

# GSSAmerica

## Annual Report 2007 - 2008



BEST  
PERFORMANCE

## **BOARD OF DIRECTORS**

<b>Bhargav Marepally</b>	Chairman, CEO & Managing Director
<b>Ramesh Yerramsetti</b>	Managing Director
<b>Patri Venkata Rama Krishna Prasad</b>	Non-Executive Independent Director
<b>Keerty Jaya Tilak</b>	Non-Executive Independent Director
<b>Kaipa Vasudeva Rao</b>	Non-Executive Independent Director
<b>Guhan Subramaniam</b>	Non-Executive Non-Independent Director

### **Committees of Board of Directors:**

#### **Audit Committee**

Bhargav Marepally  
PVRK Prasad  
Keerthy Jaya Tilak  
K Vasudeva Rao

#### **Remuneration Committee**

PVRK Prasad  
K Vasudeva Rao  
Keerthy Jaya Tilak

#### **Share Transfer and Shareholders'/ Investors' Grievance Committee**

Bhargav Marepally  
Ramesh Yerramsetti  
K Vasudeva Rao

#### **Chief Financial Officer**

Ravi Shankar Chivukula

#### **Company Secretary & Compliance Officer**

Kamal Kishore Avutapalli

#### **Auditors**

M/s. B.V.R. & 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, 500 081, India  
Ph: +91 40 40028700; Fax: +91 40 40028703; [www.gssamerica.com](http://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>

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## DIRECTORS REPORT

The Directors have pleasure in presenting their report on the business and operations of the Company for the year ended March 31, 2008

### I. FINANCIAL RESULTS

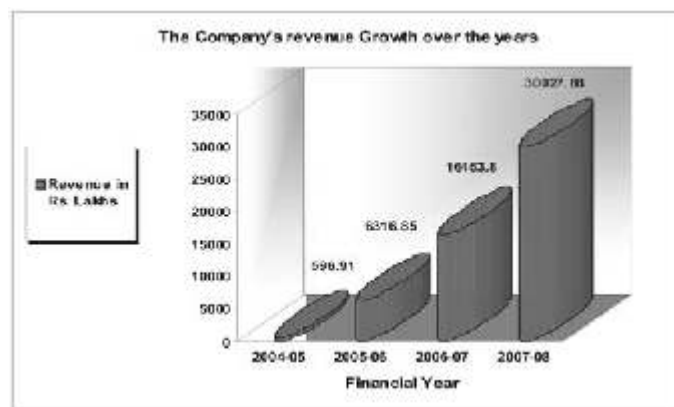
GSS America Infotech Limited with focus in IT Infrastructure and Software Services sectors reported Revenues of Rs. 29870 Lakhs for the year ending 31.03.2008 and the Profit before Tax for the same period is at Rs.6966 Lakhs.

The Company's financial results (unconsolidated & consolidated) for the year ended March 31, 2008 is provided in the Annual Report.

Overall Revenues of the Company at Rs.29870 Lakhs, showed a growth of 81.82% over previous year revenues of Rs.16428 Lakhs 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 31.03.2008 is Rs.6966 Lakhs. Compared to the previous year Profit before Tax of Rs.3760 Lakhs, the Company has recorded an impressive growth of 85.10%. This growth has been made possible due to the enlargement of operations and consequent economies as well as improved management of costs. However, the lower growth in the PAT is largely due to provision of Minimum Alternate Tax and amortization of goodwill arising of our acquisitions made.

'Earnings per Share' on the expanded equity due to the Initial Public Offering in the Month of Feb 08 is about Rs.47.



The Company has had a very good year and is poised to continue its growth trend during the current year. The acquisition of System Dynamix Corporation in the United States (US) was completed during Jan- Mar 2008 quarter and is expected to contribute to revenues for full year basis in the year 2008-09. We have planned a slew of initiatives, particularly in IT Infrastructure division to rapidly take advantage of emerging opportunities in these areas.

### FINANCIAL RESULTS FOR THE YEAR ENDED 31st MARCH 2008

Particulars	GSS America Infotech Limited and its subsidiaries		
	Year ended (Rs. Lakhs)		% Growth
	31.03.2008	31.03.2007	
Net Income from sales/services	29870.55	16428.73	81.82%
Gross Profit	9239.37	5180.94	78.33%
Operating Profit before interest	6808.82	3738.64	82.12%
Operating Profit after interest and Exceptional Item	6808.72	3725.48	82.76%
Profit (+)/Loss (-) from Ordinary Activities before tax	6966.06	3760.55	85.24%
Net Profit (+)/Loss (-) from Ordinary Activities after tax	6219.62	3709.71	67.66%
Net Profit (+)/ Loss (-)	6219.62	3709.71	67.66%
Paid-up equity share capital (Face Value. Rs. 10/- each)	1330.00	980.25	35.68%
Reserves and Surplus	25128.46	7585.73	231.26%
Earnings Per Share	46.76	37.84	23.58%

## **II. DIVIDEND**

The Directors recommend payment of dividend for the year at the rate of 25% per Equity Share of Rs. 10/- each for the FY 2007-2008. If the recommended Dividend is approved by the Members at the forthcoming Annual General Meeting, the Dividend including the Dividend Tax will absorb Rs. 37,913,313/-

## **III. TRANSFER TO RESERVES**

Your Directors propose to transfer a sum of Rs. 19,690,739/- to General reserves out of the amount available for appropriations and a sum of Rs. 930,075,729/- is carried forward in the Profit and Loss account.

## **IV. CORPORATE DEVELOPMENTS**

During the financial year 2007-2008, the Company has issued 34,97,495 equity shares with face value of Rs. 10/- each for cash at a price of Rs. 400/- per equity share (including a premium of RS. 390/- per equity share) aggregating to Rs. 13,989.98 lakhs by way of an Initial Public Offer (IPO).

Pursuant to the above IPO which has opened on February 11, 2008 and closed on February 15, 2008, the Company has got listed on The Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE) on March 7, 2008

## **V. AWARDS AND ACCOLADES**

The Board of Directors have pleasure in informing the members that your Chairman and CEO, Bhargav Marepally has been selected for the pivotal award of "Udyog Ratna" and the Company was conferred an "Excellency Award" by the Institute of Economic Studies, New Delhi

## **VI. BUSINESS REVIEW**

During the year 2007-2008 System Dynamix Corporation, a Company based in US, has become our subsidiary by virtue of acquisition made by GSS America Inc. (our subsidiary) w.e.f. January 01, 2008. System Dynamix Corporation was incorporated on August 25, 1995 in the State of Connecticut, United States of America, with the object of providing IT services. The corporate office of the Company is situated at 2842, Main Street, Glastonbury, Connecticut 06033

## **VII. DIRECTORS**

Keerty Jaya Tilak and P.V.R.K. Prasad, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

## **VIII. ACQUISITIONS AND INVESTMENTS**

The Company's subsidiary GSS America Inc., has acquired US Based Company System Dynamix Corporation effective 01-JAN-2008.

## **IX. AUDITORS**

M/s. B.V.R & Associates, Chartered Accountants, Auditors of the Company, retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

## **X. 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.

## **XI. AUDIT COMMITTEE**

The Company has an audit Committee comprising of 4 directors namely, PVRK Prasad, Non-Executive Independent Director, Keerthy Jaya Tilak, Non-Executive Independent Director, K Vasudeva Rao, Non-Executive Independent Director and Bhargav Marepally, Executive Director.

## **XII. 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>

**XIII. 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.

**XIV. CORPORATE GOVERNANCE:**

A report on corporate governance which *inter-alia* includes the composition and constitution of the Audit Committee is featuring as a part of the Annual report (Annexure C to the Annual Report). Your Company will continue to adhere in letter and spirit to good corporate governance policies. A certificate from the auditors of the Company on the compliance of the Clause is set out in Annexure D to this report.

**XV. MANAGEMENT DISCUSSION AND ANALYSIS**

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

**XVI. 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.

**XVII. 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 March 31, 2008 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.

**XVIII. ACKNOWLEDGEMENTS:**

The Directors gratefully acknowledge the contribution made by the employees towards the success of the Company. The Directors are also thankful for the co-operation, support and assistances received from the banks, investors, customers, Central and State Government departments and local authorities. The Directors would also like to acknowledge the continued support of the Company's shareholders.

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

Sd/-

**Bhargav Marepally**

**CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**

Hyderabad

Date: September 02, 2008

## 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:**

The Company's operations are not energy intensive. However, significant measures are taken to reduce energy consumption by using energy-efficient computers and purchasing energy efficient equipment. 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. Research and development (R & D)**

Your Company does not have a dedicated research team and accordingly no fixed identifiable revenue or capital expenditure is incurred and tracked.

### **III. 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.

### **IV. 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:**

Particulars	Current Year (2007-2008) Rs.	Previous Year (2006-2007) Rs.
Total Foreign Exchange Used	4,227,703	433,020
Total Foreign Exchange earned	393,969,092	241,087,019

**On behalf of the Board of Directors**

Sd/-

**Bhargav Marepally**

**CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**

Hyderabad

September 2, 2008

## 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 the year ended March 31, 2008**

Sr. No	Name	Designation	Qualification	Age in Years	Date of Joining	Experience in years	Gross remuneration (per annum) in Rs.	Previous Employment
1	Bhargav Marepally	CEO & Managing Director	M.Sc & Masters in Management Studies from BITS Pilani	37	October 13, 2003	14 years	9,785,702	Self employed
2	Ramesh Yerramsetti	Managing Director	M.Sc (Tech) & Masters in Systems and Information from BITS Pilani	37	October 13, 2003	14 years	9,785,702	Self employed
3	Praveen Mishra	Principal Architect	B. Tech from IIT Kanpur	46	September 7, 2007	20 years	2,600,000	Foursoft Limited
4	Anjan Kumar	Vice President-GDC Operations	B.E (Mech Eng.)	34	February 1, 2007	13 years	4,500,000	Infosys Technologies Ltd

**On behalf of the Board of Directors**

Sd/-

**Bhargav Marepally**

**CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**

Hyderabad

September 2, 2008



## Annexure C

### REPORT ON CORPORATE GOVERNANCE

#### 1. Company's policy on Corporate Governance

Your Company strongly believes that corporate governance is a framework to encourage the efficient use of resources and have accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of all individuals, corporations and society at large.

Your Company is firmly committed to continue to excel in its journey towards best Corporate Governance practices prevailing in the industry and adhere to the highest standards of corporate values and ethics. Your Company always seeks to attain its performance rules with integrity and is dedicated to increase value by maximizing returns to investors, being transparent and maintaining high degree of disclosure levels. Your Company would continually endeavor to further refine the existing systems to place stakeholders' interest as its foremost priority. Your Directors are committed to high standards of corporate governance through transparency, appropriate disclosure, fairness, and a mechanism for independent supervision, which are the principle-underlying features for good corporate Governance. The mandatory requirements, as per the Corporate Governance norms have been complied with by the Company, as given hereunder:

#### 2. Board of Directors:

##### 2.1. Composition of Board:

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
Bhargav Marepally	CEO & Managing Director; Promoter	None	3	NIL
Ramesh Yerramsetti	Managing Director; Promoter	None	3	NIL
PVRK Prasad	Non Executive Independent Director	None	1	2 (No chairman position held in these 2 committees)
K Vasudeva Rao	Non Executive Independent Director	None	2	2 (No chairman position held in these 2 committees)
Keerthy Jaya Tilak	Non Executive Independent Director	None	1	NIL
Guhan Subramaniam#	Non Executive Non Independent Director	None	5	2 (No chairman position held in these 2 committees)

\* 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. Disclosure of shareholdings of Non Executive Directors as required under clause 49(IV) (E) (IV)

Name of the director	Shares held as on March 31, 2008
PVRK Prasad	NIL
K Vasudeva Rao	132,000
Keerthy Jaya Tilak	NIL
Guhan Subramaniam	NIL

##### 2.3. Appointment / Reappointment of Directors:

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

- i. **P.V.R.K. Prasad:** PVRK Prasad was appointed as an ordinary director by the shareholders of the Company at their meeting held on June 7, 2006. He retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Prasad, if reappointed will be an Independent Director.
- ii. **Keerty Jaya Tilak:** Keerty Jaya Tilak was appointed as an ordinary director by the shareholders of the Company at their meeting held on July 21, 2006. He retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Tilak, if reappointed will be an Independent Director.

## 2.4. Board meetings and the previous Annual General Meeting

During the financial year 8 board meetings were held on April 30, 2007, August 8, 2007, November 28, 2007, January 25, 2008, February 1, 2008, February 16, 2008, February 19, 2008 and February 27, 2008. The last AGM of the Company was held on August 8, 2007.

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
Bhargav Marepally	8	Present
Ramesh Yerramsetti	6	Absent
PVRK Prasad	2	Absent
K. Vasudeva Rao	7	Present
Keerthy Jaya Tilak	8	Present
Guhan Subramaniam	8	Present

## 2.5. Code of Conduct

The Board has laid down a 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 2007-2008. A confirmation to that effect from the Chairman and Managing Director is given in Annexure G to the Directors' report.

## 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 and all the members have financial and accounting knowledge.

### 3.2. Composition of Audit Committee and attendance of members:

Three Audit Committee Meetings were held during the financial year 2007-08, on April 30, 2007, August 8, 2007 and January 25, 2008. The composition of the Audit Committee and the number of meetings attended during the financial year 2007-08 were as follows:

Name of the member	Designation	Nature of Directorship	No. of meetings attended
PVRK Prasad	Member	Non- Executive, Independent	1
Keerthy Jaya Tilak	Member	Non- Executive, Independent	3
K Vasudeva Rao	Member	Non- Executive, Independent	3
Bhargav Marepally	Member	Executive, Promoter group	3

### 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 and Internal Audit 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:

- iii. 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.

- iv. To review the Company's systems of internal control and to ensure that adequate system of internal audit exists and is functioning.
- v. To investigate into any matter as may be referred to it by the Board of Directors
- vi. To recommend the appointment of internal auditors and statutory auditors
- vii. To establish accounting policies
- viii. To review officer's expense accounts
- ix. To review and approve signatories to various bank accounts
- x. To provide the Company's statutory auditors and internal auditors with the normal and easy access to the Board of Directors
- xi. To serve as an informed voice on the Board of Directors in support of the financial and accounting departments of the Company
- xii. 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:

- i. 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
- ii. Seek information from any employee.
- iii. Obtain outside legal or other professional advice, if necessary.
- iv. Secure attendance of outsiders with relevant expertise, if it considers necessary.

## 4. **Remuneration Committee**

### 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 FY 2007-2008. The Composition of the Remuneration Committee is given below:

Name of the member	Designation	Nature of Directorship
PVRK Prasad	Member	Non-Executive, Independent
K Vasudeva Rao	Member	Non-Executive, Independent
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 Bhargav Marepally, CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR and Ramesh Yerramsetti, Managing Director. The details of remuneration paid to them are as follows:

##### 4.4.3.1 Remuneration of 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 of the Act. Net profits shall mean profits before Income Tax and Commission but after extra-ordinary items, all other remuneration to all directors, prior year adjustment, penalties and interests under various statutes.

##### 4.4.3.2 Remuneration of 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 of the Act. Net profits shall mean profits before Income Tax and Commission but after extra-ordinary items, all other remuneration to all directors, prior year adjustment, penalties and interests under various statutes.

#### 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.

##### 5.2. Composition of the Committee and attendance of members:

Two meetings of the Share transfer and Shareholders'/ Investors' Grievance Committee were held on January 16, 2008 and February 19, 2008 during the year 2007-2008. The composition of the Share Transfer and Shareholders'/ Investors' Grievance Committee and the attendance of members are given below:

Name of the Director	Designation	Nature of Directorship	No. of meetings attended
K Vasudeva Rao	Member	Non-Executive, Independent	2
Bhargav Marepally	Member	Executive, Promoter group	2
Ramesh Yerramsetti	Member	Executive, Promoter group	2

##### 5.3. The Terms of Reference of the Committee:

- To reject to the share applications as may be deem fit and proper
- To accept the Share Applications along with share application money

- iii. To allot the shares as may be deemed fit and proper.
- iv. 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.
- v. The share certificates should be duly stamped as per respective state stamp Act.
- vi. The share certificate should be autographically signed by either the Chief Financial 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.
- vii. 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.
- viii. 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

The Company has appointed Kamal Kishore Avutapalli as Company Secretary & Compliance Officer to address the grievances/ complaints of the investors.

#### 5.5. Status of Shareholders' complaints

Status of the investor complaints during the FY 2007-2008:

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	37	37	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
2006-2007	August 8, 2007	11 AM	Wing 2, 3rd 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
2004-2005	May 16, 2005	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
08-AUG-2007	AGM	¾ Approval & Adoption of accounts for the year ending 31ST March 2007 ¾ Declaration of dividend ¾ Re-appointment of retiring auditors ¾ Appointment of Guhan Subramaniam as director ¾ To appoint a Director in the place of P.V.R.K. Prasad who retires by rotation and being eligible, offers himself for re appointment ¾ To appoint a Director in the place of K. Vasudeva Rao who retires by rotation and being eligible, offers himself for re appointment

28-DEC-2007	EGM	¾ To receive, consider and adopt the revised report of the directors, revised and restated profit and loss account for the financial year ended on March 31, 2007 and the balance sheet as on that date and the revised report of the auditors there on
30-DEC-2007	EGM	¾ Authorizing Bhargav Marepally to vote in the shareholders' meeting of GSS America Inc. ¾ Appointment of Bhargav Marepally and Ramesh Yerramsetti as Directors of System Dynamix Corporation

- 6.3. No special resolution was passed at the previous 3 AGMs of the Company.
- 6.4. 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.
- 6.5. No special resolution is proposed to be conducted through Postal Ballot in this AGM.
- 6.6. 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 in last three years

### 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:

The Code of conduct applicable to the employees of the Company inter-alia covers whistle blower mechanism. No employee has been denied access to approach Audit Committee to voice any serious concerns. No retaliation against employees who raise issues under the Code is ensured.

## 8. Means of Communication

Quarterly results	The quarterly results and the annual results are disseminated to the Stock Exchanges (NSE & BSE) immediately after the conclusion of the Board meeting in which they are approved. They are also displayed on the website of the Company
News papers wherein results are normally published	Financial Express and Andhra Prabha (Vernacular)
Website where the above items are displayed	www.gssamerica.com
Whether the website also displays official news releases	Yes. The press releases issued by the Company are also displayed on the website
The presentations made to institutional investors or to the analysts.	Will be displayed on the website as and when they are made

## 9. General Shareholder Information

### 9.1. Annual General Meeting

The AGM of the Company for the financial year 2007-2008 is scheduled to be held on September 30, 2008 at 3 PM at the 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 follows April-March as its financial year

### 9.3. Book Closure

Register of Members and the Share Transfer Book of the Company will remain closed from September 25, 2008 to September 30, 2008 (both days inclusive) for the purpose of ascertaining the eligibility of members for payment of Dividend for the year 2007-08.

### 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: GSSAMERICA

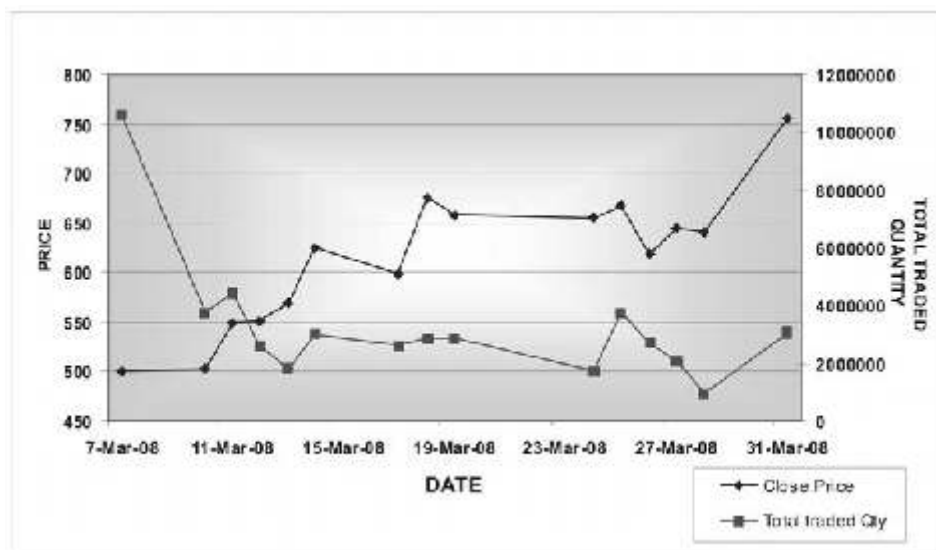
Listing fees has been paid to both the Exchanges for the FY 2007-2008. The ISIN number of the equity shares of the Company is INE870H01011.

### 9.6. Market Price Data: High, Low during each month in last financial year

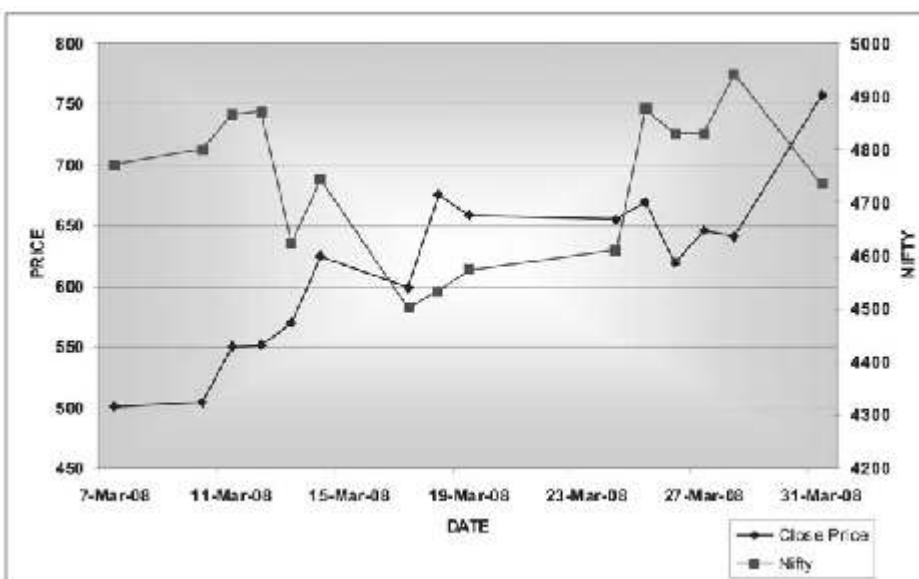
Since the shares of the Company are listed on NSE & BSE on March 7, 2008 the data of the price for the entire FY 2007-2008 is unavailable. The price data from the date of listing till March 31, 2008 on NSE is provided as follows:

Date	Previous Close	Open Price	High Price	Low Price	Last Price	Close Price	Average Price	Total traded Qty
7-Mar-08	400	380	540	370	500	500.8	474.72	10625651
10-Mar-08	500.8	553	553	477.1	500.1	503.7	499.4	3785758
11-Mar-08	503.7	490	557.9	488	555	550.05	531.82	4441742
12-Mar-08	550.05	555.35	594	545	553	551.15	567.42	2640928
13-Mar-08	551.15	544	579	527	570	569.45	557.29	1828820
14-Mar-08	569.45	570	637.7	555	620.6	624.45	607.4	3019140
17-Mar-08	624.45	599.9	642	551.15	594.15	599.05	615.44	2605369
18-Mar-08	599.05	595	687.4	591.3	675	675.8	661.33	2900520
19-Mar-08	675.8	636.15	721.9	636.15	665	658.75	671.26	2864904
24-Mar-08	658.75	669	677.95	596.1	653	655.25	637.59	1724187
25-Mar-08	655.25	655	734.4	636.2	674	668.6	685.15	3793244
26-Mar-08	668.6	676	697	612	620	618.75	638.1	2748036
27-Mar-08	618.75	630	655	600.5	645	645.4	632.42	2103711
28-Mar-08	645.4	645	664	620	650.25	640.85	642.02	944242
31-Mar-08	640.85	635	767	632.6	749.9	757.1	725.23	3058677

The graphical representation of the close price and the total traded quantity till 31-MAR-2008:



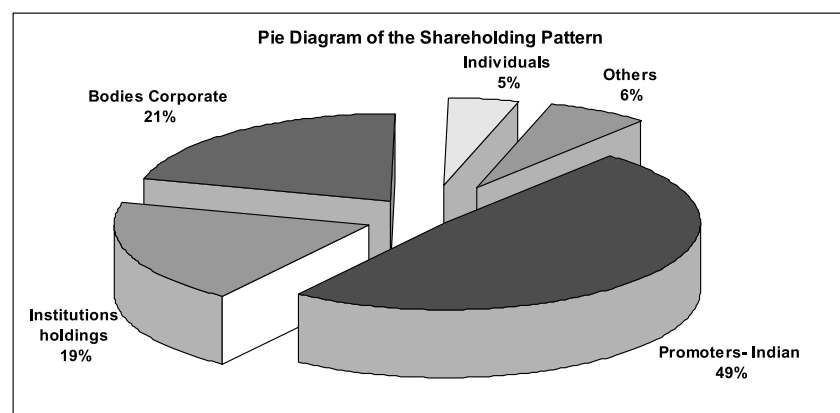
#### 9.7. Performance in comparison to S&P CNX NIFTY





9.8. Shareholding pattern as on March 31, 2008

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	6,468,000	48.63	48.63
Foreign	0	0	0.00	0.00
Total Shareholding of Promoter and Promoter Group	8	6,468,000	48.63	48.63
Public shareholding				
Institutions	4	2,577,495	19.38	19.38
Non-institutions				
Bodies Corporate	327	2,808,917	21.12	21.12
Individuals -	2,551	611,417	5	5
Any Other (specify)	233	834,171	6	6
Total Public Shareholding	3,115	6,832,000	51.37	51.37
TOTAL	3,123	13,300,000	100.00	100.00
Shares held by Custodians and against which Depository Receipts have been issued		0	0.00	0.00
GRAND TOTAL	3,123	13,300,000	100.00	100.00



The detailed shareholding pattern is available on the Company's website at [http://www.gssamerica.com/investor\\_shareholding\\_pattern.html](http://www.gssamerica.com/investor_shareholding_pattern.html)

9.9. Distribution of shareholding as on March 31, 2008

Range in Rs.	Total Holders	% of Total Holders	Total holding in Rs.	% of Total Capital
Upto 5000	2,995	95.87	1393590	1.05
5000 to 10000	38	1.22	280790	0.21
10001 to 20000	21	0.67	287250	0.22
20001 to 30000	10	0.32	234990	0.18
30001 to 40000	8	0.26	305370	0.23
40001 to 50000	4	0.13	187660	0.14
50001 to 100000	13	0.42	1004190	0.76
100001 and above	35	1.12	129306160	97.22
<b>Total</b>	<b>3,124</b>	<b>100.00</b>	<b>133000000</b>	<b>100.00</b>

#### 9.10. 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](mailto:bigshare@bom7.vsnl.net.in)  
Contact Person: N.V.K. Mohan

#### 9.11. Bankers to the Company

- ¾ ICICI Bank Limited, Jubilee Hills Branch, Road No 36, Jubilee Hills, Hyderabad – 500 033
- ¾ State Bank of India, Film Nagar branch, Hyderabad – 500 034
- ¾ HDFC Bank Limited, Jubilee Hills Branch, Jubilee Hills, Hyderabad – 500 033
- ¾ Axis Bank Ltd, RP Road Branch, Rashtrapati Road, Secunderabad – 500 003

#### 9.12. 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.

#### 9.13. 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 March 31, 2008 are as follows:

Mode	Records	%age to holders	Shares	%age to capital
NSDL	2205	70.583	11103274	83.483
CDSL	907	29.033	319126	2.399
Physical	12	0.384	1877600	14.118
<b>Total</b>	<b>3124</b>	<b>100</b>	<b>13300000</b>	<b>100</b>

#### 9.14. 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.

#### 9.15. Plant 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 40028700 / 1 / 2  
Fax: +91 40 40028703

##### **BRANCH OFFICE**

GSS America Infotech Ltd.  
#189, Road No. 72,  
Prashasan Nagar Jubilee Hills,  
Hyderabad- 500033; AP. India  
Tel: +91 40 40028704 / 5  
Fax: +91 40 40028703

##### **NORTH AMERICA:**

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

##### **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

##### **ASIA-PACIFIC**

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

9.16. Address for correspondence

**Investors' correspondence may be addressed to:**

Kamal Kishore Avutapalli, Company Secretary & Compliance Officer

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

Ravi Shankar 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 31st of March 2008 as per clause 43 of Listing Agreements*

During the year the Company has issued 34,97,495 shares of Rs. 10/- each at a premium of Rs. 390/- and raised Rs. 13989.98 Lakhs. Out of the IPO proceeds received in March 2008, Rs. 1215.71 Lakhs were incurred towards issue expenses and the balance amounts are pending for utilization as per the prospectus.

**On behalf of the Board of Directors**

Sd/-

**Bhargav Marepally**

**CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**

Hyderabad

September 2, 2008

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**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 year ended on March 31, 2008, 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**

**B.V. Rama Rao**

Chartered Accountant

Place: Hyderabad

Date: September 2, 2008

## 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.***

#### I. Industry Structure and Developments; Outlook

The Company is an Information Technology services provider, specializing in IT Consulting, IT Infrastructure Management Services and Enterprise Application Integration. Our Company is a global provider of IT services that drives better business management and performance. With expertise in IT Consulting, Enterprise Application Integration, and IT Infrastructure Management, GSS America has established itself as an IT services provider that transforms Company performance and operational effectiveness.

Our clientele includes major Fortune 1000 companies like Ernst & Young, Blue Cross Blue Shield of NC, BMC Software, Thomson, WR Grace & Co, TDS Telecom, Pepsi Co. As a strategy to de-risk, the Company has diversified its portfolio of service offerings by acquiring profit making IT services companies in USA.

Mr. Bhargav Marepally and Mr. Ramesh Yerramsetti, Promoters and Directors of our Company, have more than thirteen years experience in technology and enterprise IT infrastructures successfully implementing, managing and consulting on complex IT and business systems for global businesses. The Promoters have succeeded in imbibing a unique culture that fosters growth through commitment to technology, quality and employee relationships. They are assisted by a professionally qualified team of people with high level of expertise in the industry.

The knowledge and experience gained by our team drives us to many new and exciting developments. Our blend of academic and technical knowledge allows us to provide range of IT services. Headquartered in Hyderabad, with three offices in North America, GSS America provides professional IT services to global clients. Our solutions, together with our expertise, drive our clients to become a value based, performance-focused organization.

We offer IT solutions in Enterprise Application Integration and IT Infrastructure Management. GSS America focuses on customized IT solutions for industries in the areas of Financial Services, Insurance, Telecom, Manufacturing, Transportation, Healthcare, Legal and Power. GSS America's complete range of IT Services and solutions addresses the needs of both technology and business requirements to help organizations towards business improvement.

IT Infrastructure Management Services and Enterprise Application Integration remains the core business activity of our Company. Our IT Infrastructure Solution Portfolio helps the customers to assess, build, deploy and optimize IT Infrastructure for mission critical applications. The business also includes system integration, facilities management, software services and outsourcing.

Remote infrastructure management (RIM) is poised to become a \$13-15 billion opportunity for the Indian IT industry in another five years, according to a latest report by Nasscom and McKinsey. The industry is also expected to create 3.25-2.75 lakh jobs in the same time. India's current share of the RIM market stands at about \$3.2-3.6 billion. The study said that RIM, as an independent industry, could realise \$26-28 billion in revenues by 2013. While 70-75% of infrastructure management roles can be outsourced, thus spelling an addressable market of \$96-104 billion, the report said that vendors and captives in low-cost locations have captured only \$6-7 billion of the RIM market so far.

As GSS America matured as an IT services provider, we decided to expand our software services business by focusing on certain niche vertical industries in the domestic and overseas markets. We are Microsoft Gold Certified Partner, BEA Select Partner and TIBCO Alliance Partner These Partner Programs provide us a platform to keep abreast the latest technology developments that happen in these organisations so that we can continue to provide solutions in the latest software releases. We have software development centres in Hyderabad and Chicago.

#### II. OPPORTUNITIES AND THREATS; RISKS AND CONCERNS

##### (A) UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

During the period under review, there have been no transactions or events, which in our best judgment would be considered unusual or infrequent.

**(B) SIGNIFICANT ECONOMIC CHANGES**

There have been no significant economic changes during the period under review that have materially affected or are likely to affect our income from continuing operations.

**(C) FUTURE RELATIONSHIP BETWEEN COSTS AND REVENUES**

We are continuously working to create efficient processes resulting in cost reduction and have a better control over our activities. There are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on our operations and finances.

**(D) INCREASE IN REVENUES**

The increase in turnover is mainly on account of increase in sales volume and addition of newer clients and projects.

**(E) TOTAL TURNOVER IN EACH INDUSTRY SEGMENT**

Our Company is operating only in software services segment, however, the domain in which we operate in are not strictly comparable to any other player due to the customized nature of our industry.

**(F) NEW PRODUCTS OR BUSINESS SEGMENTS**

We have not announced and do not expect to announce in the near future any new products or business segments, except in the ordinary course of our business.

**(G) SEASONALITY**

Our results of operations do not generally exhibit seasonality. However, there may be variation in our quarterly income or profit after tax as a result of various factors, including the general economic conditions and factors.

**(H) DEPENDENCE ON CERTAIN CLIENTS**

We provide services to a varied client base and the dependence to any customer is not exceeding 10% of the consolidated revenue. Our Company does not foresee business risk arising from the customers.

**(i) Factors that may affect results of the operations**

We are in a knowledge-driven industry and we believe that our employees are key contributors to our business success. To achieve this, we focus on attracting and retaining the best people possible. We believe that a combination of our working environment and competitive compensation programs, allow us to attract and retain people. All the employees for our operations are directly hired on the rolls of our Company. Multi-stage induction and skill enhancement training programs are conducted to prepare our employees for the desired performance levels. We have a performance appraisal system, which plays a key role in identifying and encouraging employees with required skill sets and by rewarding exemplary performance. Employees are offered cross-functional responsibilities to enhance the skills and an entrepreneurial culture has ensured that the job content is deeply enriching for our employees.

The following important factors could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and expansion plans;
- Factors affecting software services activity;
- Increasing competition in the industry;
- Increases in labour costs, prices of facilities and insurance premia;
- Defects or bugs with Company's software and products or incidents caused by human error;
- Changes in the value of the Indian rupee and other currencies, in particular, the U.S. Dollar;
- Cyclical or seasonal fluctuations in the operating results;
- Amount that the Company is able to realize from the clients;
- Changes in laws and regulations that apply to the software industry;
- Changes in fiscal, economic or political conditions in India;
- Social or civil unrest or hostilities with neighbouring countries or acts of international terrorism;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

(j) Internal control systems and their adequacy

There is an adequate internal control system commensurate with size of the Company and the nature of its business for purchase of fixed assets and consumables, and for sale of services. We have not observed any continuing failure to correct major weaknesses in internal control system.

(k) Significant developments subsequent to the last financial year

There some significant developments subsequent to the last audited balance sheet for the period ending 31.3.2007 and the same are:

The Company's subsidiary GSS America Inc., has acquired US Based IT Services Company, System Dynamix Corporation effective 1st January, 2008 and the accounts of the current fiscal ended 31.03.2008 includes the financials of the acquired Company, System Dynamix Corporation (SDC).

During the financial year 2007-2008, the Company has issued 34,97,495 equity shares with face value of Rs. 10/- each for cash at a price of Rs. 400/- per equity share (including a premium of RS. 390/- per equity share) aggregating to Rs. 13,989.98 lakhs by way of an Initial Public Offer (IPO).

(l) Discussion on Results of Operations

**Operational Income**

The operational income for the year ending 31.03.2008 stood at Rs. 29,870.55 lakh showing significant growth over the previous full year revenues of Rs. 16,428.73 lakh. The increase in revenue is attributed to the following factors:

- 1) Acquisition of SDC during 2007-08 contributed Rs. 2,062.82 lakh
- 2) New Contracts entered with clients like Sears, George Weston Bakery, E&Y and others

**Other Income**

Other Income for the year ending 31.03.2008 stood at Rs. 157.34 lakh compared to the previous year figure of Rs. 35.07 lakh. This is primarily due to the increase in the interest income generated by the investment of surplus fund in short term liquid instruments.

**Expenditure**

During the year ending 31.03.2008, the human resource costs in Rupee terms have increased from Rs. 11,247.79 lakh in 2006-07 to Rs. 20,631.17 lakh in 2007-08. This is mainly attributed to the increase in the number of employees from 576 in 2006-07 to 917 in 2007-08. As a percentage of revenues, the direct employee cost stood at 69.06% compared to the previous year of 68.46%.

**General & Administrative Costs**

The G&A expenses stood at 6.04% of sales revenue in 2007-08 compared to 8.20% in 2006-07. Repairs and maintenance has increased from Rs. 48.31 lakh in 2006-07 to Rs. 73.35 lakh in 2007-08. Similarly, business promotion costs increased from Rs. 40.47 lakh to Rs. 72.72 lakh. Travel and Visa-Immigration fees have increased from Rs. 464.36 lakh to Rs. 561.52 lakh. Rent expenses have increased from Rs. 228.97 lakh to Rs. 273.34 lakh. In absolute percentage terms, the General & Administration expenses have increased by 33.99% compared to 2006-07.

**Depreciation & Amortization of intangible assets**

In absolute terms, depreciation for the year stood at Rs. 625.82 lakh compared to Rs. 95.40 lakh in 2007. This increase was due to the additional purchase of computers & equipments at Hyderabad and Chicago offices and amortisation of goodwill acquired from acquisition of subsidiary companies.

**Profit before Tax**

The Company's net profit before tax for the year stood at Rs.6,966.05 lakh compared to Rs.3,760.55 lakh for the previous year. Profit Before Tax improved in percentage terms on revenue to 23.32% compared to 22.89% last year. This shows a improvement in PBT of 85.24% compared to last year's PBT in overall performance of the Company which can be attributed to the incremental scale of operations and acquisition of SDC.

**Receivables:**

The Company has taken steps to contain the realisation time of receivables to a manageable level over the last 2 quarters. The benefits of these steps will see the receivables being collected at a faster rate, thereby reducing the average receivable balance in subsequent periods compared to the current years' average balance.

A summary of our past financial results based on our Consolidated Accounts is given below:

Particulars	Period Ended 31 March		
	2008	2007	2006
<b>Income</b>			(Rs. In lakh)
Sales :			
Software Services	29,870.55	16,428.73	6,312.77
Other income	157.34	35.07	4.08
<b>Total</b>	<b>30,027.89</b>	<b>16,463.80</b>	<b>6,316.85</b>
<b>Expenditure</b>			
Staff Costs	20,631.17	11,247.79	4,672.70
Depreciation	625.82	95.40	22.35
Administration Expenses	1,723.43	1,306.42	509.62
Interest	-	13.14	0.73
Business Development Expenses	81.30	40.47	10.12
Miscellaneous Expenditure Written Off	0.11	0.02	0.02
<b>Total</b>	<b>23,061.83</b>	<b>12,703.24</b>	<b>5,215.54</b>
Net Profit before tax and extraordinary items	6,966.05	3,760.56	1,101.31
Taxation	744.74	46.96	7.69
Net Profit before deferred tax	6,221.31	3,713.60	1,093.62
Add/Less deferred Tax	1.69	3.89	0.00
Net Profit after adjusting deferred tax	6,219.62	3,709.71	1,093.62

(m) Material developments in Human Resources front including number of people employed

GSS America has a strong corporate culture that is built on key values of customer centricity, transparency, flexibility and commitment. We mix our fast-paced environment with a culture that challenges your entrepreneurial spirit, encourages your innovative ideas and allows you to have fun.

The Company witnessed a significant growth in its human resources in terms of the number of employees in the FY 2007-2008 compared to FY 2006-2007.

	2007-2008	2006-2007
No. of Employees employed	917	576

## **Annexure F**

### **CEO & CFO certification**

We, Bhargav Marepally, Chairman, Managing Director and Chief Executive Officer and Ravi Shankar 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 year 2007-2008 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/-

**Bhargav Marepally**  
CEO & MANAGING DIRECTOR

Date: September 2, 2008  
Hyderabad

Sd/-

**Ravi Shankar Chivukula**  
Chief Financial Officer



## **Annexure G**

### **CEO's Declaration**

I, Bhargav Marepally, Chairman, 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 financial year 2007-2008.

**On behalf of the Board of Directors**

Sd/-

**Bhargav Marepally**

Chief Executive Officer & Managing Director

Hyderabad

September 2, 2008

**Report of the Auditors on the Consolidated financial statements of GSS America Infotech Limited for the FY 2007-2008**

1. We have audited the attached consolidated Balance Sheet of GSS AMERICA INFOTECH LIMITED ("the Company") as at March 31, 2008, the consolidated Profit and Loss account for the year ended on that date annexed thereto, and the consolidated cash flow statement for the year 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. We did not audit the financial statements of the consolidated entities, namely GSS AMERICA INC, INFOSPECTRUM CONSULTING INC and SYSTEM DYNAMIX CORPORATION whose financial statements reflect total Assets of Rs.111,49,88,109/- as at March 31, 2008 and total Revenues of Rs. 2,971,978,987/- for the year ended on that date. These financial statements have been certified by the Management and our opinion, in so far as it relates to the amounts included in the consolidation in respect of these entities, is based solely on the reports and statements certified by the Management.
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 as adopted by the Management.
5. On the basis of the information and explanations given to us and on consideration of the financial statements of the Company and the separate individual, unaudited financial statements of its consolidated entities, subjected to a limited review, as referred to in Para 3, 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 March 31, 2008;
  - 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 year 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 year ended on that date.

**For BVR & ASSOCIATES**

Chartered Accountants

**B.V.RAMA RAO**

Chartered Accountant

Place: Hyderabad

Date: April 28, 2008.

**GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES**  
**AUDITED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>SCH.</b>	<b>As at March 31 2008</b>	<b>As at March 31 2007</b>
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	1	<b>133,000,000</b>	98,025,050
Reserves & Surplus	2	<b>2,512,846,008</b>	758,573,054
<b>Loan Funds</b>			
Secured Loans	3	-	-
Unsecured Loans	4	-	-
<b>TOTAL</b>		<b>2,645,846,008</b>	<b>856,598,104</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	<b>478,072,540</b>	256,938,401
Less: Accum. Depreciation		<b>79,112,439</b>	15,277,161
<b>Net Block</b>		<b>398,960,100</b>	<b>241,661,240</b>
<b>Investments</b>	6	<b>752,344,262</b>	310,000,000
<b>Current Assets, Loans &amp; Advances:</b>			
Sundry Debtors	7	<b>827,423,867</b>	527,045,716
Cash and Bank Balances	8	<b>864,190,977</b>	44,782,201
Loans and Advances	9	<b>135,489,946</b>	20,697,715
<b>Total Current Assets, Loans &amp; Advances</b>		<b>1,827,104,790</b>	592,525,632
<b>Less: Current Liabilities &amp; Provisions</b>	10	<b>332,563,146</b>	287,599,358
<b>Net Current Assets</b>		<b>1,494,541,644</b>	304,926,274
<b>Miscellaneous Expenditure to the extent not written off</b>		-	10,590
<b>TOTAL</b>		<b>2,645,846,008</b>	<b>856,598,104</b>
<b>NOTES TO &amp; FORMING PART OF ACCOUNTS</b>			
	15		

This is referred to in my report of even date

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

**B.V. Rama Rao**  
*Chartered Accountant*

Place : Hyderabad  
Date : April 28 2008

**FOR GSS America Infotech Limited**

**Bhargav Marepally**  
*CEO & Managing Director*

**Ravi Shankar Chivukula**  
*Chief Financial Officer*

**Ramesh Yerramsetti**  
*Managing Director*

**Kamal Kishore Avutapalli**  
*Company Secretary & Compliance Officer*

**GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>SCH.</b>	<b>Year ended March 31 2008</b>	<b>Year ended March 31 2007</b>
<b>INCOME</b>			
Sales Revenue	11	<b>2,987,054,515</b>	1,642,872,916
Other Income	12	<b>15,733,973</b>	3,507,136
<b>TOTAL INCOME</b>		<b>3,002,788, 488</b>	1,646,380,052
<b>EXPENSES</b>			
Human Resources and Cost of Services	13	<b>2,063,117,546</b>	1,124,779,202
General Administration and Selling Expenses	14	<b>180,472,743</b>	134,689,251
Preliminary Expenses Written off		<b>10,590</b>	1,765
<b>TOTAL EXPENSES</b>		<b>2,243,600,879</b>	1,259,470,218
<b>Profit/ (Loss) before Depreciation, Interest &amp; Tax</b>		<b>759,187,609</b>	386,909,834
Less: Depreciation & Amortization of Intangible Assets		<b>62,582,106</b>	9,540,428
Less: Interest		-	1,314,230
<b>Profit/ (Loss) before Tax</b>		<b>696,605,503</b>	376,055,176
Provision for Current Tax		<b>50,661,448</b>	4,695,554
Provision for Minimum Alternate Tax		<b>23,812,816</b>	-
Deferred Tax		<b>169,314</b>	3,88,800
<b>Profit/ (Loss) after Tax</b>		<b>621,961,925</b>	370,970,822
Add: Brought forward from previous period		<b>365,717,857</b>	46,769,752
<b>Profit for Appropriation</b>		<b>987,679,781</b>	417,740,574
Transfer to General Reserve		<b>19,690,739</b>	14,776,535
Capitalization by bonus issue of shares		-	20,480,222
Dividend		<b>33,250,000</b>	14,703,758
Dividend Distribution Tax		<b>4,663,313</b>	2,062,202
<b>Net Profit carried to balance sheet</b>		<b>930,075,729</b>	365,717,857

**NOTES TO & FORMING PART OF ACCOUNTS**

15

This is referred to in my report of even date

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

**B.V. Rama Rao**  
*Chartered Accountant*

**FOR GSS America Infotech Limited**

**Bhargav Marepally**  
*CEO & Managing Director*

**Ramesh Yerramsetti**  
*Managing Director*

Place : Hyderabad  
Date : April 28 2008

**Ravi Shankar Chivukula**  
*Chief Financial Officer*

**Kamal Kishore Avutapalli**  
*Company Secretary & Compliance Officer*

**GSS AMERICA INFOR TECH LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>As at March 31 2008</b>	<b>As at March 31 2007</b>
<b>SCHEDULE 1 – Share Capital</b>		
<b>Auhorised Share Capital</b>		
15,000,000 Equity Shares of Rs. 10/- each	<b>150,000,000</b>	150,000,000
<b>Issued, Subscribed and Paid up Share Capital</b>		
Equity Share Capital (13,300,000 Equity Shares of Rs. 10/- each, fully paid up) (As at March 31,2007 98,02,505 Equity Shares of Rs. 10/- each, were fully paid up) (Of the above shares 79,90,000 shares are allotted as fully paid up by way of bonus shares)	<b>133,000,000</b>	98,025,050
<b>TOTAL</b>	<b>133,000,000</b>	98,025,050

**SCHEDULE 2 – Reserves and Surplus**

Retained Earnings	<b>930,075,729</b>	365,717,857
Securities Premium	<b>1,580,527,260</b>	338,074,950
General Reserve	<b>34,467,274</b>	14,776,535
Capital Reserve	<b>6,921,603</b>	32,679,884
Foreign Exchange Translation Reserve	<b>(39,145,859)</b>	7,323,828
<b>TOTAL</b>	<b>2,512,846,008</b>	758,573,054

**SCHEDULE 3 – Secured Loans**

	-	-
<b>TOTAL</b>	-	-

**SCHEDULE 4 – Unsecured Loans**

	-	-
<b>TOTAL</b>	-	-

**SCHEDULE 5 – Fixed Assets**

*Amounts are in Rupees*

	Gross Block Value					Accumulated Depreciation					Net Block Value	
Particulars	Opening Balance as on 01-Apr-07	Acquisition of Subsidiary	Additions during Apr 07-Mar 08	Deletions during Apr 07-Mar 08	Closing Balance as on 31-Mar-08	Opening Balance as on 01-Apr-07	Acquisition of Subsidiary	Additions during Apr 07-Mar 08	Deletions during Apr 07-Mar 08	Closing Balance as on 31-Mar-08	Opening Balance as on 01-Apr-07	Closing Balance as on 31-Mar-08
Goodwill	207,132,139	190,236,513	0	0	397,368,652	0	0	50,938,253	0	50,938,253	207,132,139	346,430,398
Furniture & Fixtures	3,872,578	915,175	380,748	257,937	4,910,564	1,649,558	915,175	420,419	139,104	2,846,048	2,223,020	2,064,517
Computer Hardware	33,506,015	21,614,491	3,716,888	0	58,837,394	9,294,410	477,100	9,186,558	0	18,958,069	24,211,605	39,879,325
Computer Software	852,150	0	1,588,708	0	2,440,858	469,412	0	165,249	0	634,661	382,738	1,806,197
Motor Car	7,975,257	0	1,831,263	0	9,806,520	3,140,233	0	1,457,772	0	4,598,005	4,835,024	5,208,515
Office Equipments	3,600,263	0	1,108,290	0	4,708,553	723,549	0	413,855	0	1,137,404	2,876,714	3,571,149
GRAND TOTAL	256,938,402	212,766,178	8,625,898	257,937	478,072,540	15,277,162	1,392,275	62,582,106	139,104	79,112,439	241,661,239	398,960,101

**GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>As at March 31 2008</b>	<b>As at March 31 2007</b>
<b>SCHEDULE 6 – Investments</b>		
Short term Investments:		
- Deposits		
The above investments are untraded and at cost.	<b>752,344,262</b>	310,000,000
<b>TOTAL</b>	<b>752,344,262</b>	310,000,000
<b>SCHEDULE 7 – Sundry Debtors</b>		
Debts – unsecured & considered good	<b>827,423,867</b>	527,045,716
( Other Debts - Rs. 816,998,327		
More than 180 days - Rs.10,425,540)		
<b>TOTAL</b>	<b>827,423,867</b>	527,045,716
<b>SCHEDULE 8 – Cash and Bank Balances</b>		
Balances with banks		
- in current accounts	<b>864,173,935</b>	44,762,750
Cash in hand	<b>17,042</b>	19,451
<b>TOTAL</b>	<b>864,190,977</b>	44,782,201
<b>SCHEDULE 9 – Loans and Advances</b>		
Advances recoverable (Cash/ Kind/ Value to be received)	<b>106,620,386</b>	4,279,964
IPO related advances	<b>7,694,489</b>	2,941,875
Rental and other deposits	<b>15,183,725</b>	6,694,010
Advances to employees	<b>4,672,641</b>	6,230,778
Other current assets	<b>9,993</b>	4,315
Prepaid expenses	<b>1,308,713</b>	546,774
<b>TOTAL</b>	<b>135,489,946</b>	20,697,716

**GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>As at March 31 2008</b>	<b>As at March 31 2007</b>
<b>SCHEDULE 10 – Current Liabilities &amp; Provisions</b>		
<b><i>Current Liabilities</i></b>		
Accounts Payable	<b>3,460,390</b>	142,693,183
Creditors for expenses		
Dues to Micro, small and medium enterprises	-	-
Dues to Other creditors	<b>7,337,242</b>	856,973
Salary payable	<b>10,431,831</b>	83,595,995
Other current liabilities	<b>188,683,204</b>	37,161,631
Statutory dues	<b>4,260,133</b>	2,522,349
Proposed dividend	<b>33,250,000</b>	14,703,758
Dividend distribution tax	<b>4,663,313</b>	2,062,202
<b><i>Provisions</i></b>		
Provision for expenses	<b>6,283,602</b>	2,434,148
Provision for tax	<b>73,635,318</b>	1,180,320
Deferred Tax Liability	<b>558,114</b>	388,800
<b>TOTAL</b>	<b>332,563,146</b>	287,599,359



**GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE**  
**YEAR ENDED MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	Year ended March 31 2008	Year ended March 31 2007
<b>SCHEDULE 11 – Sales Revenue</b>		
Income from software services	2,987,054,515	1,642,872,916
<b>TOTAL</b>	<b>2,987,054,515</b>	<b>1,642,872,916</b>
=====		
<b>SCHEDULE 12 – Other Income</b>		
Interest Income		
(Tax deducted at source:Rs. 2,192,863 (2006-07- Rs. 729,964)	14,055,476	3,410,551
Dividend from Mutual Fund Investments	1,539,543	-
Other miscellaneous income	138,955	96,585
<b>TOTAL</b>	<b>15,733,973</b>	<b>3,507,136</b>
=====		
<b>SCHEDULE 13 – Human Resource and Cost of Services</b>		
Salaries & allowances	1,598,729,120	842,271,342
Subcontractor fees	151,548,417	95,296,374
Software expenses	301,243,196	172,628,852
Recruitment expenses	3,771,958	4,844,167
Relocation expenses	1,926,438	4,743,350
Employee welfare expenses	5,327,518	4,887,811
Mediclaime insurance	570,900	107,306
<b>TOTAL</b>	<b>2,063,117,546</b>	<b>1,124,779,202</b>
=====		

**GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	Year ended March 31 2008	Year ended March 31 2007
<b>SCHEDULE 14 – General &amp; Administration and Selling Expenses</b>		
Audit fees	89,792	168,360
Event Expenses	551,710	252,422
Finance charges	220,664	236,747
Insurance	21,619,025	21,448,371
Internet and web expenses	6,023,733	5,391,575
Legal expenses	267,694	61,992
License, immigration and permits	25,083,473	22,728,512
Local conveyance and vehicle maintenance	2,054,807	1,185,007
Miscellaneous expenses	-	256,738
Office expenses	2,453,640	3,774,189
Partnership certification fees	2,845,734	145,511
Payroll processing fees	747,468	653,676
Postage and delivery	1,044,304	756,991
Printing and stationery	1,759,801	906,678
Professional fees	8,730,191	9,558,273
Rates and taxes	1,190,392	1,520,279
Rent	27,334,498	22,897,222
Repairs and maintenance	7,335,583	4,831,532
Security services	286,389	239,930
Telephone expenses	5,489,700	3,318,986
Travel expenses	31,068,117	23,707,905
Utilities	3,615,235	3,395,701
Loss on sales of assets	-	92,888
Exchange fluctuations – loss	22,450,409	3,112,816
Foreign exchange translation reserve	80,751	-
Advertisement & Business Promotion	7,271,871	4,046,950
Bad Debts	857,763	-
<b>TOTAL</b>	<b>180,472,743</b>	<b>134,689,251</b>

This is referred to in my report of even date

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

**B.V. Rama Rao**  
*Chartered Accountant*

**FOR GSS America Infotech Limited**

**Bhargav Marepally**  
*CEO & Managing Director*

**Ramesh Yerramsetti**  
*Managing Director*

Place : Hyderabad  
Date : April 28 2008

**Ravi Shankar Chivukula**  
*Chief Financial Officer*

**Kamal Kishore Avutapalli**  
*Company Secretary & Compliance Officer*

## **CONSOLIDATED FINANCIAL STATEMENTS OF GSS AMERICA INFOTECH LIMITED AND ITS SUBSIDIARIES**

**Schedule 15 to the Consolidated Financial Statements for the year ended March 31, 2008**

### **Significant Accounting Policies and Notes on Account**

#### **(A) 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 in 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.

## (B) **Notes to Accounts**

### 1. **Acquisition in 2007-08**

GSS America Inc, a wholly owned subsidiary of GSS America Infotech Ltd. acquired 100% stake in System Dynamix Corporation, a US based corporation with effect from January 01, 2008. The Consolidated accounts for the year ended 31<sup>st</sup> March 2008 include the results of System Dynamix Corporation for three months from 1<sup>st</sup> January 2008 to 31<sup>st</sup> March 2008.

### 2. **Company's IPO in 2007-08**

During the year the Company has issued 34,97,495 shares of Rs. 10/- each at a premium of Rs. 390/- and raised Rs. 13989.98 Lakhs. Out of the IPO proceeds received in March 2008, Rs. 1215.71 Lakhs were incurred towards issue expenses and the balance amounts are pending for utilization as per the prospectus.

### 3. **Utilization of securities premium**

The share issue expenses amounting to Rs. 1215.71 have been set off against balances available in securities premium.

### 4. **Investment of Unutilized monies raised from public issue**

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

### 5. **The Company operates in a single business segment i.e., software services and providing services to single geographical location i.e. USA for the current financial year.**

### 6. **Contingent Liability:**

As per the requirements of Bombay Stock Exchange and the listing agreement, the Company submitted 1% of the public issue proceeds as "Security Deposit". Out of this the company placed cash deposit of Rs. 76,94,489 and a bank guarantee for equal amount.

### 7. **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.

8. Deferred tax liability is created to the extent of Rs.1,69,314 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

**9. Provision for expenses**

Provision for expenses includes:	<b>2007-08</b>	<b>2006-07</b>
i. Gratuity	Rs. 4,239,676	Rs. 1,388,609
ii. Leave encashment	Rs. 1,472,820	Rs. 737,344

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

	<b>2007-08</b>	<b>2006-07</b>
	Rs.	Rs.

i. Imports	947,381	99,508
ii. Expenditure	3,280,322	4,233,512

**11. Salaries and allowances includes the following:**

	<b>2007-08</b>	<b>2006-07</b>
--	----------------	----------------

i. Contribution towards Employers PF	Rs. 475,319	Rs. 4,25,591
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**12. Details of the Auditors Remuneration:**

	<b>2007-08</b>	<b>2006-07</b>
	(Rs.)	(Rs.)

Audit Fee	89,792	89,792
-----------	--------	--------

As advisors in respect of:

1) Taxation Matters	—	78,568
2) Company Law Matters	—	—
3) Management Services	100,000	276,110

13. The consolidated financial statements include financials of fully owned subsidiaries, GSS America Inc. and Infospectrum Consulting Inc., for the full year. During the current financial year Company's wholly owned subsidiary, GSS America Inc acquired System Dynamix Corporation with effect from January 1, 2008 and the consolidated financial statements include its financials for quarter ended March 31, 2008

14. Earning per share for the FY 2007-2008 is Rs. 46.76 compared to previous year EPS of Rs. 37.84.

15. Previous year figures have been regrouped / rearranged wherever necessary to confirm the current year clarifications.

This is referred to in my report of even date

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

**B.V. Rama Rao**  
Chartered Accountant

**FOR GSS America Infotech Limited**

**Bhargav Marepally**  
CEO & Managing Director

**Ramesh Yerramsetti**  
Managing Director

Place : Hyderabad  
Date : April 28 2008

**Ravi Shankar Chivukula**  
Chief Financial Officer

**Kamal Kishore Avutapalli**  
Company Secretary & Compliance Officer

**CONSOLIDATED CASH FLOW STATEMENT OF GSS AMERICA INFOTECH LTD AND ITS SUBSIDIARIES FOR THE YEAR ENDED MARCH 31, 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>2007-2008</b>	<b>2006-2007</b>
<b>Cash Flow from Operating Activities (A)</b>		
Profit before Tax	<b>696,605,503</b>	376,055,176
Adjustments for:		
Depreciation and Amortizations	<b>62,582,106</b>	9,540,428
Interest and Financial charges	-	1,314,230
Miscellaneous Expenditure Written Off	<b>10,590</b>	1,765
<b>Operating Profit before Working Capital Changes</b>	<b>759,198,199</b>	386,911,599
Adjustments for:		
(Increase) / Decrease in Debtors	<b>(300,378,151)</b>	(425,970,183)
(Increase) / Decrease in Loans and Advances	<b>(114,792,230)</b>	(17,981,648)
Increase / (Decrease) in Current Liabilities and Provisions	<b>(48,807,876)</b>	221,784,305
Tax Paid	<b>(2,019,267)</b>	768,920
<b>Cash Generated from Operations</b>	<b>293,200,675</b>	165,512,994
<b>Net Cash Flow from Operating Activities</b>	<b>293,200,675</b>	165,512,994
<b>Cash Flow from investing Activities (B)</b>		
(Increase) / Decrease in Capital Commitments (net)	<b>(219,880,968)</b>	(248,595,850)
Investment in Interest bearing short term deposits	<b>(442,344,261)</b>	(310,000,000)
(Decrease)/ Increase in Minority Interest	-	(28,673,588)
(Cost)/ Reserves due to Consolidation	<b>(25,758,281)</b>	13,397,956
Foreign Exchange Translation Reserve	<b>(46,469,687)</b>	7,323,828
<b>Net Cash Flow from Investing Activities</b>	<b>(734,453,197)</b>	(566,547,654)
<b>Cash Flow from Financing Activities (C)</b>		
Proceeds from Issue of Share Capital	<b>34,974,950</b>	18,025,050
Proceeds from Share Premium	<b>1,242,452,310</b>	338,074,950
Payment of Dividend	<b>(14,703,758)</b>	(5,000,000)
Payment of Dividend Tax	<b>(2,062,202)</b>	(701,250)
Interest paid	-	(1,314,230)
<b>Net Cash Flow from Financing Activities</b>	<b>1,260,661,300</b>	349,084,520
<b>Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>819,408,778</b>	(51,950,140)
Cash and Cash Equivalents at the Beginning of the Year	<b>44,782,201</b>	96,732,341
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>864,190,979</b>	44,782,201

**Notes to the Cash Flow Statement:**

- 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 highly 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.
- The net cash flow for the year 2006-2007 is negative because investment in interest bearing short term deposits have been shown under 'Cash Flow from Investing Activities' for better presentation of the cash flow statement. Ideally these deposits can be withdrawn and utilized by the Company as and when required.

## AUDITORS' 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 31<sup>st</sup> March, 2008 and the related Profit And Loss Account and Cash Flow Statement attached thereto for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.*
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 Companies Act, 1956, have been kept by the Company so far as it appears from our examination of those books and proper returns ;
  - c) The accounts of the Branch of the Company at USA are audited by us and proper returns adequate for the purpose of our audit are received from the branches not visited by us ;
  - d) The Balance Sheet, Profit And Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - e) 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.
    - i) In our opinion and based on information and explanation given to us none of the Directors of the Company are disqualified as on 31-03-2008 from being appointed as Directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
    - ii) 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.
      - a) In case of balance sheet of the state of affairs of the Company as at 31<sup>st</sup> March 2008;
      - b) In case of profit & loss A/c of the profit of the Company for the year ended as on that date; and
      - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For BVR & ASSOCIATES**  
**Chartered Accountants**

**B.V. RAMA RAO**  
**Chartered Accountant**

Place: Hyderabad  
Date: April 28, 2008.

## 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 March 31, 2008]

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, fixed assets have not been disposed of by the Company during the year.

2. The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. As the Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Act, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
3. 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.
4. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that section.
5. 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.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. (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, and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us and the records of the Company examined by us excise duty and cess are not applicable to the Company for the current year.  
(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 which have not been deposited on account of any dispute.
8. The Company does not have any accumulated losses as at March 31, 2008 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
9. 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.
10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. In our opinion the Company is not a dealer or trader in the shares, securities, debentures and other investments.
12. 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.
13. The Company has not obtained any term loans.
14. 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.
15. 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.
16. During the year the Company has issued 34,97,495 shares of Rs. 10/- each at a premium of Rs. 390/- and raised Rs. 13989.98 Lakhs. Out of the IPO proceeds received in March 2008, Rs. 1215.71 Lakhs are incurred towards issue expenses and the balance amounts are pending for utilization as per the prospectus.
17. 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.

The other clauses 4 (ii), (viii), (xiii), and (xix) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable in the case of Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

**For BVR & ASSOCIATES**  
**Chartered Accountants**

Place: Hyderabad  
Date: April 28, 2008.

**B.V. RAMA RAO**  
**Chartered Accountant**



**GSS AMERICA INFOTECH LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	SCH.	As at MARCH 31 2008	As at March 31 2007
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	1	133,000,000	98,025,050
Reserves & Surplus	2	1,895,393,812	493,947,419
<b>Loan Funds</b>			
Secured Loans	3	-	-
Unsecured Loans	4	-	-
<b>TOTAL</b>		<b>2,028,393,812</b>	<b>591,972,469</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	23,322,496	17,529,043
Less: Accum. Depreciation		9,708,165	5,248,629
Net Block		13,614,330	12,280,414
<b>Investments</b>	6	1,219,438,358	347,587,633
<b>Current Assets, Loans &amp; Advances:</b>			
Sundry Debtors	7	268,585,623	232,609,013
Loans and Advances	8	130,875,714	15,094,651
Cash & Bank balances	9	488,124,048	13,088,350
<b>Total Current Assets, Loans &amp; Advances</b>		<b>887,585,385</b>	<b>260,792,014</b>
<b>Less: Current Liabilities &amp; Provisions</b>	10	<b>92,244,261</b>	<b>28,698,182</b>
<b>Net Current Assets</b>		<b>795,341,124</b>	<b>232,093,832</b>
<b>Miscellaneous Expenditure to the extent not written off</b>		-	10,590
<b>TOTAL</b>		<b>2,028,393,812</b>	<b>591,972,469</b>

**NOTES TO & FORMING PART OF ACCOUNTS**

15

This is referred to in my report of even date

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

FOR GSS America Infotech Limited

**B.V.Rama Rao**  
Chartered Accountant

**Bhargav Marepally**  
CEO & Managing Director

**Ramesh Yerramsetti**  
Managing Director

Place: Hyderabad  
Date : April 28 2008

**Ravi Shankar Chivukula**  
Chief Financial Officer

**Kamal Kishore Avutapalli**  
Company Secretary & Compliance Officer

**GSS AMERICA INFOTECH LIMITED**  
**PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>SCH.</b>	<b>Year ended March 31 2008</b>	<b>Year ended March 31 2007</b>
<b>INCOME</b>			
Sales Revenue	11	<b>393,969,092</b>	241,087,019
Other Income	12	<b>15,503,850</b>	3,506,596
<b>TOTAL INCOME</b>		<b>409,472,942</b>	244,593,615
<b>EXPENSES</b>			
Human Resources & Cost of Services	13	<b>118,992, 792</b>	56,466,516
General & Administration and Selling Expenses	14	<b>65,120,500</b>	34,681,155
Preliminary Expenses Written off		<b>10,590</b>	1765
<b>TOTAL EXPENSES</b>		<b>184,123,882</b>	91,149,436
<b>Profit/ (Loss) before Depreciation, Interest &amp; Tax</b>		<b>225,349,061</b>	153,444,179
Less: Depreciation & Amortization of Intangible Assets		<b>4,459,535</b>	3,456,279
Less: Interest		-	653,425
<b>Profit/ (Loss) before Tax</b>		<b>220,889,525</b>	149,334,475
Provision for Current Tax		-	1,180,320
Provision for Minimum Alternate Tax		<b>23,812,816</b>	-
Provision for Deferred Tax		<b>169,314</b>	388,800
<b>Profit/ (Loss) after Tax</b>		<b>196,907,395</b>	147,765,355
Add: Brought forward from previous period		<b>141,095,934</b>	45,353,297
Profit for Appropriation		<b>338,003,329</b>	193,118,652
Transfer to General Reserve		<b>19,690,739</b>	14,776,535
Capitalisation by bonus issue of shares		-	20,480,222
Dividend		<b>33,250,000</b>	14,703,758
Dividend Distribution Tax		<b>4,663,313</b>	2,062,202
<b>Net Profit carried to balance sheet</b>		<b>280,399,277</b>	141,095,934
<b>NOTES TO &amp; FORMING PART OF ACCOUNTS</b>	15		

This is referred to in my report of even date

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

FOR GSS America Infotech Limited

**B.V.Rama Rao**  
Chartered Accountant

**Bhargav Marepally**  
CEO & Managing Director

**Ramesh Yerramsetti**  
Managing Director

Place: Hyderabad  
Date : April 28 2008

**Ravi Shankar Chivukula**  
Chief Financial Officer

**Kamal Kishore Avutapalli**  
Company Secretary & Compliance Officer

**GSS AMERICA INFOTECH LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>As at March 31 2008</b>	<b>As at March 31 2007</b>
<b>SCHEDULE 1 – Share Capital</b>		
<b>Auhorised Share Capital</b>		
15,000,000 Equity Shares of Rs. 10/- each	<b>150,000,000</b>	150,000,000
<b>Issued, Subscribed and Paid up Share Capital</b>		
Equity Share Capital (1,33,00,000 Equity Shares of Rs. 10/- each, fully paid up)	<b>133,000,000</b>	98,025,050
(As at March 31,2007 98,02,505 Equity Shares of Rs. 10/- each, were fully paid up)		
(Of the above shares 79,90,000 shares are allotted as fully paid up by way of bonus shares)		
<b>TOTAL</b>	<b>133,000,000</b>	98,025,050

**SCHEDULE 2 – Reserves and Surplus**

Retained Earnings	<b>280,399,277</b>	141,095,934
Securities Premium	<b>1,580,527,260</b>	338,074,950
General Reserve	<b>34,467,274</b>	14,776,535
<b>TOTAL</b>	<b>1,895,393,812</b>	493,947,419

**SCHEDULE 3 – Secured Loans**

	-	-
<b>TOTAL</b>	-	-

**SCHEDULE 4 – Unsecured Loans**

	-	-
<b>TOTAL</b>	-	-

**SCHEDULE 5 – Fixed Assets**

<b>Particulars</b>	<b>Gross Block Value</b>				<b>Accumulated Depreciation</b>				<b>Net Block Value</b>	
	<b>Opening Balance as on 01-Apr-07</b>	<b>Additions during Apr 07 - Mar 08</b>	<b>Deletions during Apr 07 - Mar 08</b>	<b>Closing Balance as on 31-Mar-08</b>	<b>Opening Balance as on 01-Apr-07</b>	<b>Additions during Apr 07 - Mar 08</b>	<b>Deletions during Apr 07 - Mar 08</b>	<b>Closing Balance as on 31-Mar-08</b>	<b>Opening Balance as on 01-Apr-07</b>	<b>Closing Balance as on 31-Mar-08</b>
Furniture & Fixtures	2,046,803	118,505	0	2,165,308	949,997	225,908	0	1,175,905	1,096,806	989,403
Computer Hardware	9,421,552	1,848,440	0	11,269,992	2,986,275	3,027,089	0	6,013,364	6,435,277	5,256,628
Computer Software	852,150	1,588,708	0	2,440,858	469,412	165,249	0	634,661	382,738	1,806,197
Motor Car	3,394,976	1,258,655	0	4,653,631	675,490	777,348	0	1,452,838	2,719,486	3,200,793
Office Equipments	1,813,564	671,818	0	2,485,382	167,456	242,512	0	409,968	1,646,108	2,075,414
<b>GRAND TOTAL</b>	<b>17,529,045</b>	<b>5,486,126</b>	<b>0</b>	<b>23,015,171</b>	<b>5,248,630</b>	<b>4,438,107</b>	<b>0</b>	<b>9,686,737</b>	<b>12,280,415</b>	<b>13,328,434</b>

**GSS AMERICA INFOTECH LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>As at March 31 2008</b>	<b>As at March 31 2007</b>
<b>SCHEDULE 6 – Investments</b>		
Long term Investments:		
- In Subsidiaries – GSS America Inc (229,000 shares, face value US\$ 1). (As at March 31, 2007 49,950 shares, face value US\$ 1).	<b>467,094,096</b>	37,587,633
Short term Investments:		
- Deposits	<b>752,344,262</b>	310,000,000
The above investments are untraded and at cost.		
<b>TOTAL</b>	<b>1,219,438,358</b>	347,587,633
<b>SCHEDULE 7 – Sundry Debtors</b>		
Debts – unsecured & considered good ( More than 180 days - Rs. Nil Other Debts - Rs. 268,585,623)	<b>268,585,623</b>	232,609,013
<b>TOTAL</b>	<b>268,585,623</b>	232,609,013
<b>SCHEDULE 8 – Loans and Advances</b>		
Advances recoverable (Cash/ Kind/ Value to be received, considered good)	<b>106,620,386</b>	4,279,963
IPO related advances	<b>7,694,489</b>	2,941,875
Rental and other deposits	<b>14,309,573</b>	5,709,808
Advances to employees	<b>942,553</b>	1,616,231
Prepaid expenses	<b>1,308,713</b>	546,774
<b>TOTAL</b>	<b>130,875,714</b>	15,094,651
<b>SCHEDULE 9 – Cash and Bank balances</b>		
Balances with banks		
- in current accounts	<b>488,107,006</b>	13,068,899
Cash in hand	<b>17,042</b>	19,451
<b>TOTAL</b>	<b>488,124,048</b>	13,088,350

**GSS AMERICA INFOTECH LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	As at March 31 2008	As at March 31 2007
<b>SCHEDULE 10 – Current Liabilities &amp; Provisions</b>		
<b>Current Liabilities</b>		
Creditors for expenses –		
Dues to Micro, small and medium enterprises	-	-
Dues to Other creditors	7,337,242	856,973
Salary payable	10,431,831	4,549,632
Statutory dues	4,260,133	2,522,349
Proposed dividend	33,250,000	14,703,758
Dividend distribution tax	4,663,313	2,062,202
Other Current Liabilities	1,647,211	-
<b>Provisions</b>		
Provision for expenses	6,283,602	2,434,148
Provision for tax	23,812,816	1,180,320
Deferred Tax	558,114	388,800
<b>TOTAL</b>	<b>92,244,261</b>	<b>28,698,182</b>

*Amounts are in Rupees*

PARTICULARS	SCH.	Year ended March 31 2008	Year ended March 31 2007
<b>SCHEDULE 11 – Sales Revenue</b>			
Income from software services		393,969,092	241,087,019
<b>TOTAL</b>		<b>393,969,092</b>	<b>241,087,019</b>
<b>SCHEDULE 12 – Other Income</b>			
Interest Income (Tax deducted at source:Rs. 2,192,863 (2006-07- Rs. 729,964)		13,825,353	3,410,551
Dividend from Mutual Fund Investments		1,539,543	-
Other miscellaneous income		138,955	96,045
<b>TOTAL</b>		<b>15,503,850</b>	<b>3,506,596</b>

**GSS AMERICA INFOTECH LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	SCH.	Year ended March 31 2008	Year ended March 31 2007
<b>SCHEDULE 13 – Human Resource and Cost of Services</b>			
Salaries & allowances		113,861,592	51,354,459
Recruitment expenses		2,565,903	3,279,663
Employee welfare expenses		1,994,397	1,725,088
Mediclaime insurance		570,900	107,306
<b>TOTAL</b>		<b>118,992,792</b>	<b>56,466,516</b>
<b>SCHEDULE 14 – General &amp; Administration and Selling Expenses</b>			
Audit fees		89,792	168,360
Event Expenses		551,710	252,422
Finance charges		115,035	175,260
Fringe Benefit Tax		617,928	285,630
Insurance		57,306	70,389
Internet and web expenses		4,033,725	2,893,331
Legal expenses		-	55,896
License, immigration and permits		403,534	100,000
Local conveyance and vehicle maintenance		1,721,391	738,713
Miscellaneous expenses		-	199,550
Office expenses		1,170,095	661,873
Postage and delivery		67,858	70,826
Printing and stationery		1,232,176	476,387
Professional fees		4,154,119	6,138,177
Rates and taxes		542,549	922,630
Rent		13,791,773	10,320,113
Repairs and maintenance		5,700,234	3,907,142
Security services		286,389	239,930
Telephone expenses		654,485	512,998
Travel expenses		2,864,042	758,126
Utilities		2,648,216	2,016,161
Foreign Exchange Translation Reserve		80,751	-
Exchange fluctuations – loss		22,450,409	3,112,816
Advertisement & Business Promotion		1,886,983	604,425
<b>TOTAL</b>		<b>65,120,500</b>	<b>34,681,155</b>

This is referred to in my report of even date

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

FOR GSS America Infotech Limited

**B.V.Rama Rao**  
Chartered Accountant

**Bhargav Marepally**  
CEO & Managing Director

**Ramesh Yerramsetti**  
Managing Director

Place: Hyderabad  
Date : April 28 2008

**Ravi Shankar Chivukula**  
Chief Financial Officer

**Kamal Kishore Avutapalli**  
Company Secretary & Compliance Officer

## NOTES FORMING PART OF ACCOUNTS – Schedule 15

### Significant Accounting Policies and Notes on Accounts

#### (A) 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 is 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 costs 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. GSS America Infotech Ltd enjoys Income Tax Benefits as per the provisions of Section 10 A of the Income Tax Act.

## 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.

## (B) **Notes to Accounts**

### 1. **Acquisition in 2007-08**

GSS America Inc, a wholly owned subsidiary of GSS America Infotech Ltd. acquired 100% stake in System Dynamix Corporation, a US based corporation with effect from January 01, 2008. The Consolidated accounts for the year ended 31<sup>st</sup> March 2008 include the results of System Dynamix Corporation for the three months from 1<sup>st</sup> January 2008 to 31<sup>st</sup> March 2008.

### 2. **Company's IPO in 2007-08**

During the year the Company has issued 34,97,495 shares of Rs. 10/- each at a premium of Rs. 390/- and raised Rs. 13989.98 Lakhs. Out of the IPO proceeds received in March 2008, Rs. 1215.71 Lakhs were incurred towards issue expenses and the balance amounts are pending for utilization as per the prospectus.

### 3. **Utilisation of securities premium**

The share issue expenses of Rs. 1215.71 Lakhs have been set off against balances available in securities premium.

### 4. **Investment of Un utilised monies raised from public issue**

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

### 5. **The Company operates in a single business segment i.e., software services and providing services to single geographical location i.e. USA for the current financial year.**

### 6. **Contingent Liability:**

As per the requirements of Bombay Stock Exchange and the listing agreement, the Company submitted 1% of the public issue proceeds as "Security Deposit". Out of this the company placed cash deposit of Rs. 76,94,489 and a bank guarantee for equal amount.



## 7. Investment in Subsidiaries

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

## 8. Related Party disclosures:

- Related party transaction during the year ended 31st March 2008 is with GSS America Inc, Chicago, USA and Infospectrum Consulting Inc., which are subsidiaries of GSS America Infotech Ltd, to the tune of Rs. 284,490,918/- and Rs. 94,402,646 respectively towards software outsourcing revenue.
- Managerial remuneration paid to the Managing Directors Rs. 19,571,404

9. Loans, Advances and sundry debtors stated in the Balance Sheet are, in the opinion of the management realizable in the ordinary course of business.

## 10. Sundry Debtors:

Sundry Debtors of the company include dues from Subsidiaries:

	<b>2007-08 Rs.</b>	<b>2006-07 Rs.</b>
<i>GSS America Inc</i>	205,451,192	158,981,447
<i>Infospectrum Consulting Inc</i>	53,741,101	72,451,810

## 11. 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.

12. Deferred tax liability is created to the extent of Rs.1,69,314 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

## 13. Provision for expenses

Provision for expenses include:

	<b>2007-08 Rs.</b>	<b>2006-07 Rs.</b>
i. Gratuity	Rs. 4,239,676	Rs. 1,388,609
ii. Leave encashment	Rs. 1,472,820	Rs. 737,344

## 14. Foreign Exchange Earnings/ Outgoings:

	<b>2007-08 Rs.</b>	<b>2006-07 Rs.</b>
i. Export Sales:	393,969,092	241,087,019
ii. Imports	947,381	99,508
iii. Expenditure	3,280,322	4,233,512
iv. Outflow towards Investment in US Subsidiary	429,506,463	15,275,633

## 15. Salaries and allowances include the following:

	<b>2007-08 Rs.</b>	<b>2006-07 Rs.</b>
i. Contribution towards Employers PF	Rs. 475,319	Rs. 4,25,591
ii. Gratuity	Rs. 2,851,067	Rs. 1,388,609
iii. Leave encashment	Rs. 735,476	Rs. 737,344

## 16. Managerial Remuneration:

	<b>2007-08 Rs.</b>	<b>2006-07 Rs.</b>
Bhargav Marepally	9,785,702	3,006,065
Ramesh Yerramsetti	9,785,702	3,006,065
<b>TOTAL</b>	<b>19,571,404</b>	<b>6,012,130</b>
<i>Inclusive commission of</i>	<i>12,371,404</i>	<i>3,012,130</i>

Computation of net profit in accordance with section 349 of the Companies Act, 1956 and commission payable to Managing directors:

<b>Particulars</b>	<b>FY 2008</b>
Net Profit before tax as per profit and loss account	220,889,525
Add:	
Depreciation as per profit and loss account	4,459,535
Remuneration to directors	19,571,404
Less:	
Depreciation as per section 350 of the Companies Act 1956	4,459,535
Dividend income from Mutual fund investments	1,539,543
<b>Net Profit in accordance with section 349 of the Companies Act, 1956</b>	<b>238,921,386</b>
Maximum Permissible remuneration payable as per section 309 of the Companies Act, 1956	23,892,139
Total remuneration paid to the Managing Directors	19,571,404

<b>17. Details of the Auditors Remuneration:</b>	<b>2007-08</b>	<b>2006-07</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Audit Fee	89,792	89,792
As advisors in respect of:		
1) Taxation Matters	—	78,568
2) Company Law Matters	—	—
3) Management Services	100,000	276,110

**18.** Earning per share for the FY 2007-2008 is Rs. 14.81 compared to previous year EPS of Rs. 15.07.

**19.** The figures of the previous year have been regrouped and reclassified where ever necessary, to confirm to the current year figures.

This is referred to in my report of even date

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

FOR GSS America Infotech Limited

**B.V.Rama Rao**  
Chartered Accountant

**Bhargav Marepally**  
CEO & Managing Director

**Ramesh Yerramsetti**  
Managing Director

Place: Hyderabad  
Date : April 28 2008

**Ravi Shankar Chivukula**  
Chief Financial Officer

**Kamal Kishore Avutapalli**  
Company Secretary & Compliance Officer

## CASH FLOW STATEMENT OF GSS AMERICA INFOTECH LIMITED FOR THE YEAR ENDED MARCH 31 2008

*Amounts are in Rupees*

Particulars	2007-08	2006-07
<b>Cash Flow from Operating Activities (A)</b>		
Profit before Tax	220,889,525	149,334,475
<i>Adjustments for:</i>		
Depreciation and Amortisation	4,459,535	3,456,279
Interest and Financial charges	0	653,425
Miscellaneous Expenditure Written Off	10,590	1,765
<b>Operating Profit before Working Capital Changes</b>	<b>225,359,651</b>	<b>153,445,944</b>
<i>Adjustments for:</i>		
(Increase) / Decrease in Debtors	(35,976,610)	(207,294,802)
(Increase) / Decrease in Loans and Advances	(115,781,063)	(14,492,205)
Increase / (Decrease) in Current Liabilities and Provisions	19,596,916	8,994,346
Tax Paid	(1,180,320)	0
<b>Cash Generated from Operations</b>	<b>92,018,574</b>	<b>(59,346,717)</b>
<b>Net Cash Flow from Operating Activities</b>	<b>92,018,574</b>	<b>(59,346,717)</b>
<b>Cash Flow from investing Activities (B)</b>		
(Purchase) / Sale of Fixed Assets (net)	(5,793,452)	(12,179,583)
(Purchase) / Sale of Investments in subsidiaries (net)	(429,506,462)	(15,275,633)
Investment in Interest bearing short term deposits	(442,344,261)	(310,000,000)
<b>Net Cash Flow from Investing Activities</b>	<b>(877,644,175)</b>	<b>(337,455,216)</b>
<b>Cash Flow from Financing Activities (C)</b>		
Proceeds from Issue of Share Capital	34,974,950	18,025,050
Proceeds from Share Application Money	0	0
Proceeds from Share Premium	1,242,452,310	338,074,950
Payment of Dividend	(14,703,758)	(5,000,000)
Payment of Dividend Tax	(2,062,202)	(701,250)
Interest paid	0	(653,425)
<b>Net Cash Flow from Financing Activities</b>	<b>1,260,661,300</b>	<b>349,745,325</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>475,035,699</b>	<b>(47,056,608)</b>
Cash and Cash Equivalents at the Beginning of the Year	13,088,350	60,144,958
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>488,124,049</b>	<b>13,088,350</b>

**Notes to the Cash Flow Statement:**

- 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 highly 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.
- The net cash flow for the year 2006-2007 is negative because investment in interest bearing short term deposits have been shown under 'Cash Flow from Investing Activities' for better presentation of the cash flow statement. Ideally these deposits can be withdrawn and utilized by the Company as and when required.

**Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary companies**

<b>Particulars</b>	<b>GSS America Inc.,</b>	<b>Infospectrum Consulting Inc</b>	<b>System Dynamix Corporation</b>
The Financial Year of the Subsidiary Company ended on	31-Mar-08	31-Mar-08	31-Mar-08
Number of Shares in the Subsidiary Company held by GSS America Infotech Ltd at the above date			
(a) Equity ( Number)	229000	100	1000
(b) Extent of Holding	100%	100%	100%
The Net aggregate of profits/ (losses) of the Subsidiary Company for its Financial year so far as they concern the members of GSS America Infotech Ltd			
(a) Dealt with in the accounts of GSS America Infotech for the year ended 31st March 2008	-	-	
(b) Not Dealt with in the accounts of GSS America Infotech Ltd. For the year ended 31st March 2008	221,287,011	196,003,522	7,763,997
The Net aggregate of profits/ (losses) of the Subsidiary Company for its previous Financial years so far as they concern the members of GSS America Infotech Ltd			
(a) Dealt with in the accounts of GSS America Infotech Ltd for the year ended 31st March 2007	-	-	-
(b) Not Dealt with in the accounts of GSS America Infotech Ltd. For the year ended 31st March 2007	131,596,987	154,404,001	211,410,801
Changes in the interest of GSS America Infotech Ltd between the Financial year of the subsidiary and 31st March 2008	N.A.	N.A.	N.A.
(a) Number of shares			
(b) Extent of holding			
Material changes between end of the financial year of the Subsidiary and 31st March 2008	N A	N A	NA
(a) Fixed Assets			
(b) Investments			
(C) Moneys lent by the Subsidiary			
(d) Moneys borrowed by subsidiary for any purpose other than meeting current liabilities			

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

<b>I</b>	<b>Registration details</b>	<b>State Code</b>	<b>Balance Sheet date</b>	
	Registration No. 41860	01	31-Mar-08	
<b>II</b>	<b>Capital raised during the year (amount in Rs thousands)</b>			
	Public Issue	1398998	Rights Issue	NIL
	Bonus Issue	NIL	Private Placement	NIL
<b>III</b>	<b>Position of mobilization and deployment of funds (amount in Rs. thousands)</b>			
	Total Liabilities	332563	Total Assets	2978409
	<b>Sources of funds</b>			
	Paid up Capital	133000	Reserves and Surplus	2512846
	Secured Loans	NIL	Unsecured Loans	NIL
	<b>Application of Funds</b>			
	Net Fixed Assets	398960	Investments	752344
	Net Current Assets	1494542	Misc. expenditure	NIL
	Accumulated Losses	NIL		
<b>IV</b>	<b>Performance of Company (amount in Rs. Thousands)</b>			
	Turnover	2987054	Expenditure	2306183
	Profit/Loss Before Tax	696606	Profit/Loss After Tax	621962
	Earning per Share (Rs.)	46.76	Dividend Rate	25%
<b>V</b>	<b>Generic Name/s of Three Principal Products / Services of Company (as per monetary terms)</b>			
	Item Code No.(ITC Code)	85249009-10		
	Product Description	SOFTWARE SERVICES		

**GSS AMERICA INC. & ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>SCH.</b>	<b>As at March 31 2008</b>	<b>As at March 31 2007</b>
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	1	<b>9,467,000</b>	2,230,500
Reserves & Surplus	2	<b>1,105,521,109</b>	299,982,767
<b>Loan Funds</b>			
Secured Loans	3	-	-
Unsecured Loans	4	-	-
<b>TOTAL</b>		<b>1,114,988,109</b>	302,213,267
<b>APPLICATION OF FUNDS</b>			
Cost of Control		<b>30,441,818</b>	-
<b>Fixed Assets</b>			
Gross Block		<b>454,750,044</b>	239,409,357
Less: Accum. Depreciation	5	<b>69,404,274</b>	10,028,532
<b>Net Block</b>		<b>385,345,770</b>	229,380,825
<b>Investments</b>	6	-	
<b>Current Assets, Loans &amp; Advances:</b>			
Sundry Debtors	7	<b>827,423,867</b>	525,869,960
Loans and Advances	8	<b>4,614,232</b>	5,603,065
Cash and Bank Balances	9	<b>376,066,930</b>	31,693,851
<b>Total Current Assets, Loans &amp; Advances</b>		<b>1,208,105,029</b>	563,166,876
<b>Less: Current Liabilities &amp; Provisions</b>	10	<b>508,904,507</b>	490,334,434
Net Current Assets		<b>699,200,521</b>	72,832,442
<b>TOTAL</b>		<b>1,114,988,109</b>	302,213,267

FOR GSS AMERICA INC.

Sd/-  
**Bhargav Marepally**  
Director

Date : 25th April, 2008

Sd/-  
**Ramesh Yerramsetti**  
Director

**GSS AMERICA INC. & ITS SUBSIDIARIES**  
**CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>SCH.</b>	<b>Year ended March 31 2008</b>	<b>Year ended March 31 2007</b>
<b>INCOME</b>			
Sales Revenue	11	<b>2,971,978,987</b>	1,641,804,961
Other Income	12	<b>230,123</b>	540
<b>TOTAL INCOME</b>		<b>2,972,209,110</b>	1,641,805,501
<b>EXPENSES</b>			
Human Resources and Cost of Services	13	<b>2,323,018,318</b>	1,308,331,749
General & Administration and Selling Expenses	14	<b>115,352,243</b>	100,008,096
<b>TOTAL EXPENSES</b>		<b>2,438,370,561</b>	1,408,339,845
<b>Profit/ (Loss) before Depreciation, Interest &amp; Tax</b>		<b>533,838,549</b>	233,465,658
Less: Depreciation & Amortization of Intangible Assets		<b>58,122,570</b>	6,084,149
Less: Interest		-	660,805
<b>Profit/ (Loss) before Tax</b>		<b>475,715,978</b>	226,720,704
Current Taxes		<b>50,661,448</b>	3,515,234
<b>Profit/ (Loss) after Tax</b>		<b>425,054,530</b>	223,205,468
Add: Balance brought forward from previous period		<b>271,692,239</b>	48,486,771
<b>Retained earnings carried to balance sheet</b>		<b>696,746,768</b>	271,692,239
<b>NOTES TO &amp; FORMING PART OF ACCOUNTS</b>	15		

FOR GSS AMERICA INC.

Sd/-  
**Bhargav Marepally**  
Director  
Date : 25th April, 2008

Sd/-  
**Ramesh Yerramsetti**  
Director

**GSS AMERICA INC. & ITS SUBSIDIARIES**  
**CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS AS AT MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	As at March 31 2008	As at March 31 2007
-------------	------------------------	------------------------

**SCHEDULE 1 – Share Capital**

Issued, Subscribed and Paid up Share Capital

Equity Share Capital (229,000 Equity Shares of US \$ 1/- each, fully paid up) 9,467,000 2,230,500

**TOTAL** 9,467,000 2,230,500

**SCHEDULE 2 – Reserves and Surplus**

Retained Earnings 696,746,768 271,692,239

Securities Premium 447,920,200 20,966,700

Foreign Exchange Translation Reserve (39,145,859) 7,323,828

**TOTAL** 1,105,521,109 299,982,767

**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-07	Acquisition of Subsidiary	Additions during Apr 07 - Mar 08	Deletions during Apr 07 - Mar 08	Closing Balance as on 31-Mar-08	Opening Balance as on 01-Apr-07	Acquisition of Subsidiary	Additions during Apr 07 - Mar 08	Deletions during Apr 07 - Mar 08	Closing Balance as on 31-Mar-08	Opening Balance as on 01-Apr-07	Closing Balance as on 31-Mar-08
Goodwill	207,132,139	190,236,513	0	0	397,368,652	0	0	50,938,253	0	50,938,253	207,132,139	346,430,398
Furniture & Fixtures	1,825,775	915,175	262,243	257,937	2,745,256	699,561	915,175	194,511	139,104	1,670,143	1,126,214	1,075,114
Computer Hardware	24,084,463	21,614,491	1,823,208	0	47,522,162	6,308,135	477,100	6,154,957	0	12,940,193	17,776,328	34,581,969
Computer Software	0		0	0	0	0	0	0	0	0		
Motor Car	4,580,281		310,523	0	4,890,804	2,464,743		663,506	0	3,128,249	2,115,538	1,762,555
Office Equipments	1,786,699		436,472	0	2,223,171	556,093		171,343	0	727,436	1,230,606	1,495,735
<b>GRAND TOTAL</b>	<b>239,409,357</b>	<b>212,766,178</b>	<b>2,832,447</b>	<b>257,937</b>	<b>454,750,045</b>	<b>10,028,532</b>	<b>1,392,275</b>	<b>58,122,570</b>	<b>139,104</b>	<b>69,404,274</b>	<b>229,380,825</b>	<b>385,345,771</b>



**GSS AMERICA INC. & ITS SUBSIDIARIES**  
**CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS AS AT MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	As at March 31 2008	As at March 31 2007
<b>SCHEDULE 6 – Investments</b>		
	-	-
<b>TOTAL</b>	-	-
<b>SCHEDULE 7 – Sundry Debtors</b>		
Debts – unsecured & considered good	827,423,867	525,869,960
(Other Debts - Rs. 816,998,327		
More than 180 days - Rs.10,425,540)		
<b>TOTAL</b>	827,423,867	525,869,960
<b>SCHEDULE 8 – Loans and Advances</b>		
Advances recoverable (Cash/ Kind/ Value to be received)	-	-
Rental and other deposits	874,152	984,202
Advances to employees	3,730,088	4,614,548
Other current assets	9,993	4,315
<b>TOTAL</b>	4,614,232	5,603,065
<b>SCHEDULE 9 – Cash and Bank balances</b>		
Balances with banks		
- in current accounts	376,066,930	31,693,851
Cash in hand		-
<b>TOTAL</b>	376,066,930	31,693,851
<b>SCHEDULE 10 – Current Liabilities &amp; Provisions</b>		
<b>Current Liabilities</b>		
Accounts payable	272,046,012	374,126,440
Salary payable	60,243,148	79,046,363
Other current liabilities	126,792,845	37,161,631
Provision for Tax	49,822,502	-
<b>TOTAL</b>	508,904,507	490,334,434

**GSS AMERICA INC. & ITS SUBSIDIARIES**  
**CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS AS AT MARCH 31, 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>Year ended March 31 2008</b>	<b>Year ended March 31 2007</b>
<b>SCHEDULE 11 – Sales Revenue</b>		
Income from software services	<u>2,971,978,987</u>	<u>1,641,804,961</u>
<b>TOTAL</b>	<u><b>2,971,978,987</b></u>	<u><b>1,641,804,961</b></u>
=====		
<b>SCHEDULE 12 – Other Income</b>		
Interest Income	<u>230,123</u>	<u>540</u>
<b>TOTAL</b>	<u><b>230,123</b></u>	<u><b>540</b></u>
=====		
<b>SCHEDULE 13 – Human Resource and Cost of Services</b>		
Salaries & allowances	<u>1,484,867,528</u>	<u>790,916,883</u>
Subcontractor fees	<u>151,548,417</u>	<u>95,296,373</u>
Software expenses	<u>301,243,196</u>	<u>172,628,852</u>
Outsourcing Costs	<u>378,893,564</u>	<u>240,019,064</u>
Recruitment expenses	<u>1,206,055</u>	<u>1,564,504</u>
Relocation expenses	<u>1,926,438</u>	<u>4,743,350</u>
Employee welfare expenses	<u>3,333,121</u>	<u>3,162,723</u>
<b>TOTAL</b>	<u><b>2,323,018,318</b></u>	<u><b>1,308,331,749</b></u>
=====		

**GSS AMERICA INC. & ITS SUBSIDIARIES**  
**CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS AS AT MARCH 31, 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>Year ended March 31 2008</b>	<b>Year ended March 31 2007</b>
<b>SCHEDULE 14 – General &amp; Administration and Selling Expenses</b>		
Finance charges	105,629	61,487
Insurance	21,561,719	21,377,982
Internet and web expenses	1,990,008	2,498,244
Legal expenses	267,694	6,096
License, immigration and permits	24,679,939	22,628,512
Local conveyance and vehicle maintenance	333,416	446,294
Miscellaneous expenses	-	57,188
Office expenses	1,283,545	3,112,316
Partnership certification fees	2,845,734	145,512
Payroll processing fees	747,468	653,676
Postage and delivery	976,446	686,165
Printing and stationery	527,625	430,291
Professional fees	4,576,072	3,420,096
Rates and taxes	29,915	312,019
Rent	13,542,725	12,577,109
Repairs and maintenance	1,635,349	924,389
Telephone expenses	4,835,215	2,805,988
Travel expenses	28,204,075	22,949,779
Utilities	967,019	1,379,540
Loss on sales of assets	-	92,888
Advertisement and business promotion	5,384,888	3,442,525
Bad debts	857,763	-
<b>TOTAL</b>	<b>115,352,243</b>	<b>100,008,096</b>

FOR GSS AMERICA INC.

Sd/-  
**Bhargav Marepally**  
Director  
Date : 25th April, 2008

Sd/-  
**Ramesh Yerramsetti**  
Director

**CONSOLIDATED CASH FLOW STATEMENT OF GSS AMERICA INC & ITS SUBSIDIARIES FOR  
THE YEAR ENDED MARCH 31 2008**

*Amounts are in Rupees*

<b>Particulars</b>	<b>2007-08</b>	<b>2006-07</b>
<b>Cash Flow from Operating Activities (A)</b>		
Profit before Tax	475,715,978	226,720,704
<i>Adjustments for:</i>		
Depreciation and Amortisation	58,122,570	6,084,149
<b>Operating Profit before Working Capital Changes</b>	<b>533,838,549</b>	<b>233,465,658</b>
<i>Adjustments for:</i>		
(Increase) / Decrease in Debtors	(301,553,907)	(424,794,427)
(Increase) / Decrease in Loans and Advances	988,832	(3,489,447)
Increase / (Decrease) in Current Liabilities and Provisions	(31,252,428)	418,909,007
Tax Paid	(838,947)	(3,515,234)
<b>Cash Generated from Operations</b>	<b>201,182,099</b>	<b>220,575,557</b>
<b>Net Cash Flow from Operating Activities</b>	<b>201,182,099</b>	<b>220,575,557</b>
<b>Cash Flow from investing Activities (B)</b>		
(Increase) /Decrease in Capital Commitments (net)	(214,087,516)	(232,132,113)
(Cost)/ Reserves due to consolidation	(30,441,818)	0
Foreign Exchange Translation Reserve	(46,469,687)	7,323,828
<b>Net Cash Flow from Investing Activities</b>	<b>(290,999,021)</b>	<b>(224,808,285)</b>
<b>Cash Flow from Financing Activities (C)</b>		
Proceeds from Issue of Share Capital	7,236,500	0
Proceeds from Share Premium	426,953,500	0
Interest paid	0	(660,805)
<b>Net Cash Flow from Financing Activities</b>	<b>434,190,000</b>	<b>(660,805)</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>344,373,079</b>	<b>(4,893,533)</b>
Cash and Cash Equivalents at the Beginning of the Year	31,693,851	36,587,384
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>376,066,930</b>	<b>31,693,851</b>

**INFOSPECTRUM CONSULTING INC.  
BALANCE SHEET AS AT MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	SCH.	As at March 31 2008	As at March 31 2007
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	1	4461	4,461
Reserves & Surplus	2	304,966,516	159,263,270
<b>Loan Funds</b>			
Secured Loans	3	-	-
Unsecured Loans	4	-	-
<b>TOTAL</b>		<b>304,970,977</b>	<b>159,267,731</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block		20,289,783	20,149,064
Less: Accum. Depreciation		8,071,168	4,005,227
<b>Net Block</b>		<b>12,218,615</b>	<b>16,143,837</b>
<b>Investments</b>	5	-	-
<b>Current Assets, Loans &amp; Advances:</b>			
Sundry Debtors	6	299,034,824	226,698,057
Loans and Advances	7	1,128,153	17,235,141
Cash and Bank Balances	8	141,337,273	19,844,196
<b>Total Current Assets, Loans &amp; Advances</b>		<b>441,500,250</b>	<b>263,777,394</b>
<b>Less: Current Liabilities &amp; Provisions</b>	9	<b>148,747,888</b>	<b>120,653,500</b>
Net Current Assets		<b>292,752,362</b>	<b>143,123,894</b>
<b>TOTAL</b>		<b>304,970,977</b>	<b>159,267,731</b>

FOR INFOSPECTRUM CONSULTING INC.

Sd/-  
**Bhargav Marepally**  
Director

Date: 25th April, 2008

Sd/-  
**Ramesh Yerramsetti**  
Director

**INFOSPECTRUM CONSULTING INC.**  
**PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>SCH.</b>	<b>Year ended March 31 2008</b>	<b>Year ended March 31 2007</b>
<b>INCOME</b>			
Sales Revenue	10	<b>1,099,345,590</b>	579,686,641
Other Income	11	<b>911</b>	540
<b>TOTAL INCOME</b>		<b>1,099,346,501</b>	579,687,181
<b>EXPENSES</b>			
Human Resources and Cost of Services	12	<b>857,807,020</b>	406,974,184
General & Administration and Selling Expenses	13	<b>20,670,949</b>	24,860,373
<b>TOTAL EXPENSES</b>		<b>878,477,969</b>	431,834,557
<b>Profit/ (Loss) before Depreciation, Interest &amp; Tax</b>		<b>220,868,532</b>	147,852,624
Less: Depreciation & Amortization of Intangible Assets		<b>4,065,941</b>	4,005,227
Less: Interest		-	63,761
<b>Profit/ (Loss) before Tax</b>		<b>216,802,591</b>	143,783,636
Provision for Current Tax		<b>20,799,070</b>	3,688,444
<b>Profit/ (Loss) after Tax</b>		<b>196,003,522</b>	140,095,192
Retained earnings carried forward from Previous Period		<b>154,404,001</b>	14,308,809
<b>Retained earnings carried to balance sheet</b>		<b>350,407,523</b>	154,404,001

FOR INFOSPECTRUM CONSULTING INC.

Sd/-  
**Bhargav Marepally**  
Director

Date: 25th April, 2008

Sd/-  
**Ramesh Yerramsetti**  
Director

**INFOSPECTRUM CONSULTING INC.**  
**SCHEDULES FORMING PART OF ACCOUNTS AS AT MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	As at March 31 2008	As at March 31 2007
<b>SCHEDULE 1 – Share Capital</b>		
<b>Issued, Subscribed and Paid up Share Capital</b>		
Equity Share Capital (100 Equity Shares of US \$ 1/- each, fully paid up)	4,461	4,461
<b>TOTAL</b>	4,461	4,461
<b>SCHEDULE 2 – Reserves and Surplus</b>		
Retained Earnings	350,407,523	154,404,001
Foreign Exchange Translation Reserve	(45,441,007)	4,859,269
<b>TOTAL</b>	304,966,516	159,263,270
<b>SCHEDULE 3 – Secured Loans</b>		
<b>TOTAL</b>	-	-
<b>SCHEDULE 4 – Unsecured Loans</b>		
<b>TOTAL</b>	-	-
<b>SCHEDULE 5 – Investments</b>		
<b>TOTAL</b>	-	-
<b>SCHEDULE 6 – Sundry Debtors</b>		
Debts – unsecured & considered good (Other Debts - Rs. 298,916,282 More than 180 days - Rs. 118,542)	299,034,824	226,698,057
<b>TOTAL</b>	299,034,824	226,698,057
<b>SCHEDULE 7 – Loans and Advances</b>		
Advances recoverable (Cash/ Kind/ Value to be received)	-	-
Rental and other deposits	48,963	53,397
Advances to employees	1,079,190	174,360
Other current assets	-	17,007,384
<b>TOTAL</b>	1,128,153	17,235,141

**INFOSPECTRUM CONSULTING INC.**  
**SCHEDULES FORMING PART OF ACCOUNTS AS AT MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	As at March 31 2008	As at March 31 2007
<b>SCHEDULE8 – Cash and Bank balances</b>		
BBalances with banks		
- in current accounts	141,337,273	19,844,196
Cash in hand		-
<b>TOTAL</b>	<b>141,337,273</b>	<b>19,844,196</b>

**SCHEDULE 9 – Current Liabilities & Provisions**

**Current Liabilities**

Accounts Payable	9,536,660	98,909,990
Salary payable	8,923,341	18,562,013
Provision for Tax	20,799,070	-
Other current liabilities	109,488,817	3,181,497
<b>TOTAL</b>	<b>148,747,888</b>	<b>120,653,500</b>

*Amounts are in Rupees*

PARTICULARS	Year ended March 31 2008	Year ended March 31 2007
<b>SCHEDULE 10 – Sales Revenue</b>		
Income from software services	1,099,345,590	579,686,641
<b>TOTAL</b>	<b>1,099,345,590</b>	<b>579,686,641</b>

**SCHEDULE 11 – Other Income**

Interest Income	911	540
<b>TOTAL</b>	<b>911</b>	<b>540</b>

**SCHEDULE 12 – Human Resource and Cost of Services**

Salaries & allowances	443,712,385	135,901,536
Software Expenses	301,243,196	172,628,852
Outsourcing Costs	94,402,647	73,108,713
Subcontractor fees	18,403,146	24,568,519
Recruitment expenses	45,646	665,796
Employee welfare expenses	-	100,768
<b>TOTAL</b>	<b>857,807,020</b>	<b>406,974,184</b>



**INFOSPECTRUM CONSULTING INC.**  
**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31 2008**

*Amounts are in Rupees*

<b>PARTICULARS</b>	<b>Year ended March 31 2008</b>	<b>Year ended March 31 2007</b>
<b>SCHEDULE 13 – General &amp; Administration and Selling Expenses</b>		
Finance charges	<b>4,109</b>	28
Insurance	<b>640,957</b>	4,790,623
Internet and web expenses	<b>1,027,324</b>	1,424,872
Legal expenses	-	221
License, immigration and permits	<b>59,958</b>	-
Local conveyance and vehicle maintenance	-	-
Miscellaneous expenses	-	57,188
Office expenses	<b>8,854</b>	1,637,432
Partnership certification fees	-	-
Payroll processing fees	<b>136,862</b>	135,322
Postage and delivery	<b>114,987</b>	114,723
Printing and stationery	<b>79,206</b>	157,504
Professional fees	<b>750,004</b>	-
Rates and taxes	-	390,585
Rent	-	60,884
Repairs and maintenance	<b>30,139</b>	260,826
Telephone expenses	<b>484,786</b>	344,615
Travel expenses	<b>14,047,646</b>	13,246,871
Utilities	-	-
Advertisement and business promotion	<b>2,650,479</b>	2,238,679
Bad debts	<b>635,638</b>	-
<b>TOTAL</b>	<b>20,670,949</b>	24,860,373

FOR INFOSPECTRUM CONSULTING INC.

Sd/-  
**Bhargav Marepally**  
Director

Date: 25th April, 2008

Sd/-  
**Ramesh Yerramsetti**  
Director

**SYSTEM DYNAMIX CORPORATION**  
**BALANCE SHEET AS AT MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	SCH.	As at March 31 2008	As at March 31 2007
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	1	39,420	-
Reserves & Surplus	2	219,263,385	-
<b>Loan Funds</b>			
Secured Loans	3	-	-
Unsecured Loans	4	-	-
<b>TOTAL</b>		<b>219,302,805</b>	<b>-</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block		212,766,178	-
Less: Accum. Depreciation		11,960,970	-
<b>Net Block</b>		<b>200,805,208</b>	<b>-</b>
<b>Investments</b>	5		-
<b>Current Assets, Loans &amp; Advances:</b>			
Sundry Debtors	6	86,132,152	-
Loans and Advances	7	128,224	-
Cash and Bank Balances	8	74,279,928	-
<b>Total Current Assets, Loans &amp; Advances</b>		<b>160,540,304</b>	<b>-</b>
<b>Less: Current Liabilities &amp; Provisions</b>	9	<b>142,042,708</b>	<b>-</b>
Net Current Assets		18,497,596	-
<b>TOTAL</b>		<b>219,302,805</b>	<b>-</b>

FOR SYSTEM DYNAMIX CORPORATION

Sd/-

**Bhargav Marepally**

*Director*

Date: 25th April, 2008

Sd/-

**Ramesh Yerramsetti**

*Director*

**SYSTEM DYNAMIX CORPORATION**  
**PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31 2008**

*Amounts are in Rupees*

PARTICULARS	SCH.	Year ended March 31 2008	Year ended March 31 2007
<b>INCOME</b>			
Sales Revenue	10	206,281,577	-
Other Income	11	229,212	-
<b>TOTAL INCOME</b>		<b>206,510,789</b>	-
<b>EXPENSES</b>			
Human Resources and Cost of Services	12	182,691,599	-
General & Administration and Selling Expenses	13	5,077,877	-
<b>TOTAL EXPENSES</b>		<b>187,769,476</b>	-
<b>Profit/ (Loss) before Depreciation, Interest &amp; Tax</b>		<b>18,741,313</b>	-
Less: Depreciation & Amortization of Intangible Assets		10,568,695	-
Less: Interest		-	-
<b>Profit/ (Loss) before Tax</b>		<b>8,172,618</b>	-
Provision for Current Tax		408,620	-
<b>Profit/ (Loss) after Tax</b>		<b>7,763,997</b>	-
Retained earnings carried forward from previous period		211,410,801	-
<b>Net Profit carried to balance sheet</b>		<b>219,174,798</b>	-

FOR SYSTEM DYNAMIX CORPORATION

Sd/-  
**Bhargav Marepally**  
Director

Date: 25th April, 2008

Sd/-  
**Ramesh Yerramsetti**  
Director

**SYSTEM DYNAMIX CORPORATION**  
**SCHEDULES FORMING PART OF ACCOUNTS AS AT MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	As at March 31 2008	As at March 31 2007
<b>SCHEDULE 1 – Share Capital</b>		
<b>Issued, Subscribed and Paid up Share Capital</b>		
Equity Share Capital (1000 Equity Shares of US \$ 1/- each, fully paid up)	39,420	-
<b>TOTAL</b>	<b>39,420</b>	-
<b>SCHEDULE 2 – Reserves and Surplus</b>		
Retained Earnings	219,174,798	-
Foreign Exchange Translation Reserve	88,587	-
<b>TOTAL</b>	<b>219,263,385</b>	-
<b>SCHEDULE 3 – Secured Loans</b>		
	-	-
<b>TOTAL</b>	-	-
<b>SCHEDULE 4 – Unsecured Loans</b>		
	-	-
<b>TOTAL</b>	-	-
<b>SCHEDULE 5 – Investments</b>		
	-	-
<b>TOTAL</b>	-	-
<b>SCHEDULE 6 – Sundry Debtors</b>		
Debts – unsecured & considered good	86,132,152	-
(Other Debts - Rs.86,132,152		
More than 180 days - Nil)		
<b>TOTAL</b>	<b>86,132,152</b>	-
<b>SCHEDULE 7 – Loans and Advances</b>		
Advances recoverable (Cash/ Kind/ Value to be received)	-	-
Rental and other deposits	77,382	-
Advances to employees	40,849	-
Other current assets	9,993	-
<b>TOTAL</b>	<b>128,224</b>	-
<b>SCHEDULE 8 – Cash and Bank balances</b>		
Balances with banks		
- in current accounts	74,279,928	-
Cash in hand		-
<b>TOTAL</b>	<b>74,279,928</b>	-

**SYSTEM DYNAMIX CORPORATION**  
**SCHEDULES FORMING PART OF ACCOUNTS AS AT MARCH 31, 2008**

*Amounts are in Rupees*

PARTICULARS	As at March 31 2008	As at March 31 2007
<b>SCHEDULE 9 – Current Liabilities &amp; Provisions</b>		
<b>Current Liabilities</b>		
AAccounts Payable	17,001,679	-
Salary payable	-	-
Provision for Tax	-	-
Other current liabilities	125,041,029	-
<b>TOTAL</b>	<b>142,042,708</b>	<b>-</b>

*Amounts are in Rupees*

PARTICULARS	Year ended March 31 2008	Year ended March 31 2007
<b>SCHEDULE 10 – Sales Revenue</b>		
Income from software services	206,281,577	-
<b>TOTAL</b>	<b>206,281,577</b>	<b>-</b>

<b>SCHEDULE 11 – Other Income</b>		
Interest Income	229,212	-
<b>TOTAL</b>	<b>229,212</b>	<b>-</b>

<b>SCHEDULE 12 – Human Resource and Cost of Services</b>		
Salaries & allowances	100,559,345	-
Subcontractor fees	81,602,743	-
Recruitment expenses	250,614	-
Employee welfare expenses	278,898	-
<b>TOTAL</b>	<b>182,691,599</b>	<b>-</b>

<b>SCHEDULE 13 – General &amp; Administration and Selling Expenses</b>		
Finance charges	13,446	-
Insurance	913,627	-
Legal expenses	52,828	-
License, immigration and permits	1,750,678	-
Local conveyance and vehicle maintenance	43,440	-
Office expenses	80,276	-
Payroll processing fees	63,370	-
Postage and delivery	73,633	-
Professional fees	983,839	-
Rates and taxes	29,915	-
Rent	233,906	-
Repairs and maintenance	29,636	-
Telephone expenses	228,138	-
Travel expenses	538,780	-
Utilities	9,309	-
Advertisement and business promotion	33,057	-
<b>TOTAL</b>	<b>5,077,877</b>	<b>-</b>

FOR SYSTEM DYNAMIX CORPORATION

Sd/-

**Bhargav Marepally**

Director

Date: 25th April, 2008

Sd/-

**Ramesh Yerramsetti**

Director

## **NOTICE OF ANNUAL GENERAL MEETING (AGM)**

Notice is hereby given that the 5<sup>th</sup> Annual General Meeting (AGM) of the members of GSS America Infotech Limited will be held on Tuesday, September 30, 2008 at 3.00 PM 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 Profit and Loss account for the Financial Year ended March 31, 2008 and the Audited Balance Sheet as on that date together with the Report of the Board of Directors and Auditors there on.
2. To declare dividend on the Equity shares
3. 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
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
5. To consider, and if thought fit, pass with or without modification, the following resolution as an Ordinary resolution:  
*"RESOLVED THAT M/s. B.V.R. & Associates, Chartered Accountants who retire at the conclusion of this AGM, be and are hereby appointed as Statutory Auditors of the Company till the conclusion of the next AGM at remuneration to be fixed by the Board of Directors on the recommendation of the Audit Committee."*

### **Special Business**

6. **To consider and if thought fit pass, with or without modification, the following resolution as an ordinary resolution:**  
"RESOLVED that the Board of Directors be and are hereby authorized to make the appointment of Branch Auditors in consultation with the company's Auditors to audit the branch offices situated in countries outside India with effect from this Annual General Meeting until otherwise revised or revoked"
7. **To consider and if thought fit pass with or without modification(s) the following resolution as a special resolution**  
"RESOLVED THAT in accordance with the provisions of Section 81 and 81 (1A) and all other applicable provision, if any, of the Companies Act, 1956 (including any statutory modification or re enactment thereof) and relevant provisions of the Memorandum and Articles of Association of the Company, the Foreign Exchange Management Act, 1999 and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Mechanism) Scheme, 1993, guidelines prescribed by the Securities and Exchange Board of India (SEBI) and subject to such approval (s), consent (s), permission (s) and/ or sanctions of the Ministry of Finance of the Government of India, Reserve Bank of India, the Listing Agreement entered into by the Company with the Stock Exchanges where the Company's shares are listed and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such terms and conditions, modifications, alterations as may be prescribed and specified by any of them in granting any such approval, consent, permission or sanction, the consent of the shareholders be and is hereby accorded to offer, issue and allot including by way of a Qualified Institutional Placement (QIP) under chapter XIII A of the SEBI (Disclosure and Investor Protection) Guidelines to eligible investors (whether or not such investors are members of the Company or whether or not such investors are Indian or foreign, including qualified institutional buyers such as public financial institutions, venture capital funds, foreign venture capital investors, state industrial development corporations, insurance companies, pension funds and provident funds) by way of circulation of an offering circular or placement document or by way of private placement, including by way of equity shares of the Company (Equity Shares) and/ or Global Depository Receipts (GDR) and/ or American Depository Receipts / Shares (ADR) convertible into Equity shares, and/ or Foreign Currency Convertible Bonds for an amount not exceeding US \$ 75 Million (Seventy five million US Dollars only) (hereinafter referred to as 'Securities') to be subscribed in foreign currency or its Rupee equivalent, as the case may be, which at the option of the holders of the Securities may be surrendered for the purpose of cancellation against receipt of corresponding number of Equity shares, such issue or allotment to be made in one or more tranches, at par or at such price or prices and on such other terms and conditions as the Board may in its absolute discretion deem fit in consultation with the lead managers, under writers, advisors or other intermediaries at the time of such issue or allotment"  
  
"RESOLVED THAT for the purpose of giving effect to the aforesaid resolution, the Board or any duly constituted Committee thereof, be and are hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of securities"

RESOLVED FURTHER THAT without prejudice to the generality of the above and subject to all applicable laws, the aforesaid issue of Securities may have all or any terms or combinations of terms as are provided in issue of securities of this nature internationally including terms relating to surrender of the Securities for the purpose of cancellation against receipt of the corresponding number of underlying equity shares and that the Company be and is hereby authorized to enter into and execute all such arrangements/ agreements as the case may be with any lead managers, managers, underwriters, advisors, guarantors, depositories, custodians and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerages, fees or the like, and also to seek listing of such securities, in one or more stock exchanges outside India and the listing of equity shares underlying the Securities in one or more stock exchanges in India

"RESOLVED FURTHER THAT the Board or any duly constituted committee be and is hereby authorized to finalize and approve the offering circular/ placement document for the proposed issue of the securities and to authorize any director or directors of the Company or any other officer or officers of the Company to sign the above documents for and behalf of the Company together with the authority to amend, vary or modify the same as such authorized persons may consider necessary, desirable or expedient and for the purpose of the aforesaid to give such declarations, affidavits, certificates, consents and/ or authorities as may, in the opinion of such authorized person, be required from time to time and to arrange for the submission of the offering circular/ placement document, and any amendments and supplements thereto, with any applicable stock exchanges (whether in India or abroad) government and regulatory authorities, institutions or bodies, as may be required"

RESOLVED FURTHER THAT the securities issued in the foreign markets shall be deemed to have been made abroad and/ or in the international market and/ or at the place of the issue of the Securities in the international market and may be governed by the applicable foreign laws"

"RESOLVED FURTHER THAT the Board or any duly constituted committee thereof, be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted for the issue of securities referred to above or as may be necessary in accordance with the terms of offering, all such equity shares being pari-passu with the then existing equity shares of the Company in all respects"

"RESOLVED FURTHER THAT in the event of issue of securities by way of a qualified institutional placement, the relevant date for determining the price of the resultant shares shall be either 'the date of the meeting in which the Board of the Company or the Committee of Directors duly authorised by the Board of the Company decides to open the proposed issue' or 'the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares' as the case may be or such other time as may be allowed by SEBI DIP Guidelines from time to time which will be decided by the Board"

"RESOLVED FURTHER THAT the Board or any duly constituted Committee thereof, be and is hereby authorized to do such acts, deeds and things the Committee, in its absolute discretion deems necessary or desirable in connection with the issue of securities, including, without limitation, the following:

- (a) Sign, execute and issue all documents necessary in connection with the issue of the securities, including listing applications to the stock exchanges (whether in India or abroad) and various agreements, undertakings, deeds, declarations
- (b) Giving or authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time and
- (c) Settling any questions, difficulties or doubts that may arise in regard to any such issue or allotment of securities as it may in its absolute discretion deem fit"

**By Order of the Board of GSS America Infotech Limited**

**Kamal Kishore Avutapalli**  
**Company Secretary & Compliance Officer**

Place : Hyderabad

Date : September 2, 2008

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. 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.
3. 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 and 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.
4. The members may inspect the register of directors' shareholding maintained under section 307 of the Companies Act, 1956, at the venue of the fifth annual general meeting and at the registered office of the Company.
5. 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.
6. 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.
7. 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.
8. 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 fifth annual general meeting.
9. In accordance with Section 255 & 256 of the Companies Act, 1956, Mr. Keerthy Jaya Tilak and Mr. P.V.R.K. Prasad, 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.
10. The register of members and the share transfer books will remain closed from September 25, 2008 to September 30, 2008 (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 September 30, 2008.
11. The dividend at the rate of 25% for the year ended March 31, 2008 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 September 25, 2008.
12. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business is annexed hereto.



## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

### **Item No. 6**

Pursuant to Section 228 of the Companies Act, 1956, the decision as to whether the Books of Accounts of a branch should be audited by the Company's Statutory Auditor or by any other Auditor(s) has to be taken by the shareholders in a General Meeting. The Members of this General Meeting, therefore, consider authorizing the Board of Directors to make the appointment of the Branch Auditors, in consultation with the company's Auditor. Where, however, the branch office is situated in a country outside India, a person who is qualified as aforesaid or an accountant duly qualified to act as an auditor of the accounts of branch office in accordance with the laws, of that country can be appointed as an auditor of the Branch.

Your Board recommends passing the above resolution by the shareholders as an ordinary resolution.

None of the directors of the Company are interested in the above resolution except to the extent of their shareholding.

### **Item No. 7**

The Board has taken into consideration the CEO's note regarding the various other opportunities available for subsequent acquisition through inorganic growth model to reach US \$ 500 Million annualized revenue over a period of time and the necessity to raise the funds in case the right acquisition comes through. In view of such opportunity, the Board has approved, subject to the necessary shareholders' and statutory approvals, fund raising plan of upto US \$ 75 Million through ADR/ GDR/ FCCB/ QIP model at the right time for the right opportunity.

Your Board recommends passing the above resolution by the shareholders as a special resolution.

None of the directors of the Company are interested in the above resolution except to the extent of their shareholding.

**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**

<b>Name of the Director</b>	<b>Patri Venkata Rama Krishna Prasad</b>	<b>Keerthy Jaya Tilak</b>
<b>Brief resume and details of expertise in their functional areas</b>	Mr. PVRK Prasad is an LLB from Nagpur University and aged 65 years, is a Retired IAS Officer. Currently he is associated with Facor Alloys Limited as a Director. He has exposure to Public Administration of over 40 Years in Central Government of India and Andhra Pradesh State Government. He has also worked as secretary to Chief Minister, Andhra Pradesh and Information Advisor to Prime Minister.	Mr. Keerthy Jaya Tilak aged 61 years, is an IIM, Calcutta Graduate, having 35 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.
<b>Names of the other companies in which the person also holds the directorship and the membership of Committees of the Board</b>	<ol style="list-style-type: none"> <li>1. Director in Facor Alloys Limited</li> <li>2. Member of the Audit Committee and Remuneration Committee in Facor Alloys Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Director in Jaytee Management Consultants Private Limited</li> <li>2. Committee Memberships: NIL</li> </ol>
<b>Shareholding in the Company</b>	NIL	NIL

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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 ..... of .....or failing him..... of .....as 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 September 30, 2008 at 3.0 PM and at any adjournment thereof.

As witness my /our hand (s) this ..... Day of ..... 2008

Signed by the said .....

Affix  
15 paisa  
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 September 30, 2008 at 3 PM

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 September 30, 2008 at 3 PM at Ellaa Suites, Jasmine Banquet Hall, Hill Ridge Springs, 25 Kancha, Gachibowli, ISB Road, Hyderabad 500 032.

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.**