



2010 Annual Report

SEVENTH ANNUAL REPORT





Vision

To be among the top 10 managed IT services providers for Small and Medium Business Globally, by 2015

Mission

Provide Innovative Managed IT Services at a Committed Quality and Optimal Cost leveraging Technology, Thought Leadership and Global Delivery Model

GSS America – A Snapshot

- A Publicly listed Managed IT Services company with over 11 years in operation.
- A Global Organization with operations in US, India, Middle East & Singapore.
- A SEI-CMMi Level-3 Organization, delighting customers through industry recognized processes.
- An organization certified on ITSM & ISMS (ISO 9001, 20000 & 27001).
- An organization propelled by industry recognized and highly capable leadership team.
- A strong and expanding customer base serviced by a world class delivery engine (Over 70 Fortune 500 customers and 150 Global 1000 customers).
- A dedicated Global Operations Command Center in Hyderabad, India, to provide best in class Remote Infrastructure Management Services.
- An organization with best in class, top tier, Technology Alliances to offer best in class solutions to its customers.
- An organization with a strong focus on leading edge technologies such as Open Source solutions and Cloud Computing.

Solutions for Smarter Operations – SMB Solutions from GSS



Awards & Accolades

- GSS America Infotech is now certified against ISO 20000-1:2005, Global IT Service Management Certification
- GSS was ranked in Forbes Asia's best 200 under \$ 1 billion companies in 2010 for the third consecutive year, after 2008 and 2009.



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Corporate Information

Board of Directors

Bhargav Marepally

CEO & Managing Director

Ramesh Yerramsetti

Managing Director

Patri Venkata Rama Krishna Prasad

Chairman, Non-Executive Independent Director

Keerthy Jaya Tilak

Non-Executive Independent Director

L. V. Prasad

Non-Executive Independent Director

Guhan Subramaniam

Non-Executive Non-Independent Director

Chief Financial Officer

Ravi Sankar Chivukula

Head of Legal, Company Secretary & Compliance Officer

Artham Someswara Rao

Bankers

Axis Bank Limited

Committees of Board of Directors

Audit Committee

Bhargav Marepally

P. V. R. K. Prasad

Keerthy Jaya Tilak

L.V. Prasad

Remuneration Committee

P.V.R.K. Prasad

L.V. Prasad

Keerthy Jaya Tilak

Share Transfer and Shareholders'/ Investors' Grievance Committee

Bhargav Marepally

Ramesh Yerramsetti

L.V. Prasad

Auditors

M/s. Sarath & Associates

Chartered Accountants, No. 102,

Gowri Apartments, 617, Urdu Lane,

Himayatnagar, Hyderabad - 29

Registered Office

Wing 2, Block B, 3rd Floor, Cyber Gateway,
HITECH City, Madhapur, Hyderabad - 81, India.

Ph: +91 40 44556600

Fax: +91 40 40028703

www.gssamerica.com

Registrar and Share Transfer Agents Bigshare Services Private Limited

E/2, Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (E), Mumbai - 400 072, India

Tel: +91 22 2847 3747

Fax: +91 22 2847 5207

Notice of Annual General Meeting (AGM)

Notice is hereby given that the **7th Annual General Meeting (AGM)** of the members of GSS America Infotech Limited will be held on Monday, December 27th 2010 at 10.30 A.M at Ellaa Suites, Jasmine Banquet Hall, Hill Ridge Springs, 25 Kancha, Gachibowli, ISB Road, Hyderabad 500 032 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2010, the Profit and Loss Account for the year ended on that date together with the Reports of Director's and Auditor's thereon.
2. To declare dividend for the financial year ended 30th June, 2010.
3. To appoint a Director in the place of **Mr. PVRK Prasad**, who retires by rotation, and being eligible, offers himself for re appointment.
4. To appoint a Director in the place of **Mr. L.V.Prasad**, who retires by rotation, and being eligible, offers himself for re appointment.
5. To Appoint M/s.Sarath & Associates Chartered Accountants, to hold office as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of Next Annual General meeting and to authorize the Board of Directors to fix their remuneration.

Special Business

6. To consider and if thought fit, to pass, with or without any modification(s), if any, the following Resolution as an Ordinary Resolution:

CHANGE OF NAME OF THE COMPANY

"RESOLVED THAT subject to the provisions of Section 21 and other applicable provisions, if any, of the Companies Act, 1956, and other applicable clauses of the listing agreement entered with the stock exchanges the name of the company be and is hereby changed from **GSS AMERICA INFOTECH LIMITED** to **GSS INFOTECH LIMITED**

RESOLVED FURTHER THAT the name **GSS AMERICA INFOTECH LIMITED** wherever it occurs in the Memorandum and Articles of Association of the company be substituted by the new name **GSS INFOTECH LIMITED**

RESOLVED FURTHER THAT Mr. Ramesh Yerramsetti, Managing Director and/ or Mr.A Someswara Rao, Company Secretary severally be and are hereby authorized to sign necessary documents for the purpose of name change."

7. To consider and if thought fit, to pass, with or without any modification(s), if any, the following Resolution as an **Ordinary Resolution**:

INCREASE IN AUTHORISED CAPITAL OF THE COMPANY

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, all applicable clauses of the listing agreement entered into with the stock exchanges the consent of the members of the company be and is hereby accorded to increase the Authorised Share Capital of the Company from **Rs.15,00,00,000/-** (Rupees fifteen crores) divided into 1,50,00,000 (one crore fifty lakhs) Equity Shares of Rs.10/- each to **Rs.50,00,00,000/-** (Rupees Fifty Crores) divided into 5,00,00,000 (five crore) Equity Shares of Rs.10/- each by additional creation of 3,50,00,000 (Three Crore fifty lakhs) Equity Shares of Rs.10/-(Rupees Ten) each which shall rank pari passu with the existing equity shares of the Company with respect to dividend and other entitlements

RESOLVED FURTHER THAT sub-clause (a) of Clause V of the Memorandum of Association be and is hereby replaced by the following clause:

- V. The authorized share capital of the Company is Rs.50,00,00,000 (Rupees Fifty Crores only) divided into 5,00,00,000 (five Crore) Equity Shares of Rs.10/-(Rupees Ten only) each with power for the Company to consolidate, convert, sub-divide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto subject to the provisions of the Companies Act, 1956.”
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special resolution

RAISING OF FUNDS THROUGH FOREIGN CURRENCY CONVERTIBLE BONDS(FCCB)/ AMERICAN DEPOSITORY RECEIPTS(ADR)/ GLOBAL DEPOSITORY RECEIPTS(GDR)/ QUALIFIED INSTITUTIONAL PLACEMENT(QIP) ROUTES.

“**RESOLVED THAT** pursuant to the provisions of section 81(1A) of the Companies Act, 1956 (“the Companies Act”), Listing Agreements with each of the Stock Exchanges where equity shares of the Company are listed (“the Listing Agreements”) and the Foreign Exchange Management Act, 1999 (“FEMA”), Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and the rules and regulations made thereunder including the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations, 2000, all as amended from time to time, and such other statutes, notifications, circulars, rules and regulations as may be applicable and relevant and the Memorandum and Articles of Association of the Company and subject to all the necessary approvals, consents, sanctions and/or permissions of Government of India (“GOI”), Reserve Bank of India (“RBI”), Foreign Investment Promotion Board (“FIPB”), Securities and Exchange Board of India (“SEBI”), Stock Exchanges and / or other regulatory authorities and subject to such conditions as may be prescribed by any of them while granting any such approvals, consents, sanctions and/or permissions which may be agreed to by the Board of Directors of the Company (“the Board” hereinafter shall be deemed to include Securities Issuance Committee thereof) be and is hereby authorised to issue, offer and allot (including provision of reservation on firm and/or comparative basis, of such part of issue and for such categories of persons as may be permitted) in the course of one or more domestic or international offering(s), with or without Green Shoe Option, including by way of Qualified Institutions Placements under Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, (“SEBI ICDR Regulations”) to eligible investors whether or not such investors are members of the Company or whether such investors are Indian or foreign, including qualified institutional buyers, whether by way of public offering or private placements and whether by way of circulation of an offering circular or placement document or otherwise, securities including equity shares and/or instruments or securities convertible into equity shares of the Company such as Global Depository Receipts and/or American Depository Receipts and/or foreign currency convertible bonds and/or convertible preference shares and/or, fully convertible debentures and/or, partly convertible debentures and/or, non convertible debentures and/or any one or more or combination of the above (hereinafter referred to as “Securities”) for an amount not exceeding \$ 75 Mns (Seventy five Million US Dollars only) at such price, either with or without premium as may be determined by the Board, at the option of the Company, as the case may be, and such issue and allotment be made in one or more tranches, on such terms and conditions as may be decided by the Board at the time of issue or allotment

RESOLVED FURTHER THAT the relevant date for the purpose of pricing of the Securities proposed to be issued in accordance with the SEBI ICDR Regulations or FEMA shall be the date of meeting in which the Board decides to open issue of the securities, subsequent to the receipt of members’ approval in terms of section 81(1A) and other applicable provisions, if any, of the Companies Act and other applicable rules, regulations and guidelines in relation to the proposed issue of the securities *inter alia* through qualified institutions placement(s) to qualified institutional buyers in accordance with SEBI ICDR Regulations as mentioned in these resolutions as above

RESOLVED FURTHER THAT in case of any equity linked issue/offering, including without limitation, any GDR/ADR/FCCB offering, the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion, redemption or cancellation of any such Securities referred to above or as may be in accordance with the terms of issue/offering in respect of such Securities and such equity shares shall rank pari passu with the existing equity shares of the Company in all respects except provided otherwise under the terms of issue/offering and in the offer document and/or prospectus and/or offer letter and/or offering circular and/or listing particulars

RESOLVED FURTHER THAT issuance of securities by way of QIP as mentioned above shall be in accordance with the provisions of Chapter VIII of the SEBI ICDR Regulations for Qualified Institutions Placements and the provisions of FEMA, the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations, 2000, Memorandum and Articles of Association of the Company, Listing Agreements with the Stock Exchanges where the equity shares of the Company are listed

RESOLVED FURTHER THAT in the event of issue of securities by way of Qualified Institutions Placements

- a) the relevant date for the pricing of the securities proposed to be issued in accordance with the SEBI ICDR Regulations, shall be in accordance with clause 85 of the SEBI ICDR Regulations
- b) the allotment of securities shall be completed within 12 months from the date of passing of these resolutions approving the proposed issue or such other time as may be allowed by SEBI from time to time;
- c) the total amount raised in such manner should not, together with the over-allotment option exceed five times the net worth of the Company as per the audited balance sheet of the previous financial year; and
- d) the securities shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized stock exchange or except as may be permitted from time to time by the SEBI ICDR Regulations

RESOLVED FURTHER THAT the number and/or conversion price in relation to the equity shares that may be allotted on conversion of securities that may be issued through Qualified Institutions Placement(s) in accordance with the SEBI ICDR Regulations mentioned above shall be appropriately adjusted against corporate actions such as bonus issue, rights issue, splits and consolidation of share capital, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring

RESOLVED FURTHER THAT the Company and/or any entity, agency or body authorized and/or appointed by the Company, may issue depository receipts representing the underlying Securities issued by the Company in negotiable registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) inside or outside India) and under the forms and practices prevalent in the international market

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such act, deeds matters and things including but not limited to preparation, amendment, alteration, variation, finalization and approval of preliminary or final offer or placement documents, determining form and manner of issue, including the class of investors to whom securities are to be issued and allotted, the number of securities to be allotted, issue price, face value, execution of various transaction documents, as it may in its absolute discretion think fit, and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilization of issue proceeds as it may in its absolute discretion deem fit without being required to seek further permissions, consents or approvals of members or otherwise to the end and intent that members shall be deemed to have given their approval thereto expressly by the authority of this resolution

RESOLVED FURTHER THAT consent of the Company be and is hereby granted in terms of section 293(1)(a) and 293(1)(d) and other applicable provisions, if any, of the Companies Act and subject to all the approvals of the Board to secure, if necessary, all or any of the above mentioned securities to be issued, by the

creation of mortgage and/or charge on all or any of the Company's immovable, movable and/or intangible assets, both present and future in such form and manner and on such terms as may be deemed fit and appropriate by the Board

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of securities or as the case may be necessary in accordance with the terms of offering all such equity shares which shall rank *pari passu* with the existing equity shares of the Company in all respects including dividend

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 combination of terms including as to conditions in relation to payment of dividend, pre-payment of whatsoever, and all such securities or variation of the conversion price of the securities during the tenure of the securities and the Company is also entitled to appoint, engage, enter into and execute all such arrangements/agreements as the case may be with lead managers, managers, underwriters, bankers, financial institutions, merchant bankers, solicitors, advisors, guarantors, depositories, custodians or other intermediaries in such offerings of securities and to remunerate all such agencies including payment of commission, brokerage, fees or payment of their remuneration for their services or the like and also to seek the listing of securities on one or more the stock exchanges in India or abroad

RESOLVED FURTHER THAT in the event of issue of Securities by way of GDRs and / or ADRs, the relevant date on the basis of which price of the resultant shares shall be determined as specified under applicable law, shall be the date of the meeting in which the Board decides to open the proposed issue of Securities

RESOLVED FURTHER THAT such of the Securities as are not subscribed may be disposed off by the Board in its absolute discretion in such a manner, as the Board may deem fit and as permissible by law

RESOLVED FURTHER THAT the Board be authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or the Chairman or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution(s) and matters flowing from, connected with and incidental to any of the matters mentioned in the aforesaid resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and to resolve and settle all questions and difficulties that may arise in the proposed issue / offer, allotment and conversion of any of the aforesaid Securities, utilization of the issue proceeds and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution

RESOLVED FURTHER THAT for the purpose of giving effect to these resolutions, the Board be and is hereby authorized to take all such steps and actions and give such directions as may be, in its absolute discretion, deemed necessary in this regard."

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

ISSUANCE OF EMPLOYEE STOCK OPTION SCHEME (ESOS)

"RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956(including any modification or re-enactment thereof for the time being in force, and in accordance with the provisions of the Memorandum of Articles of Association of the Company, the listing agreements with the Stock Exchanges and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and other rules and regulations, prescribed by the Securities and Exchange Board of India ("SEBI") or any other relevant authority, from time to time, to the extent applicable and subject to any approvals, consents, permissions and sanctions of any authorities as may be required, and subject to any such

conditions or modifications as may be prescribed or imposed by such authorities while granting such approvals, consents, permissions and sanctions, and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board to introduce and implement the Employee Stock Options Scheme (ESOS) as detailed in explanatory statement to this notice and to create, grant, offer issue and allot, to directly or through allotment to the trust created/ to be created for this purpose, or to utilize the shares held by the Trust created for this purpose, for the benefit of such person(s) who are in the permanent employment of the Company, its subsidiary companies, and the “Directors (including whole-time Directors) of the Company and its subsidiary companies (hereinafter collectively referred to as the “Employees”) equity shares of the company and/or options giving right to purchase such number of equity shares of the company, at such price, in such manner, during such period in one or more tranches and on such terms and conditions as the Board may decide up to a limit not exceeding 5,00,000 equity shares of Rs.10/- each

RESOLVED FURTHER THAT the maximum number of Securities issued/granted in terms of this resolution, to any single Employee (including any non executive or independent Director) during any one year shall be less than one percent of the issued and paid-up equity shares of the company

RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the ESOS on such terms and conditions as contained in the Explanatory Statement to this Item in the Notice and to make any modification(s), changes, variation(s), alteration(s) or revision(s) in the terms and conditions of the ESOS from time to time including but not limited to, amendment(s) or revision(s) in the terms and conditions of the ESOS from time to time including but not limited to amendment(s) with respect to vesting period and schedule, number of options, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the ESOS

RESOLVED FURTHER THAT the shares may be allotted in accordance with the ESOS either directly and/or through an existing trust or a trust which may be set up and/or in any other permissible manner and that the ESOS may also envisage for providing any financial assistance to the trust to enable the trust to acquire, purchase or subscribe the Securities of the Company as per the ESOS

RESOLVED FURTHER THAT subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid Resolution shall in all respects rank pari passu inter se with the then existing equity shares of the company

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of Securities, without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval there to expressly by the authority of this resolution

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein, to any committee of Directors with a power to further delegate to any executives/officers of the company to do all such acts, deed, matters and things as also to execute such documents, writings, etc. as may be necessary in this regard

RESOLVED FURTHER THAT all the lapsed options will be added back to ESOS pool and the Board be and is hereby authorized to allot these lapsed options to the eligible employees as per the ESOS Scheme.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special resolution**

Acquisition of Freedom Professional Services and Technologies LLC, Company

“**RESOLVED THAT** the sanction of the shareholders be and is hereby accorded to the Board for acquisition

of the company "Freedom Profession Services and Technologies LLC" subject to necessary due diligence, and as per the terms and conditions as the Board of Directors may deem fit in the best interest of the company

RESOLVED FURTHER THAT pursuant to section 81(1A) and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification thereto or re-enactment thereof for the time being in force) and in accordance with the provisions of Memorandum and Article of Association of the Company, the listing agreement entered into by the company with Stock Exchanges where the securities of the company listed, and subject to the approval, consent, permission and/ or sanction, as may be required from the Reserve Bank of India (RBI), Foreign Investment Promotion Board (FIPB) or SIA, Securities and Exchange Board of India (SEBI), Financial Institutions, and any other appropriate authority, institution or body and subject to such terms, conditions, alterations, corrections, changes, variations and / or modifications, if any, as may be prescribed by any one or more or all of them in granting such approval, consent permission and / or sanction, the consent of the company (herein after referred as-) be and is hereby accorded to the Board of Directors of the company hereinafter referred to as the "BOARD" which term shall be deemed to include any committee duly constituted by the Board of Directors or any committee, which the Board of Directors may hereafter constitute to exercise one or more of its powers, including the powers conferred by this resolution) to create, offer, issue and allot as many shares at a price as the board of Directors may deems fit on preferential basis being the consideration other than cash by way of swap of shares of the company as per the terms and conditions as may be decided by the Board of Directors in the best interest of the company

RESOLVED FURTHER THAT the equity shares issued shall rank pari passu with the existing equity shares of the company in all respects including payment of dividend

RESOLVED FURTHER THAT the board be and is hereby authorized to take necessary steps for listing of the above mentioned equity shares on the stock exchanges where the company's shares are listed, as per the terms and conditions of the listing and other applicable guidelines, rules and regulations

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued in accordance with the terms of the offer and in compliance with the SEBI (disclosure of investor Protection) guidelines 2000 and other applicable guidelines from time to time

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution the board be and is hereby authorized to do all such acts, deeds, matters and things and resolve any doubts or questions that may arise in the issue and allotment of equity shares/ warrants, to effect any modifications(s) to the foregoing (including any modification to the terms of the issue) in the best interest of the company and its shareholders and to execute all such writings and instrument(s) as the board may in its absolute discretion deem necessary or desirable."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special resolution**

APPOINTMENT OF MR.BHARGAV MAREPALLY AS MANAGING DIRECTOR.

"RESOLVED THAT pursuant to Section 269 of the Companies Act 1956 and subject to approval of the Central Government as may be required, the consent of shareholders of the company be and is hereby accorded for the appointment of Mr.Bhargav Marepally as Managing Director of the company for a period of (five) years with effect from **01st June 2011** and the remuneration payable to Mr.Bhargav Marepally during the term of his appointment shall be as follows.

Salary

Basic Salary: Rs.2,50,000/- per month

Commission

Payable for each FY, up to 3% of net profits of the Company for that year,.

PF and Other Statutory Contributions

Contribution to PF / Superannuation as per the rules of the Company not exceeding 25% of Salary is eligible for this purpose.

Perquisites

- a) House Rent Allowance of Rs.50,000/- per month
- b) Reimbursement of gas, electricity and water expenses, at actual
- c) Reimbursement of Medical expenses, at actual, for himself and his family
- d) Leave Travel Allowance on actual basis
- e) Reimbursement of Entertainment Expenses on actual as incurred in the course of legitimate business of the Company
- f) Personal Accident Policy as permissible under the provisions of the Companies Act
- g) Earned / privilege leave not exceeding one month's leave for every 11 months of services. However, leave can be encashed at the end of tenure which will not be included in calculation of overall limits.
- h) Membership to one club, provided that the admission fee and / or life subscription shall not be borne by the Company.

The total amount of perquisites shall not exceed an amount equal to the basic salary in a year.

RESOLVED FURTHER THAT subject to the applicable provisions of the Companies Act, 1956, in the event of loss or inadequacy of profits, in any financial year during the term of Appointment, the above mentioned remuneration shall be paid to Mr. Bhargav Marepally as and by way of minimum remuneration.

- 12.** To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special resolution**

APPOINTMENT OF MR.RAMESH YERRAMSETTI AS MANAGING DIRECTOR.

"RESOLVED THAT pursuant to Section 269 of the Companies Act 1956 and subject to approval of the Central Government as may be required, the consent of shareholders of the company be and is hereby accorded for the appointment of Mr.Ramesh Yerramsetti as Managing Director of the company for a period of (five) years with effect from 01st June 2011 and the remuneration payable to Mr.Ramesh Yerramsetti during the term of his appointment shall be as follows.

Salary

Basic Salary: Rs.2,50,000/- per month

Commission

Payable for each FY, up to **3%** of net profits of the Company for that year,.

PF and Other Statutory Contributions

Contribution to PF / Superannuation as per the rules of the Company not exceeding 25% of Salary is eligible for this purpose.

Perquisites

- a) House Rent Allowance of Rs.50,000/- per month

- b) Reimbursement of gas, electricity and water expenses, at actual
- c) Reimbursement of Medical expenses, at actual, for himself and his family
- d) Leave Travel Allowance on actual basis
- e) Reimbursement of Entertainment Expenses on actual as incurred in the course of legitimate business of the Company
- f) Personal Accident Policy as permissible under the provisions of the Companies Act
- g) Earned / privilege leave not exceeding one month's leave for every 11 months of services. However, leave can be encashed at the end of tenure which will not be included in calculation of overall limits.
- h) Membership to one club, provided that the admission fee and / or life subscription shall not be borne by the Company.

The total amount of perquisites shall not exceed an amount equal to the basic salary in a year.

RESOLVED FURTHER THAT subject to the applicable provisions of the Companies Act, 1956, in the event of loss or inadequacy of profits, in any financial year during the term of Appointment, the above mentioned remuneration shall be paid to Mr. Ramesh Yerramsetti as and by way of minimum remuneration.

By Order of the Board
For GSS AMERICA INFOTECH LIMITED

Sd/-
Artham Someswara Rao
Company Secretary

Place: Hyderabad
Date: 30th November, 2010

Notes:-

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
- 2) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 3) In terms of the Article 106 of the Articles of Association of the Company, and in accordance with Section 255 & 256 of the Companies Act, 1956, Mr. PVRK Prasad and Mr.L.V.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.
- 4) The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
- 5) Members/proxies are requested to bring their copy of the Annual Report and duly filled in attendance slips to the meeting. The form of attendance slip is given at the end of this Annual Report.
- 6) Members who hold shares in dematerialized form are requested to write their **DP ID and Client ID** and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting.

7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. All documents referred to in the Notice and accompanying explanatory statement are open for inspection at the Registered Office of the Company on all working days of the Company between 11:00 am to 1:00 pm up to the date of the Annual General Meeting and at the venue of the Meeting for the duration of the Meeting.
9. The members may inspect the register of directors' shareholding maintained under section 307 of the Companies Act, 1956, at the venue of the seventh annual general meeting and at the registered office of the Company.
10. In respect of holding of shares in electronic form, members are requested to notify any change of address or bank account details to their respective Depository Participants. Members holding shares in electronic form may please note that their bank details as furnished to the respective Depositories will be printed on their Dividend Warrant as per the applicable regulations.
11. Members having share certificates in physical form are requested to update immediately bank details and change of address, if any, to the Company's Registrar and Share Transfer Agent enabling the Company to dispatch the dividend warrants at their correct address.
12. Members who still hold shares certificates in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization, which include easy liquidity, since trading is permitted in dematerialized form only, electronic transfer, saving in stamp duty and elimination of any possibility of documents and bad deliveries.
13. Members desirous of obtaining any clarification on queries concerning accounts and operations of the Company are requested to address their questions in writing to the Company Secretary, at least seven days before the date of the sixth annual general meeting.
14. The register of members and the share transfer books will remain closed from December 23, 2010 to December 27, 2010 (both days inclusive) for the purpose of taking record of eligible Shareholders / Beneficial Owners for payment of Dividend as may be approved by the Members in the Annual General Meeting of the Company being scheduled on December 27th, 2010.
15. The dividend at the rate of Rs.1.50 paise for the year ended June, 30, 2010 as recommended by the Board, if sanctioned at the AGM, will be payable to those members whose names appear on the Company's Register of Members on December 23, 2010.

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

ITEM 6 : CHANGE OF NAME

It is to be informed that, your company intends to provide services to the clients across the globe. The Directors feel that existing name of the company may not be suitable to provide better services to the clients across the globe. Thus, subject to the provisions of Section 21 and other applicable provisions, if any, of the Companies Act, 1956, and other applicable clauses of the listing agreement entered with the stock exchanges and subject to the approvals of the members of the company in general meeting the name of the company be and is hereby changed from **GSS AMERICA INFOTECH LIMITED** to **GSS INFOTECH LIMITED**.

The Directors recommend the ordinary resolution at item 6 of the Notice for acceptance by the Members in the interest of the Company. None of the Directors of the company has any interest in the proposed resolution.

ITEM 7 : ALTERATION IN MEMORANDUM OF ASSOCIATION

As a part of business plans and expansions, the company intends to expand its capital base by way of infusion of fresh equity in its project expansion plan. In view of the above the company has to increase its authorized share

capital of the company. The present authorized share capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided in to 1,50,00,000 (One Crore and Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each and the same is proposed to be raised up to Rs. 50,00,00,000/- (Rupees Fifty Crores only) divided in to 5,00,00,000 (five crore) Equity Shares of Rs. 10/- (Rupees Ten only) each by creating new 3,50,00,000 (Three crores fifty lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each.

The aforesaid increase in the Authorized Share Capital requires the alteration in the Existing Memorandum of Association of the Company. Accordingly Clause V of the Memorandum of Association needs to be altered as under :

- V. The Authorized share capital of the Company is Rs. 50,00,00,000/- (Rupees fifty crores only) divided in to 5,00,00,000 (five crore) Equity Shares of Rs. 10/- (Rupees Ten only) each."

The Directors recommend the ordinary resolution at item 7 of the Notice for acceptance by the Members.

None of the Directors of the company are in any way, concerned or interested in passing of the resolution.

ITEM 8: Raising of funds through FCCB/ADR/GDR/ QIP Routes

The Board has taken into consideration the CEO's note regarding the various other opportunities available for subsequent acquisition through inorganic growth opportunities 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 FCCB/ ADR / GDR/ QIP model at the right time for the right opportunity.

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

The Special Resolution also seeks to empower the Board to undertake a qualified institutional placement with qualified institutional buyers as defined under the SEBI ICDR Regulations apart from other options of private/public placements. The Board, may in its discretion adopt this mechanism, as prescribed under Chapter VIII of the SEBI ICDR Regulations. The pricing of the Securities to be issued to qualified institutional buyers pursuant to **Chapter VIII** of the SEBI ICDR Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with **Chapter VIII** of the SEBI ICDR Regulations. The pricing of the Securities in other mode of placements would be as per applicable statutory provisions.

The Equity Shares allotted or arising out of conversion of any Securities would be listed. The issue/allotment/conversion would be subject to the availability of regulatory approvals, as applicable to the particular issue/allotment/conversion. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap under the prevailing Foreign Direct Investment norms applicable to the Company.

The detailed terms and conditions of the issue as and when made will be determined by the Board in consultation with merchant bankers, lead managers, advisors and experts in accordance with the terms of approval of the GOI, RBI or any other relevant authorities as may be required.

The proposed issue of securities may be in one or more tranches as a result of which there will be increase in the issued and subscribed capital of the Company.

The Issue, allotment or conversion of the securities shall be subject to the necessary approvals, if any.

Section 81(1A) of the Companies Act and the Listing Agreement with the Stock Exchanges provides, *inter alia*, that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares should be first offered to the existing shareholders of the Company in the manner laid down under section 81 unless the shareholders in the general meeting authorize. Since the special resolution proposed in the business of the notice will result in the issue of shares to the persons other than existing members of the Company, consent of the shareholders is being sought pursuant to the provisions of section 81(1A) and other applicable provisions of the Companies Act and Listing Agreements.

For the reasons above, an enabling resolution is proposed for consideration of the shareholders which has the effect of having an adequate authority and discretion to the Board to finalize the terms of issue, pricing of issue and power to issue and market any securities to be issued, whether in one or more tranches. The equity shares that may be issued pursuant to the guidelines and directions in respect of Qualified Institutions Placements under Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 would be listed on the stock exchanges where the equity shares of the Company are already listed.

The Board recommends passing of the special resolution as set out for your approval.

None of the directors of the Company is, in anyway, interested in the said resolution.

ITEM 9

Employee Stock Option Scheme (ESOS):

To attract talented employees / Directors, it is necessary to provide incentive to the employees to remain with the company and to reward them with the opportunities to have a share in the success of the company. To achieve this objective, it is proposed to grant an option to the employees to subscribe to the shares of the company.

The SEBI Guidelines have provided a conducive environment for the implementation of an Employee Stock Option Scheme. The Company proposes to introduce the following Stock Option Scheme for the benefit of employees of the Company, its Directors, and such other persons / entities as may be prescribed by SEBI from time to time, and in accordance with the provisions of prevailing regulations.

Employee Stock Option Scheme 2010

Under this scheme, employees will be granted an option to acquire a certain number of equity shares at a Price as mentioned hereinafter. The broad terms and conditions of the Scheme are as under:

The Company's Compensation Committee, which is a committee of the Board of Directors, and consisting of a majority of independent Directors, will be responsible for administration and superintendence of the ESOS. The Compensation Committee will formulate the detailed terms and conditions of the ESOS; Compensation Committee will specify, inter alia, the following.

1. Quantum of options to be granted under the Scheme per employee.
2. Conditions under which options vested in employees may lapse in case of termination of employment for misconduct.
3. Time period within which an employee may exercise vested options in the event of termination or resignation.
4. The exercise period within which the employee should exercise the options and that option would lapse on failure to exercise the options within the exercise period.
5. Rights of employees to exercise all the vested options at one time or at various points of time.
6. Procedure for making a fair and reasonable adjustment to the number of options and to the exercise period, in case of rights issues, bonus issues, other corporate actions, or otherwise.
7. Lock-in period for the shares issued pursuant to exercise of the options, if any.
8. Any other related or incidental matters.

The following is the explanatory statement, which sets out the various disclosures as required by clause 6 of the SEBI Guidelines.

The salient features of the Scheme are as under:

1. The total number of options to be granted:

The total number of options to be granted under this scheme cannot exceed 5,00,000 i.e. of the issued equity share capital of the Company as on date or such additional quantity as may be required on account of Corporate Action. The options which lapse/expire or are forfeited will be available for grant to the eligible employees.

One option would be entitle the holders of the options a right to apply for one equity share of face value of Rs. 10/- each and / or equity linked instrument including any depository receipt entitling for one equity share of Rs. 10/- each of the company, as may be decided by the Board. The option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

2. Identification of classes of employees entitled to participate in the ESOS

Employees entitled to participate in the ESOS are:

- a. Persons as are in the permanent employment of the company or holding company or subsidiary companies in such grade and with such experience / association with the company, as may be decided by the board / committee.
- b. Directors (Including whole – time Directors) of the company, holding company and subsidiary companies at any time.
- c. Such other persons, as may from time to time, be allowed under prevailing laws and regulations and as may be approved by the board for this purpose.

Above persons are referred herein collectively as the “Eligible Employees”

An employee who is a promoter or belongs to promoter group or a director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10 percent of the outstanding equity shares of the company at the time of granting of option shall not be eligible to participate in ESOS.

3. Requirements of vesting, period of vesting and maximum period of vesting

There shall be a minimum period of one year between the grant of options and vesting of options. The Vesting of options may be spread over a period of seven years from the date of grant. The committee is empowered to implement and decide the vesting schedule to suit the needs of the organization.

The options may vest in tranches subject to the terms and conditions as may be stipulated by the Committee, which may include satisfactory performance of the Employee/Directors and their continued employment with the company, as the case may be, unless such employment is discontinued on account of death, permanent/total disability or on retirement.

If the employee/Director voluntarily terminates employment with the Company, the options to the extent not vested shall lapse/expire and be forfeited forthwith. However, this shall not be applicable to the employee/Director (including whole time Director) of the company who has resigned or who may resign from time to time to join in the subsidiary companies or as approved by the Committee.

4. Exercise price or pricing formula

The exercise price for the purposes of the grant of options will be determined by the Remuneration Committee as per the guidelines issued by the SEBI from time to time:

5. Exercise period and the process of Exercise

The exercise period shall commence from the date of vesting, and will expire not later than 84 months from the date of grant or such period as may be decided by the Compensation Committee. The options will be

exercisable by the Eligible Employees by a written application to the Committee to exercise the options, in such manner, and on execution of such documents, in such manner, as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

6. Process for determining the eligibility of employees to ESOS

The process for determining the eligibility criteria for the eligible employees will be specified by the Compensation committee, and will be based on, such criteria such as length of service, grade, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential., etc., and such other factors as may be appropriate as may be decided by the Compensation Committee, in its discretion, from time to time.

7. Maximum number of options to be issued per employee and in aggregate

The maximum number of options granted per an eligible employee will not exceed one percent of the Shares of the Company

8. Disclosure and Accounting Policy

The company shall comply with the disclosure and accounting policies prescribed by securities and exchange board of India (SEBI) and any other appropriate authority, from time to time.

9. Method of Valuating the Options

The company will adopt the intrinsic value method to value the options granted under the Scheme.

10. Disclosure in Director's Report

The Company calculates the Employee Compensation cost using the intrinsic value of the Stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that would have been recognized if it had used the fair value of the options and its impact on the profits and earnings per shares would be disclosed in the Directors' Report. The fair value method would be determined using the Black Scholes Model.

As the Scheme will entail further shares to be offered to persons other than existing shareholders of the company, consent of the members is sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Act, and as per the requirement of SEBI Guidelines.

The Options to be granted under the Plan shall not be treated as an offer or an invitation made to public for subscription in the securities of the company.

The Directors other than i) Promoter Director and (ii) those directors if any, holding directly or indirectly more than 10% of the outstanding equity shares of the company, namely Mr. Bhargav Marepally and Mr. Ramesh Yerramsetti shall be deemed to be interested or concerned in passing of this resolution to the extent of benefit they may derive under the Scheme.

The Board accordingly recommends the resolution for approval of the members as a special resolution.

Item 10

It is to be informed that, as a part of business plans and expansions your company intends to invest and acquire 100% shareholding in a company "Freedom Professional Services and Technologies LLC (subject to completion of legal due diligence)

Therefore the Board of Directors require, necessary sanction from the shareholders to negotiate the terms and conditions, pricing of the acquisitions and mode of payments including issue of shares of the company as Board of Directors may think fit in the best interest of the company.

The Board recommends passing of the special resolution as set out for your approval.

None of the directors of the Company is, in anyway, interested in the said resolution.

Item 11

Mr. Bhargav Marepally's term of appointment will expire on 29th May 2011 and as per the recommendation of the Remuneration Committee of Directors, the Board of Directors of the Company at the Board Meeting held on 30th November 2010, appointed Mr. Bhargav Marepally, as the Managing Director of the Company with effect from 1st June 2011, for a period of 5 years , subject to the approval of the Members of the Company, on such terms and conditions as agreed between the Board of Directors and Mr. Bhargav ,Marepally.

Your Directors recommend this resolution for your approval.

Mr. Bhargav Marepally, is considered as interested in the above resolution.

The details of the terms of the appointment as provided under the resolution may be treated as an abstract under Section 302 of the Companies Act, 1956.

Item 12

Mr. Ramesh Yerramsetti's term of appointment will expire on 29th May 2011 and as per the Recommendation of the Remuneration Committee of Directors, the Board of Directors of the Company at the Board Meeting held on 30th November 2010, appointed Mr. Ramesh Yerramsetti, as the Managing Director of the Company with effect from 1st June 2011, for a period of 5 years , subject to the approval of the Members of the Company, on such terms and conditions as agreed between the Board of Directors and Mr. Ramesh Yerramsetti.

Your Directors recommend this resolution for your approval.

Mr. Ramesh Yerramsetti, is considered as interested in the above resolution.

The details of the terms of the appointment as provided under the resolution may be treated as an abstract under Section 302 of the Companies Act, 1956.

By Order of the Board of GSS America Infotech Limited

Sd/-

Artham Someswara Rao

Head of Legal, Company Secretary & Compliance Officer

Place: Hyderabad

Date : 30th November 2010

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

Item No. 3 & 4

Name of the Director	Mr. PVRK Prasad	Mr. L.V.Prasad
Brief resume and details of expertise in their functional areas	<p>Mr. PVRK Prasad, 68, is an LLB from Nagpur University, 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.</p>	<p>Mr. L.V.Prasad aged 41, Mr.L.V. Prasad holds a Bachelors degree in Computer Science from BITS, Pilani. He has spent over 18 years in the Information Technology field holding key management positions. Recently, was associated with Reflexis Systems Inc, a retail software product company based out of Boston USA as an investor and a promoter. In the capacity of Senior Vice President of Sales & Marketing, he helped grow the company from a \$1 Million enterprise to a \$25 Million enterprise from 2003 to 2007 and propelled to be a leader in the Retail Workforce Management segment. Prior to that, Mr. Prasad worked for over 12 years in IT services company in IMR global with revenues of over \$256 Million and was the leading performer in sales between 1998 and 2001. Mr. Prasad is currently the CEO of Indus Renewable Energy India Private Limited, a company focussed on hydro power sector which has plans to build a portfolio of over 1000 MW in the next three years.</p>
Names of the other companies in which the person also holds the directorship and the membership of Committees of the Board	<p>Facor Alloys Limited- Director and member of audit committee and remuneration committee.</p>	<ul style="list-style-type: none"> a) HUL Hydro Power Pvt Ltd b) Indus Renewable Energy India Pvt Ltd c) Sahu Hydro Power Pvt Ltd d) RM Hydro Power Private Limited e) BR Hydro Energy Private Ltd f) Sonegad Hydro Power Pvt Ltd g) GB Hydro Power Pvt Ltd h) Hemkund Hydro Energy Pvt Ltd i) Jimbagad Hydro Power Pvt Ltd
Shareholding in the Company	<p>NIL</p>	<p>NIL</p>

Directors Report

Dear Members,

Your Directors are pleased to present the 07th Annual Report and the Audited Accounts for the financial year ended June 30, 2010

I. FINANCIAL RESULTS

The Company's financial results (consolidated & standalone) for the year ended June 30, 2010 are provided in the Annual Report.

Consolidated Revenues of the Company for the year ended 30.06.2010 stood at Rs.428.28 Crores, due to excellent demand for the Company's integrated service approach for IT Infrastructure and Software Services delivery Model.

The Profit before Tax of the company for the year ended 30.06.2010 is Rs.68.60 Crores; the company has recorded moderate growth during the year despite adverse market conditions. This growth has been made possible due to the enlargement of operations and consequent economies as well as improved management of costs.

The Company has had a very good year in terms of sustaining the business model of the company and is poised to achieve better results during the current year.

FINANCIAL RESULTS FOR THE YEAR ENDED 30th JUNE 2010

Particulars	GSS America Infotech Limited and its subsidiaries Year ended (Rs. In Crores)	
	30.06.2010	30.06.2009
Total income	429.31	510.30
Gross Profit	113.08	126.16
Operating Profit before interest	84.96	102.75
Profit (+)/Loss (-) from Ordinary Activities before tax	68.60	87.19
Net Profit (+)/ Loss (-) from Ordinary Activities after tax	56.42	81.39
Paid-up equity share capital (Face Value. Rs. 10/- each)	14.14	12.74
Reserves and Surplus	431.83	336.04
Earnings Per Share	44.10	62.26

II. DIVIDEND

The Directors are pleased to recommend, for approval of the members, a final Dividend of Rs.1.50/- per equity share of face value of Re.10/- each of the company for the financial year 2009-10. The final dividend on the equity shares, if declared as above, would involve an outflow of Rs. 2,47,27,195/- towards dividend and dividend distribution tax.

The register of members and the share transfer books will remain closed from 23rd December, 2010 to 27th December, 2010 (both days inclusive)

III. TRANSFER TO RESERVES

Your Directors propose to transfer a sum of Rs.70,00,000/- to General reserves out of the amount available for appropriations and a sum of Rs. 2,19,11,74,921/- is carried forward in the Profit and Loss account.

IV. FIXED DEPOSITS

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

V. DETAILS ON QIP

During the financial year 2009-10, the company has raised Rs.4564.84 Lakhs through Qualified Institutional Placement (QIP), by issuing 14,00,000 shares @326.06/- per share. The net proceeds are received in March 2010 and will be used to meet capital expenditure, additional working capital requirement and to finance the new business initiatives and strategic alliances.

Capital structure

The equity capital structure of the company pre and post QIP are as under:

Share capital	Authorized	Issued, subscribed, paid-up
Pre QIP	1,50,00,000 equity shares of Rs.10/- each	1,27,36,843 equity shares of Rs.10/- each
Post QIP	1,50,00,000 equity shares of Rs.10/- each	1,41,36,843 equity shares of Rs.10/- each

VI. DIRECTORS

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

VII. ACQUISITIONS AND INVESTMENTS

- a) During the year, your company has incorporated a 100% subsidiary in USA, GSS America Holdings Inc, and this company has acquired ATEC Group
- b) **Incorporation of 100% subsidiary GSS IT Solutions Private Limited**
During the year under review, GSS IT Solutions Private Limited, is incorporated as 100% subsidiary of company to carry on BPO operations from overseas customers.

VIII. AUDITORS

M/s. Sarath & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the end of the Annual General Meeting and being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting and hold office from the conclusion of ensuing Annual General Meeting till the conclusion of the next annual general meeting.

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

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

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

X. AUDIT COMMITTEE

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

XI. SUBSIDIARIES

As on date the Company has the following subsidiaries:

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

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

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

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

- e. ATEC Group**
1762 Central Avenue,
Albany, New York-12205

- f. GSS IT Solutions Private Limited**
Wing-2, Cyber Gateway, Hitech City,
Madhapur, Hyderabad-500081

XII. PARTICULARS OF EMPLOYEES:

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

XIII. CORPORATE GOVERNANCE:

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

XIV. MANAGEMENT DISCUSSION AND ANALYSIS

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

XV. CEO'S DECLARATION

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

XVI. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a. That in preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- b. That the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at June 30, 2010 and of the profit of the Company for the year ended on that date;
- c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. That the annual accounts have been prepared on a going concern basis.

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

In terms of the exemption granted under Section 212(8) of the Companies Act, 1956, by the Ministry of Corporate Affairs, Government of India Vide its **letter dated 30th November, 2010**, the company has been exempted from complying with the provisions contained in sub-section (1) of section 212 of the Companies Act, 1956 in respect of subsidiaries.

During the year, a 100% subsidiary i.e. GSS IT Solutions Private limited has been incorporated with authorized and paid up capital of Rs.1.00 lakh. There are no transactions in the company during the year.

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

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

XVIII. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their gratitude to the Company's shareholders, customers, vendors, bankers and all other stakeholders for their continued support to its growth initiatives. Your Directors also wish to place on record, their appreciation of the contribution made by associates at all levels, who, through their competence, sincerity, hard work, solidarity and dedicated support, have enabled your Company to make rapid strides in its business initiatives. Your Directors also thank the Central and State Governments and their various agencies, particularly, the Ministry of Communication & Information Technology, Software Technology Parks of India, Departments of Customs and Central Excise, MCA, SEBI, Stock Exchanges, Reserve Bank of India, and other governmental agencies for extending their support during the year and look forward to their continued support.

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

Sd/-
Mr. Bhargav Marepally
CEO & Managing Director

Sd/-
Mr. Ramesh Yerramsetti
Managing Director

Place: Hyderabad
Date: November 30, 2010

Annexure A

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

I. Conservation of Energy:

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

II. Technology, absorption, adaptation and innovation

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

III. Foreign Exchange Earnings and Outgo:

a. Activities relating to Exports:

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

b. Total Foreign Exchange Earnings used and earned:

Particulars	Current Year (2009-10) Rs. in Crores	Previous Year (2008-09) Rs. in Crores
Foreign Exchange expenditure	11.88	6.80
Foreign Exchange earned	47.87	52.81
CIF Value of imports	0.12	0.33
Dividend paid in foreign currency	0.25	0.79

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

Sd/-
Mr. Bhargav Marepally
CEO & Managing Director

Sd/-
Mr. Ramesh Yerramsetti
Managing Director

Place: Hyderabad
Date: November 30, 2010

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 June 30, 2010.

Sr. No	Name	Designation	Qualification	Age in Years	Date of Joining	Experience in years	Gross remuneration (per annum from July 09 to June 2010) in Rs.	Previous Employment
1	Mr. Bhargav Marepally	CEO & Managing Director	M.Sc & Masters in Management Studies from BITS Pilani	37	October 13, 2003	14 years	36,00,000	Self employed
2	Mr. Ramesh Yerramsetti	Managing Director	M.Sc (Tech) & Masters in Systems and Information from BITS Pilani	37	October 13, 2003	14 years	36,00,000	Self employed
3	Mr. Praveen Mishra**	V.P, Principle Architect	B. Tech from IIT Kanpur	48	August 29, 2007	21 years	30,78,480	Foursoft Limited
4	Mr. Vinod Rao Raghunandan	V.P - Client Relations	PGD-PMIR	35	October 26, 2003	18 years	28,00,000	Tera Software Limited
5	Subhrojyoti Sen*	AVP – BD & Sales	BE	36	January 5, 2009	13 Yrs	20,00,000	Media Mindscapes
6	Vinod shanth Gopala	AVP – Delivery	MCA	40 Years	February 1, 2010	14 Years	10,41,665	Sofgen India Pvt Ltd
7	Nuti Siva Kumar	Sr. Vice President	M. Tech	41 Years	February 8, 2010	19 Years	19,79,168	HCL Technologies
8	Chandra Sekhar Modali	Vice President - IMS	BE	53 years	February 11, 2010	25 years	16,14,027	Mahindra Satyam
9	Doddi Jagadesh	Vice President - Technology	M. Tech	46	June 1, 2010 years	23 years	2,00,000	Mahindra Satyam

*resigned from the organization on 30th April, 2010.

** resigned from the organization on 11th June, 2010

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

Sd/-
Mr. Bhargav Marepally
CEO & Managing Director

Sd/-
Mr. Ramesh Yerramsetti
Managing Director

Place : Hyderabad
Date: November 30, 2010

Annexure C

Report on Corporate Governance

1. (a) Corporate Governance

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

(b) Company's Philosophy on Code of Governance

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

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

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

2. Board of Directors:

2.1. Composition of Board:

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

The current composition of Board of Directors of the Company is as follows: (please validate the directorship of bhargav

Name of the director	Nature of Directorship	Relationship with Other Directors	No. of Directorships in other Companies*	No. of committees of other public companies in which he is Chairman/ Member
Mr. Bhargav Marepally	CEO & Managing Director; Promoter	None	2	NIL
Mr. Ramesh Yerramsetti	Managing Director; Promoter	None	3	NIL
Mr. P.V.R.K. Prasad	Non Executive Independent Director	None	1	2
Mr. L. V. Prasad	Non Executive Independent Director	None	9	Nil
Mr. Keerthy Jaya Tilak	Non Executive Independent Director	None	1	Nil
Mr. Guhan Subramaniam #	Non Executive Non Independent Director	None	3	3

* Includes listed and unlisted & Indian Companies

Investor Director of IL&FS Trust Company Limited

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

2.2. Board Meetings

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

2.3. Role of Independent Directors:

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

2.4. Information Supplied to the Board:

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

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

Name of the director	Shares held as on June, 2010
Mr. P. V. R. K. Prasad	NIL
Mr. L. V. Prasad	NIL
Mr. Keerthy Jaya Tilak	NIL
Mr. Guhan Subramaniam	NIL

2.6 Appointment / Reappointment of Directors:

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

- i. **Mr. P.V.R.K.Prasad:** Mr. PVRK Prasad, appointed as a Director on the Board on 21st June, 2006. Mr. PVRK Prasad will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. If reappointed will be an Independent Director.

- ii. *Mr.L. V. Prasad: **Mr.L. V. Prasad, appointed as a Director on the Board on 20th June, 2009.*** Mr. L.V.Prasad will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. If reappointed will be an Independent Director.

2.7 Board meetings and the previous Annual General Meeting

During the financial year 6 board meetings were held on various occasions, 30th July 2009, 30th October 2009, 30th November 2009, 13th January 2010, 30th January 2010 and 14th May 2010. The last AGM of the Company was held on 27th December, 2009.

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

Name of the Director	No. of Board meetings attended	Attendance at the last AGM
Mr. Bhargav Marepally	4	Present
Mr. Ramesh Yerramsetti	5	Present
Mr. P. V. R. K. Prasad	2	Absent
Mr.L. V. Prasad	5	Present
Mr. Keerthy Jaya Tilak	6	Present
Mr. Guhan Subramaniam	5	Present

2.8 Code of Conduct

The company has laid down a comprehensive code of conduct for all Board Members and Senior Management of the Company. The same is posted on the website of the Company at the following link: <http://gssamerica.com/management.html>. The Company has obtained the confirmation of the Compliance with the Code from all its Board Members and senior management personnel for the year 2009-10. A confirmation to that effect from the Chairman and Managing Director is given in **Annexure G** to the Directors' report.

2.9 Risk Management

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

3 Audit Committee

3.1 Constitution of Audit Committee:

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

3.2 Composition of Audit Committee and attendance of members:

During the financial year 2009-10, the Audit Committee met five times on various occasions i.e. 30th July 2009, 30th October 2009, 30th November 2009, 30th January 2010 and 14th May 2010. The composition of the Audit Committee and the number of meetings attended during the financial year 2009-10 were as follows:

Name of the member	Designation	Nature of Directorship	No. of meetings attended
Mr. P. V. R. K. Prasad	Chairman	Non- Executive, Independent	2
Mr. Keerthy Jaya Tilak	Member	Non- Executive, Independent	5
Mr. L. V. Prasad	Member	Non- Executive, Independent	5
Mr. Bhargav Marepally	Member	Executive, Promoter group	3

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

Mr. Bhargav Marepally, member of the Audit Committee and CEO & Managing Director attended at the previous AGM and answer the shareholder queries.

3.3.1 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 are also invited to these meetings. The Company Secretary acts as the Secretary of the Committee.

3.4 The Terms of Reference of the Audit Committee:

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

- a) Overlooking of the company's financial reporting process.
- b) Recommending appointment of external auditors and fixing of their fees.
- c) Reviewing with management the quarterly, half-yearly and annual financial results / statements with special emphasis on accounting policies and practices, compliances with accounting standards and other legal requirements concerning financial statements.
- d) Reviewing the adequacy of the Audit and compliance functioning including their policies, procedures, techniques and other regulatory requirements.
- e) Reviewing the adequacy of internal control systems and significant audit findings.
- f) Discussion with external auditors regarding nature and scope of audit
- g) Other functions as may be assigned by the Board of Directors and applicable statutory enactment.

3.5 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

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

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

4.1 Constitution of Remuneration Committee:

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

4.2 Composition of Remuneration Committee and attendance of members:

As there was no item of agenda for deciding on the remuneration of the executive directors of the Company, no meeting of the Remuneration Committee was held during the FY 2009-2010. The Composition of the Remuneration Committee is given below:

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

4.3 The Terms of Reference of the Remuneration Committee:

The purposes for which the committee was constituted 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 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 provisions of 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 Mr. Bhargav Marepally:

a) Salary

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

b) Perquisites

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

4.4.3.2 Remuneration of Mr. Ramesh Yerramsetti:

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.

5 Share Transfer and Shareholders/Investors Grievance Committee

5.1 Constitution of the Committee:

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

5.2 Composition of the Committee and attendance of members:

Five meetings of the Share transfer and Shareholders/ Investors Grievance Committee were held during the year i.e. on 30th July 2009, 30th October 2009, 30th November 2009, 30th January 2010 and 14th May 2010 The composition of the Share Transfer Committee and the attendance of members are given below:

Name of the Director	Designation	Nature of Directorship	No. of meetings attended
Mr. L. V. Prasad	Chairman	Non-Executive, Independent	5
Mr. Bhargav Marepally	Member	Executive, Promoter group	3
Mr. Ramesh Yerramsetti	Member	Executive, Promoter group	4

5.3 The Terms of Reference of the Committee:

- i. To reject share applications as may be deemed fit and proper
- ii. To allot the shares as may be deemed fit and proper.
- iii. 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.
- iv. The share certificates should be duly stamped as per respective state stamp Act.
- v. 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.
- vi. 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 Artham. Someswara Rao as Head of Legal, 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 2009-2010:

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	7	7	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
2008-2009	December 28, 2009	11.00 A.M.	Ellaa Suites, Jasmine Banquet Hall, Hill ridge springs, No.25, Kancha, Gachbowli, ISB Road, Hyderabad-500032
2007-2008	September 30, 2008	03.00 P.M.	Ellaa Suites, Jasmine Banquet Hall, Hill ridge springs, No.25, Kancha, Gachbowli, ISB Road, Hyderabad-500032
2006-2007	August 8, 2007	11 AM	Wing 2, 3 rd Floor, Block B, Cyber Gateway, Hitech City, Hyderabad- 500081

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
Monday, 28 th December, 2009	AGM	<ul style="list-style-type: none"> Approval & Adoption of accounts for the year ending 30th June, 2009. Declaration of dividend To appoint a Director in the place of Mr.Guhan Subramaniam who retires by rotation and being eligible, offers himself for re appointment To appoint a Director in the place of Mr. Keerthy Jaya Tilak who retires by rotation and being eligible, offers himself for re appointment Appointment of Mr.L.V.Prasad as a Director of the company Appointment of M/s.Sarath & Associates as Statutory Auditors in place of M/s.BVR & Associates, retiring auditors Utilization of un-utilized Initial Public Offer (IPO) funds
Tuesday, 11 th February 2010	EGM	<ul style="list-style-type: none"> Raising of funds through Foreign Currency Convertible Bonds(FCCB), American Depository Receipts(ADR), Global Depository Receipts(GDR), Qualified Institutional Placement(QIP) Routes.

6.3 The resolutions moved at the Shareholders meeting were passed on a show of hands by the shareholders present at the meeting and no resolution was put to vote by postal ballot.

6.4 No special resolution is proposed to be conducted through Postal Ballot in this AGM.

6.5 A procedure for postal ballot has been laid down internally by the Company.

7 Disclosures

7.1 Disclosure on materially significant related party transactions:

Please see Note on Accounts (note no. 19). 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:

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

8 Means of Communication

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

9. General Shareholder Information

9.1 Annual General Meeting

The AGM of the Company for the financial year 2009-10 is scheduled to be held on Tuesday, December 28, 2010 at 10:30 A.M 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 July-June as its financial year, accordingly for the financial year 2009-10, financial year starts from July 2009 and ended with June 2010.

9.3 Book Closure

Register of Members and the Share Transfer Book of the Company will remain closed from December 23, 2010 to December 27th 2010 (both days inclusive) for the purpose of ascertaining the eligibility for payment of Dividend for the year 2009-10.

9.4 Dividend Payment Date:

With in 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**

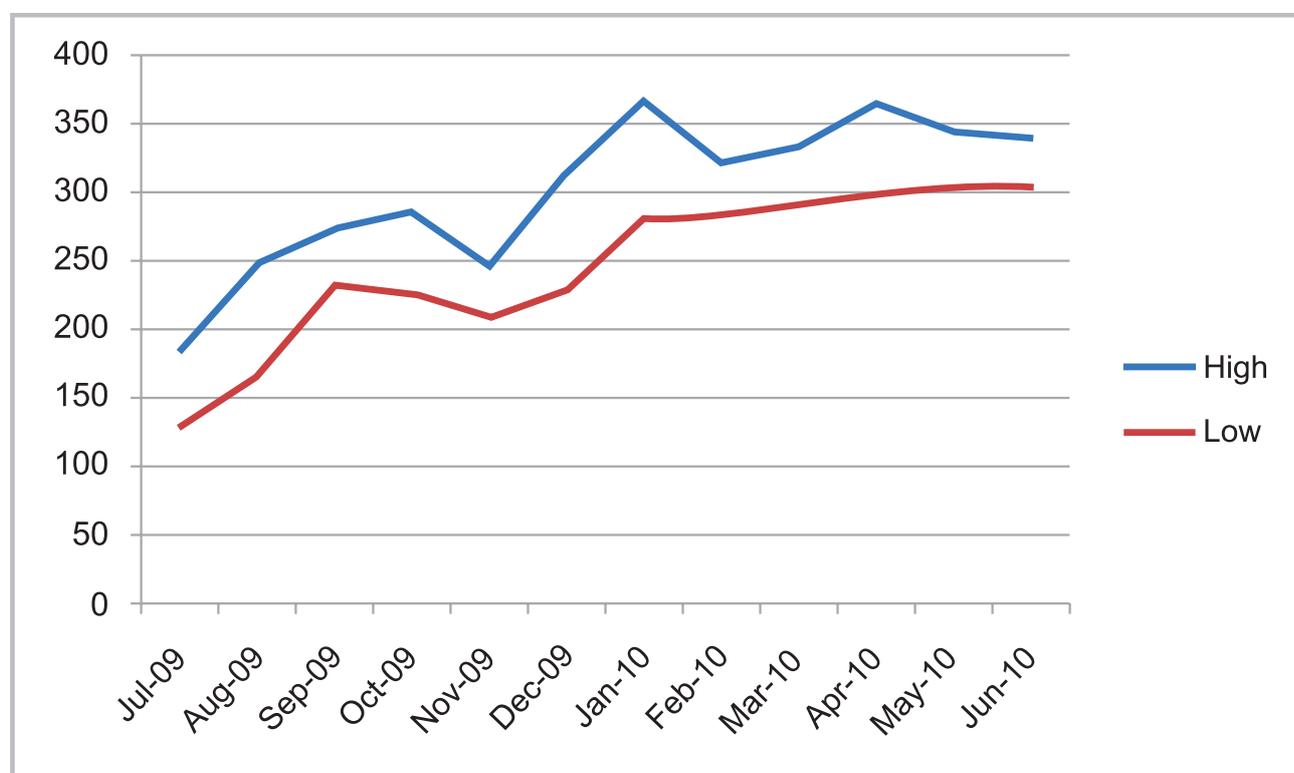
Listing fees has been paid to both the Exchanges for the FY 2009-2010. The ISIN number of the equity shares of the Company is INE870H01011.

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

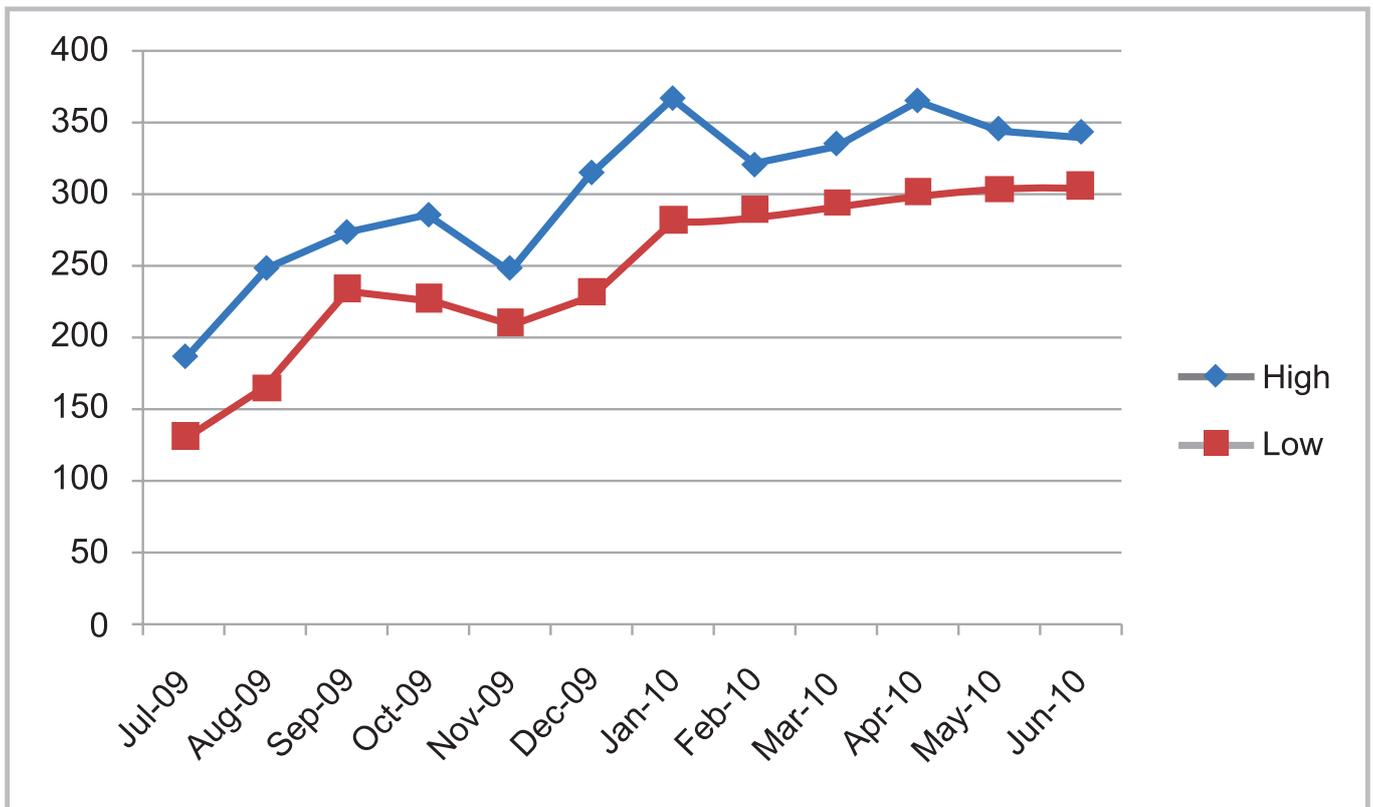
Share price Date (in Rs. Per share)

Month	NSE		BSE	
	High	Low	High	low
July 09	184	129	185	130
Aug 09	247	165	247	164
Sep 09	273	232	272	233
Oct 09	285	226	284	226
Nov 09	246	209	247	208
Dec 09	314	228	314	230
Jan 10	367	281	366	280
Feb 10	322	283	319	288
Mar 10	333	291	334	292
Apr 10	364	299	364	300
May 10	345	303	345	302
June 10	339	304	343	304

The graphical representation of the high and low price in National Stock Exchange for the financial year 2009-10

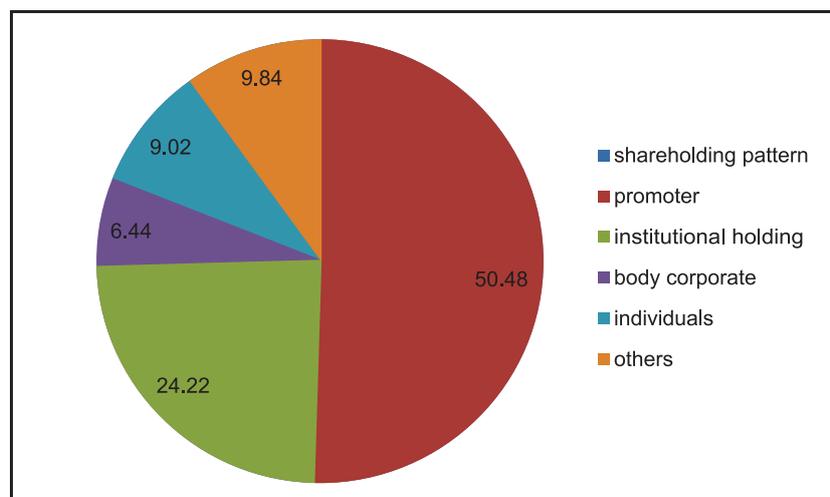


The graphical representation of the high and low price in Bombay Stock Exchange for the financial year 2009-10



9.7 Shareholding pattern as on June 30, 2010

Category of shareholder	Number of shareholders	Total number of shares	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
			As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a percentage
Shareholding of Promoter and Promoter Group						
Indian	19	7136406	50.48	50.48	787000	11.03
Foreign	0	0	0.00	0.00		
Total Shareholding of Promoter and Promoter Group	19	7136406	50.48	50.48	787000	11.03
Public shareholding						
Institutions	8	3423893	24.22	24.22		
Non-institutions						
Bodies Corporate	423	909853	6.44	6.44		
Individuals -	10179	1276016	9.02	9.02		
Any Other (specify)	184	1390675	9.83	9.83		
Total Public Shareholding	10794	7000437	49.52	49.52		
TOTAL	10813	14136843	100.00	100.00		
Shares held by Custodians and against which Depository Receipts have been issued	0	0	0.00	0.00		
GRAND TOTAL	10813	14136843	100.00	100.00		



The detailed shareholding pattern is available on the Company's website at http://www.gssamerica.com/investor_shareholding_pattern.html

9.8 Distribution of shareholding as on June 30, 2010

Range in Rs.	Total Holders	% of Total Holders	Total holding in Rs.	% of Total Capital
Upto 5000	10549	97.56	4925620	3.48
5000 to 10000	102	0.94	776680	0.55
10001 to 20000	56	0.52	852910	0.60
20001 to 30000	22	0.20	535020	0.38
30001 to 40000	7	0.06	251630	0.18
40001 to 50000	6	0.05	286920	0.20
50001 to 100000	23	0.21	1615020	1.14
100001 and above	48	0.44	132124630	93.46
Total	10813	100.00	141368430	100.00

9.9 Registrar and Share Transfer Agents

BIG SHARE SERVICES PRIVATE LIMITED

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

9.10 Bankers to the Company

· **Axis Bank Ltd**, RP Road Branch, Rashtrapati Road, Secunderabad – 500 003

9.11 Share Transfer System

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

9.12 Dematerialization of shares and liquidity

The Company has entered into agreements with NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Limited) to establish electronic connectivity. The details of dematerialization as on June 30th 2010 are as follows:

Mode	Records	%age to holders	Shares	%age to capital
NSDL	6096	56.38	11885482	84.07
CDSL	4711	43.57	1900400	13.44
Physical	6	0.06	350961	2.48
Total	10813	100	14136843	100

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

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

9.14 Office Locations

The Company doesn't have any manufacturing facilities. 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

a) NORTH AMERICA:

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

b) System Dynamix Corporation, Infospectrum and GSS Infotech Holding Inc. :

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

c) ATEC Group :

1762 Central Avenue,
Albany, New York-12205

d) GSS IT Solutions Private Limited

Block 'B', Third Floor,
Cyber Gateway HITEC City,
Madhapur, Hyderabad- 500081; AP. India
Tel: +91 40 40028700 / 1 / 2
Fax: +91 40 40028703

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

9.15 Address for correspondence

Investors' correspondence may be addressed to:

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

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

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

10 The corporate identification number (CIN) allotted by the Registrar of Companies, Andhra Pradesh to the Company is L72200AP2003PLC041860.

11 A) Status Report of utilization of IPO funds as on 30th June 2010 as per clause 43 of Listing Agreements

During the Financial Year 2007-2008 the Company has raised Rs. 13989.98 Lakhs through Initial Public Offer (IPO) of equity shares. The Scheme of Utilisation of the Proceeds has been amended, allowing the unutilised IPO proceeds for acquisition or for working capital purposes by the Company, with due approval of Members at the Annual General Meeting held on 28th December, 2009. Accordingly, the unutilised proceeds are being utilised partly for working capital purposes of the Company and its Subsidiaries, and partly parked with subsidiaries for subsequent acquisitions

B) Status Report of utilization of QIP funds as on 30th June 2010 as per clause 43 of Listing Agreements

During the quarter ended June 30th 2010, the company has raised Rs.4564.84 lakhs through qualified institutional placement by issuing 14,00,000 lakh shares@326.06 per share. The net proceeds received from the issue will be used to meet capital expenditure, additional working capital requirements and to finance the new business initiatives and strategic alliances. Rs.218.81 lakhs has been utilized to meet the issue expenses out of the proceeds above.

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

Sd/-

Mr. Bhargav Marepally
CEO & Managing Director

Sd/-

Mr. Ramesh Yerramsetti
Managing Director

Place : Hyderabad

Date: November 30, 2010

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 period ended on June 30, 2010, 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, the company has complied with the conditions of corporate governance as stipulated in clause 49 of the above mentioned listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For P.A.P.Murthy & Associates
Company Secretaries

Sd/-
Mr.P.A.P.Murthy
Partner
FCS: 926
CP No:6633

Place: Hyderabad
Date: November 30, 2010

Annexure E

Management Discussion and Analysis

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

The shift in the role of Information and Technology (IT) from merely supporting business to transforming business is driving productivity gains and helping create new business models. This has led to an increase in the importance of IT. The increasing acceptance of outsourcing and off-shoring of activities as an economic necessity has contributed to the continued growth in our revenue. As corporate and businesses adjust to “new normal” post the recent global recession, they will need to transform their business models to the changed economic and business environment. Consequently, they will have to make significant investments in IT. This opens up opportunities for us to offer our consulting, Systems Integration services and leverage our Global Delivery footprint and thus help our customers in their transformation journey.

IDC forecasts worldwide IT services spending of approximately \$695 billion by 2013, reflecting a compounded annual growth rate or CAGR of 3.3%. However, Forrester US and Global IT Market Outlook Q4 2009, predicts that U.S. IT market will grow by 6.6% in 2010 following a drop of 8.2% in 2009 and the global IT market (in US dollars) by 7.7 percent.

World-wide IT spends

USD Billion	2008	2009	Growth(%)
IT Services	591	589	(0.3)
BPO	110	112	1.8
Packaged Software	304	307	1.0
Hardware	600	550	(8.3)
Total	1605	1558	(2.9)
R&D and Engineering	1030	1100	6.8

Source: IDC-Nasscom Strategic Review 2010

Global IT services spend	2008 % share	Growth (%)	2009 % share	Growth (%)
Americas	41.6	5.3	42.1	1.3
Europe, Middle East, and Africa	42.7	8.8	41.9	2.1
Asia Pacific	15.7	13.1	16	2.1
Global IT services spend	100	-	100	-

Source: IDC-Nasscom Strategic Review 2010

IT services spends by Geography

“On an industry basis, US manufacturers, financial services firms, utilities, and healthcare will see the strongest growth in 2010,” especially for enterprise and small and medium-size business (SMB) buying. IT services growth will lag, with systems integration projects waiting for licensed software purchases to rise.

Trends in industry vertical global IT Services spending

Industry verticals (USD Billion)	2008	2013	2008-2013 CAGR
Banking and Financial Services	136	157	3
Energy & Utilities	33	39	3.8
Government	152	190	4.5
Healthcare	26	32	4.1
Hi-Tech	57	65	2.7
Hospitality	9	10	2.5
Insurance	52	59	2.7
Life Sciences & Pharmaceutical	11	13	3.3
Manufacturing & Process	100	107	1.5
Retail	58	67	3
Telecom, Media and Entertainment	76	92	4
Travel and Transportation	29	33	2.7
Others	35	43	2.7
Grand Total	774	907	3.2

Source: IDC-Nasscom Strategic Review 2010

Source: Gartner forecast: Worldwide IT spending, 2007- 2013,

Global technology spend forecast

Worldwide technology related spend data

USD Billion	2008	2013	CAGR (%)
IT Services	591	695	3.3
BPO	110	148	6.2
Software	304	381	4.7
Hardware	600	680	2.5
Total	1,605	1,904	3.5
R&D and Engineering	1030	1250	3.9

Source: Gartner forecast: Worldwide IT spending, 2007- 2013, October 2009

Global offshore IT spend

USD Billion	2008	2013	CAGR (%)
Application Management	4.8	8.1	11.1
Custom Application Development	8.1	9.1	2.3
IT Consulting	1.4	1.7	3.9
Infrastructure Services, Network and Desktop Outsourcing	2.2	4.5	15.5
Systems Integration	6.4	8.4	5.6
Others Services Offshored	8.1	10.1	4.5
IT Services Offshored	31	41.9	6.2

Source: IDC-Nasscom Strategic Review 2010

Indian Market:

At this time last year, the global economy was tenuous, and the world waited to see what 2009 would bring. In the final analysis, 2009 was one of the most difficult years for the global economy and technology industry, although India fared better than the rest of the world.

As mentioned, despite the global economic slowdown, the Indian economy was not severely affected as it continued to be propelled by the inherent dynamism in the domestic economy. IT budgets were not drastically cut, although there was a noticeable shift in enterprise IT spending from focusing on new investments to streamlining costs and improving internal efficiencies. In fact, IT spending actually increased in certain sectors such as infrastructure, telecom and the public sector.

Springboard expects India IT Market to grow at around 15.5% for the year. Data center transformations, IT manageability advancements, SaaS and virtualization investments are helping companies drive "economies of scale" by reducing operational expenditures, both from the business and IT perspective, while increasing productivity. Domestic IT vendors encouraged by India's IT market growth are moving into 2010 with greater optimism.

SMB Market

"Small and midsize businesses are an important part of every economy and technology is the backbone of many SMBs. IT can help drive the efficiencies and growth that will spur SMB stability as they help lead us to economic recovery." Steve Ballmer, CEO, Microsoft

SMBs around the globe employ 80 percent of the world's work force and generate more than half of its GDP. These businesses also invest significantly in information technology (IT) as a core business tool. According to market research firm Gartner, "The SMB market represents 44% of the total IT market spending. We predict that SMBs will spend \$800 billion on IT in 2010. Our research indicates that midsize businesses worldwide will increase their IT spending in 2010 by 5.4% over 2009 spending levels."

Key 2010 SMB Technologies include Upgrading OS, Backup, Hardware, Virtualization, Server Consolidation and Migration of Server OS

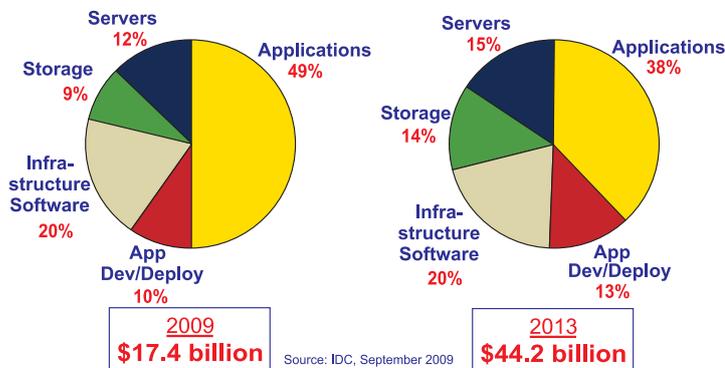
Upgrading PC operating systems is viewed as the top area of opportunity in 2010 (61%) followed closely by backup (56%), PC hardware purchases (55%), virtualization (53%), IT consolidation (51%) and migrating to latest server OS (50%).

Trend toward offshore technology services

Outsourcing the development, management and ongoing maintenance of technology platforms and solutions has become increasingly important. The effective use of offshore technology services offers a variety of benefits, including lower cost of ownership of IT infrastructure, lower labor costs, improved quality and innovation, faster delivery of technology solutions and more flexibility in scheduling. In addition, technology companies are also recognizing the benefits of offshore technology service providers in software research and development, and related support functions and are outsourcing a greater portion of these activities. This has also increased diversification in the range of services delivered offshore.

Cloud Computing Market:

Worldwide IT Cloud Services Revenue* by Product/Service Type



* Includes revenue from delivery of applications, App Development/Deployment SW, Systems Infrastructure SW, and Server and Disk Storage capacity via Cloud Services model. AD&D excludes online B2B messaging providers/exchanges

Overview of the Company

The Company is in the business of providing a range of IT & IT enabled solutions and services to companies worldwide, primarily companies in the banking, insurance and financial services industries. Over the years, the Company has evolved its business model into a right shoring kind of a model. The Company operates two main business lines, namely IT infrastructure management services and Enterprise Application and Integration services. These business lines together offer services like Remote Infrastructure Management, Data centre consolidation, Virtualization, Business Service Management, Portal and Content Management, Enterprise Information and Data Solutions, Collaboration and Web 2.0 solutions. In February 2008, the Company completed an initial public offering of its Equity Shares and during the financial year the company has raised funds by way of qualified institutional placement. The Equity Shares are currently traded on the BSE and the NSE. Your company proposes to set up operations under SEZ during the current year to capitalize on the huge potential of cloud computing markets.

As at June 2010, the Company serviced over 100 active customers in USA and Middle East through its portfolio of namely IT infrastructure management services and Enterprise Application and Integration services (EAI). The IT infrastructure services segment contributed 74.09% and EAI services segment contributed 25.91% of the total revenue in the twelve month period ended June 30, 2010.

The Company had over 900 employees at its offices in India, USA and Middle East as on June 30, 2010. Employee satisfaction and the growth of the employees is a primary concern as the Company feels that they are the key resources of the Company. It therefore focuses on training and adding to the skill sets of the employees which in-turn improves the service provide to the clients.

The Company emphasizes on quality which it feels acts as a key differentiator and also provides it a competitive edge with respect to its competitors. The Company conforms to the best quality standards and has thus got itself certified with SEI CMMI Level 3, ISO 9001 and 27001 to emphasise on its commitment to quality. The Company also has a dedicated Network Operating Centre (NOC) in Hyderabad, India.

The Company has a dedicated marketing and sales team which focuses on getting new clients and also act as an interface between the existing clients and the Company. The Company thus has a sales team of over 30 personnel at its offices in India, the United States, the Middle East and the APAC region supported by a global marketing team based in India.

KEY FACTORS AFFECTING ITS FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Several factors have affected the Company's results of operations, financial condition and cash flow significantly over the past three years. Some of the many factors are:

- A downturn in the economy of the United States as a part of the global economic recession;
- General economic conditions in India and the larger global markets;
- Changes in the demand for IT products and services, particularly in the banking and financial services sectors;
- Fluctuations in the rate of exchange of major foreign currencies;
- Increase in our debt component due to acquisitions and new business initiatives;
- Competition in India, the United States and other international markets from other IT product and service companies, which among other things affects the Company's ability to penetrate its target market segment;
- Increase in salaries and wages due to increases in operations after acquisitions;
- Increase in depreciation due to investment in new business;
- Changes in net working capital;
- Identification and integration of acquisition targets; and
- Management of differing regulations and taxation for our global operations.
- The aforesaid factors and a number of other future developments may affect the Company's results of operations, financial condition and cash flow in future periods. Further, the Company believes that other developments that may affect the Company's future results of operations, financial condition and cash flow may among other things include:
- Acceptance of the Company's service offerings in the domestic and international markets;

- Pricing pressures for the Company's IT services due to continued competition from other IT products, services and transaction services companies;
- Capital expenditure and related financings;
- Heightened competition in hiring and retaining skilled IT personnel;
- The Company's ability to expand international operations;
- Gain or loss of significant customers;
- New strategic partnerships or mergers/acquisitions; and
- Obtaining funding for additional acquisition opportunities and their working capital requirements.

Foreign Currency Fluctuations and Regulations

The functional currency of the Company is the Indian Rupee. The functional currency for the Subsidiaries and branch offices of the Company is the respective local currency of each subsidiary or branch office. The financial statements included in this annual report are reported in Indian Rupees. The exchange rate on the date of the Balance Sheet is the reference rate for the conversion of the foreign currency into Indian Rupees. The conversion to Indian Rupees is performed for the balance sheet amounts using the exchange rate in effect at the balance sheet date, and for revenue and expense accounts using an average exchange rate for the respective periods. The gains & losses resulting from such translation, in subsidiaries are reported under reserves in the balance sheet and in branches are reported as other income/expense.

The Company's margins and net income are affected by the movements of the Indian Rupee against other currencies, including the US dollar. Currently almost 90% of the revenues are being generated in foreign currencies and accordingly face exchange risks.

DISCUSSION ON RESULTS OF OPERATIONS. (Standalone)

Operational Income

The operational income for the year ending 30.06.2010 stood at Rs.479.53 million. The revenue is attributed to sustained efforts of the Company.

Other Income

Other Income for the year ending 30.06.2010 stood at Rs.4.72 million. This is due to the increase in the investment of surplus fund in short term liquid instruments.

Total expenditure

The operating, general and selling expenses in 2009-10 stood at Rs.315.42 million. This is due to the overall increase in the operational efficiency leading to slight reductions on costs in most of the areas, though the salary costs have increased.

Depreciation

The depreciation in FY 2009-10 stood at Rs.206.38 million.

Profit before Tax

The Company's net profit before tax for the year in absolute term stood at Rs.168.83 million

Liquidity and Capital Resources

The Company's primary liquidity needs have been to finance its working capital requirements and capital expenditures. To fund these costs, they have relied principally on internal accruals and IPO Proceeds made in March 2008.

Receivables

Quantitative and Qualitative Disclosure about Market Risk

The Company is exposed to market risk from changes in foreign exchange rates. The above discussion is based on its consolidated financial statements under Indian GAAP.

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

Particulars	Period Ended 30 th June 2010	
	For the 12 months ended 2009-10	For the 15 months ended 2008-09
Income	(Rs. In lakh)	
Sales :		
Software Services	42828.30	49546.55
Other income	102.63	1483.14
Total	42931.93	51029.70
Expenditure		
Staff Costs	17370.41	25978.84
Depreciation	1635.39	1555.48
Administration Expenses	2811.56	2340.72
Interest	-	3.42
Net Profit before tax and extraordinary items	6860.22	8719.68
Taxation	1218.13	580.56
Net Profit after tax	5642.09	8139.11

Annexure F

CEO & CFO certification

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

- a. We have reviewed financial statements and the cash flow statement for the year 2009-10 and that to the best of our knowledge and belief :
 1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have:
 1. Evaluated the effectiveness of internal control systems of the company pertaining to financial reporting
 2. Disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee significant changes in internal control over financial reporting during the year;
- e. There are no significant changes in accounting policies during the year to be disclosed to the auditors and the audit committee
- f. There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

For GSS America Infotech Limited

Sd/-
Mr. Bhargav Marepally
CEO & Managing Director

Sd/-
Mr. Ravi Sankar Chivukula
Chief Financial Officer

Place: Hyderabad
Date: November 30, 2010

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 2009-2010.

On behalf of the Board of Directors

Sd/-

Mr. Bhargav Marepally
Chief Executive Officer & Managing Director

Place : Hyderabad

Date : November 30, 2010

AUDIT REPORT

TO
THE BOARD OF DIRECTORS,
GSS AMERICA INFOTECH LIMITED
HYDERABAD

1. We have audited the attached consolidated Balance Sheet of GSS AMERICA INFOTECH LIMITED ('the Company') and its Subsidiaries as at 30th June, 2010 and the consolidated Profit and Loss Account and the consolidated cash flow statement for the period ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information of the Company and its Subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of those subsidiaries whose financial statements reflect their share of total assets (net) of **Rs. 216,38,56,935/-** as at June 30, 2010, their total share of profits before tax of **Rs.53,78,30,019/-** and their net cash inflows amounting to **Rs.122,60,34,808/-** for the year ended on that date as considered in the consolidated financial statements. These financial statements and other financial information of these subsidiaries have been audited by other auditors, whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21- Consolidated Financial Statements, notified under the provisions of the Companies Act, 1956
5. Based on our audit and on consideration of the reports of the other auditors on separate financial statements and on the other financial information of the entities, in our opinion and to the best of our information and according to the information and explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India in case of:
 - (a) the consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at June 30, 2010;
 - (b) the consolidated Profit and Loss account, of the consolidated results of operations of the company and its subsidiaries for the year ended on that date; and
 - (c) the consolidated Cash Flow statement, of the consolidated cash flows of the company and its subsidiaries for the year ended on that date.

For SARATH & ASSOCIATES
Chartered Accountants
Firm Regn No.005120S

Sd/-
P. SARATH KUMAR
Partner
Membership No:21755

Hyderabad
30.11.2010

Consolidated Report

GSS AMERICA INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2010

(Amount in Rupees)

PARTICULARS	SCH. No.	AS AT June 30 2010		AS AT June 30 2009	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	141,368,430		127,400,720	
Reserves And Surplus	2	4,318,258,114	4,459,626,544	3,360,499,962	3,487,900,682
DEFERRED TAX LIABILITY (NET)	3	9,210,671		1,378,700	
TOTAL		4,468,837,215		3,489,279,382	
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	2,120,319,220		1,035,204,438	
Depreciation		393,410,467		230,746,203	
Net Block		1,726,908,753		804,458,235	
NET CURRENT ASSETS					
Current Assets, Loans and Advances					
Sundry Debtors	5	1,169,904,441		1,566,104,836	
Cash and Bank Balances	6	1,614,719,288		597,960,630	
Deposits, Loans and Advances	7	387,892,436		895,238,832	
		3,172,516,165		3,059,304,298	
Less: Current Liabilities and Provisions	8	430,587,703		374,483,151	
Net Current Assets		2,741,928,462		2,684,821,147	
TOTAL		4,468,837,215		3,489,279,382	
NOTES TO ACCOUNTS	13				

For and on behalf of the board

Per Our Report of Even Date
For SARATH & ASSOCIATES
Chartered Accountants
Firm Regn No:0051205

Sd/-
Mr.Bhargav Marepally
CEO & Managing Director

Sd/-
Mr.Ramesh Yerramsetti
Managing Director

Sd/-
P.SARATH KUMAR
Partner
Membership No:21755

Sd/-
Mr.Ravi Sankar Chivukula
Chief Financial Officer

Sd/-
Mr.Someswara Rao Artham
Company Secretary

HYDERABAD
30.11.2010

GSS AMERICA INFOTECH LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30TH, 2010

(Amount in Rupees)

PARTICULARS	Sch No.	12 months ended 30 th June, 2010	15 months period ended 30th June, 2009
INCOME			
Income from Software Services		4,282,830,065	4,954,655,965
Other Income	9	10,263,535	148,314,726
TOTAL	(A)	<u>4,293,093,600</u>	<u>5,102,970,691</u>
EXPENSES			
Human Resources Costs And Cost of Sales	10	3,162,375,236	3,841,382,799
Operational, Administration And Selling Costs	11	281,156,466	234,072,025
TOTAL	(B)	<u>3,443,531,702</u>	<u>4,075,454,824</u>
Profit before Interest and Depreciation	(A) - (B)	<u>849,561,898</u>	<u>1,027,515,867</u>
Less: Interest		-	341,945
Depreciation and Amortisation	163,539,540	163,539,540	155,206,059
Profit before Taxation		<u>686,022,358</u>	<u>871,967,863</u>
Less: Tax Expense	12	<u>121,813,297</u>	<u>58,056,725</u>
Profit After Tax		<u>564,209,061</u>	<u>813,911,138</u>
Add: Profit brought forward from previous year		1,658,693,055	930,075,729
Profit Available for Appropriation		2,222,902,116	1,743,986,867
Less: Appropriations:			
Transfer to General Reserve	7,000,000		17,154,627
Transfer to Share Buy back	-		45,786,980
Proposed Dividend	21,205,265		19,105,265
Provision for Dividend Distribution Tax	3,521,930	31,727,195	3,246,940
Net Profit carried to Balance Sheet		<u>2,191,174,921</u>	<u>1,658,693,055</u>
EARNINGS PER SHARE - Basic		44.10	62.26
- Diluted		44.10	62.26
(Face Value Rs. 10/- per Share)			
Notes To Accounts	13		

For and on behalf of the board

Per Our Report of Even Date
For SARATH & ASSOCIATES
 Chartered Accountants
 Firm Regn No:0051205

Sd/-
 Mr.Bhargav Marepally
 CEO & Managing Director

Sd/-
 Mr.Ramesh Yerramsetti
 Managing Director

Sd/-
P.SARATH KUMAR
 Partner
 Membership No:21755

Sd/-
 Mr.Ravi Sankar Chivukula
 Chief Financial Officer

Sd/-
 Mr.Someswara Rao Artham
 Company Secretary

HYDERABAD
 30.11.2010

GSS AMERICA INFOTECH LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2010

(Amount in Rupees)

Particulars	For the Year ended June 30 2010	For the Period ended June 30 2009
A. Cash Flow from Operating Activities:		
Profit Before Tax	686,022,358	871,967,863
Adjustments for:		
Depreciation and Amortisation	163,539,540	155,206,059
Interest Earned	(10,049,397)	(29,333,485)
Interest Expense	-	341,945
Provision for Bad Debts	11,670,000	34,845,000
Bad debts written off	3,296,704	21,929
	168,456,847	161,081,448
Operating Profit before Working Capital Changes	854,479,205	1,033,049,311
Adjustments for:		
(Increase) / Decrease in Debtors	381,233,691	(773,547,898)
(Increase) / Decrease in Loans and Advances	507,346,396	(314,934,150)
Increase / (Decrease) in Current Liabilities and Provisions	64,466,307	18,911,158
	953,046,394	(1,069,570,890)
Cash Generated from Operating Activities	1,807,525,599	(36,521,579)
Less: Direct Tax paid	(124,856,085)	(64,147,712)
Net Cash Flow from Operating Activities (A)	<u>1,682,669,514</u>	<u>(100,669,291)</u>
B. Cash Flow from investing Activities:		
(Purchase) / Sale of Fixed Assets (net)	(287,656,751)	(560,704,192)
Consideration for new acquisition	(805,254,910)	-
Short term investments	13,771,760	167,032,253
Foreign Exchange Translation Reserve	4,831,402	136,895,425
Interest Received	10,049,397	29,333,485
Net Cash Flow from Investing Activities (B)	<u>(1,064,259,102)</u>	<u>(227,443,029)</u>

GSS AMERICA INFOTECH LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2010

(Amount in Rupees)

Particulars	For the Year ended June 30 2010	For the Period ended June 30 2009	
C. Cash Flow from Financing Activities :			
Net Proceeds from Issue of Share Capital	456,484,000	-	
Buy Back of Equity Share Capital	(268,527)	(85,853,534)	
Share Issue Expenses Paid	(21,881,276)	(546,150)	
Payment of Dividend	(19,105,265)	(33,250,000)	
Payment of Dividend Tax	(3,246,940)	(4,663,313)	
Interest Paid	-	(341,945)	
Proceeds from Unsecured Loans	30,000,000	-	
Repayment of Unsecured Loans	(30,000,000)	-	
Net Cash Used in Financing Activities: (C)	<u>411,981,992</u>	<u>(124,654,942)</u>	
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	1,030,392,404	(452,767,262)	
Cash and Cash Equivalents at the Beginning of the Year	411,423,715	864,190,977	
Cash and Cash Equivalents at the end of the Year	1,441,816,119	411,423,715	
<hr/>			
Cash and Cash Equivalents :	As on	As on	As on
	30.06.2010	30.06.2009	31.03.2008
Cash and Bank Balances As per Balance Sheet	1,614,719,288	597,960,630	864,190,977
Less: Deposits for designated purposes	172,903,169	186,536,915	-
	<u>1,441,816,119</u>	<u>411,423,715</u>	<u>864,190,977</u>

Note:

- 1 Figures in brackets indicate cash outgo
- 2 The above cash flow statement has been prepared under the Indirect method set out in Accounting standard -3 notified under the Companies Act,1956
- 3 Significant Accounting Policies and other Notes to Accounts (Schedule - 13) form an Integral part of the Cash flow Statement.
- 4 Previous year figures have been regrouped/reclassified wherever necessary to conform to current year classification.

For and on behalf of the board

Per Our Report of Even Date
For SARATH & ASSOCIATES
Chartered Accountants
Firm Regn No:0051205

Sd/-
Mr.Bhargav Marepally
CEO & Managing Director

Sd/-
Mr.Ramesh Yerramsetti
Managing Director

Sd/-
P.SARATH KUMAR
Partner
Membership No:21755

Sd/-
Mr.Ravi Sankar Chivukula
Chief Financial Officer

Sd/-
Mr.Someswara Rao Artham
Company Secretary

HYDERABAD
30.11.2010

GSS AMERICA INFOTECH LIMITED

Consolidated Schedules forming part of Balance Sheet As At June 30, 2010

(Amount in Rupees)

PARTICULARS	As at June 30, 2010	As at June 30, 2009
SCHEDULE 1 - Share Capital:		
Authorised Share Capital:		
15,000,000 Equity shares of Rs.10/- each.	150,000,000	150,000,000
Issued, Subscribed and Paid Up Share Capital:		
1,41,36,843 Equity Shares of Rs.10/- each fully paid up (Prev Year 1,27,40,072 Equity Shares of Rs 10 each fully paid up)	141,368,430	127,400,720
i) Out of the above 79,90,000 fully paid up equity shares of Rs 10/- each were issued as bonus shares during the years 2006-07 and 2007-08		
ii) During the year 3229 (Previous year 559928) Equity Shares have been bought back		
TOTAL	141,368,430	127,400,720
SCHEDULE 2 - Reserves and Surplus:		
Capital Reserve:		
Balance brought forward	6,921,603	6,921,603
Less: Absorbed against Goodwill on Amalgamation	6,921,603	-
		6,921,603
Securities Premium:		
Balance brought forward	1,579,981,111	1,580,527,261
Add: Additions during the year	442,484,000	-
	2,022,465,111	1,580,527,261
Less: Share Issue expenses incurred during the year	21,881,276	546,150
	2,000,583,835	1,579,981,111
General Reserve:		
Balance brought forward	17,154,627	34,467,274
Add: Additions during the year	7,000,000	17,154,627
	24,154,627	51,621,901
Less: Utilised for buy back of Equity Shares	236,237	34,467,274
	23,918,390	17,154,627
Foreign Exchange Translation Reserve	102,580,968	97,749,566
Profit And Loss Account (Surplus)	2,191,174,921	1,658,693,055
TOTAL	4,318,258,114	3,360,499,962
SCHEDULE 3 - Deferred Tax Liability (Net):		
Balance brought forward	1,378,700	558,114
Add: Adjustments for the year	7,831,971	820,586
	9,210,671	1,378,700

SCHEDULE 4 - FIXED ASSETS ENCLOSED

SCHEDULE 4 - FIXED ASSETS:

(Amount in Rupees)

S.No.	Particulars	Gross Block Value				Accumulated Depreciation				Net Block Value	
		As on 01.07.2009	Additions	Deductions	As on 30.06.2010	As on 01.07.2009	For the year	On Deductions	Upto 30.06.2010	As on 30.06.2010	As on 30.06.2009
A.	TANGIBLE ASSETS:										
1	Goodwill	603,267,928	798,333,307	-	1,401,601,235	173,832,291	120,653,586	-	294,485,877	1,107,115,358	429,435,637
2	Computer Equipment	413,982,934	14,579,714	240,597	428,322,051	48,065,812	27,548,911	240,597	75,374,126	352,947,925	365,917,122
3	Furniture And Fixtures	4,249,891	7,316,386	-	11,566,277	2,738,025	1,329,476	-	4,067,501	7,498,776	1,511,866
4	Vehicles	8,608,347	2,810,649	652,061	10,766,935	4,305,722	1,144,690	624,252	4,826,160	5,940,775	4,302,625
5	Plant and Machinery	5,095,338	2,977,811	10,427	8,062,722	1,804,353	1,180,685	10,427	2,974,611	5,088,111	3,290,985
	Total (A)	1,035,204,438	826,017,867	903,085	1,860,319,220	230,746,203	151,857,348	875,276	381,728,275	1,478,590,945	804,458,235
B	INTANGIBLE ASSETS:										
1	Software	-	260,000,000	-	260,000,000	-	11,682,192	-	11,682,192	248,317,808	-
	Total (B)	-	260,000,000	-	260,000,000	-	11,682,192	-	11,682,192	248,317,808	-
	GRAND TOTAL	1,035,204,438	1,086,017,867	903,085	2,120,319,220	230,746,203	163,539,540	875,276	393,410,467	1,726,908,753	804,458,235
	Previous Year Total	478,072,540	562,665,917	5,534,019	1,035,204,438	79,112,439	155,206,059	3,572,295	230,746,203	804,458,235	398,960,101

GSS AMERICA INFOTECH LIMITED

Consolidated Schedules forming part of Balance Sheet As At June 30, 2010

(Amount in Rupees)

PARTICULARS	As at June 30, 2010		As at June 30, 2009	
SCHEDULE 5 - Sundry Debtors:				
(Unsecured, Considered Good otherwise stated)				
Outstanding for a period exceeding Six Months	35,485,812		50,106,690	
Less: Provision for Bad Debts	11,670,000	23,815,812	34,845,000	15,261,690
Others		1,146,088,629		1,550,843,146
TOTAL		1,169,904,441		1,566,104,836
SCHEDULE 6 - Cash and Bank Balances:				
Cash on Hand		144,154		61,136
Balances with Banks:				
- In Current Accounts		1,441,671,965		411,362,579
- In Dividend Accounts		362,920		224,906
- In Deposits Accounts		172,540,249		186,312,009
(Of the above Rs. 52389653/- (Previous year 27,83,522/-) have been pledged against guarantees issued by the Banks)				
TOTAL		1,614,719,288		597,960,630
SCHEDULE 7 - Deposits, Loans and Advances:				
(Unsecured, Considered good unless otherwise stated)				
Rental & Other recoverable Deposits		10,763,309		20,352,433
Advances for Capital Equipments		-		3,096,367
Advances Recoverable in <i>Cash or in Kind or for value to be received</i>		133,966,348		418,961,943
Prepaid Expenses		1,384,265		484,705
Advances To Employees		684,316		4,874,249
Tax Credit Entitlements		78,344,198		47,962,003
Other Advances and Receivables		162,750,000		399,507,132
TOTAL		387,892,436		895,238,832
Schedule 8 - Current Liabilities and Provisions:				
A. Current Liabilities:				
Sundry Creditors		203,825,229		160,615,840
Other Current Liabilities		98,643,863		76,221,946
<u>Investors Education and Protection Fund:</u>				
Unclaimed Dividend		362,920		224,906
(Of the above, there is no amount due and outstanding to be credited to Investor Education and Protection Fund)				
B. Provisions:		302,832,012		237,062,692
Provision for Employee Retirement Benefits	1,364,775		2,529,774	
Proposed Dividend	21,205,265		19,105,265	
Provision for Dividend Distribution Tax	3,521,930		3,246,940	
Provision for Income Tax (Net of Tax Paid)	101,663,721	127,755,691	112,538,480	137,420,459
TOTAL		430,587,703		374,483,151

GSS AMERICA INFOTECH LIMITED

Consolidated Schedules forming part of Profit and Loss Account for the year ended June 30, 2010

(Amount in Rupees)

PARTICULARS	12 month Year ended 30-Jun-2010	15 month Year ended 30-Jun-2009
Schedule 9 - Other Income:		
Interest Income	10,049,397	29,333,485
Miscellaneous Income	214,138	3,181,899
Gain on Exchange Rate Fluctuations	-	115,799,342
TOTAL	10,263,535	148,314,726
Schedule 10 - Human Resources Costs & Cost of Sales:		
Software Expenses	283,406,869	257,164,988
Subcontractor Expenses	1,141,927,077	986,332,827
Salaries And Allowances	1,725,937,498	2,576,732,788
Recruitment & Training	2,666,343	3,131,165
Employee Welfare Exp.	1,085,308	7,418,675
Relocation Expenses	152,141	1,602,356
Managerial Remuneration	7,200,000	9,000,000
TOTAL	3,162,375,236	3,841,382,799
Schedule 11 - Operational, Administration And Selling Costs:		
Directors Sitting Fees	280,000	900,000
Printing And Stationery	815,783	555,390
Telephone Expenses	7,014,644	6,880,906
Internet & Web Expenses	4,908,125	6,595,937
Rent	36,022,901	49,581,504
Insurance	21,882,908	23,906,363
Rates And Taxes	2,626,611	2,329,685
License, Immigration And Permits	2,781,576	5,644,880
Local Conveyance & Vehicle Maintainence	4,361,293	2,752,037
Repairs And Maintainence	5,876,792	4,931,460
Travel Expenses	25,346,298	29,289,223
Utilities	3,306,168	4,977,093
Professional Fees	107,817,500	47,594,678
Audit Fees	1,433,400	260,000
Advertisement And Business Promotion	13,067,055	4,638,656
Bad Debts Written Off (Net of Provision for Bad Debts written back -348,45,000/-)	3,296,704	21,929

GSS AMERICA INFOTECH LIMITED

Consolidated Schedules forming part of Profit and Loss Account for the year ended June 30, 2010

(Amount in Rupees)

PARTICULARS	12 month Year ended 30-Jun-2010	15 month Year ended 30-Jun-2009
Provision for Bad Debts	11,670,000	34,845,000
Meeting Expenses	117,085	770,478
Office Expenses	4,744,252	4,409,281
Postage & Delivery	662,153	1,312,412
Finance Charges	1,262,541	1,158,797
General Expenses	441,753	572,159
Prior Year Expenses	-	144,157
Loss on Exchange Rate Fluctuation	21,420,924	-
TOTAL	281,156,466	234,072,025
Schedule 12 - Tax Expenses:		
Current Income Tax	144,401,234	104,307,636
MAT Credit Entitlements	(30,382,195)	(27,195,797)
Income tax Adjustments of earlier Years	(37,713)	(20,766,206)
Fringe Benefit Tax	-	890,506
Deferred Tax Charge	7,831,971	820,586
TOTAL	121,813,297	58,056,725

GSS AMERICA INFOTECH LIMITED

SCHEDULE 13 - NOTES TO CONSOLIDATED ACCOUNTS:

(A) Company Overview

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

(B) List of Subsidiaries and Step Down Subsidiaries considered for consolidation:

S.No.	Name of the Entity	Country of Incorporation	Extent of Holding held by Parent Company	
			30.06.2010	30.06.2009
A.	Subsidiaries:			
1	GSS America Inc	USA	100%	100%
2	GSS Infotech Holdings Inc	USA	100%	—
3	GSS IT Solutions Private Ltd	India	100%	—
B.	Step Down Subsidiaries:			
1	Infospectrum Consulting Inc	USA	100%	100%
2	System Dynamix Corporation	USA	100%	100%
3	ATEC Group	USA	100%	—

(C) Significant Accounting Policies

1. Basis of Preparation of Financial Statements:

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards notified under Companies Act, 1956, accounting standards issued by Institute of Chartered Accountants of India (ICAI), and also the guidelines issued by the Securities and Exchange Board of India (SEBI).

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

2. 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.

3. **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.

4. **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 recognised where the company's right to receive dividend is established. Interest and Other Income is recognised on accrual basis.

5. **Expenditure and provisions:**

All items of expenditure are accounted on accrual basis. Provisions are made for all known losses and liabilities, which involves substantial degree of estimation in measurement and when there is present obligation as a result of past events and it is probable that there will be an outflow of resources.

6. **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 its intended use of assets, are capitalised.

Intangible assets are stated at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

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.

7. **Depreciation and Amortisation:**

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

Depreciation for assets purchased/ sold during the period is proportionately charged. Individual low cost assets (acquired for less than Rs.5000/-) are depreciated in the same year of acquisition.

Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis commencing from the date the asset is available to the company for its use.

8. Impairment of Assets:

The carrying amount of assets are being tested on annual basis for impairment so as to determine the provision required for impairment loss if any or for reversal of the provision, if any required on account of impairment loss recognised in previous periods.

9. 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 recognise any decline, other than temporary, in the value of such investments.

10. 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.

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 foreign exchange translation reserve and is shown under "Reserves And Surplus".

11. Taxes on Income

Tax expense for the 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 recognised for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases of the respective countries.

12. Employee Benefits

Short Term Benefits:

Short Term Employee Benefits, at the undiscounted amount in the year in which the services have been rendered, are charged off to the Profit and Loss Account.

Long Term Benefits:

Eligible employees receive benefit from matching contribution from the employer to Provident Fund Scheme, State Insurance and Other Schemes which are defined benefit plans. Both the employee and company make monthly contributions to these plans equal to specified percentage of the employee's salary.

Retirement Benefits:

Retirement benefits such as gratuity and earned leave encashment which are defined benefit plans, wherever applicable is made on the basis of an actuarial valuation at the balance sheet under Project Unit Credit Method. The Present value of liability of gratuity is being met through contributions to a fund set-apart for this purpose.

Terminal Benefits

Terminal Benefits are recognised as an expense as and when incurred.

13. Borrowing Costs:

Borrowing costs that are attributable to the acquisition of a qualifying asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use. Other borrowing costs are recognised as expense for the period.

14. Leases:

Lease of assets under which all the risks and rewards of ownership are effectively retained by the Lessor are classified as operating leases. Lease Payments under operating leases are recognised as an expense on a straight line basis over the period of lease.

15. Proposed Dividend:

Dividends, if any as recommended by the Board of Directors are accounted in the books of account, pending approval of the members at the Annual General Meeting.

16. Earnings Per Share:

The basic earnings per share is calculated considering the weighted average number of equity shares outstanding during the year.

The diluted earnings per share is calculated considering the effects of potential equity shares on net profits after tax for the year and weighted average number of equity shares outstanding during the year.

17. Contingent Liabilities and Contingent Assets:

Contingent Liabilities, which are possible or present obligations that may but probably will not require outflow of resources, are not recognised but are disclosed in the Notes to Accounts to the financial statement. Contingent Assets are neither recognised nor disclosed in the financial statements.

(D) Notes to Accounts

1. The figures are rounded off to the nearest rupee and figures of the previous year are regrouped and reclassified wherever necessary to confirm to the current year figures.
2. As the current financial year is for a period of 12 months from July 1, 2009 to June 30, 2010 against its previous financial year of 15 months from April 1, 2008 to June 30, 2009, the current year figures are, strictly, not comparable to the corresponding figures of the previous financial year.
3. **Contingent Liabilities:**
Against Bank Guarantees issued by Banks towards financial and performance guarantees outstanding as at 30th June, 2010 amounts Rs. 4,83,26,387/- (Previous Year Rs. 22, 51,138/-)

4. Claims Not Acknowledged as Debts :

On account of disputed Income Tax Liability - Rs. 4,79,380/- (Previous Year Rs. 4,79,380/-)

5. Buy Back of Shares

In accordance with the scheme of buy back of shares through open market operations using the stock exchanges route approved by the Board of Directors during the financial year 2008-09, the company has, during the current financial year, bought back 3229 Equity Shares (Previous Year 5,59,928 Equity Shares) of Rs. 10/- each of the Company.

6. Details of Fees to Auditors:

	2009-10	2008-09
As Auditors	12,33,400	2,00,000
For Income Tax Matters	—	60,000
For Certifications	2,00,000	—
Total	14,33,400	2,60,000

7. Tax Expense:

- Current Income tax represents tax on income payable as per relevant statutes of the respective countries recognised and provided.
- Tax Credits, where there is certainty in availing the tax credit against the taxes on income paid, are recognised and shown as "Tax Credit Entitlements" under Loans and Advances in the financial statements.
- Deferred Tax:

Movement of provision for Deferred Tax for the year ended 30.06.2010 is as given below:

Particulars	(Liability)/Asset As at 30.06.2009	(Charges)/Credit for the year	As at 30.06.2010
Timing Differences on account of:			
Deferred Tax (Liability) :			
Depreciation on Assets	22,38,754	74,25,261	96,64,015
Total (A)	(22,38,754)	(74,25,261)	(96,64,015)
Deferred Tax Assets:			
Expenses Allowable on the basis of payment	8,60,054	(4,06,710)	4,53,344
Total (B)	8,60,054	(4,06,710)	4,53,344
Net (A-B)	(13,78,700)	(78,31,971)	(92,10,671)

8. Managerial Remuneration:

The Managerial Remuneration to Whole Time Directors for the year is Rs. 72,00,000/- (Previous year- Rs. 90,00,000/-)

- In the view of Management, no event has taken place to trigger the need for testing its assets for impairment. Accordingly, as per the management's assessment, the carrying values of its assets as at the Balance sheet date are not higher than their corresponding recoverable amounts.

10. Leases:

The Company has operating lease for office premises, which is renewable on a periodical basis and cancellable at its option.

Rental Expenses for operating lease recognized in Profit and Loss account is Rs. 3,12,42,177/- (Previous Year 4,23,16,994/-)

The future minimum lease payments are as given below:

Not later than one year	Rs.	2,51,50,992/-
Later than one year and not later than five years	Rs.	4,16,22,703/-
Later than five years	Rs.	NIL

11. Segment Reporting

Business Segments:

The Company operates in a single business segment i.e., Software Services.

Geographical Segments:

	2009-10 Rs.	2008-09 Rs.
Business from United States of America	424,34,89,205	52,08,99,352
Business from Middle East	2,04,39,233	34,97,794
Business from APAC Region	1,81,15,501	—
Business from India	7,86,126	1,31,679
Total	428,28,30,065	495,46,55,965

Note: The Company does not track its assets and liabilities by geographical areas.

12. Transactions with Related Parties:

The List of Related parties with whom transactions have taken place and nature of relationship is:

A) List of Related Parties:

i) Key Management Personnel :

- a) Mr. Bhargav Marepally C.E.O. & Managing Director
- b) Mr. Ramesh Yerramsetti Managing Director

B) Transactions with Related Parties:

Particulars	2009-10		2008-09	
	Amount	Outstanding as at 30.06.2010	Amount	Outstanding as at 30.06.2009
Managerial remuneration to Key Management Personnel	72,00,000	NIL	90,00,000	NIL
Loan Received	3,00,00,000	NIL	—	—
Repayment of Loan Received	3,00,00,000	NIL	—	—

C) Disclosures in respect of transactions which are more than 10% of the total transactions of the same type with related party during the year.

Nature of Transaction	Name of the Party	2009-10 Rs.	2008-09 Rs.
Managerial Remuneration	Bhargav Marepally	36,00,000	45,00,000
	Ramesh Yerramsetti	36,00,000	45,00,000
Loan Received	Ramesh Yerramsetti	3,00,00,000	NIL
Repayment of Loan Received	Ramesh Yerramsetti	3,00,00,000	NIL

13. EARNINGS PER SHARE (EPS):

The Numerator and Denominator used to calculate Earnings Per Share :

<i>Particulars</i>	<i>2009-10 Rs.</i>	<i>2008-09 Rs.</i>
A. EARNINGS:		
<i>Profit attributable to Equity Shareholders</i>	564,209,061	79,31,44,932
B. NO.OF SHARES:		
<i>Weighted average number of Equity Shares outstanding during the year (Nos) – Basic</i>	1,27,94,793	1,27,40,072
<i>Weighted Average number of Equity shares arising out of outstanding stock options that have diluting effect on Earnings Per Share (Nos)</i>	-	-
<i>Weighted average number of Equity Shares outstanding during the year – (Nos) Diluted</i>	1,27,94,793	1,27,40,072
C. EARNINGS PER SHARE:		
<i>Earnings per Share of Par Value Rs.10/- each – Basic</i>	44.10	62.26
<i>Earnings per Share of Par Value Rs.10/- each – Diluted</i>	44.10	62.26

14. The Schedules referred to in the financial statements form an integral part of Accounts.

For Sarath & Associates
Chartered Accountants
Firm Regn No: 005120S

For GSS America Infotech Limited

Sd/-
P.SARATH KUMAR
Partner
Membership No: 21755

Sd/-
Mr. Bhargav Marepally
CEO & Managing Director

Sd/-
Mr. Ramesh Yerramsetti
Managing Director

Place : Hyderabad
Date : 30.11.2010

Sd/-
Mr. Ravi Sankar Chivukula
Chief Financial Officer

Sd/-
Mr. Someswara Rao Artham
Company Secretary

AUDIT REPORT

To
The Members of
GSS AMERICA INFOTECH LIMITED
HYDERABAD

1. We have audited the attached Balance Sheet of GSS AMERICA INFOTECH LIMITED ('The Company') as at 30th June, 2010 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 generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance 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 a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ('The Order'), issued by the Central Government of India in terms of section 227 (4A) of 'The Companies Act, 1956 ('the Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report are in agreement with the books of account maintained.
 - (iv) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
 - (v) On the basis of written representations received from the directors as on 30th June, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 30 th June 2010 ;
 - b. In the case of the Profit and Loss Account, of the profit for the year ended 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 SARATH & ASSOCIATES
Chartered Accountants
Firm Regn. No. 005120S

Sd/-
PSARATH KUMAR
Partner
Membership No. 21755

Hyderabad
30.11.2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDIT REPORT OF EVEN DATE ON THE ACCOUNTS OF GSS AMERICA INFOTECH LIMITED ('THE COMPANY') FOR THE YEAR ENDED 30 TH JUNE, 2010

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The Company has a regular programme of physical verification of fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) In our opinion and according to the information and explanations given to us, Fixed Assets disposed off during the year were not substantial and therefore, do not affect the going concern assumption.
2. The Company is a service company, primarily rendering Information Technology Services. Accordingly, as it does not hold any physical Inventories, the provisions of Clause 4 (ii) of the Order are not applicable to the Company for the current year.
3. (a) As the company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Act, the provisions of Clauses 4 (iii) (a) to (d) of the Order are not applicable to the Company for the current year.
- (b) The Company has taken interest free unsecured loan from one party covered in the register maintained under Section 301 of the Act, aggregating to Rs.3,00,00,000/- and the same has been repaid during the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for purchase of fixed assets and for sale of services and during the course of our audit, we have not come across any instances of continuing failure to correct major weaknesses in internal control system.
5. (a) According to information and explanations furnished to us and as confirmed by the management of the company, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there were no transactions in pursuance of contracts or arrangements referred to in clause 5(a) above, and exceeding the value of Rs. 5.00 Lakhs have been made during the year.
6. As the Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and rules framed there under, the provisions of Clause 4(vi) of the Order are not applicable to the Company for the current year.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. As the Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub section (1) of section 209 of the Act for any of the activities of the company, the provisions of Clause 4(viii) of the Order are not applicable to the Company for the current year..
9. (a) According to records of company and as per the information and explanation given to us, the company is generally regular in depositing with the appropriate authorities, the undisputed statutory dues including provident fund, Investor Education protection Fund, Income Tax, Sales Tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it except Wealth tax, and in respect of these statutory dues, there are no outstanding statutory dues as on 30.06.2010, which are outstanding for a period of more than six months from the date they become payable.
- (b) According to records of Company and as per information and explanations given to us, there are no dues of Income tax, Wealth tax, Service tax, Customs duty, Excise duty, which have not been deposited on account of any dispute.

- 10 The Company does not have any accumulated losses at the end of the current financial year and has not incurred any cash losses in the current financial year or in the immediately preceding financial year.
- 11 As the Company did not have any outstanding dues to any financial institution or bank or debenture holders as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company for the current year.
- 12 As the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, the provisions of Clause 4(xii) of the Order are not applicable to the Company for the current year.
- 13 In our opinion, as the Company is not a chit fund or a nidhi or mutual benefit fund or society, the provisions of Clause 4 (xiii) of the Order are not applicable to the Company for the current year.
14. As the company is not dealing or trading in shares, securities, debentures and other Investments, the Provisions of clause 4(xiv) of the order are not applicable to the Company for the current year.
15. As per the information and explanations given to us, as the Company has not given any guarantees for loans taken by others from banks or financial institutions, the provisions of Clause 4(xv) of the Order are not applicable to the Company for the current year.
16. In our opinion, and according to the Information and explanations furnished to us, as the company has not availed any term loans, the provisions of Clause 4(xvi) of the Order are not applicable to the Company for the current year.
17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, the funds raised on a short-term basis have been used for long-term Investment.
18. As per the information and explanations given to us, as 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, the provisions of Clause 4(xviii) of the Order are not applicable to the Company for the current year.
19. As the Company has not issued any secured debentures, the provisions of Clause 4(xix) of the Order are not applicable to the Company for the current year.
20. As the Company has not raised any money by public issues during the year, the provisions of Clause 4(xx) of the Order are not applicable to the Company for the current year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and as per the representation given by the Company and relied on by us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

For SARATH & ASSOCIATES,
Chartered Accountants,
Firm Regn. No. 005120S,

Hyderabad
30.11.2010

Sd/-
P.SARATH KUMAR
Partner
Membership No. 21755

Standalone Report

GSS AMERICA INFOTECH LIMITED
BALANCE SHEET AS AT 30TH JUNE 2010

(Amount in Rupees)

PARTICULARS	SCH. No.	AS AT June 30 2010	AS AT June 30 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	141,368,430	127,400,720
Reserves And Surplus	2	2,689,769,438	2,156,099,959
DEFERRED TAX LIABILITY (NET)	3	9,210,671	1,378,700
TOTAL		2,840,348,539	2,284,879,379
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	303,169,442	33,960,114
Depreciation		36,866,921	16,281,049
Net Block		266,302,521	17,679,065
INVESTMENTS	5	612,303,996	467,094,096
NET CURRENT ASSETS			
Current Assets, Loans and Advances			
Sundry Debtors	6	334,676,485	315,904,778
Cash and Bank Balances	7	288,256,069	497,532,219
Deposits, Loans and Advances	8	1,415,745,205	1,080,850,413
		2,038,677,759	1,894,287,410
Less: Current Liabilities and Provisions	9	76,935,737	94,181,192
Net Current Assets		1,961,742,022	1,800,106,218
TOTAL		2,840,348,539	2,284,879,379
NOTES TO ACCOUNTS	15		

For and on behalf of the board

Per Our Report of Even Date
For SARATH & ASSOCIATES
Chartered Accountants
Firm Regn No:0051205

Sd/-
Mr.Bhargav Marepally
CEO & Managing Director

Sd/-
Mr.Ramesh Yerramsetti
Managing Director

Sd/-
P.SARATH KUMAR
Partner
Membership No:21755

Sd/-
Mr.Ravi Sankar Chivukula
Chief Financial Officer

Sd/-
Mr.Someswara Rao Artham
Company Secretary

HYDERABAD
30.11.2010

GSS AMERICA INFOTECH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2010

(Amount in Rupees)

PARTICULARS	Sch No.	12 months ended 30 th June,2010	15 months period ended 30 th June, 2009
INCOME			
Sales Revenue	10	479,536,506	528,158,297
Other Income	11	4,721,032	147,846,081
TOTAL	(A)	<u>484,257,538</u>	<u>676,004,378</u>
EXPENSES			
Human Resources Costs & Cost of Sales	12	199,709,995	210,485,333
Operational, Administration And Selling Costs	13	115,716,475	95,043,873
TOTAL	(B)	<u>315,426,470</u>	<u>305,529,206</u>
Profit before Depreciation	(A) - (B)	<u>168,831,068</u>	<u>370,475,172</u>
Less: Depreciation		20,638,729	7,277,366
Profit before Taxation		<u>148,192,339</u>	<u>363,197,806</u>
Less: Tax Expense	14	<u>10,162,151</u>	<u>(660,949)</u>
Profit After Tax		<u>138,030,188</u>	<u>363,858,755</u>
Add: Profit brought forward from previous year		558,964,221	280,399,278
Profit Available for Appropriation		696,994,409	644,258,033
Less: Appropriations:			
Transfer to General Reserve		7,000,000	17,154,627
Transfer to Share Buy back		-	45,786,980
Proposed Dividend		21,205,265	19,105,265
Provision for Dividend Distribution Tax		3,521,930	3,246,940
Net Profit carried to Balance Sheet		<u>665,267,214</u>	<u>558,964,221</u>
EARNINGS PER SHARE - Basic		10.79	26.93
- Diluted		10.79	26.93
(Face Value Rs. 10/- per Share)			
Notes To Accounts	15		

For and on behalf of the board

Per Our Report of Even Date
For SARATH & ASSOCIATES
 Chartered Accountants
 Firm Regn No:005120S

Sd/-
 Mr.Bhargav Marepally
 CEO & Managing Director

Sd/-
 Mr.Ramesh Yerramsetti
 Managing Director

Sd/-
PSARATHKUMAR
 Partner
 Membership No:21755

Sd/-
 Mr.Ravi Sankar Chivukula
 Chief Financial Officer

Sd/-
 Mr.Someswara Rao Artham
 Company Secretary

HYDERABAD
 30.11.2010

GSS AMERICA INFOTECH LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2010

(Amount in Rupees)

Particulars	For the Year ended June 30 2010	For the Period ended June 30 2009
A. Cash Flow from Operating Activities:		
Profit Before Tax		148,192,339
Adjustments for:		
Depreciation and Amortisation	20,638,729	7,277,366
Interest Earned	(4,506,894)	(28,864,840)
		<u>16,131,835</u>
Operating Profit before Working Capital Changes		164,324,174
Adjustments for:		
(Increase) / Decrease in Debtors	(18,771,707)	(47,319,155)
(Increase) / Decrease in Loans and Advances	33,380,423	(28,150,597)
Increase / (Decrease) in Current Liabilities and Provisions	(14,985,127)	20,495,635
Cash Generated from Operating Activities		163,947,763
Less: Direct Tax paid (Net of MAT entitlement)		(37,485,707)
Net Cash Flow from Operating Activities (A)		126,462,056
B. Cash Flow from Investing Activities:		
(Purchase) / Sale of Fixed Assets (net)		(266,165,820)
Redemption of Short Term Investments		-
Investments in subsidiaries		(145,209,900)
Interest Received		4,506,894
Net Cash Flow from Investing Activities (B)		(406,868,826)
C. Cash Flow from Financing Activities:		
Net Proceeds from Issue of Share Capital		456,484,000
Buy Back of Equity Share Capital		(268,527)
Share Issue Expenses Paid		(21,881,276)
Advance to Subsidiaries		(573,467,626)
Advances given		(7,950,000)
Advances given received		254,200,000
Short Term Borrowings Received		30,000,000
Short Term Borrowings repaid		(30,000,000)
Payment of Dividend		(19,105,265)
Payment of Dividend Tax		(3,246,940)
Net Cash Used in Financing Activities		84,764,366
Net (Decrease) in Cash and Cash Equivalents (A+B+C)		(195,642,404)
Cash and Cash Equivalents at the Beginning of the Year		310,995,304
Cash and Cash Equivalents at the end of the Year		115,352,900

<u>Cash and Cash Equivalents :</u>	As on 30.06.2010	As on 30.06.2009	As on 31.03.2008
Cash and Bank Balances As per Schedule - 7	288,256,069	497,532,219	488,124,048
Less: Deposits for designated purposes	172,903,169	186,536,915	-
	<u>115,352,900</u>	<u>310,995,304</u>	<u>488,124,048</u>

Note:

- 1 Figures in brackets indicate cash outgo
- 2 The above cash flow statement has been prepared under the Indirect method set out in Accounting standard -3 notified under the Companies Act,1956
- 3 Significant Accounting Policies and other Notes to Accounts (Schedule - 15) form an Integral part of the Cash flow Statement
- 4 Previous year figures have been regrouped/reclassified wherever necessary to conform to current year classification.

For and on behalf of the board

Per Our Report of Even Date

For SARATH & ASSOCIATES

Chartered Accountants

Firm Regn No:005120S

Sd/-

Mr.Bhargav Marepally

CEO & Managing Director

Sd/-

Mr.Ramesh Yerramsetti

Managing Director

Sd/-

P.SARATH KUMAR

Partner

Membership No:21755

Sd/-

Mr.Ravi Sankar Chivukula

Chief Financial Officer

Sd/-

Mr.Someswara Rao Artham

Company Secretary

HYDERABAD

30.11.2010

GSS AMERICA INFOTECH LIMITED

Schedules forming part of Balance Sheet As At June 30, 2010

(Amount in Rupees)

PARTICULARS	As at June 30, 2010	As at June 30, 2009
SCHEDULE 1 - Share Capital:		
Authorised Share Capital:		
15,000,000 Equity shares of Rs.10/- each.	150,000,000	150,000,000
Issued, Subscribed and Paid Up Share Capital:		
1,41,36,843 Equity Shares of Rs.10/- each fully paid up (Prev. Year 1,27,40,072 Equity Shares of Rs 10 each fully paid up)	141,368,430	127,400,720
i) Out of the above 79,90,000 fully paid up equity shares of Rs 10/- each were issued as bonus shares during the years 2006-07 and 2007-08		
ii) During the year 3229 (Previous year 559928) Equity Shares have been bought back		
TOTAL	141,368,430	127,400,720
SCHEDULE 2 - Reserves and Surplus:		
Securities Premium:		
Balance brought forward	1,579,981,111	1,580,527,261
Add: Additions during the year	442,483,999	-
	2,022,465,110	1,580,527,261
Less: Share Issue expenses incurred during the year	21,881,276	546,150
	2,000,583,834	1,579,981,111
General Reserve:		
Balance brought forward	17,154,627	34,467,274
Add: Additions during the year	7,000,000	17,154,627
	24,154,627	51,621,901
Less: Utilised for buy back of Equity Shares	236,237	34,467,274
	23,918,390	17,154,627
Profit And Loss Account (Surplus)	665,267,214	558,964,221
TOTAL	2,689,769,438	2,156,099,959
SCHEDULE 3 - Deferred Tax Liability (Net):		
Balance brought forward	1,378,700	558,114
Add: Adjustments for the year	7,831,971	820,586
	9,210,671	1,378,700

SCHEDULE-4: FIXED ASSETS ENCLOSED

SCHEDULE 4 - FIXED ASSETS:

(Amount in Rupees)

S.No.	Particulars	Gross Block Value			Accumulated Depreciation			Net Block Value		
		Ason 01.07.2009	Additions	Deductions	Ason 30.06.2010	For the year	On Deductions	Upto 30.06.2010	Ason 30.06.2010	Ason 30.06.2009
A.	TANGIBLE ASSETS:									
1	Computer Equipment	22,068,812	6,674,413	42,433	28,700,792	7,004,825	42,433	18,257,932	10,442,860	10,773,272
2	Furniture And Fixtures	2,339,144	2,072,266	-	4,411,410	454,406	-	1,985,764	2,425,646	807,786
3	Vehicles	6,658,426	-	-	6,658,426	1,040,915	-	3,678,812	2,979,614	4,020,529
4	Plant and Machinery	2,893,732	515,508	10,427	3,398,813	456,393	10,427	1,262,220	2,136,593	2,077,478
	Total (A)	33,960,114	9,262,187	52,860	43,169,441	8,956,539	52,860	25,184,728	17,984,713	17,679,065
B	INTANGIBLE ASSETS:									
5	Software	-	260,000,000	-	260,000,000	11,682,192	-	11,682,192	248,317,808	-
	Total (B)	-	260,000,000	-	260,000,000	11,682,192	-	11,682,192	248,317,808	-
	GRANDTOTAL	33,960,114	269,262,187	52,860	303,169,441	20,638,731	52,860	36,866,920	266,302,521	17,679,065
	Previous Year Total	23,322,496	12,090,650	1,453,032	33,960,114	7,277,366	704,483	16,281,049	17,679,065	13,614,330

GSS AMERICA INFOTECH LIMITED

Schedules forming part of Balance Sheet As At June 30, 2010

(Amount in Rupees)

PARTICULARS	As at June 30, 2010	As at June 30, 2009
SCHEDULE 5 - Investments:		
Non-Trade -Unquoted - At Cost:		
Long Term Investments:		
In Subsidiaries:		
GSS America Inc:		
229000 Equity Shares of \$1 each	467,094,096	467,094,096
GSS Infotech Holdings Inc:		
1500 (Previous Year : NIL) Shares of Common Stock	145,110,000	-
GSS IT Solutions Private Ltd		
9990 (Previous Year: NIL) Equity Shars of Rs/. 10/- each	99,900	-
TOTAL	612,303,996	467,094,096
SCHEDULE 6 - Sundry Debtors:		
(Unsecured, Considered Good)		
Outstanding for a period exceeding Six Months	81,914,794	26,366,020
Others	252,761,691	289,538,758
TOTAL	334,676,485	315,904,778
SCHEDULE 7 - Cash and Bank Balances:		
Cash on Hand	144,154	61,136
Balances with Non-Scheduled Banks:		
- In Current Accounts	2,735,866	10,639,006
Balances with Scheduled Banks:		
- In Current Accounts	112,472,880	300,295,162
- In Dividend Accounts	362,920	224,906
-In Deposits Accounts	172,540,249	186,312,009
(Of the above Rs. 5,23,89,653 (Previous year 27,83,522/-) have been pledged against guarantees issued by the Banks)		
TOTAL	288,256,069	497,532,219

GSS AMERICA INFOTECH LIMITED

Schedules forming part of Balance Sheet As At June 30, 2010

(Amount in Rupees)

PARTICULARS	As at June 30, 2010	As at June 30, 2009
SCHEDULE 8 - Deposits, Loans and Advances:		
(Unsecured, Considered good unless otherwise stated)		
Rental & Other Recoverable Deposits	9,796,499	12,304,233
Advances for Capital Equipments	-	3,096,367
Advances Recoverable in <i>Cash or in Kind or for value to be received</i>	115,405,301	131,741,943
Advances to Subsidiaries	1,047,380,626	473,913,000
IPO Related Deposits	-	7,694,489
Prepaid Expenses	1,384,265	600,048
Advances To Employees	684,316	4,538,330
MAT Credit Entitlements	78,344,198	47,962,003
Other Advances and Receivables	162,750,000	399,000,000
TOTAL	1,415,745,205	1,080,850,413
Schedule 9 - Current Liabilities and Provisions:		
A. Current Liabilities:		
Creditors for expenses		
- Dues of Micro and Small Enterprises	-	-
- Dues of Enterprises other than Micro and Small Enterprises	28,125,131	44,197,008
Other Current Liabilities	5,980,621	3,728,872
<u>Investors Education and Protection Fund:</u>		
Unclaimed Dividend	362,920	224,906
(Of the above, there is no amount due and outstanding to be credited to Investor Education and Protection Fund)		
	34,468,672	48,150,786
B. Provisions:		
Provision for Employee Retirement Benefits	1,364,775	2,529,774
Proposed Dividend	21,205,265	19,105,265
Provision for Dividend Distribution Tax	3,521,930	3,246,940
Provision for Income Tax (Net of Tax Paid)	16,375,095	21,148,427
TOTAL	76,935,737	94,181,192

GSS AMERICA INFOTECH LIMITED

Schedules forming part of Profit and Loss Account for the year ended June 30, 2010

(Amount in Rupees)

PARTICULARS	12 month Year ended 30-Jun-2010	15 month Year ended 30-Jun-2009
Schedule 10 - Income from Software Services:		
Exports	478,750,380	528,026,618
Domestic	786,126	131,679
TOTAL	<u>479,536,506</u>	<u>528,158,297</u>
Schedule 11 - Other Income:		
Interest Income (Gross)	4,506,894	28,864,840
(Tax Deducted At Source Rs. 5,42,234/- (Prev Year: 55,43,502/-)		
Miscellaneous Income	214,138	3,181,899
Gain on Exchange Rate Fluctuations	-	115,799,342
TOTAL	<u>4,721,032</u>	<u>147,846,081</u>
Schedule 12 - Human Resources Costs & Cost of Sales:		
Software Expenses	1,201,617	476,215
Subcontractor Expenses	70,058,233	51,263,024
Salaries And Allowances	116,812,542	141,937,503
Contribution to PF and Others	2,614,632	3,137,956
Recruitment And Training	585,522	2,018,448
Employee Welfare Expenses	1,085,308	2,621,759
Relocation Expenses	152,141	30,428
Managerial Remuneration	7,200,000	9,000,000
TOTAL	<u>199,709,995</u>	<u>210,485,333</u>

GSS AMERICA INFOTECH LIMITED

Schedules forming part of Profit and Loss Account for the year ended June 30, 2010

(Amount in Rupees)

PARTICULARS	12 month Year ended 30-Jun-2010	15 month Year ended 30-Jun-2009
Schedule 13 - Operational, Administration And Selling Costs:		
Directors' Sitting Fees	280,000	900,000
Printing And Stationery	710,229	297,276
Telephone Expenses	1,169,195	1,351,105
Internet & Web Expenses	2,264,492	3,710,447
Rent	19,181,477	32,184,856
Insurance	1,428,921	328,900
Rates And Taxes	2,194,377	1,462,701
License, Immigration And Permits	212,500	200,000
Local Conveyance & Vehicle Maintainence	1,983,599	2,089,757
Repairs And Maintainence:		
- Buildings	1,400,036	351,905
- Machinery	1,307,322	1,501,333
- Others	1,848,995	1,392,463
Travel Expenses	10,761,333	3,960,664
Utilities	3,151,160	3,940,134
Professional Fees	39,080,701	32,526,411
Auditor's Remuneration	1,200,000	260,000
Advertisement And Business Promotion	3,344,026	3,801,712
Bad Debts Written Off	462,668	-
Meeting Expenses	117,085	770,478
Office Expenses	1,061,325	2,267,931
Finance Charges	694,355	976,644
General Expenses	441,753	624,999
Prior Year Expenses	-	144,157
Loss on Exchange Rate Fluctuation	21,420,926	-
TOTAL	115,716,475	95,043,873
Schedule 14 - Tax Expenses:		
Current Income Tax	32,750,088	45,589,962
MAT Credit Entitlements	(30,382,195)	(27,195,797)
Income tax Adjustments of earlier Years	(37,713)	(20,766,206)
Fringe Benefit Tax	-	890,506
Deferred Tax Charge	7,831,971	820,586
TOTAL	10,162,151	(660,949)

SCHEDULE 15 - NOTES TO ACCOUNTS:

(A) Company Overview

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

(B) Significant Accounting Policies

1. Basis of Preparation of Financial Statements:

The financial statements are prepared in accordance with Indian Generally Accepted Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards notified under 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 recognised where the company's right to receive dividend is established. Interest and Other Income is recognised on accrual basis.

4. Expenditure and provisions:

All items of expenditure are accounted on accrual basis. Provisions are made for all known losses and liabilities, which involves substantial degree of estimation in measurement and when there is present obligation as a result of past events and it is probable that there will be an outflow of resources.

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 its intended use of assets, are capitalised.

Intangible assets are stated at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

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.

6. Depreciation and Amortisation:

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 or at the rates based on their estimated useful lives of the assets.

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. Impairment of Assets:

The carrying amount of assets are being tested on annual basis for impairment so as to determine the provision required for impairment loss if any or for reversal of the provision, if any required on account of impairment loss recognised in previous periods.

8. 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 recognise any decline, other than temporary, in the value of such investments.

9. 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. The resulting net exchange difference on translation are also recorded in the Profit and Loss Account.

10. Taxes on Income

Tax expense for the 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 recognised for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases.

11. Employee Benefits

Short Term Benefits:

Short Term Employee Benefits, at the undiscounted amount in the year in which the services have been rendered, are charged off to the Profit and Loss Account.

Long Term Benefits:

Provident Fund:

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

Gratuity:

In accordance with payment to Gratuity Act 1972, the company provides for Gratuity, a defined benefit plan covering eligible employees. The Gratuity plan provides a lump sum payment to eligible employees on retirement, death, incapacitation or termination of employment, of an amount based on the respective employee salary and the tenure of the employment with company. In this regard the Company is contributing its liability to the Gratuity Fund maintained under a master policy with Life Insurance Corporation of India, as advised from time to time. The provision is made for difference if any, between the liability determined under actuarial valuation carried out under Projected Unit Credit Method and the value of funds at the balance sheet date.

Leave Encashment:

The company provides for unutilised encashable earned leave basing on the value of such leave balance eligible for carry forward as per the policy of the company, on the basis of an actuarial valuation at the balance sheet date carried out under Projected Unit Credit Method.

Terminal Benefits:

Terminal Benefits to employees are recognised as an expense as and when incurred.

12. Borrowing Costs:

Borrowing costs that are attributable to the acquisition of a qualifying asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use. Other borrowing costs are recognised as expense for the period.

13. Leases:

Lease of assets under which all the risks and rewards of ownership are effectively retained by the Lessor are classified as operating leases. Lease Payments under operating leases are recognised as an expense on a straight line basis over the period of lease.

14. Proposed Dividend:

Dividends, if any as recommended by the Board of Directors are accounted in the books of account, pending approval of the members at the Annual General Meeting.

15. Earnings Per Share:

The basic earnings per share is calculated considering the weighted average number of equity shares outstanding during the year.

The diluted earnings per share is calculated considering the effects of potential equity shares on net profits after tax for the year and weighted average number of equity shares outstanding during the year.

16. Contingent Liabilities and Contingent Assets:

Contingent Liabilities, which are possible or present obligations that may but probably will not require outflow of resources, are not recognised but are disclosed in the Notes to Accounts to the financial statement. Contingent Assets are neither recognised nor disclosed in the financial statements.

(C) Notes to Accounts

1. The figures are rounded off to the nearest rupee and figures of the previous year are regrouped and reclassified wherever necessary to confirm to the current year figures.
2. As the current financial year is for a period of 12 months from July 1, 2009 to June 30, 2010 against its previous financial year of 15 months from April 1, 2008 to June 30, 2009, the current year figures are, strictly, not comparable to the corresponding figures of the previous financial year.

3. Contingent Liabilities:

Against Bank Guarantees issued by Banks towards financial and performance guarantees outstanding as at 30th June, 2010 amounts Rs. 4,83,26,387/- (Previous Year Rs. 22, 51,138/-)

4. Claims Not Acknowledged as Debts :

On account of disputed Income Tax demand, amounting to Rs. 4,79,380/- (Previous Year Rs. 4,79,380/-) where the Income Tax Department preferred an Appeal before the Income Tax Appellate Tribunal, paid and held as recoverable, not acknowledged as debt by the company.

5. Buy Back of Shares

In accordance with the scheme of buy back of shares through open market operations using the stock exchanges route approved by the Board of Directors during the financial year 2008-09, the company has, during the current financial year, bought back 3229 Equity Shares (Previous Year 5,59,928 Equity Shares) of Rs. 10/- each of the Company.

6. Utilisation of IPO Proceeds:

The Company, during the financial year 2007-2008, has raised Rs. 13989.98 Lakhs through Initial Public Offer (IPO) of Equity Shares of the Company. The Scheme of Utilisation of the Proceeds has been amended, allowing the unutilised IPO proceeds for acquisition or for working capital purposes by the Company, with due approval of Members at the Annual General Meeting held on 28 th December, 2009. Accordingly, the unutilised proceeds are being utilised partly for working capital purposes of the Company and its Subsidiaries, and partly parked with subsidiaries for subsequent acquisitions.

7. Utilization of QIP Proceeds:

The Company, during the current financial year 2009-10, has raised Rs 45,64,84,000/- on issue of 14,00,000 shares of Rs 10 each at a premium of Rs 316.06 to Qualified Institutional Bidders. Out of the above issue proceeds Rs. 2,18,81,276/- is utilized to meet the issue expenses. The net proceeds received from the Issue will be used to meet capital expenditure, additional working capital requirements and to finance the new business initiatives and strategic alliances.

8. Advances to Subsidiaries:

- The Company has given advances to its wholly owned subsidiary viz., GSS America Inc. with no specific repayment schedule.
- Information pursuant to clause 32 of Listing Agreement with Stock exchanges w.r.t. Loan and Advances in the nature of loans to wholly owned subsidiaries is as given below:

Particulars	Balance as on		Maximum Balance	
	Outstanding during		the year	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
GSS America Inc.	104,73,80,626	47,39,13,000	104,73,80,626	47,39,13,000

9. Details of Remuneration to Auditors:

	2009-10	2008-09
As Auditors	10,00,000	2,00,000
For Income Tax Matters	—	60,000
For Certifications	2,00,000	—
Total	12,00,000	2,60,000

10. Employee Benefits :

Defined Contribution Schemes:

The Contributions to Employees Provident Funds and Miscellaneous Provisions Act, 1952 made and charged off during the year is Rs. 19,03,436/-. (Previous Year Rs. 9,71,002/-)

Defined Benefit Plans:

Leave Encashment:

The Present value of obligation in respect of Earned Leave Encashment payable to employees on termination is determined, based on actuarial valuation using Projected Unit Credit Method, recognised and charged off during the year are as under:

	2009-10 Rs.	2008-09 Rs.
Expenses recognised during the year	45,081	16,63,807
Present value of obligation at the year end	13,64,775	25,29,774

Gratuity:

The Present value of obligation in respect of Gratuity to employees on termination is determined based on actuarial valuation using Projected Unit Credit Method.

The Company has created GSS America Infotech Ltd Employee Group Gratuity Assurance Scheme Trust (GSSGGAST) to implement gratuity scheme and contributions are being made to the designated scheme operated by LIC of India .

The details of obligation and funded assets are as under:

	2009-10 Rs.	2008-09 Rs.
Expenses recognised during the year	7,11,196	5,02,607
Present value of obligation at the year end	25,94,616	21,14,729
Value Present value of Planned Assets at the year end	24,90,185	16,12,122
Liability at the year end	1,04,431	5,02,607

11. Tax Expense:

- i) Current Income tax represents tax on income payable as per relevant statutes of the respective countries recognised and provided.
- ii) Minimum Alternate Tax Credit, where there is certainty in availing the tax credit against the taxes on income paid, are recognised and shown as "MAT Credit Entitlement" under Loans and Advances in the financial statements.
- iii) Deferred Tax:

Movement of provision for Deferred Tax for the year ended 30.06.2010 is as given below:

Particulars	(Liability)/Asset As at 30.06.2009	(Charges)/Credit for the year	As at 30.06.2010
Timing Differences on account of:			
Deferred Tax (Liability) : Depreciation on Assets	22,38,754	74,25,261	96,64,015
Total (A)	(22,38,754)	(74,25,261)	(96,64,015)
Deferred Tax Assets:			
Expenses Allowable on the basis of payment	8,60,054	(4,06,710)	4,53,344
Total (B)	8,60,054	(4,06,710)	4,53,344
Net (A-B)	(13,78,700)	(78,31,971)	(92,10,671)

12. Managerial Remuneration:

The Managerial Remuneration to Whole Time Directors for the year is Rs. 72,00,000/- (Previous year- Rs. 90,00,000/-)

The Calculation of Net Profit in accordance with Section 349 read with Section 198 of the Companies Act, 1956 with relevant details of calculation is as given below:

Particulars	2009 -10		2008 -09	
	Rs.		Rs.	
Profit before tax		14,81,92,339		36,31,97,806
Add: Depreciation	2,06,38,729		72,77,366	
Managerial Remuneration	72,00,000		90,00,000	
Directors' Sitting Fees	2,80,000	2,81,18,729	9,00,000	1,71,77,366
		17,63,11,068		38,03,75,172
Less: Depreciation as per Sec 350		2,06,38,729		72,77,366
Net Profit U/s 349		15,56,72,339		37,30,97,806
Maximum Permissible Remuneration		1,55,67,234		3,73,09,781
Remuneration paid to Whole Time Directors		72,00,000		90,00,000

13. In the view of Management, no event has taken place to trigger the need for testing its assets for impairment. Accordingly, as per the management's assessment, the carrying values of its assets as at the Balance sheet date are not higher than their corresponding recoverable amounts.

14. There are no dues to Micro and Small Enterprises as on 30th June, 2010.

15. The Balances of Sundry debtors, Loans and Advances and Creditors are subject to confirmation and consequential adjustment if any required.

16. LEASES:

The Company has operating lease for office premises, which is renewable on a periodical basis and cancellable at its option. Rental Expenses for operating lease recognized in Profit and Loss account is Rs. 1,44,00,753/- (Previous Year 2,49,20,346/-)

The future minimum lease payments are as given below:

Not later than one year	Rs.	1,05,86,832/-
Later than one year and not later than five years	Rs.	1,40,81,503/-
Later than five years	Rs.	NIL

17. Details of Balances with Non-Scheduled Banks:

Name of the Bank	As on	As on	Maximum Balance	
	30.06.2010	30.06.2009	outstanding during the year	
	Rs.	Rs.	2009-10	2008-09
			Rs.	Rs.
Harris Bank Ltd,	27,35,866	1,02,51,179	32,24,477	30,66,968
HSBC, Dubai	39,928	3,34,912	92,112	3,15,200
Indian Bank, Singapore	90,225	52,915	2,64,92,964	69,01,129

18. Segment Reporting

Business Segments:

The Company operates in a single business segment i.e., Software Services.

Geographical Segments:

	2009-10 Rs.	2008-09 Rs.
Business from United States of America	44,01,95,646	52,45,28,824
Business from Middle East	2,04,39,233	34,97,794
Business from APAC Region	181,15,501	—
Domestic	7,86,126	1,31,679
Total	<u>47,95,36,506</u>	<u>52,81,58,297</u>

Note: The Company does not track its assets and liabilities by geographical areas.

19. Transactions with Related Parties:

The List of Related parties with whom transactions have taken place and nature of relationship is:

A) List of Related Parties:

- i) Subsidiaries:
 - a) GSS America Inc
 - b) GSS Infotech Holdings Inc
 - c) GSS IT Solutions Private Ltd
- ii) Step down Subsidiaries:
 - a) Infospectrum Consulting Inc
 - b) System Dynamix Corporation
 - c) ATec Group Inc
- iii) Key Management Personnel :
 - a) Mr. Bhargav Marepally C.E.O. & Managing Director
 - b) Mr. Ramesh Yerramsetti Managing Director

B) Transactions with Related Parties:

Particulars	2009-10		2008-09	
	Amount	Outstanding as at 30.06.2010	Amount	Outstanding as at 30.06.2009
Managerial remuneration to Key Management Personnel	72,00,000	NIL	90,00,000	NIL
Investment in capital of subsidiaries	14,52,09,900	61,23,03,996	NIL	46,70,94,096
Advances to Subsidiaries	57,34,67,626	104,73,80,626	47,39,13,000	47,39,13,000
Sales to Subsidiaries	32,14,05,555	28,42,92,059	39,17,96,826	21,99,69,386
Loan Received	3,00,00,000	NIL	—	—
Repayment of Loan Received	3,00,00,000	NIL	—	—

- C) Disclosures in respect of transactions which are more than 10% of the total transactions of the same type with related party during the year.

Nature of Transaction	Name of the Party	2009-10 Rs.	2008-09 Rs.
Managerial Remuneration	Bhargav Marepally	36,00,000	45,00,000
	Ramesh Yerramsetti	36,00,000	45,00,000
Advances to subsidiaries	GSS America Inc.	57,34,43,726	47,39,13,000
Sales to subsidiaries	GSS America Inc	32,14,05,555	39,17,96,826
Investment In Subsidiaries	GSS Infotech Holdings Inc	14,51,10,000	NIL
Loan Received	Ramesh Yerramsetti	3,00,00,000	NIL
Repayment of Loan Received	Ramesh Yerramsetti	3,00,00,000	NIL

20. EARNINGS PER SHARE (EPS):

The Numerator and Denominator used to calculate Earnings Per Share:

Particulars	2009-10 Rs.	2008-09 Rs.
A. EARNINGS:		
<i>Profit attributable to Equity Shareholders</i>	13,80,30,188	36,38,58,755
B. NO.OF SHARES:		
<i>Weighted average number of Equity Shares outstanding during the year (Nos) – Basic</i>	1,27,94,793	1,27,40,072
<i>Weighted Average number of Equity shares arising out of outstanding stock options that have diluting effect on Earnings Per Share</i>	-	-
<i>Weighted average number of Equity Shares outstanding during the year – Diluted</i>	1,27,94,793	1,27,40,072
C. EARNINGS PER SHARE:		
<i>Earnings per Share of Par Value Rs.10/- each – Basic</i>	10.79	26.93
<i>Earnings per Share of Par Value Rs.10/- each – Diluted</i>	10.79	26.93

21. Additional information as required under Part-II of Schedule VI of the Companies Act, 1956:

1. 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.

	2009-10	2008-09
	Rs.	Rs.
2. Expenditure in Foreign Currency Towards : (On Accrual basis)		
Travelling Expenses	13,81,229	7,03,110
Foreign Branch Expenses incurred abroad	11,74,88,011	6,72,92,893
3. Earnings in Foreign Exchange: (On Accrual Basis)		
FOB Value of Exports	47,87,50,380	52,80,26,618
4. CIF Value of Imports:		
Capital goods	12,41,560	33,39,144
5. Remittance of Dividend in Foreign Currency:		
No. of Shareholders	1	2
No. of Shares Held (Nos.)	10,00,000	22,49,995
Amount of Dividend paid (Net of Tax)	15,00,000	56,24,988
6. The other particulars as required are not given as the same are not applicable to the Company for the Current Year.		
22. The Schedules referred to in the financial statements form an integral part of Accounts.		
23. Additional information as required under Part-IV of the Schedule VI of the Companies act, 1956 is given in Annexure.		

For Sarath & Associates
Chartered Accountants
Firm Regn No: 0051205

For GSS America Infotech Limited

Sd/-
P.SARATH KUMAR
Partner
Membership No:21755

Sd/-
Mr. Bhargav Marepally
CEO & Managing Director

Sd/-
Mr. Ramesh Yerramsetti
Managing Director

Place : Hyderabad
Date : 30.11.2010

Sd/-
Mr. Ravi Sankar Chivukula
Chief Financial Officer

Sd/-
Mr. Artham Someswara Rao
Company Secretary

GSS AMERICA INFOTECH LIMITED

ADDITIONAL INFORMATION AS REQUIRED UNDER PART-IV TO SCHEDULE VI OF THE COMPANIES ACT, 1956

i) Registration Details		
Registration No	:	01-41860
State Code	:	01
Balance Sheet Date	:	30.06.2010
		(‘Rs.’000)
ii) Capital raised during the year		
Public issue	:	NIL
Rights issue	:	NIL
Bonus issue	:	NIL
Private Placement	:	14000
iii) Position of Mobilisation and deployment of funds		
Total Liabilities	:	2840349
Total Assets	:	2840359
Sources of Funds:		
Paid-up capital	:	141368
Reserves and Surplus	:	2689770
Secured Loans	:	NIL
Unsecured Loans	:	NIL
Deferred Tax Liability	:	9211
Application of funds:		
Net Fixed Assets	:	266303
Investments	:	612304
Net Current Assets	:	1961742
Misc Expenditure	:	NIL
Accumulated Losses	:	NIL
iv) Performance of Company		
Turnover	:	484257
Total Expenditure	:	336065
Profit/Loss Before Tax	:	148192
Profit/Loss After Tax	:	138030
Earnings per share (Rs.)	:	10.79
Dividend (%)	:	15%
v) Generic names of three principal Products/services of company (As per monetary terms)		
1. Item Code No.(ITC Code)	:	85249009-10
Product Description	:	SOFTWARE SERVICES

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GSS AMERICA INFOTECH LIMITED
 Wing 2, 3rd Floor, Block B, Cyber Gateway, Hitech City, Hyderabad- 500081

Proxy Form

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

I/ we..... being a member of GSS America Infotech Limited hereby appoint 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 27th December, 2010 at 10.30 A.M. and at any adjournment thereof

As witness my /our hand (s) this Day of 2010

**Affix 1/-
revenue
stamp**

Signed by the said

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 27th December, 2010 at 10.30 A.M.**

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

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

I hereby record my presence at the AGM of the Company held on December 27, 2010 at 10.30 A.M. at Ellaa Suites, Jasmine Banquet Hall, Hill Ridge Springs, 25 Kancha, Gachibowli, ISB Road, Hyderabad- 500 032

Signature of the member or proxy attending the meeting:

If member, please sign here:

If proxy, please sign here:

Note: This form should be signed and handed over at the meeting venue. No duplicate attendance slip will be issued at the meeting hall. You are requested to bring copy of the annual report to the meeting.