translation Reserve	136,895,425	(46,469,687)
Net Cash Flow from Investing Activities	(256,776,514)	(734,453,197)
Cash Flow from Financing Activities (C)		
Proceeds from Issue of Share Capital	(5,599,280)	34,974,950
Buy Back of Equity out of reserves	(80,254,254)	0
Proceeds from Share Premium	(546,150)	1,242,452,310
Payment of Dividend	(33,250,000)	(14,703,758)
Payment of Dividend Tax	(4,663,313)	(2,062,202)
Proceeds from Unsecured Loans	0	0
Interest paid	(341,946)	0
Net Cash Flow from Financing Activities	(124,654,942)	1,260,661,300
Net (Decrease) / (Increase) in Cash and Cash Equivalents (A+B+C)	(452,767,262)	819,408,778
Cash and Cash Equivalents at the Beginning of the Year	864,190,979	44,782,201
Cash and Cash Equivalents at the end of the Year	411,423,717	864,190,979

For better presentation of the Cash Flow Statement, Investment in short term deposits have been shown under ' Cash Flow from Investing Activities ' separately. These deposits are liquid in nature and are withdrawable at a short notice. Therefore the reading of the cash flow statement should also take this into consideration in the overall cash position of the Company.

As per our report of even date
for **BVR & Associates**
Chartered Accountants

for **GSS America Infotech Limited**

Mr. B.V.Rama Rao
Partner

Mr. Bhargav Marepally
CEO & Managing Director

Mr. Ramesh Yerramsetti
Managing Director

Place: Hyderabad
Date : 30.11.2009

Mr. Ravi Sankar Chivukula
Chief Financial Officer

Mr. Someswara Rao Artham
Company Secretary

Place : Hyderabad
Date : 30.11.2009

AUDITOR'S REPORT

To
The Shareholders of
GSS AMERICA INFOTECH LIMITED
HYDERABAD

1. *We have audited the attached Balance Sheet of **GSS AMERICA INFOTECH LIMITED**, as at 30th June, 2009 and the related Profit And Loss Account and Cash Flow Statement attached thereto for the period (15 Month; April 2008 to June 2009) 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.*
2. 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 from 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 presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India, in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to information and explanations given to us, we provide in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that -
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit ;
 - b) In our opinion, proper books of account as required by the law have been kept by the company so far as it appears from our examination of those books ;
 - c) The Balance Sheet, Profit And Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet, Profit And Loss Account and Cash Flow Statement dealt with by this report comply with the requirements of the accounting standards referred to in sub section (3c) of section 211 of the Companies Act, 1956.
 - e) In our opinion and based on information and explanation given to us, none of the Directors of the company are disqualified as on 30-06-2009 from being appointed as Directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information, and according to the explanations given to us, the said Financial Statements read together with the notes there on give the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - I) In case of balance sheet of the state of affairs of the company as at 30th June 2009 ;
 - II) In case of profit & loss A/c of the profit of the company for the period (15 Month; April 2008 to June 2009) ended as on that date ; and
 - III) In the case of the Cash Flow Statement, of the cash flows for the period (15 Month; April 2008 to June 2009) ended on that date.

For **BVR & Associates**
Chartered Accountants

Place: Hyderabad
Date : November 30, 2009

Sd/-
(B.V.RAMA RAO)
Partner
Membership No.: 28483

ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of GSS AMERICA INFOTECH LIMITED on the financial statements for the year ended June 30, 2009]

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of the year, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, the fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, substantial portion of fixed assets has not been disposed of by the company during the year.
2. The Company does not have any inventory and accordingly clause (ii) of Paragraph 4 of the order is not applicable to the company for the current year.
3. (a) The company has granted unsecured interest free loan to a wholly owned-subsiary company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year end balance of such loan aggregates to Rs 4,739.13 lacs.
- (b) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interests of the company.
- (c) The aforesaid loan was not due for repayment and there is no stipulated date for repayment.
- (d) In respect of the aforesaid loan there is no overdue amount.
- (e) The company has not taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Act, and accordingly clauses (iii)(e) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. The activities of the company do not involve purchase of inventory and sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have not come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to information and explanation given to us, the transactions made during the year in pursuance of contracts and arrangements referred to supra, and exceeding the value of Rs 5.00 lakh have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub section (1) of section 209 of the Act for any of the activities of the company.
9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including income-tax, Professional tax, service tax, Customs duty, excise duty cess and other material statutory dues as applicable with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty and other material statutory dues which have not been deposited on account of any dispute.
10. The company does not have any accumulated losses as at June 30, 2009 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
 11. According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
 12. The company has not granted any loans and advances on the basis of Security by way of pledge of shares, debentures and other securities.
 13. The company does not operate any chit business.
 14. In our opinion the company is not a dealer or trader in the shares, securities, debentures and other investments.
 15. In our opinion and 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 during the year.
 16. The Company has not obtained any term loans.
 17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us there are no funds raised on a short-term basis which have been used for long-term investment.
 18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
 19. The company has not raised any funds by issue of debentures and accordingly clause (xix) of paragraph 4 of the order is not applicable to the company.
 20. The company has not raised any money by public issue of shares during the year.
 21. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **BVR & Associates**
Chartered Accountants

Place : Hyderabad
Date : November 30, 2009

Sd/-
(B.V.RAMA RAO)
Partner
Membership No.: 28483

GSS AMERICA INFOTECH LIMITED
Audited Balance Sheet as at June 30, 2009

(Amount in Rupees)

PARTICULARS	SCH.	AS AT June 30 2009	AS AT March 31 2008
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
Share Capital	1	127,400,720	133,000,000
Reserves & Surplus	2	2,156,099,959	1,895,393,812
Loan Funds			
Secured Loans	3	-	-
Unsecured Loans	4	-	-
TOTAL		2,283,500,679	2,028,393,812
<u>APPLICATION OF FUNDS</u>			
Fixed Assets	5		
Gross Block		33,960,114	23,322,496
Depreciation		16,281,049	9,708,165
Net Block		17,679,065	13,614,331
Capital Work in Progress		-	-
Investments	6	1,052,406,105	1,219,438,358
Current Assets, Loans and Advances			
Sundry Debtors	7	315,904,778	268,585,623
Deposits, Loans and Advances	8	681,850,413	130,875,714
Cash and Bank Balances	9	310,995,304	488,124,048
Total Current Assets, Loans and Advances		1,308,750,495	887,585,385
Less: Current Liabilities and Provisions	10	95,334,986	92,244,262
Net Current Assets		1,213,415,509	795,341,123
TOTAL		2,283,500,679	2,028,393,812
Notes To Accounts	17		

Schedules 1 to 10 and 17 form part of the Balance sheet

As per our report of even date
for **BVR & Associates**
Chartered Accountants

for **GSS America Infotech Limited**

Mr.B.V.Rama Rao
Partner

Mr.Bhargav Marepally
CEO & Managing Director

Mr.Ramesh Yerramsetti
Managing Director

Place : Hyderabad
Date : 30.11.2009

Mr.Ravi Sankar Chivukula
Chief Financial Officer

Mr.Someswara Rao Artham
Company Secretary

Place : Hyderabad
Date : 30.11.2009

GSS AMERICA INFOTECH LIMITED

Audited Profit and Loss Account for the 15 months ended June 30, 2009

		Amount in Rupees	
PARTICULARS	SCH.	15 months ended June 30, 2009	12 months ended March 31, 2008
INCOME			
Revenue	11	528,158,297	393,969,092
Other Income	12	147,905,279	15,503,851
TOTAL (A)		676,063,576	409,472,943
EXPENSES			
Human Resources Cost	13	210,485,333	118,992,792
Administrative Costs	14	92,047,707	63,233,517
Business Promotion & Advertisement Costs	15	3,801,712	1,886,983
Preliminary Expenses Written Off		-	10,590
Prior Period Expenses		144,157	-
TOTAL (B)		306,478,909	184,123,882
Profit before Depreciation and Interest (A) - (B)		369,584,666	225,349,061
Less: Depreciation		7,277,366	4,459,535
Less: Interest		-	-
Profit before Taxation		362,307,300	220,889,526
Provision for Taxes	16	19,214,751	23,982,130
Profit after Tax		343,092,549	196,907,396
Add: Balance brought forward from previous period		280,399,278	141,095,934
Profit for Appropriation		623,491,827	338,003,330
MAT Entitlement for 2007-08		(20,766,206)	-
Transfer to General Reserve		17,154,627	19,690,739
Transfer to Share Buy back		45,786,980	-
Proposed Dividend		19,105,265	33,250,000
Dividend Distribution Tax		3,246,940	4,663,313
Net Profit carried to Balance Sheet		558,964,221	280,399,278

Notes To Accounts

17

Schedules 11 to 17 form part of the Profit & Loss Account

As per our report of even date
for **BVR & Associates**
Chartered Accountants

for **GSS America Infotech Limited**

Mr.B.V.Rama Rao
Partner

Mr.Bhargav Marepally
CEO & Managing Director

Mr.Ramesh Yerramsetti
Managing Director

Place : Hyderabad
Date : 30.11.2009

Mr.Ravi Sankar Chivukula
Chief Financial Officer

Mr.Someswara Rao Artham
Company Secretary

Place : Hyderabad
Date : 30.11.2009

GSS AMERICA INFOTECH LIMITED

Audited Schedules forming part of the Balance sheet as at June 30, 2009

(Amount in Rupees)

PARTICULARS	As at June 30, 2009	As at March 31, 2008
SCHEDULE 1 - Share Capital		
<u>Authorised Share Capital</u>		
15,000,000 Equity shares of Rs.10/- each.	150,000,000	150,000,000
<u>Issued, Subscribed and Paid Up Share Capital</u>		
<u>Equity Share Capital</u>		
1,27,40,072 Equity Shares of Rs.10/- each, Fully Paid up (Prev Year 1,33,00,000 Equity Shares of Rs 10 each fully paid up)	127,400,720	133,000,000
i) Out of the above 79,90,000 fully paid up equity shares of Rs 10 each were issued as bonus shares during the years 2006-07 and 2007-08		
ii) During the current year 559,928 are bought back		
TOTAL	127,400,720	133,000,000
SCHEDULE 2 - Reserves and Surplus		
General Reserve	17,154,627	34,467,274
Retained Earnings	558,964,221	280,399,278
Securities Premium*	1,579,981,110	1,580,527,260
TOTAL	2,156,099,959	1,895,393,812
*Adjustment against securities premium account towards share Issue Expenses	546,150	121,571,000
SCHEDULE 3 - Secured Loans		
	-	-
TOTAL	-	-
SCHEDULE 4 - Unsecured Loans		
	-	-
TOTAL	-	-

Schedule-5 Fixed Assets

<i>Particulars</i>	Gross Block Value				Accumulated Depreciation				Net Block Value	
	<i>Opening Balance as on 01-Apr-08</i>	<i>Additions during Apr 08 - Jun 09</i>	<i>Deletions during Apr 08 - Jun 09</i>	<i>Closing Balance as on 30-Jun-09</i>	<i>Opening Balance as on 01- Apr-08</i>	<i>Additions during Apr 08 - Jun 09</i>	<i>Deletions during Apr 08 - Jun 09</i>	<i>Closing Balance as on 30-Jun-09</i>	<i>Opening Balance as on 01- Apr-08</i>	<i>Closing Balance as on 30-Jun-09</i>
Furniture & Fixtures	2,165,308	173,836	0	2,339,144	1,175,905	355,453	0	1,531,358	989,403	807,786
Computer Hardware	11,315,232	2,582,271	0	13,897,503	6,017,876	3,162,644	0	9,180,520	5,297,356	4,716,982
Computer Software	2,440,858	5,730,451	0	8,171,309	634,661	1,480,359	0	2,115,020	1,806,197	6,056,289
Motor Car	4,915,716	3,187,602	1,418,232	6,685,086	1,469,755	1,870,098	701,957	2,637,897	3,445,961	4,047,189
Office Equipments	2,485,382	416,491	34,800	2,867,072	409,968	408,813	2,526	816,254	2,075,414	2,050,818
GRAND TOTAL	23,322,496	12,090,650	1,453,032	33,960,114	9,708,166	7,277,366	704,483	16,281,049	13,614,330	17,679,065
Previous Year	17,529,045	5,486,126	0	23,015,171	5,248,630	4,438,107	0	9,686,737	12,280,415	13,328,434

GSS AMERICA INFOTECH LIMITED

Audited Schedules forming part of the balance sheet as at June 30, 2009

(Amount in Rupees)

PARTICULARS	As at June 30, 2009	As at March 31, 2008
SCHEDULE 6 - Investments		
Long Term Investments:		
- in Subsidiaries		
- Equity shares of GSS America Inc. (229,000 shares, FV \$1)	467,094,096	467,094,096
Short Term Investments	585,312,009	752,344,262
The above investments are untraded and at cost		
TOTAL	1,052,406,105	1,219,438,358
SCHEDULE 7 - Sundry Debtors		
Debts - Unsecured, considered good		
More than 180 days	26,366,020	-
Others	289,538,758	268,585,623
Including Dues from Subsidiaries		
GSS America Inc	178,092,602	205,451,192
Infospectrum Consulting Inc	—	53,741,101
TOTAL	315,904,778	268,585,623
SCHEDULE 8 - Deposits, Loans and Advances		
(Considered good unless otherwise stated)		
Inter Company Owings*	473,913,000	-
Advances for Capital Equipments	3,096,367	-
Advances Recoverable in Cash or in		
Kind or for value to be received	131,741,943	104,473,118
IPO Related Advances	7,694,489	7,694,489
Rental & Others Deposits	12,304,233	14,309,573
Advances To Employees	4,538,330	942,553
MAT Entitlement	47,962,003	2,147,268
Prepaid Expenses	600,048	1,308,713
TOTAL	681,850,413	130,875,714
- *short term advances to subsidiary GSS America Inc	473,913,000	-

GSS AMERICA INFOTECH LIMITED

Audited Schedules forming part of the Balance sheet as at June 30, 2009

(Amount in Rupees)

PARTICULARS	Year ended June 30, 2009	Year ended March 31, 2008
SCHEDULE 9 - Cash and Bank Balances		
Balances with Banks		
- In Current Account with Schedule Banks	310,934,167	488,107,006
Cash in hand	61,136	17,042
TOTAL	310,995,304	488,124,048
Schedule 10 - Current Liabilities and Provisions		
Current Liabilities		
Creditors for expenses		
- Dues to Micro, small and medium enterprises	-	-
- Dues to other creditors	44,197,008	7,337,242
Other Current Liabilities	-	1,647,211
Salary Payable	495,171	10,431,831
Statutory Dues	2,826,666	4,260,133
Proposed Dividend	19,105,265	33,250,000
Dividend Distribution Tax	3,246,940	4,663,313
Provisions		
Provision for Expenses	2,936,809	6,283,602
Deferred Tax	1,378,700	558,114
Provision for Tax	21,148,427	23,812,816
TOTAL	95,334,986	92,244,262

Schedule 1 to 10 and 16 form part of Balance Sheet.

As per our report of even date
for **BVR & Associates**
Chartered Accountants

for **GSS America Infotech Limited**

Mr.B.V.Rama Rao
Partner

Mr.Bhargav Marepally
CEO & Managing Director

Mr.Ramesh Yerramsetti
Managing Director

Place : Hyderabad
Date : 30.11.2009

Mr.Ravi Sankar Chivukula
Chief Financial Officer

Mr.Someswara Rao Artham
Company Secretary

Place : Hyderabad
Date : 30.11.2009

GSS AMERICA INFOTECH LIMITED

Audited Schedules forming part of the Profit and Loss Account for the 15 months ended June 30, 2009

(Amount in Rupees)

PARTICULARS	15 months ended June 30, 2009	12 months ended March 31, 2008
<u>Schedule 11 - Revenue</u>		
Income from Software Services		
Export	528,092,547	393,969,092
Domestic	65,750	
TOTAL	528,158,297	393,969,092
<u>Schedule 12 - Other Income</u>		
Interest Income	28,864,840	13,825,353
(Tax deducted at source: Rs 55,43,502, Previous Year Rs 2,192,863)		
Income from Mutual Fund Investments	-	1,539,543
Miscellaneous Income	3,181,899	138,955
Exchange Rate Fluctuation	115,858,540	-
TOTAL	147,905,279	15,503,851
<u>Schedule 13 - Human Resources Cost</u>		
Software Expenses	476,215	-
Subcontractor Expenses	51,263,024	-
Salaries & Allowances	141,937,503	90,228,326
Contribution To PF & Others	3,137,956	4,061,862
Recruitment & Training	2,018,448	2,565,903
Employee Welfare Exp.	1,641,845	1,994,397
Relocation Expenses	30,428	-
Mediclaime Insurance	979,914	570,900
Managerial Remuneration		
Salaries	9,000,000	7,200,000
Contribution to PF & Others	-	-
Commission	-	12,371,404
TOTAL	210,485,333	118,992,792

GSS AMERICA INFOTECH LIMITED

Audited Schedules forming part of the Profit and Loss Account for the 15 months ended June 30, 2009

(Amount in Rupees)

PARTICULARS	15 months ended June 30, 2009	12 months ended March 31, 2008
<u>Schedule 14 - Administrative Expenditure</u>		
Audit Fees	260,000	89,792
Event Expenses	234,273	551,710
Finance Charges	976,644	115,035
Fringe Benefit Tax	890,506	617,928
Insurance	328,900	57,306
Internet & Web Expenses	3,710,447	4,033,725
Legal Expenses	-	-
License, Immigration & Permits	200,000	403,534
Local Conveyance & Vehicle Maintenance	2,089,757	1,721,391
Meeting Expenses	1,670,478	-
Office Expenses	2,267,931	1,170,095
Postage & Delivery	52,837	67,858
Printing & Stationery	297,276	1,232,176
Professional Fees	32,526,411	4,154,119
Rates & Taxes	1,462,701	542,549
Rent	32,184,856	13,791,773
Repairs & Maintenance		
Buildings	351,905	512,685
Machinery	1,501,333	2,125,453
Others	1,392,463	3,062,096
Security Services	337,887	286,389
Telephone Expenses	1,351,105	654,485
Travel Expenses	3,960,664	2,864,042
Utilities	3,940,134	2,648,216
Foreign Exchange Translation Reserve	59,198	80,751
Exchange Rate Fluctuation (Loss)	-	22,450,409
TOTAL	92,047,707	63,233,517

GSS AMERICA INFOTECH LIMITED

Audited Schedules forming part of the Profit and Loss Account for the 15 months ended June 30, 2009

(Amount in Rupees)

PARTICULARS	15 months ended June 30, 2009	12 months ended March 31, 2008
<u>Schedule 15 - Business Promotion & Advertisement Costs</u>		
Advertisement & Business Promotion	3,801,712	1,886,983
TOTAL	3,801,712	1,886,983
<u>Schedule 16 - Provision for Taxes</u>		
Provision for Current Tax	-	-
Provision for Minimum Alternate Tax	45,589,962	23,812,816
MAT Entitlement for 2008-09	(27,195,797)	
Provision for Deferred Tax	820,586	169,314
TOTAL	19,214,751	23,982,130

Schedules 11 to 17 form part of the Profit and Loss Account

As per our report of even date
for **BVR & Associates**
Chartered Accountants

for **GSS America Infotech Limited**

Mr. B.V.Rama Rao
Partner

Mr. Bhargav Marepally
CEO & Managing Director

Mr. Ramesh Yerramsetti
Managing Director

Place : Hyderabad
Date : 30.11.2009

Mr. Ravi Sankar Chivukula
Chief Financial Officer

Mr. Someswara Rao Artham
Company Secretary

Place : Hyderabad
Date : 30.11.2009

SCHEDULE 16

NOTES FORMING PART OF ACCOUNTS

(A) Company Overview

GSS America Infotech Ltd (GSSAIL) is one of the fastest growing IT consulting and Software Development Company, specializing in providing solutions for collaborative virtual enterprise, focused on providing scalable and cost-effective IT Solutions using Global Delivery Model. The services for the US geography are provided by its wholly owned subsidiary GSS America Inc and step down subsidiaries Infospectrum Consulting Inc and System Dynamix Corporation. The Company has expanded its overseas operations to Dubai for Middle East region and Singapore for APAC region. GSSAIL is a SEI-CMMi – level 3, ISO 9001 and 27001 certified Company. The Company also has a dedicated Network Operations Centre (NOC). GSS America's ideas and services have resulted in technology-intensive transformations that have met the most stringent international quality standards.

(B) Significant Accounting Policies

1. Basis of Preparation of Financial Statements:

The financial statements are prepared in accordance with Indian Generally accepted principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by Institute of Chartered Accountants of India (ICAI), the provisions of the Companies act 1956.

Management evaluates all recently issued or revised accounting standards on an ongoing basis.

2. Use of Estimates:

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets.

3. Revenue recognition:

Revenue from Software Development on fixed-price, fixed time frame contracts, where there is no uncertainty as to the measurement or collectability of consideration is recognized as per the percentage of completion method. On time and material contracts, revenue is recognized as the related services are rendered. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. Annual technical services revenue and revenue from fixed price maintenance contracts are recognized proportionately over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except multiple element contracts, where revenue is recognized as per the percentage of completion method.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and the then carrying value of the investment. Dividend income is recognized where the company's right to receive dividend is established.

4. Expenditure:

All items of expenditure are accounted on accrual basis. Provisions are made for all known losses and liabilities.

5. Fixed Assets, Intangible Assets and Capital work in progress:

Fixed assets are stated at cost less accumulated depreciation. All costs, directly attributable to bringing the asset to the present condition for their intended use, are capitalized.

Capital work in progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition.

6. **Investments :**

Investments are classified into current investments and long term Investments. Current investments are carried at the lower of cost or market value. Any reduction in carrying amount and any reversals of such reduction are charged or credited to the profit and loss account. Long-term investments are carried at cost less provision made to recognize any decline, other than temporary, in the value of such investments.

7. **Depreciation and Amortization:**

Depreciation on Fixed assets has been provided on Written down method and depreciation on assets acquired during the year is provided on Pro-rata basis at the rates specified in schedule XIV of the companies act, 1956.

Depreciation for assets purchased/ sold during the period is proportionately charged. Individual low cost assets (acquired for less than Rs.5000/-) are depreciated in the same year of acquisition. Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis commencing from the date the asset is available to the company for its use.

8. **Foreign Currency Transactions:**

Revenue from overseas clients and collections deposited are recorded at the exchange rate as at the date of the respective transactions. Expenditure in foreign currency during the year is accounted at the exchange rate prevalent when such expenditure is incurred. The exchange differences arising on the foreign currency transactions during the year are recognized as income or expenses in the period in which they arise.

Non-Monetary assets and liabilities are translated at the rate on the date of the transaction.

Current assets and Current Liabilities denominated in foreign currency are translated at the exchange rate prevalent at that date of the Balance Sheet. The resulting differences are also recorded in the profit and loss account.

The operations of foreign branches of the company are of integral in nature and the financial statements of these branches are translated using the same principles and procedures of the head office.

9. **Taxes on Income:**

Tax expense for a year comprises of current tax and deferred tax. Current taxes are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the profit and loss account in the year of change. Deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

10. **Research and Development :**

Revenue expenditure incurred on research and development is charged to revenue in the year/period in which it is incurred. Assets used for research and development activities are included in fixed assets. The company has not yet incurred expenditure towards research and development.

11. **Employee Benefits :**

Provident fund : Eligible employees receive benefits from matching contribution from the employer to Government Provident Fund Scheme, which is a defined benefit plan. Both the employee and company make monthly contributions to the Provident fund plan equal to specified percentage of the employees salary.

Gratuity : In accordance with payment of Gratuity Act 1972, the company provides for Gratuity , a defined benefit plan covering eligible employees. The Gratuity plan provides a lump sum payment to eligible employees on retirement , death, incapacitation or termination of employment , of an amount based on the respective employee salary and the tenure of the employment with company.

Leave Encashment : The company provides for unutilized leave basing on the value of such leave balance eligible for carry forward as per the policy of the company.

(C) **Notes to Accounts**

1. Segment Reporting

Business Segments:

The Company operates in a single business segment i.e., software services and hence segment wise reporting is not applicable.

2. Contingent Liability:

- a) As per the requirements of Bombay Stock Exchange and the listing agreement, the Company had to submit a deposit 1% of the public issue proceeds as "Security Deposit". Out of this the company has placed cash deposit of Rs. 76,94,489 and also submitted a bank guarantee for equal amount. The conditions specified in listing agreement have since been fulfilled and the deposit amount and Bank Guarantee are withdrawn in Nov, 2009.
- b) The Company has taken a Performance Bond from HSBC Ltd towards Dubai Municipality Project for Rs. 22.52 lacs (AED 1,72,501/=).

3. Investment in Subsidiaries

The investments in the subsidiaries are classified under long term investments and are carried forward at cost.

4. Utilization of amount raised from public issue

Rs. in Lakhs

Name of the object/project	Funds raised	Expenditure incurred till 30 th June, 2009	Balance available under each project
Setting up Global Delivery Centre	6610.39	Nil	6610.39
Setting up of overseas offices	980.58	942.63	37.95
Working capital	2500.00	2384.74	115.26
Acquisitions	3000.00	3111.55	(111.55)
Issue expenses	1659.24	1221.17	438.07
Total	14750.21	7660.09	7090.12
Public issue proceeds	13989.98	7660.09	6329.89
To be utilized invested in			
Bank Balances			3109.34
Short Term Investments			3220.55
Total			6329.89

5. Buy Back of Shares

During the financial year 2008-09, the board of Directors recommended buyback of GSS America shares and earmarked Rs.20 (twenty) Crores for the purpose amounting to 9.86% of paid up share capital and free reserves. The company proposed to buy back the shares through open market operations using stock exchanges route at a maximum price of Rs.250/- (Rupees Two Hundred and Fifty only) per share. The promoters did not participate in the buyback offer. The buy back operation commenced in February 2009 and completed in August 2009 culminating in buy back and extinguishment of 5,63,157 shares (5,60, 311 shares as at 30th June 2009) at an average price of Rs 152.19.

6. Related Party disclosures:

A) List of Related Parties:

i) Subsidiaries:

GSS America Inc

ii) Step down Subsidiaries:

Infospectrum Consulting Inc

System Dynamix Corporation

iii) Key Management Personnel :

Name of the Director

Mr. Bhargav Marepally

Mr. Ramesh Yerramsetti

Designation

C.E.O. & Managing Director

Managing Director

B) Transaction with Related Parties

Nature of Transaction	For the year (Rs. In Lakhs)		Closing Balance (Rs. In Lakhs)	
	2008-09	2007 - 08	30.06.2009	31.03.2008
GSS America Inc				
Revenue / Receivable	3,485.72	2,054.51	1,780.85	2,054.51
Sub contract / Payable	432.90	-	418.84	-
Investment in Equity	-	4,295.06	4,670.94	4,670.94
Short Term Loan	4,739.13	-	4739.13	-
Infospectrum Consulting Inc				
Revenue / Receivable	-	537.41	-	537.41
Director Remuneration				
Bhargav Marepally	45.00	97.86	-	-
Ramesh Yerramsetti	45.00	97.86	-	-

7. Events occurring after Balance sheet date:

Acquisitions

The company has acquired US based software Company ATEC Group through its wholly owned subsidiary GSS Infotech Holdings Inc.. The target company has been a prominent player in IT infrastructure space for several years in U.S.

8. **Employee Benefits:**

The Company has created GSS America Infotech Ltd Employee Group Gratuity Assurance Scheme Trust (GSSGGAST) to implement gratuity scheme as per the provisions of payment of Gratuity Act 1972. Liabilities with regard to the gratuity plan are determined on principle of actuarial valuation and contribution is made to the designated scheme operated by LIC of India. The company has contributed Rs.2106,558/= as at 30.06.2009.

9. **Taxes:**

- Deferred tax liability is created to the extent of Rs. 13,78,700 since the timing difference is unlikely to reverse within the period during which the company is eligible for exemption of its profits u/s 10 A of the Income Tax act.
- Minimum Alternate Tax liability is provided as per applicable rates.
- The Minimum Alternate Tax liability can be set off against future regular tax payable (After the end of STPI scheme by 31.03.2011). Accordingly a sum of Rs 271.96 lakhs is recognized in Current Assets under MAT Entitlement for the current year 2008-09 (Previous year Entitlement Rs 207.66 lakhs adjusted against Retained Earnings).

10. **Quantitative details:**

The company is engaged in the development and maintenance of Computer Software, the production and sales of such software cannot be expressed in any generic unit. It is not possible to give the quantitative details of sales and other information as required under the paragraph 3, 4C and 4D of Part – II of Schedule VI of the Companies Act, 1956.

11. **Foreign Exchange Earnings/Outgoings:**

Particulars	2008-09 (Rs.lakhs)	2007-08 (Rs.lakhs)
Export Sales (on Accrual basis)	3485.72	3,939.70
Imports (Capital Goods)	33.40	9.47
Expenditure	7.03	32.80

12. **Computation of Managerial Remuneration**

Particulars	2008-09 (Rupees)	2007-08 (Rupees)
Profit before tax	362,307,300	220,889,525
Add: Depreciation	72,77,366	4,459,535
Add: Remuneration to Directors	9,000,000	19,571,404
Less: Depreciation as per Sec 350	72,77,366	4,459,535
Less: Dividend Income	-	1,539,543
Net Profit U/s 349	371,307,300	238,921,386
Maximum Permissible Remuneration	37,130,730	23,892,139
Remuneration paid to Managing Directors	9,000,000	19,571,404

13. **Details of the Auditors Remuneration:**

	2008-09 (Rupees)	2007-08 (Rupees)
Audit Fee	2,00,000.00	89,792.00
As advisors in respect of:		
1) Taxation matters	60,000	-
2) Company Law matters	-	-
3) Management services	-	1,00,000.00

14. Earning Per Share:

	2008-09	2007-08
Standalone Basis	26.93	14.81
Consolidated	62.26	46.76
15. The Company has extended its financial year for 2008-09 to 15 months and hence it is not comparable to the corresponding audited financials for 2007-08.		
16. The figures of the previous year are regrouped and reclassified where ever necessary to confirm to the current year figures.		

For **B.V.R & Associates**
Chartered Accountants

Mr. B.V.Rama Rao
Partner

Place: Hyderabad
Date : November, 30 2009

For **GSS America Infotech Limited**

Mr. Bhargav Marepally
CEO & Managing Director

Mr. Ravi Sankar Chivukula
Chief Financial Officer

Place : Hyderabad
Date : November, 30 2009

Mr. Ramesh Yerramsetti
Managing Director

Mr. Someswara Rao Artham
Company Secretary

AUDITED CASH FLOW STATEMENT FOR THE 15 MONTHS ENDED JUNE 30, 2009

Amount in Rs.

Particulars	15 months ended June 30 2009	12 months ended March 31 2008
Cash Flow from Operating Activities (A)		
Profit before Tax	362,307,300	220,889,525
Adjustments for:		
Depreciation and Amortisation	7,277,366	4,459,535
Interest and Financial charges	0	0
Miscellaneous Expenditure Written Off	0	10,590
Operating Profit before Working Capital Changes	369,584,666	225,359,650
Adjustments for:		
(Increase) / Decrease in Debtors	(47,319,155)	(35,976,610)
(Increase) / Decrease in Loans and Advances	(505,159,964)	(115,781,063)
Increase / (Decrease) in Current Liabilities and Provisions	20,495,635	19,596,916
Tax Paid	(94,069,086)	(1,180,320)
MAT Entitlement for 2008-09	27,195,797	0
MAT Entitlement for 2007-08 transferred to retained earnings	20,766,206	0
Cash Generated from Operations	(208,505,901)	92,018,573
Net Cash Flow from Operating Activities	(208,505,901)	92,018,573
Cash Flow from investing Activities (B)		
(Purchase) / Sale of Fixed Assets (net)	(11,342,100)	(5,793,452)
(Decrease)/ Increase in Minority Interest	0	0
(Cost)/ Reserves due to Acquisition	0	0
Short Term investments	167,032,253	(442,344,261)
(Purchase) / Sale of Investments in subsidiaries (net)	0	(429,506,462)
Net Cash Flow from Investing Activities	155,690,153	(877,644,175)
Cash Flow from Financing Activities (C)		
Proceeds from Issue of Share Capital	(5,599,280)	34,974,950
Buy Back of Equity out of reserves	(80,254,254)	0
Proceeds from Share Application Money	0	0
Proceeds from Securities Premium	(546,150)	1,242,452,310
Payment of Dividend	(33,250,000)	(14,703,758)
Payment of Dividend Tax	(4,663,313)	(2,062,202)
Proceeds from Unsecured Loans	0	0
Interest paid	0	0
Net Cash Flow from Financing Activities	(124,312,997)	1,260,661,300
Net (Decrease) / (Increase) in Cash and Cash Equivalents (A+B+C)	(177,128,744)	475,035,698
Cash and Cash Equivalents at the Beginning of the Year	488,124,048	13,088,350
Cash and Cash Equivalents at the end of the Year	310,995,304	488,124,048

For better presentation of the Cash Flow Statement, short term Investments have been shown under ' Cash Flow from Investing Activities ' separately. These deposits are liquid in nature and are withdrawable at a short notice. Therefore the reading of the cash flow statement should also take this into consideration in the overall cash position of the Company.

As per our report of even date
for **BVR & Associates**
Chartered Accountants

for **GSS America Infotech Limited**

Mr.B.V.Rama Rao
Partner

Mr.Bhargav Marepally
CEO & Managing Director

Mr.Ramesh Yerramsetti
Managing Director

Place : Hyderabad
Date : 30.11.2009

Mr.Ravi Sankar Chivukula
Chief Financial Officer

Mr.Someswara Rao Artham
Company Secretary

Place : Hyderabad
Date : 30.11.2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(SCHEDULE VI-PART IV - THE COMPANIES ACT, 1956)

I	Registration details		State Code		Balance Sheet date
	Registration No.	<input type="text" value="41860"/>		<input type="text" value="01"/>	<input type="text" value="30-Jun-09"/>
II	Capital raised during the year (amount in Rs. Thousands)				
	Public Issue	<input type="text" value="NIL"/>		Rights Issue	<input type="text" value="NIL"/>
	Bonus Issue	<input type="text" value="NIL"/>		Private Placement	<input type="text" value="NIL"/>
III	Position of Mobilisation and Deployment of Funds (amount in Rs.Thousands)				
	Total Liabilities	<input type="text" value="95335"/>		Total Assets	<input type="text" value="2378836"/>
	Sources of Funds				
	Paid up Capital	<input type="text" value="127401"/>		Reserves and Surplus	<input type="text" value="2156100"/>
	Secured Loans	<input type="text" value="NIL"/>		Unsecured Loans	<input type="text" value="NIL"/>
	Application of Funds				
	Net Fixed Assets	<input type="text" value="17679"/>		Investments	<input type="text" value="1052406"/>
	Net Current Assets	<input type="text" value="1213415"/>		Misc. Expenditure	<input type="text" value="NIL"/>
	Accumulated Losses	<input type="text" value="NIL"/>			
IV	Performance of Company (amount in Rs.Thousands)				
	Turnover	<input type="text" value="528158"/>		Expenditure	<input type="text" value="313756"/>
	Profit/Loss Before Tax	<input type="text" value="362307"/>		Profit / Loss After Tax	<input type="text" value="343092"/>
	Earning per Share (Rs.)	<input type="text" value="62.26"/>		Dividend Rate	<input type="text" value="Rs.1.50/-"/>
V	Generic Name/s of three Principal Products / Services of Company (as per monetary terms)				
	Item Code No.(ITC Code)	<input type="text" value="85249009-10"/>			
	Product Description	<input type="text" value="SOFTWARE SERVICES"/>			

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GSS AMERICA INFOTECH LIMITED

Wing 2, 3rd Floor, Block B, Cyber Gateway, Hitech City, Hyderabad- 500081

Proxy Form

Regd. Folio No.		Depository Participant ID*	
No. of Shares held		Client ID*	

I/ we..... being a member of GSS America Infotech Limited hereby appoint ofor failing him..... ofas my / our proxy to attend and vote for me/ us on my / our behalf at the AGM at Ellaa Suites, Jasmine Banquet Hall, Hill Ridge Springs, 25 Kancha, Gachibowli, ISB Road, Hyderabad 500 032 to be held on 28th December, 2009 at 11.00 A.M. and at any adjournment thereof

As witness my /our hand (s) this Day of 2009

Signed by the said

**Affix 1/-
revenue
stamp**

Note: The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting; The proxy need not be a member of the Company.

* Applicable for investors holding shares in electric form.

GSS AMERICA INFOTECH LIMITED

Wing 2, 3rd Floor, Block B, Cyber Gateway, Hitech City, Hyderabad- 500081

Attendance Slip for the Annual General Meeting on 28th December, 2009 at 11.00 A.M.

Regd. Folio No.		Depository Participant ID*	
No. of Shares held		Client ID*	

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

I hereby record my presence at the AGM of the Company held on December 28, 2009 at 11.00 A.M. at Ellaa Suites, Jasmine Banquet Hall, Hill Ridge Springs, 25 Kancha, Gachibowli, ISB Road, Hyderabad- 500 032

Signature of the member or 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.

BOOK-POST

If undelivered please return this copy to the following address

GSS America Infotech Ltd.

Block 'B', Third Floor,
Cyber Gateway, HITEC City,
Madhapur, Hyderabad
Andhra Pradesh - 500 081.
India.

Tel: +91 40 44556600
Fax: +91 40 40028703

<http://www.gssamerica.com>