



Integrating People, Process & Technology

EIGHTH ANNUAL REPORT 2011

Vision & Mission

To be a choice of providers in the SMB market segment for cloud enablement services, by 2015

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

Core values

- Entrepreneurship
- Integrity
- Pursuit of Excellence

GSS Infotech – A Snapshot

- One of the fastest growing Managed IT Services company
- A Global organization with operations in US, India & ME
- Strong Business Acumen with Technology Leadership
- World-class delivery engine delivering solutions to Fortune 500 companies and Global 1000 companies
- SEI- CMMi Level-5 company, ITIL compliant processes, ISO 9001 and 27001 certifications
- Ranked in Forbes Asia's best 200 under \$ 1 billion companies in 2010 for the third consecutive year after 2008 and 2009
- Global Operations Command Center (GOCC) and remote delivery center in Hyderabad, India
- Empowering SMEs globally, through 9 Business /Development Centers
- Best-in-class top tier technology alliances and domain intensive Centers of Excellence
- 7 Acquisitions in the last five years
- Strong balance sheet and well capitalized

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Corporate Information

Board of Directors

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

Bhargav Marepally
CEO & Managing Director

Ramesh Yerramsetti
Managing Director

Keerthy Jaya Tilak
Non-Executive Independent Director

L. V. Prasad
Non-Executive Independent Director

Ramanan Raghavendran
Non-Executive Independent Director

Mark Silgado
Non-Executive Non-Independent Director

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

Bankers

Axis Bank Limited
Bank of India
ICICI Bank Limited
State Bank of India

Committees of Board of Directors

Audit Committee

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

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, Plot No.61,
2nd floor, Nagarjuna Hills, Panjagutta,
Hyderabad - 500 082

Registered Office

Cyber Pearl, Block '2', 5th Floor - 01,
HITEC City, Madhapur, Hyderabad - 81, India.
Ph: +91 40 44556600
Fax: +91 40 40028703
www.gssinfotech.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 **8th Annual General Meeting (AGM)** of the members of GSS Infotech Limited (formerly known as GSS America Infotech Limited) will be held on Friday, December 30th 2011 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, 2011, the Profit and Loss Account for the year ended on that date together with the Reports of Director's and Auditors thereon.
2. To appoint a Director in the place of **Mr. Keerthy Jaya Tilak**, who retires by rotation, and being eligible, offers himself for re-appointment.
3. 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

4: APPOINTMENT OF MR.RAMANAN RAGHAVENDRAN AS A DIRECTOR LIABLE TO RETIRE BY ROTATION.

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

"RESOLVED THAT Mr.Ramanan Raghavendran be and is hereby appointed as a Director of the company, liable to retire by rotation.

5: APPOINTMENT OF MR.MARK SILGARDO AS A DIRECTOR LIABLE TO RETIRE BY ROTATION.

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

"RESOLVED THAT Mr.Mark Silgado be and is hereby appointed as a Director of the company, liable to retire by rotation.

- 6: 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 there under 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."

**By Order of the Board of GSS Infotech Limited
(Formerly known as GSS America Infotech Limited)**

Sd/-

Someswara Rao Artham

Head of Legal, Company Secretary & Compliance Officer

Place: Hyderabad
Date: 05th December, 2011

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/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVE 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. Keerthy Jaya Tilak, will retire by rotation at the Annual General Meeting of the Company and being eligible, offer himself 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 eighth annual general meeting.
14. The register of members and the share transfer books will remain closed from Monday 26, 2011 to Friday 30th, 2011 (both days inclusive).

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

4. Mr. Ramanan Raghavendran was co-opted as an Additional Director of the company with effect from 14th February, 2011, pursuant to section 260 of the Companies Act 1956, read with article 102 of the articles of association of the company. Mr. Ramanan holds office of a Director upto the date of commencement of forthcoming annual general meeting. The company has received a notice in writing from a member proposing the candidature of Mr. Ramanan for the office of a Director under the provisions of section 257 of the Companies Act 1956. None of the Directors of the company other than Mr. Ramanan is interested or concerned in the resolution.

5. Subsequent to the resignation of Mr.Guhan Subramaniam from the Board of IL&FS Investment,"the company" the company nominated Mr.Mark Silgado on the Board of the GSS Infotech limited with effect from 13th May, 2011. Subsequently in the Board meeting held on 13th May, 2011 Mr.Mark was co-opted as an Additional Director of the company, pursuant to section 260 of the Companies Act 1956, read with article 102 of the articles of association of the company. Mr.Mark holds office of a Director upto the date of commencement of forthcoming annual general meeting. The company has received a notice in writing from a member proposing the candidature of Mr.Mark for the office of a Director under the provisions of section 257 of the Companies Act 1956. None of the Directors of the company other than Mr.Mark is interested or concerned in the resolution.

6. 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.

**By Order of the Board of GSS Infotech Limited
(Formerly known as GSS America Infotech Limited)**

Sd/-

Someswara Rao Artham

Head of Legal, Company Secretary & Compliance Officer

Place: Hyderabad

Date: 05th December 2011

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

Item No. 3, 4 & 5

Name of the Director	Mr. Keerthy Jaya Tilak	Mr. Ramanan Raghavendran	Mr. Mark Silgardo
Brief resume and details of expertise in their functional areas	Keerthy Jaya Tilak is an IIM Graduate. He has 35 years of experience in marketing, developing marketing strategies, establishing systems and procedures and business promotion. He has worked with Escorts Ltd, LML Ltd, Essar Group and Nagarjuna group. He has been a part of many projects for SMEs for Project Funding, rehabilitation, New Product Launches and Mergers	Ramanan is one of the pioneers of India-related private equity investing, he is an experienced private equity investor and specializes in export-driven ("cross-border") transactions. He has led 30 investments over the course of his 18 year career in principal investing. Ramanan has served on public company boards in the US, the UK and India. Ramanan obtained dual undergraduate degrees with honors in Computer Science and Engineering and in Economics from the University of Pennsylvania's Engineering and Wharton Schools respectively.	Mark is a Senior Managing Partner at IIML and has over 28 years of experience across the financial services industry. Mark has held senior positions with Banque Nationale de Paris, ANZ Grindlays. He subsequently headed Kotak Mahindra Capital Company and as Director, Corporate Finance of ABN Amro and PriceWaterhouse Coopers, he led M&A transactions with deal sizes ranging from \$25 million to \$500 million. Mark holds an MBA in International Finance from University of Rochester, New York. and a post graduate marketing degree in Marketing from IIM Ahmedabad.
Names of the other companies in which the person also holds the directorship and the membership of Committees of the Board	a) Jaytee Management Consultants Pvt. Ltd	a) Adayana Inc b) Connect Capital follow-on Limited c) Essel Shyam Communications Limited d) Kubera Cross-Border Fund (GP) Limited e) Kubera Cross-Border fund (Mauritius) limited f) Kubera Cross- Border fund Limited g) NeoPath Limited h) Netscribes (India) Private Limited i) New Wave Holdings Limited j) Ocimum Bio solutions (India) Limited k) Symphony Services Corporation, Inc l) Synergies Castings Limited m) TH Lee Putnam Ventures, LLC	a) The mobile store services private Ltd b) Quickjet Cargo Airlines Pvt Ltd c) IIML Asset advisors Pvt Ltd d) Karuturi Global Limited e) SFO Technologies Private Limited f) Jyothi Fabricare services limited
Shareholding in the Company	NIL	NIL	NIL

INDUSTRY SCENARIO AND GSS POSITIONING

Where is IT heading? - Gartner

- H By 2015, information smart businesses will increase IT spend per head by 60%
- H By 2015, tools and automation will reduce IT hours by 25%
- H By 2015, 20% of the non-IT Global 500 companies will be cloud service providers
- H By 2015, G20 nation's critical infrastructure will be disrupted and damaged by online sabotage – Focus on security services
- H By 2015, 80% of the enterprises using external cloud services will demand independent certification that providers can restore operations and data – Develop a niche in backup and DR services
- H By 2015, companies will generate 50% of web sales via social presence and mobile applications
- H By 2014, 90% of organizations will support corporate applications on personal devices – enhance services on End User computing
- H By 2013, 80% of businesses will support workforce using tablets – enhance services on End User Computing

Where is the demand for IT Infra Services?

- H Global IT Infrastructure Management is poised for Growth in 2011
 - I Expected growth in spend globally by 7.1% in 2011 (237 Bn. to 254 Bn.)
 - II Growth in Europe is expected to be about 8% in 2011
 - III Enterprise customers see additional cost efficiencies
 - IV Transformation and consolidation of IT Infrastructure operations to derive greater value

H Key industry trends

- H Cloud based infrastructure services are booming
 - I Private cloud enablement will be in demand
 - II Consulting solutions for cloud readiness, assessment and integration solutions will be candidates for even smaller players
- H Industry consolidation across delivery supply chain (iGate & Patni)
- H Innovation and continuous improvement – Much talked about but not much done

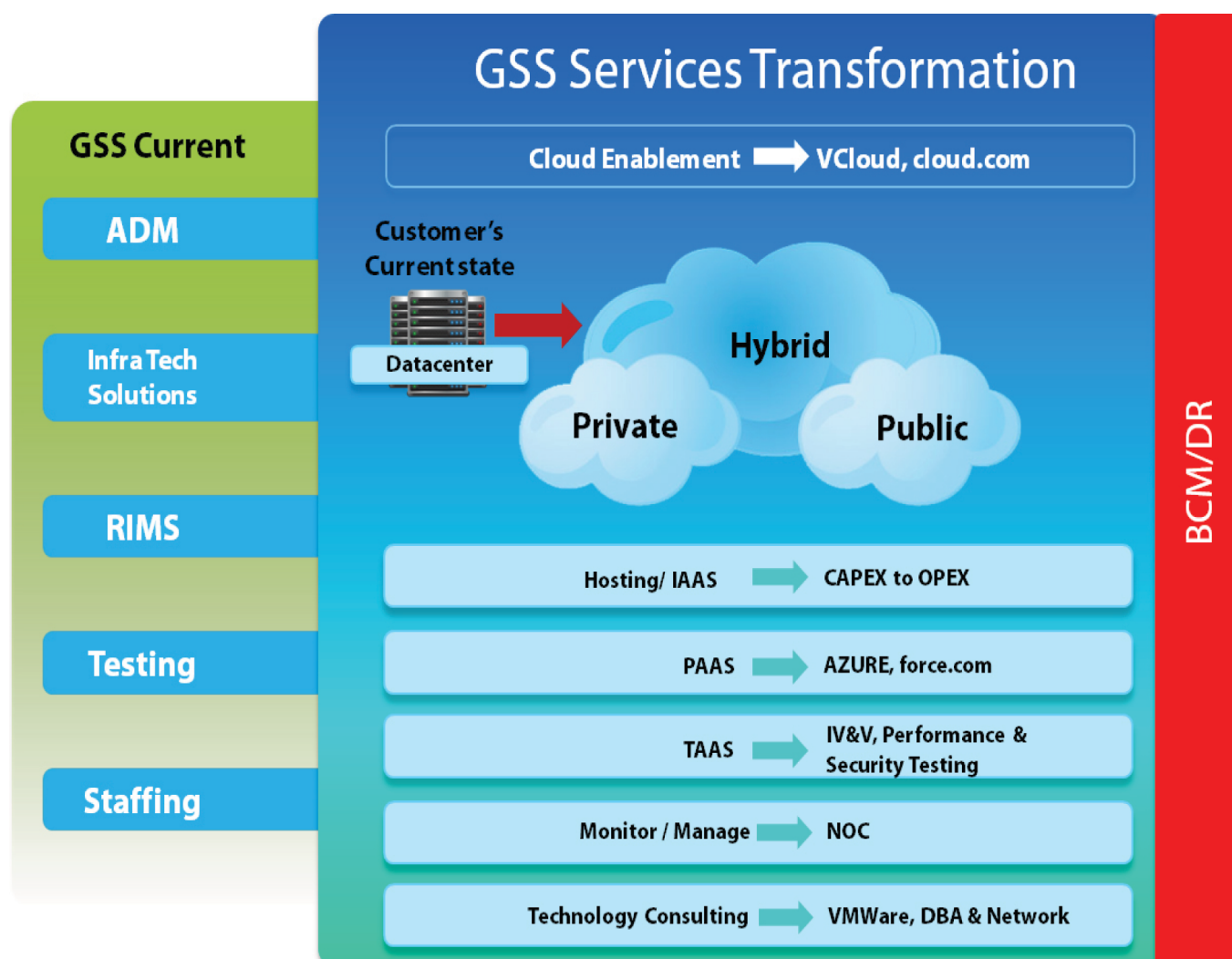
Where is the demand for IT Infra Services?

- H Key customer behavior trends
 - H Size and Market presence differentiate firms offering services
 - H Global Delivery Capability
 - H Asset light deals allowing offshore providers a level playing field
 - H Multi Sourcing provides new inroads to smaller suppliers – Select best of the breed for each service
 - H Cloud Strategies provide opportunities – While scale is still preferred, consulting and service packaging opportunities are open to smaller players
 - H Helpdesk enjoys great demand for outsourcing

What constitutes IT Infrastructure Services?

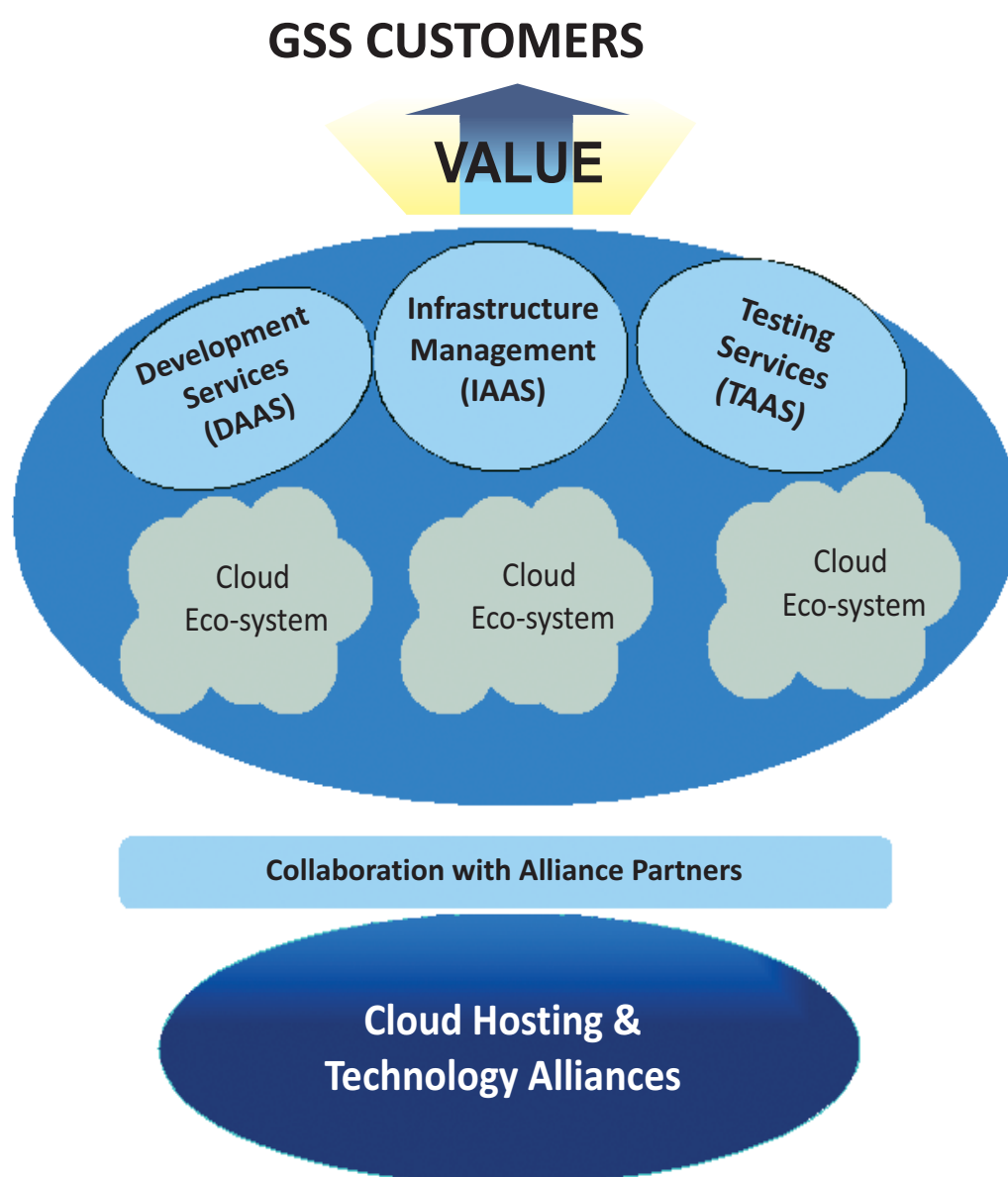
Service Category	Scope of Service
Helpdesk Services	Incident and Problem Management, L1/L2 support
Hosting and DC management Services	Hosting, Server Management, Facilities Management
Managed Network Services	LAN, WAN, Voice, VoIP, Telephony
Mainframe Services	Operations, Production Control, Tech Support, Environment Monitoring
Desk side / Onsite support	Break Fix, Asset Management
Desktop Management Services	Design, Configuration, Testing
Storage Management	Monitoring, Capacity Management, Backup and provisioning
Managed Security Services	Content / Data Security, Threat and Vulnerability Management
IAAS	IAAS and its extensions

How do we position GSS? – Repackaging of Services



GSS to be seen as a Transformation enabler to Cloud Services

Cloud Eco-system centric Solutions - Transformation of Current Services / Solutions



How do we create demand? – Service Capability through Alliance Partnerships



How do we create demand? – Focus Geographies, Verticals & Solutions

<u>Geographies</u>	<u>Verticals</u>	<u>Solutions / Services</u>
<u>APAC</u> • India <u>Middle East</u> • KSA <u>United States</u> • GSS Locations	• BFSI • HealthCare • Government • Education	• Cloud assessment and enablement • Virtualization • Server, Storage, Desktop • Backup and Disaster Recovery • Service Desk • Network and Security Management • Testing

DIRECTORS REPORT

Dear Members,

We are delighted to present the report on our business and operations for the financial year ended June 30, 2011

I. FINANCIAL RESULTS

The Company's financial results (consolidated & standalone) for the year ended June 30, 2011 is provided in the Annual Report.

Consolidated Revenues of the Company for the year ended 30.06.2011 is ₹. 484.67 Crores and standalone revenues of the company is ₹.60.66 Crores due to excellent demand for the Company's integrated service approach for IT Infrastructure and Software Services delivery Model.

The Consolidated Profit After Tax of the company for the year ended 30.06.2011 is ₹.54.42 Crores and Standalone Profit After Tax is ₹.5.24 Crores. The company has recorded an impressive growth during the year.

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

FINANCIAL RESULTS FOR THE YEAR ENDED 30th JUNE 2011

Particulars	GSS Infotech Limited (Standalone)		GSS Infotech Limited and its subsidiaries	
	Year ended (₹. In Crores)		Year ended (₹. In Crores)	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Total income	61.22	48.42	485.62	429.31
Gross Profit	26.83	28.45	123.96	113.08
Operating Profit before interest	12.88	16.88	91.20	84.96
Profit (+)/Loss (-) from Ordinary Activities before tax	7.13	14.82	71.27	68.60
Net Profit (+)/ Loss (-) from Ordinary Activities after tax	5.24	13.80	54.42	56.42
Paid-up equity share capital (Face Value. ₹. 10/- each)	14.13	14.13	14.13	14.13
Reserves and Surplus	274.21	268.98	475.59	431.83
Earnings Per Share	3.70	10.79	38.49	44.10

II. DIVIDEND

The Directors did not recommend any dividend for the period ended 30th June 2011, keeping in mind the fund requirements for the expansions under taken by the company

III. 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.

IV. DIRECTORS

Mr. Keerthy Jaya Tilak, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

During the financial year Mr.Ramanan Raghavendran Appointed as Additional Director on the Board with effect from 14th February 2011 and holds office up to the commencement of forthcoming Annual General Meeting and in respect of whom the company has received a notice in writing from a member under section 257 of the Companies Act 1956 proposing his candidature to the office of the Director of the company be and is hereby appointed as a Director of the company whoshall be liable as retire by rotation.

It is further informed that, due to certain pre-occupations Mr.Guhan Subramaniam, tendered the resignation letter to the board, as a nominee of IL&FS Investment Manager limited “the company” with effective from 13th may, 2011 and in place of him, your company has received a letter from “the company” appointing Mr.Mark Silgado on the Board of GSS Infotech Limited in place of Mr.Guhan Subramaniam as a nominee of IL&FS investment Managers limited with effect from 13th May, 2011.

V. ACQUISITIONS AND INVESTMENTS

Acquisition of a Infovista Technologies, Veloce Group, GCI System and Technovant Inc

During the year under review, your company has invested 100% shareholding in **Infovista Technologies, Veloce Group, GCI System and Technovant Inc**, by virtue of these investments, the above companies became the wholly owned subsidiary of the company. The service line of the above subsidiaries is as under:-

Infovista Technologies: The company is engaged into Delegated database services (onsite, offsite) – SQL server and Oracle database administration and having operations in North eastern United States

Veloce Group: The company is engaged into Asset Management Services and having operations in Minneapolis

GCI Systems: The Company is engaged into Product lead services in End User Computing and having operations in Minneapolis.

Technovant Inc: The Company is engaged into Enterprise Business Intelligence and Data Services, Testing Solutions, Enterprise Resource Planning and Project Management Solutions and having operation in North America.

VI. AUDITORS

M/s. Sarath & Associates, Chartered Accountants, Statutory Auditors of the Company have offered themselves for re-appointment at the ensuing Annual General Meeting and to hold the 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.

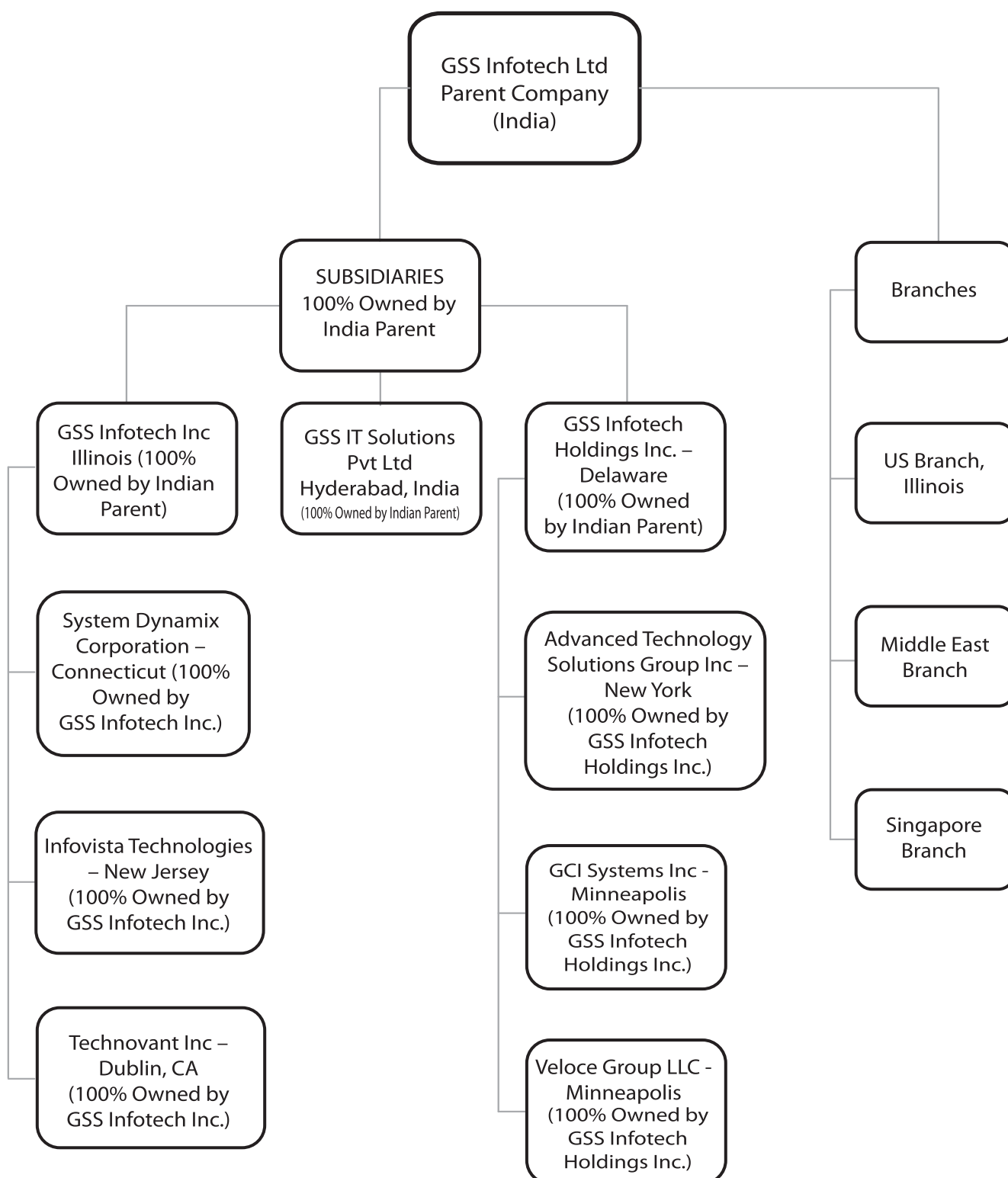
VII. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

VIII. 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, Managing Director.

IX GSS Corporate Structure



X. PARTICULARS OF EMPLOYEES:

None of the employees are covered under section 217(2A) read of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975

XI. CORPORATE GOVERNANCE:

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

XII. EMPLOYEES STOCK OPTION SCHEME (ESOS)

The details of the ESOS as required under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) guidelines 1999 are **Annexure D** and form part of the Director's report.

Xiii. MANAGEMENT DISCUSSION AND ANALYSIS

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

XIV. CEO's DECLARATION

Certificate from the 'Chief Executive Officer and Managing Director 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 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.

XV. 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, 2011 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.

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

As per the provisions of the companies act 1956 we are required to attach the Director's report, Balance Sheet and Profit and Loss account of our subsidiaries. The Ministry of Corporate Affairs, Government of India Vide its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with section 212, provided such companies publish the audited consolidated financial statements in the annual report. Accordingly the annual report 2010-11 does not contain the financial statements of our subsidiaries.

The audited annual accounts and related information of our subsidiaries, where applicable will be made available upon request. These documents will also be available for inspection during business hours at registered office of the company. The same will also be published in our website. www.gssinfotech.com

XVII. AWARDS AND RECOGNITION

We are glad to share with you that your company has been successfully assessed at the highest maturity Level 5 of SEI CMMI -DEV model in March 2011. GSS is among the top 200 elite group of companies, which have achieved this distinct recognition of Maturity Level 5 (Optimized Level) CMMI-DEV v1.2 model developed by SEI.

XVIII. GREEN INITIATIVE

During the financial year we started a sustainability initiative with the aim of being green and minimizing our impact on the environment.

XIX. ACKNOWLEDGEMENTS:

We thank our customers, vendors, investors and banker for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels for achieving the CMMi Level 5 Certification. Our consistent growth was made possible by their hard work, solidarity, cooperation and support. We thank the governments of various countries where we have our operations. We also thank the Government of India, 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.

for and on behalf of the Board

Place: Hyderabad
Date: December 05, 2011

Sd/-

Mr. Bhargav Marepally
CEO & Managing Director

Sd/-

Mr. Ramesh Yerramsetti
Managing Director

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. Details of Conservation of Energy:

Your Company's operations consume very low levels of energy. It is pleasure to announce that your Company's technology center has latest technology energy management system based on human occupancy. As the cost of energy consumed by the Company forms a very small portion of the total costs, the impact of changes in energy cost on total cost is insignificant.

II. Technology, absorption, adaptation and innovation

Your Company is a technology driven organization and understands the importance of acquisition of technical expertise from time to time. It has successfully built such expertise over a period of years and shall continue to with emerging technologies to be on a leading edge to offer its customers the state of art solutions.

Your Company's quality systems are ISO 9001:2008 and ISO 27001: 2005 certified, which reflects a high degree of technology absorption, adoption and innovation across various operating layers within the company. During the year technology absorption activities have mainly centered on:

- Network Operations Center
- Disaster Recovery Center
- IT Infrastructure Management
- Offshore Development Center using BOT delivery model
- Software Testing Service using SaaS model

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 (2010-11) (₹. in Lakhs)	Previous Year (2009-10) (₹. in Lakhs)
Foreign Exchange expenditure	89.24	1188.69
Foreign Exchange earned	5879.02	4787.50

for and on behalf of the Board

Sd/-

Mr. Bhargav Marepally
CEO & Managing Director

Sd/-

Mr. Ramesh Yerramsetti
Managing Director

Place: Hyderabad
Date: December 05, 2011

ANNEXURE B

Report on Corporate Governance

1. (a) Corporate Governance

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

(b) Company's Philosophy on Code of Governance

GSS Infotech Limited (formerly GSS America Infotech Limited 'the Company'), looks upon good corporate governance practices as a key driver of sustainable corporate growth and long-term shareholder value creation. Good corporate governance is about enhancing value for all our stakeholders. The Company is committed to adopting global best practices in corporate governance and disclosure.

The Company believes in ethical business conduct, integrity and commitment to values which enhance and retain stakeholders' trust, and are the hallmarks of good corporate governance

Following are the salient features of our Corporate Governance philosophy:

1. Act in the spirit of law and not just the letter of law;
2. Do what is right and not what is convenient;
3. Provide complete transparency on our operations; and
4. Follow openness in our communication to all our stakeholders

2. Board of Directors:

2.1 Composition of Board:

The board of Directors of the Company "the Board" comprises of Seven Directors- two (2), Managing Directors, five (5) non executive Directors.

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

Name of the Director	Nature of Directorship	Relationship with Other Directors	No. of Directorships in other Companies*	No. of committees of other public companies in which he is Chairman/ Member
Mr. Bhargav Marepally	CEO & Managing Director; Promoter	None	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
Mr. Ramanan Raghavendran	Non executive Independent Director	None	13	Nil
Mr. Mark Silgado #	Non Executive Non Independent Director	None	6	Nil

* Includes listed , unlisted and Indian Companies

Investor Director of IL&FS Trust Company Limited, Mr. Guhan Subramaniam resigned from the Board on 13th May, 2011 and in place of him IL&FS Trust nominated Mr. Mark Silgado on the Board of the company w.e.f. 13th May, 2011.

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

2.2 Board Meetings

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

2.3. Role of independent Directors:

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

2.4. Information Supplied to the Board:

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

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

Name of the director	Shares held as on June, 2011
Mr. P. V. R. K. Prasad	NIL
Mr. L. V. Prasad	NIL
Mr. Keerthy Jaya Tilak	NIL
Mr. Ramanan Raghavendran	NIL
Mr. Mark Silgardo	NIL

2.6 Appointment / Reappointment of Directors:

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

- i. **Mr. Keerthy Jaya Tilak:** Mr. Tilak, appointed as a Director on the Board on 21st July, 2006. Mr. Tilak will retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment. If reappointed will be an Independent Director.
- ii. **Mr. Ramanan Raghavendran:** Mr. Ramanan was co-opted as an Additional Director of the company with effect from 14th February, 2011, pursuant to section 260 of the Companies Act 1956. Mr. Ramanan holds office of a Director upto the date of commencement of forthcoming annual general meeting. The company has received a notice in writing from a member proposing the candidature of Mr. Ramanan for the office of a Director under the provisions of section 257 of the Companies Act 1956, if appointed will be an independent Director.
- iii. **Mr. Mark Silgardo:** Subsequent to the resignation of Mr. Guhan Subramaniam from the Board of IL&FS Investment, "the company" the company nominated Mr. Mark Silgardo on the Board of the GSS Infotech limited with effect from 13th May, 2011. Subsequently in the Board meeting held on 13th May, 2011 Mr. Mark was co-opted as an Additional Director of the company, pursuant to section 260 of the Companies Act 1956. Mr. Mark holds office of a Director upto the date of commencement of forthcoming annual general meeting. The company has received a notice in writing from a member proposing the candidature of Mr. Mark for the office of a Director under the provisions of section 257 of the Companies Act 1956 if appointed will be Non Independent and Non Executive Director. We seek your support in confirming their appointments as Directors liable to retire by rotation.

2.7 Board meetings and the previous Annual General Meeting

During the financial year 5 board meetings were held on various occasions, 15th August, 2010, 15th November 2010, 30th November 2010, 14th February, 2011 and 13th May, 2011. The last AGM of the Company was held on 27th December, 2010. 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	5	Present
Mr. Ramesh Yerramsetti	5	Present
Mr. P. V. R. K. Prasad	4	Present
Mr. L. V. Prasad	2	Absent

Mr. Keerthy Jaya Tilak		5	Present
Mr. Guhan Subramaniam	#	5	Absent
Mr.Ramanan Raghavendran	*	1	N.A.
Mr. Mark Silgardo	#	N.A.	N.A

* Mr.Ramanan Appointed in Board meeting held on 14th February 2011

Mr.Guhan Subramaniam resigned from the Board on 13th May, 2011 and in place of him IL& FS Trust nominated Mr.Mark Silgardo on the Board of the company w.e.f. 13th May, 2011

2.8 Code of Conduct

The code of conduct as adopted by the Board of Directors is applicable to all directors, senior management and employees in above officers' level. The prime purpose of the code is to create an environment wherein all the Board Members and Senior Management of the Company maintain ethical standards and to ensure compliance to the laid down ethical standards. The code is available on the Company's website: www.gssinfotech.com. 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 Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.

3 Audit Committee

3.1 Constitution of Audit Committee:

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

3.2 Composition of Audit Committee and attendance of members:

During the financial year 2010-11, the Audit Committee met five times on various occasions i.e. 14th August, 2010, 15th November 2010, 30th November 2010, 14th February, 2011 and 13th May, 2011. The composition of the Audit Committee and the number of meetings attended during the financial year 2010-11 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	4
Mr. Keerthy Jaya Tilak	Member	Non- Executive, Independent	5
Mr. L. V. Prasad	Member	Non- Executive, Independent	2
Mr. Bhargav Marepally	Member	Executive, Promoter group	5

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

Mr.PVRK Prasad, the Chairman of the Audit Committee attended at the previous AGM and answer the shareholder queries.

3.4 Attendees:

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

3.5 The Terms of Reference of the Audit Committee:

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

- A. Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement reflects a true and fair position and that sufficient and credible information is disclosed.
- B. Recommending the appointment and removal of the statutory auditors, fixation of audit fees and also approval for payment for any other services.
- C. Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- D. Reviewing, with the management, the annual financial statements before submission to the board, focusing primarily on :
 - i) Matters required to be included in the Director's Responsibility statement to be incorporated in terms of Section 217(2AA) of the Companies Act, 1956
 - ii) Any changes in accounting policies and practices
 - iii) Major accounting entries based on the exercise of judgment by management
 - iv) Significant adjustments arising out of audit ;
 - v) Compliance with listing and other legal requirements relating to financial statements
 - vi) Disclosure of any related party transactions
 - vii) Qualifications in the draft audit report.
 - viii) Compliance with accounting standards;
 - ix) Management discussion and analysis of financial condition and result of operations
- E. Reviewing the Quarterly Financial Results before submitting the same to the Board's approval
- F. Reviewing, with the management, the performance of external and internal auditors and adequacy of the internal control systems.
- G. Reviewing the adequacy of internal audit function and frequency of internal audit.
- H. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- I. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

3.6 Powers of the Audit Committee:

The following are the powers of the Audit Committee:

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

4 Remuneration Committee

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

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

4.1 Constitution of Remuneration Committee:

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

4.2 Composition of Remuneration Committee and attendance of members:

Two Meetings of Remuneration Committee were held during the year under review Committee i.e. 30th Nov 2011 and 30th December 2011. 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 and the general business transacted by the committee was to decide and approve the terms and conditions for appointment of executive directors of the Company and other matters related thereto.

4.4 Remuneration Policy :

4.4.1 Management staff :

The Company's remuneration policy is driven by the success and performance of the individual employees. The Company follows a compensation policy of fixed pay, allowances & perquisites. Performance of the individuals is measured through the quarterly, half yearly and annual appraisal process.

4.4.2 Non-Executive Directors:

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

4.4.3 Executive Directors

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

4.4.3.1 Remuneration of Mr. Bhargav Marepally:

a) Salary

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

b) Perquisites

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

c) Commission

The Managing Director shall be paid a Commission of 3% of the net profits of the Company determined in accordance with Section 349 and other applicable provisions of the Act.

4.4.3.2 Remuneration of Mr. Ramesh Yerramsetti:

a) Salary

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

b) Perquisites

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

c) Commission

The Managing Director shall be paid a Commission of 3% of the net profits of the Company determined in accordance with Section 349 and other applicable provisions of the Act. Share Transfer and Shareholders/ Investors Grievance Committee

4.5 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.

4.6 Composition of the Committee and attendance of members:

Five meetings of the Share transfer and Shareholders/ Investors Grievance Committee were held on 15th August, 2010, 15th November 2010, 30th November 2010, 14th February, 2011 and 13th May, 2011. The composition of the Remuneration 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	2
Mr. Bhargav Marepally	Member	Executive, Promoter group	5
Mr. Ramesh Yerramsetti	Member	Executive, Promoter group	5

4.7 The Terms of Reference of the Committee:

- I. To reject the 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.

4.8 Name of the Compliance Officer

The Company has appointed Someswara Rao Artham as Head of Legal, Company Secretary & Compliance Officer to address the grievances/ complaints of the investors.

4.9 Status of Shareholders' complaints

Status of the investor complaints during the FY 2010-2011:

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	1	1	0

4.10 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.

5 General Body Meetings:

5.1 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
2009-2010	December 27, 2010	10.30 A.M.	Ellaa Suites, Jasmine Banquet Hall, Hill ridge springs, No.25, Kancha, Gachbowli, ISB Road, Hyderabad-500032
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

5.2 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, 27 th December, 2010	AGM	★ Approval & Adoption of accounts for the year ending 30th June, 2010 ★ Declaration of dividend ★ To appoint a Director in the place of Mr.PVRK Prasad who retires by rotation and being eligible, offers himself for re appointment ★ To appoint a Director in the place of Mr. L.V.Prasad who retires by rotation and being eligible, offers himself for re appointment ★ Appointment of M/s.Sarath & Associates as Statutory Auditors ★ Change of name of the company from GSS America Infotech Ltd to GSS Infotech Limited ★ Increase in authorized capital of the company from ₹.15.00 Crores to ₹.50.00 Crores ★ Raising of funds through Foreign Currency Convertible Bonds(FCCB)/ American Depository Receipts (ADR)/Global Depository Receipts(GDR) /Qualified Institutional Placement (QIP) routes to the extent of USD 75 Millions ★ Issuance of Employee Stock Option Scheme (ESOS) ★ Acquisition of Freedom Professional Technologies LLC ★ Appointment of Mr.Bhargav Marepally as a Managing Director for a period of five years ★ Appointment of Mr.Ramesh Yerramsetti as a Managing Director for a period of five years

5.3 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.

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

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

6 Disclosures

6.1 **Disclosure on materially significant related party transactions:**

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

6.2 **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

6.3 **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.

6.4 **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.

6.5 **Whistle blower policy:**

The Company has adopted a whistle blower policy and has established the necessary mechanism in line with clause 49 of the listing agreement with the stock exchanges, for employees to report concerns about unethical behavior. No person has been denied access to the audit committee.

7 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.gssinfotech.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 regional newspaper as required under clause 41 of the listing agreement). 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.

We also send financial updates to all investors whose e-mail id's are made available to us

8. General Shareholder Information

8.1 **Annual General Meeting**

The AGM of the Company for the financial year 2010-11 is scheduled to be held on Friday, December 30, 2011 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.

8.2 Financial Year

The Company follows July-June as its financial year, accordingly for the financial year 2010-11, financial year starts from July 2010 and ended with June 2011.

8.3 Book Closure

Register of Members and the Share Transfer Book of the Company will remain closed from December 26, 2011 to December 30th 2011 (both days inclusive)

8.4 Listing on Stock Exchanges & Stock Code

The Company is listed on the following Stock Exchanges

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

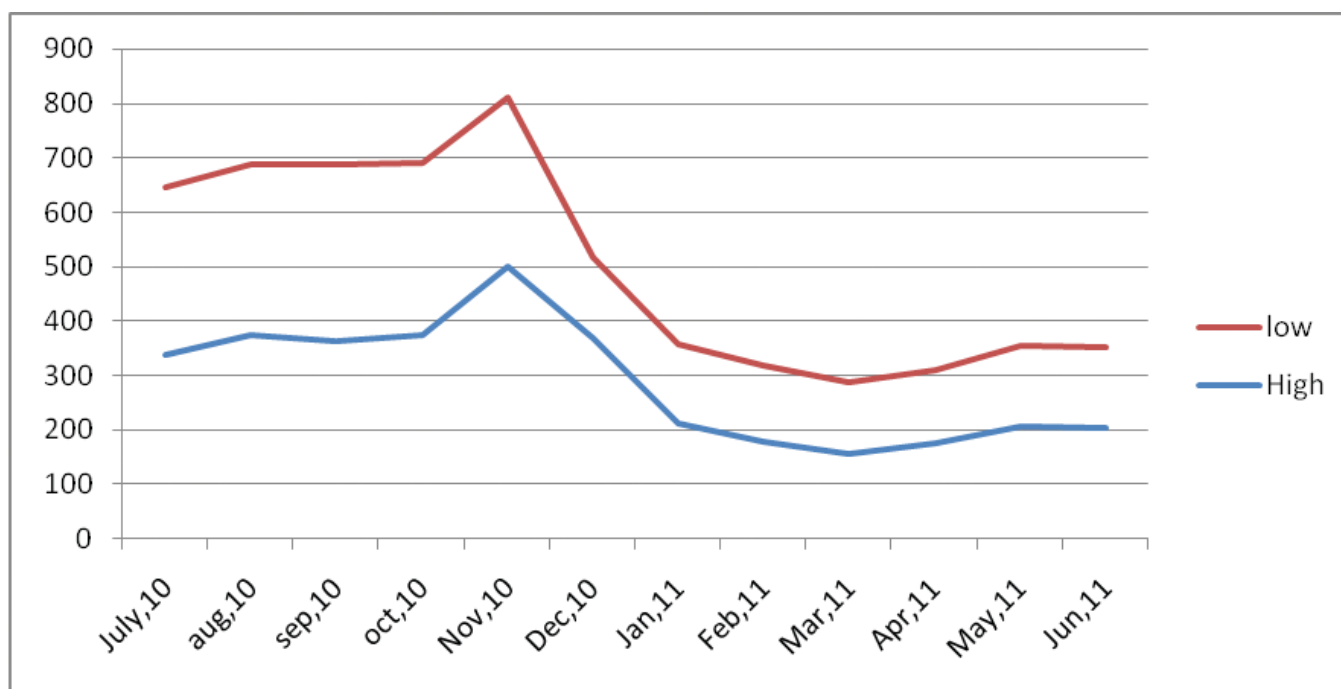
Listing fees has been paid to both the Exchanges for the FY 2010-2011. The ISIN number of the equity shares of the Company is INE870H01011.

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

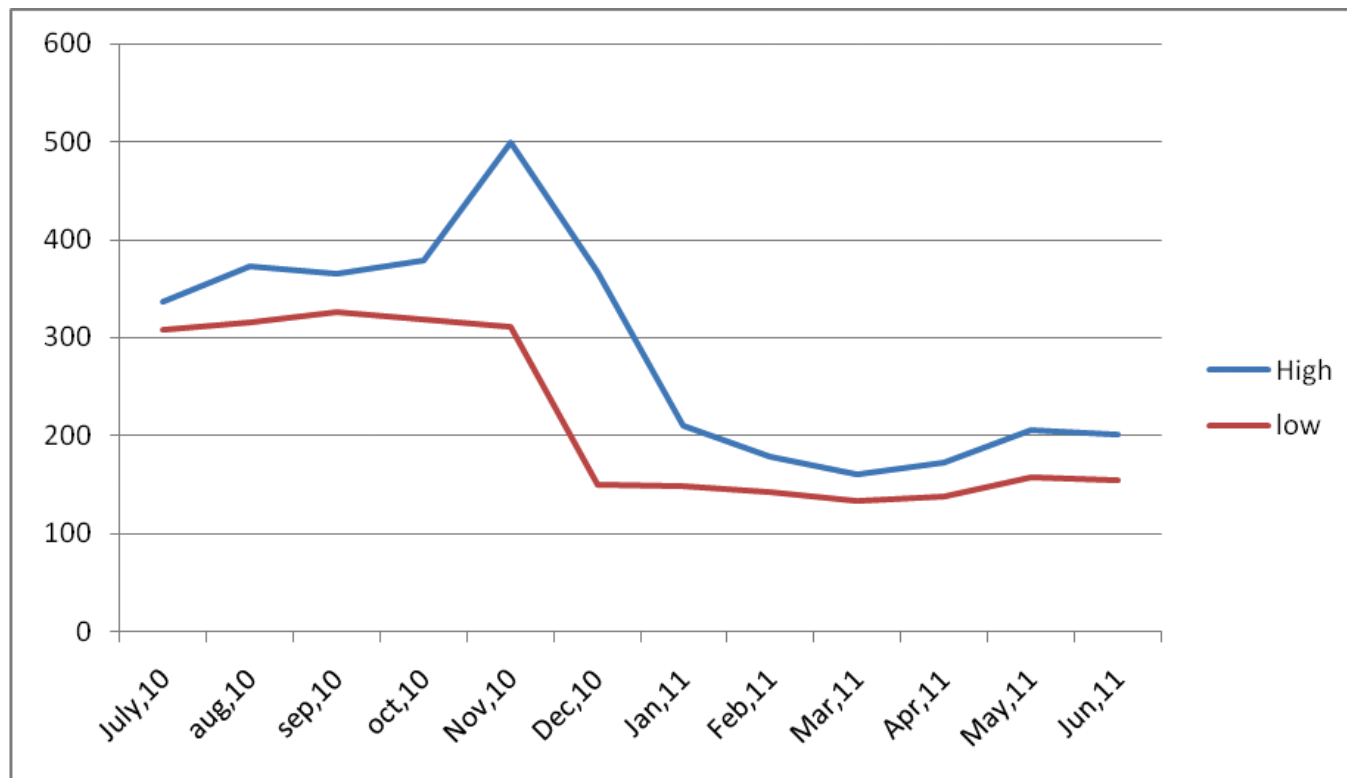
Share price Date (in ₹. Per share)

Month	NSE		BSE	
	High	Low	High	Low
July 10	337.70	308.30	336.50	308.20
Aug 10	374.30	312.50	373.00	315.00
Sep 10	361.90	326.00	365.00	326.00
Oct 10	373.20	316.35	380.00	318.00
Nov 10	500.00	310.10	500.00	311.00
Dec 10	368.50	149.65	366.90	149.70
Jan 11	210.40	148.20	211.00	148.20
Feb 11	178.10	142.05	178.10	142.10
Mar 11	154.95	133.95	160.45	132.45
Apr 11	175.00	137.50	172.40	136.50
May 11	205.00	151.15	205.00	156.00
June 11	202.80	151.15	200.70	153.65

The graphical representation of the high and low price in National Stock Exchange for the financial year 2010-11

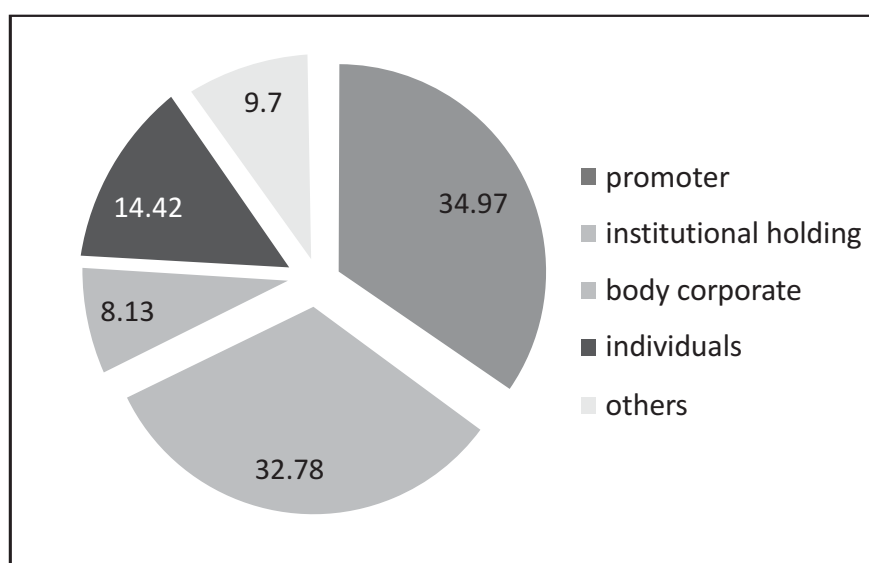


The graphical representation of the high and low price in Bombay Stock Exchange for the financial year 2010-11



8.6 Shareholding pattern as on June 30, 2011

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	8	4943842	34.97	34.97	2351037	47.55
Foreign	0	0	0.00	0.00		
Total Shareholding of Promoter and Promoter Group	8	4943842	34.97	34.97	2351037	47.55
Public shareholding						
Institutions	6	4634091	32.78	32.78		
Non-institutions						
Bodies Corporate	408	1149110	8.13	8.13		
Individuals -	10645	2039391	14.42	14.42		
Any Other (specify)	115	1370409	9.70	9.70		
Total Public Shareholding	11174	9193001	65.03	65.03		
TOTAL	11182	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	11182	14136843	100.00	100.00		



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

8.7 Distribution of shareholding as on June 30, 2011

Range in Rs.	Total Holders	% of Total Holders	Total holding in Rs.	% of Total Capital
Upto 5000	10821	97	5597510	3.96
5001 to 10000	154	1	1195350	0.85
10001 to 20000	95	1	1446960	1.02
20001 to 30000	19	0	504900	0.36
30001 to 40000	14	0	515670	0.36
40001 to 50000	19	0	892630	0.63
50001 to 100000	21	0	1480450	1.05
100001 and above	50	0	129734960	91.77
Total	10813	100.00	141368430	100.00

8.8 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: Ms.Flavia

8.9 Bankers to the Company

- Axis Bank Ltd, RP Road Branch, Rashtrapati Road, Secunderabad – 500 003
- Bank of India, Midcorp banking branch, Hyderabad
- State Bank of India, Yellareddiguda branch, Hyderabad
- ICICI Bank, Jublie hills Branch, Hyderabad

8.10 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.

8.11 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 2011 are as follows:

Mode	Records	%age to holders	Shares	%age to capital
NSDL	6309	56.42	11479175	81.20
CDSL	4868	43.53	2306707	16.32
Physical	5	0.04	350961	2.48
Total	11182	100	14136843	100

8.12 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.

8.13 Subsidiaries and Office Locations

The Company has development centers and branches, the details of which are as follows :

REGISTERED OFFICE:

GSS Infotech Ltd.
Block '2', Level-5, wing-5-01,
Cyber pearl HITEC City,
Madhapur, Hyderabad - 500081; AP. India
Tel: +91 40 40028700 / 1 / 2
Fax: +91 40 40028703

Subsidiaries

- | | | | |
|---|--|--|---|
| <p>a) NORTH AMERICA:
GSS Infotech Inc.
1699 Wall Street
Suite 201, Mt. Prospect,
IL 60056
Tel: (847) 640 3700
Fax: (847) 640 3701</p> | <p>MIDDLE EAST
GSS Infotech Ltd.
P.O. Box 73030,
Dubai Internet City
Dubai - United Arab Emirates
Tel: +97 143 755 710;
Fax: +97 143 672 786</p> | <p>ASIA-PACIFIC
GSS Infotech Ltd.
3 Shenton Way
#03-09, Shenton House
Singapore 068805
Tel: +65 3125 5049
Fax: +65 6491 5300</p> | <p>INDIA
GSS IT Solutions Private Limited
Level-5, wing-5-01,
Cyber pearl HITEC City,
Madhapur, Hyderabad - 500081;
AP. India
Tel: +91 40 40028700 / 1 / 2
Fax: +91 40 40028703</p> |
|---|--|--|---|
- b) System Dynamix Corporation & GSS Infotec Holdings 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) **GCI Systems Inc**
Minneapolis, MN, USA
655 County Road E West
Shoreview, MN 55126
Tel: +1 651-604-5770
Fax: +1 651-604-5775
- e) **Veloce Group LLC**
Minneapolis, MN, USA
655 County Road E West
Shoreview, MN 55126
Tel: +1 651-604-5770
Fax: +1 651-604-5775
- f) **Infovista Technologies**
No.2550, US Highway 1 (Route)
North Brunswick, NJ - 08902
- g) **Technovant, Inc.**
11875 Dublin Blvd,
Suite # C155
Dublin, CA 94568

8.14 Address for correspondence

Any queries relating to the financial statements and Investors' correspondence may be addressed to:
Mr.Someswara Rao Artham, Head of Legal, Company Secretary & Compliance Officer

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

10 A) Status Report of utilization of IPO funds as on 30th June 2011 as per clause 43 of Listing Agreements

During the Financial Year 2007-2008 the Company has raised ₹. 13989.98 Lakhs through Initial Public Offer (IPO) of equity shares. Out of the above stated IPO proceeds ₹. 1221.17 Lakhs were incurred towards the public issue expenses and ₹.980.58 lakhs incurred towards setting up of overseas offices, ₹.9279.49 lakhs were incurred towards acquisition and ₹.2508.74 lakhs incurred towards working capital

B) Status Report of utilization of QIP funds as on 30th June 2011 as per clause 43 of Listing Agreements

During the quarter ended June 30th 2010, the Company has raised ₹. 4564.84 lakhs through qualified institutional placement by issuing 14,00,000 lakh shares @ ₹. 326.06 per share. ₹. 199.59 lakhs has been utilized to meet the issue expenses and ₹. 4365.25 lakhs is utilized towards acquisitions.

for and on behalf of the Board

Place: Hyderabad
Date: December 05, 2011

Sd/-
Mr. Bhargav Marepally
CEO & Managing Director

Sd/-
Mr.Ramesh Yerramsetti
Managing Director

ANNEXURE C

Auditors' certificate on Corporate Governance

To the Members of GSS Infotech Limited

(formerly known as GSS America Infotech Ltd)

Level-5, Wing-5-01,

Block -2, Cyber Pearl

Hitech City

Hyderabad- 500081

We have examined the compliance of conditions of Corporate Governance by GSS Infotech Limited (the Company) for the year ended June 30, 2011, as stipulated in clause 49 of the Listing Agreement stipulated by the Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the 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.

Sd/-
Mr.P A P Murthy
Company Secretary
FCS 926
CP.No.6633

Place: Hyderabad

Date: December 05, 2011

ANNEXURE - D

Employee Stock Option Scheme

GSS Infotech Limited (formerly known as GSS America Infotech Ltd), Employee Stock Option Scheme 2010 was approved by the members of the company at the Annual General Meeting held on 27th December 2010. The plan provides for the issuance of stock options to eligible employees not exceeding 8,50,000 options and includes a limit for the maximum number of options that may be granted to each employees. As per the plan, all the taxes are to be borne by the employees and hence will not have an impact on the profit and loss account of the company.

Details of the Employees Stock Option Scheme as required under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) guidelines 1999 as at 30th June 2011.

Sl.No.	Particulars	Remarks
A	Options Granted	200,001
B	the pricing formula	Market price
C	options vested	Nil
D	options exercised	Nil
E	the total number of shares arising as a result of exercise of option	Not applicable
F	Options lapsed	Not applicable as the first option will expire on 30th Dec 2011
G	variation of terms of options	Not applicable
H	money realized by exercise of options	Not applicable
I	Total no.of options in force	200,001
J	Employee wise details of options granted to	
	i) Senior managerial personnel	(please refer below)
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year	Nil
	iii) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
K	diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standards (AS) earnings per shares	Not applicable

Details regarding options granted to Directors and Senior Management Personnel

Sl.No.	Name of Director/ Senior Managerial Personnel	No.of options granted
1	Mr.Siva Kumar Nuti-Head-Global Delivery	20000
2	Mr.Yagnesh Sanghrajka - Chief Financial Officer	20000
3	Mr.Abdul Qadeer- Sales	10000
4	Mr.Subramanyeswara Rao N S V- AVP- Operations	10000
5	Mr.Vinod Rao Raghunandhan	10000
6	Mr.Krishna Prasad Gali- V P-Quality	8000
7	Mr.Ramesh Mantana- GM-HR	7000
8	Mr.Artham Someswara Rao-Company Secretary	3000

The Options are divided into Five (5) tranches with five (5) different vesting periods.

Example

1. In the case of 1st tranche of 100 shares, the vesting takes place at the expiry of One (1) year from the date of granting of options i.e., on 30-Dec-2011.
2. In the case of 2nd tranche of 200 shares, the vesting takes place at the expiry of two (2) years from the date of granting of options i.e., on 30-Dec-2012.
3. In the case of 3rd tranche of 200 shares, the vesting takes place at the expiry of Three (3) years from the date of granting of options i.e., on 30-Dec-2013.
4. In the case of 4th tranche of 250 shares, the vesting takes place at the expiry of Four (4) years from the date of granting of options i.e., on 30-Dec-2014.
5. In the case of 5th tranche of 250 shares, the vesting takes place at the expiry of five (2) years from the date of granting of options i.e., on 30-Dec-2015.

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.

1. Talk about worldwide IT Spend.

The Markets across the entire world have been extremely volatile during the year 2011 and the IT spend has been curtailed in line with the market pressures during most of the year. The last quarter of 2011 has shown improvements in the market conditions and the recovery process has started to take shape going into 2012. Several new technologies have emerged as very promising to provide the Industries top line growth as well as cutting costs. It is interesting to note that during the bad times and good times for the past several years, the ratio of IT spend for operations and new initiatives has been more or less constant at 70:30, significant portion of this spend is in the infrastructure and managed services. This ratio is much higher in the SMB markets. This indicates that the push for Cost containment of services is still strong, especially in the infrastructure support. The IT growth chart by Technology sectors (Hardware, Software, Networks (and Telecom) and Services) given below indicates a conservative growth projections for the next 2 years as Organizations remain cautious of major investments in the CAPEX and OPEX (transformations).

	2008	2009	2010	2011	2012	2013	2014	2015	CAGR (%) 2010-2015
Computing Hardware									
Spending (\$B)	382	335	375	410	445	493	546	610	10.2
Annual Growth (%)	-	-12.3	12.1	9.2	8.6	10.8	10.8	11.7	-
Software									
Spending (\$B)	231	225	244	268	288	308	329	351	7.5
Annual Growth (%)	-	-2.5	8.4	9.6	7.5	7.1	6.9	6.6	-
IT Services									
Spending (\$B)	811	769	793	852	889	926	967	1,012	5.0
Annual Growth (%)	-	-5.1	3.1	7.4	4.4	4.1	4.5	4.6	-
Telecom									
Spending (\$B)	1,978	1,909	2,015	2,160	2,237	2,321	2,403	2,479	4.2
Annual Growth (%)	-	-3.5	5.6	7.2	3.6	3.8	3.5	3.2	-
All IT									
Spending (\$B)	3,402	3,238	3,427	3,689	3,859	4,048	4,246	4,452	5.4
Annual Growth (%)	-	-4.8	5.9	7.6	4.6	4.9	4.9	4.8	-

CAGR = compound annual growth rate

Source: Gartner (September 2011)

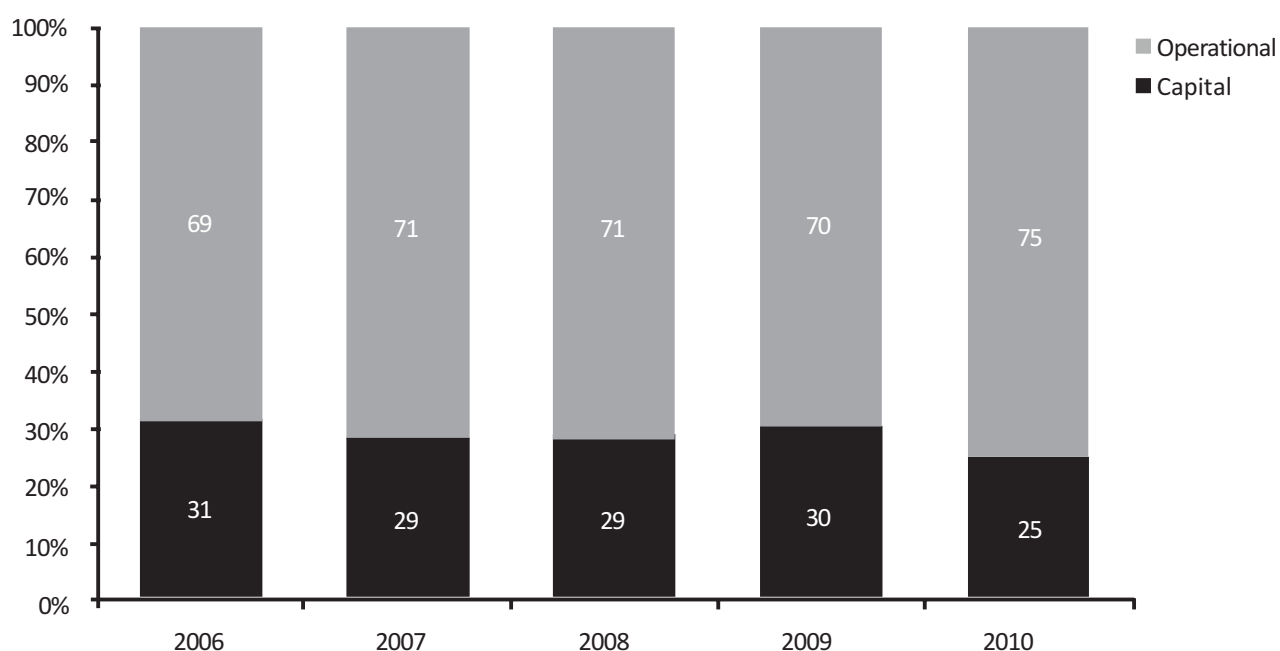
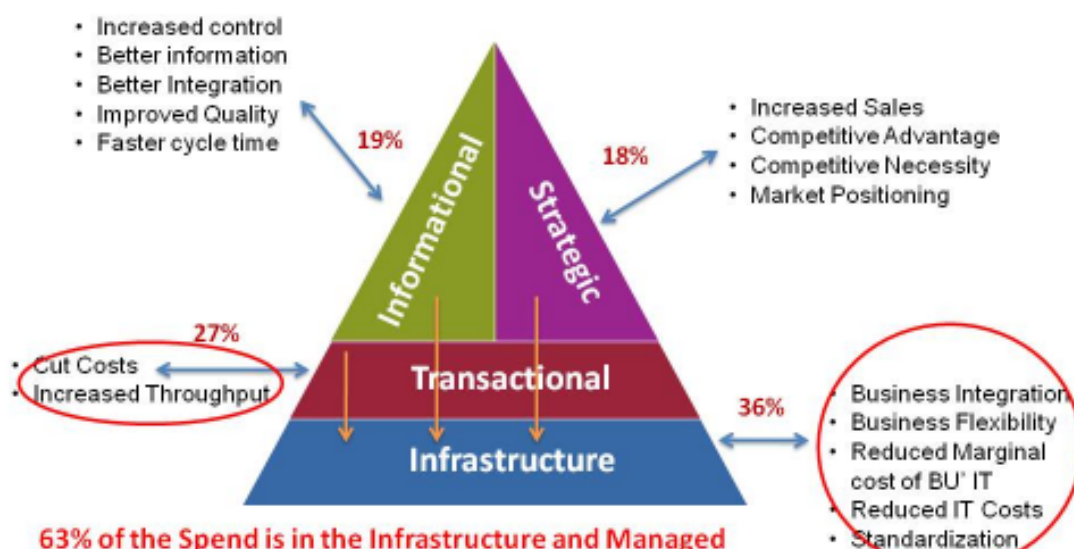


Figure: CAPEX Vs. OPEX Spending trend 2006-2010, Gartner, 2011.

A small portion of the OPEX budget (13 – 15%) has been allocated for transformation of the IT systems for aligning the Business Processes and IT systems support. These transformations are in the form of Product/package upgrades, systems upgrades and simple to medium re-engineering IT systems to take advantage of the newer technology, software practices (Web 2.0, SOA, Enterprise Application Integration, etc.). Complex transformations that span pan-enterprises have been put on hold as the Organizations have been very cautious of large scale transformation projects.

IT spend

Different types of IT spend Classes & their Characteristics



63% of the Spend is in the Infrastructure and Managed Services/Solutions Space

Source: Sloan School of Management, CIO Survey 2009/2010, Gartner

Industry statistics tell us that 80% of the Global 1000 have had very strong outsourcing and offshoring initiatives for several years, this current economic situation has given additional impetus to increase their outsourcing initiatives in areas which they managed internally.

The current market conditions have brought in the SMB customer segment well. The push to outsource and offshore has never been stronger for this segment and they are now moving strongly towards the outsourcing and offshoring for various services. While the deal sizes are smaller, the volume makes up for the overall revenues for the service providers.

According to Gartner, Inc, worldwide enterprise IT spending is projected to total \$2.7 trillion in 2012, a 3.9 percent increase from 2011 spending of \$2.6 trillion and enterprise IT spending growth is slowing from the expected 5.9 percent increase in 2011. According to Forrester, IT spending will grow about 5.5% to US\$ 2.15 trillion in 2012, compared with around 11.5% to US\$2.04 trillion in 2011. According to IDC, worsening macro-economic indicators are cause for concern about IT spending in 2012.

According to Nucleus research survey of US companies found 50 percent plan at least some increase in IT spending in 2012. This confirms that while companies may continue to limit new hires and other investments, they still see IT as a means to drive greater efficiency and profitability.

Table 1. IT Spending by Sector, Worldwide, 2008-2015

	2008	2009	2010	2011	2012	2013	2014	2015	CAGR (%) 2010- 2015
Computing Hardware									
Spending (\$B)	381.6	334.6	375.1	418.9	454.8	496.6	540.5	603.5	10
Annual Growth (%)	-	-12.3	12.1	11.7	8.6	9.2	8.8	11.7	-
Software									
Spending (\$B)	231.2	225.5	244.4	267.6	288.1	308.4	329.4	350.9	7.5
Annual Growth (%)	-	-2.5	8.4	9.5	7.6	7.1	6.8	6.5	-
IT Services									
Spending (\$B)	810.9	769.2	793	845.7	882.5	919.9	960.8	1,004.0	4.8
Annual Growth (%)	-	-5.1	3.1	6.6	4.4	4.2	4.4	4.5	-
Telecom Equipment									
Spending (\$B)	398.8	374.2	412.5	446.1	480.2	514.2	543.4	571.7	6.7
Annual Growth (%)	-	-6.2	10.2	8.1	7.6	7.1	5.7	5.2	-
Telecom Services									
Spending (\$B)	1,578.4	1,533.3	1,602.3	1,693.7	1,748.6	1,803.7	1,860.5	1,913.9	3.6
Annual Growth (%)	-	-2.9	4.5	5.7	3.2	3.1	3.2	2.9	-
All IT									
Spending (\$B)	3,401.0	3,236.7	3,427.3	3,672.0	3,854.2	4,042.8	4,234.6	4,444.0	5.3
Annual Growth (%)	-	-4.8	5.9	7.1	5	4.9	4.7	4.9	-

CAGR = compound annual growth rate

Source: Gartner (June 2011)

IT Infrastructure Spend

Of all segments that make up the IT sector, outsourcing IT Operations remains the number one most attractive means of cost reduction and increased capability within the enterprise. The offshoring market is very dynamic and is still continuing to evolve. Recent IT Services Providers survey from KPMG (KPMG Global Pulse Survey 2Q11) has indicated a strong sentiment from various Service providers about the outsourcing outlook – more so now than before as the CIOs look to reducing operational costs. The technologies and services that are attracting a lot of attention are: RIMS, Virtualization (server, storage, desktop), Cloud (IAAS, PAAS, and SAAS), data center operations support, and Service Desk support. These services are very showing great promise to provide the best cost alternatives for operational efficiencies.

RIMS

On the Services front, Infrastructure Support services have grown very rapidly to emerge as the next wave of outsourcing/offshoring. SMB Customers are now the fastest growing market for the Remote IT Infrastructure Services/Solutions. Gartner has predicted that this market will be growing at a CAGR Of 30% through 2012. This has been validated by McKinsey's survey in 2009, that across the entire range of infrastructure support, viz., Server, Storage, Network, end-user devices (desktops, laptops, printers, etc.) and Service desk, the offshore delivery component is between 50 – 80%. These services are very technology centric with minimal business/organization knowledge requirement and are very strong candidates for outsourcing/offshoring. New offshore locations are emerging. Markets are expanding not only in the United States but in Europe and Asia. Adoption rates by existing industries are rising and new industries are starting to accept the transforming model of outsourcing and offshoring. The market is starting to incorporate transformation and consolidation as customers look for greater value from IT operations delivery from 3rd party vendors. The NASSCOM-McKinsey survey report indicates that the RIMS market is anywhere between \$80 Billion to \$120 Billion. The offshore share of this market has been growing at the rate of 20% – 30% year-on-year. The Remote Infrastructure Services is expected to grow to anywhere between \$26 Billion to \$28 Billion by 2013 and Indian Service Provider share could be around half of this opportunity. About 70% of the RFPs issued in the last 2 years have had some form of infrastructure support requirements built into the requirements.

Services Likely To Be Outsourced through 2012 (Forrsights Services Survey, Q3, 2010)

- Service desk – 19% of customers from NA are likely to consider (Europe – 23%)
- Telecom & Network Management – 24% of customers from NA are likely to consider (Europe – 30%)
- DC Management Services – 24% of customers from NA are likely to consider (Europe – 22%)
- Virtual Hosting Services – 27% of customers from NA are likely to consider (Europe – 30%)
- Desktop Management – 21% of customers from NA are likely to consider (Europe – 24%)
- Desk Side Support - 18% of customers from NA are likely to consider (Europe – 23%)
- Security Services - 20% of customers from NA are likely to consider (Europe – 18%)
- Entire IT Infra - 9% of customers from NA are likely to consider (Europe – 17%)



Source: IDC-Nasscom Strategic Review 2010

Of the new technologies and Services, the ones that have emerged as the most significant market place changers are: Virtualization, Cloud and Mobility. While Mobile technologies have tremendously increased individual productivity, Virtualization and Cloud technologies are bringing in enterprise level gains in the productivity and cost containment. These technologies have spawned new services for outsourcing and offshoring.

Virtualization

Server consolidation remains the top driver for Virtualization. While a large number of organizations, small and Enterprise class have adopted the server virtualization technology, the other virtualization technologies have a great potential for adoption. Of these, Desktop Virtualization (VDI), storage and Network virtualization hold the most promise for growth in the coming 2 – 3 years.

The Server virtualization adoption has given rise to the Outsourcing of Management of these complex environments as specialized skills are required in the specific technologies (VMWare, Microsoft, CITRIX and Open source) to maximize the benefits of virtualization.

Importance of Virtualization Technologies to IT Strategy

How important are these virtualization technologies to your organization's overall IT strategy?
Please use a scale of 1 to 5, where 1 is "not important" and 5 is "very important."

1 Not important _____ Very important 5

Server virtualization



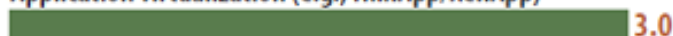
Storage virtualization



Desktop virtualization



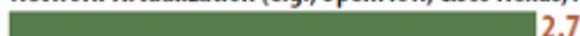
Application virtualization (e.g., ThinApp/XenApp)



I/O virtualization



Network virtualization (e.g., OpenFlow, Cisco Nexus, NextIO, HP)



Note: Mean average ratings

Data: InformationWeek 2011 Virtualization Management Survey of 396 business technology professionals, August 2011

R3391011/11

Use of Virtualization Technologies

To what extent is your organization using the following virtualization technologies?

■ Extensive use ■ Limited use ■ Evaluating ■ No use/no plans for use

Server virtualization



Storage virtualization



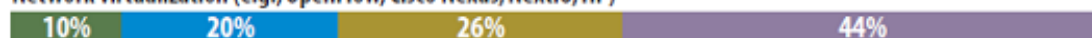
Application virtualization (e.g., ThinApp/XenApp)



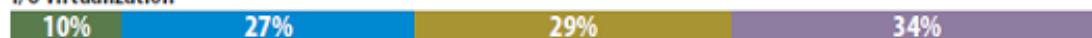
Desktop virtualization



Network virtualization (e.g., OpenFlow, Cisco Nexus, NextIO, HP)



I/O virtualization

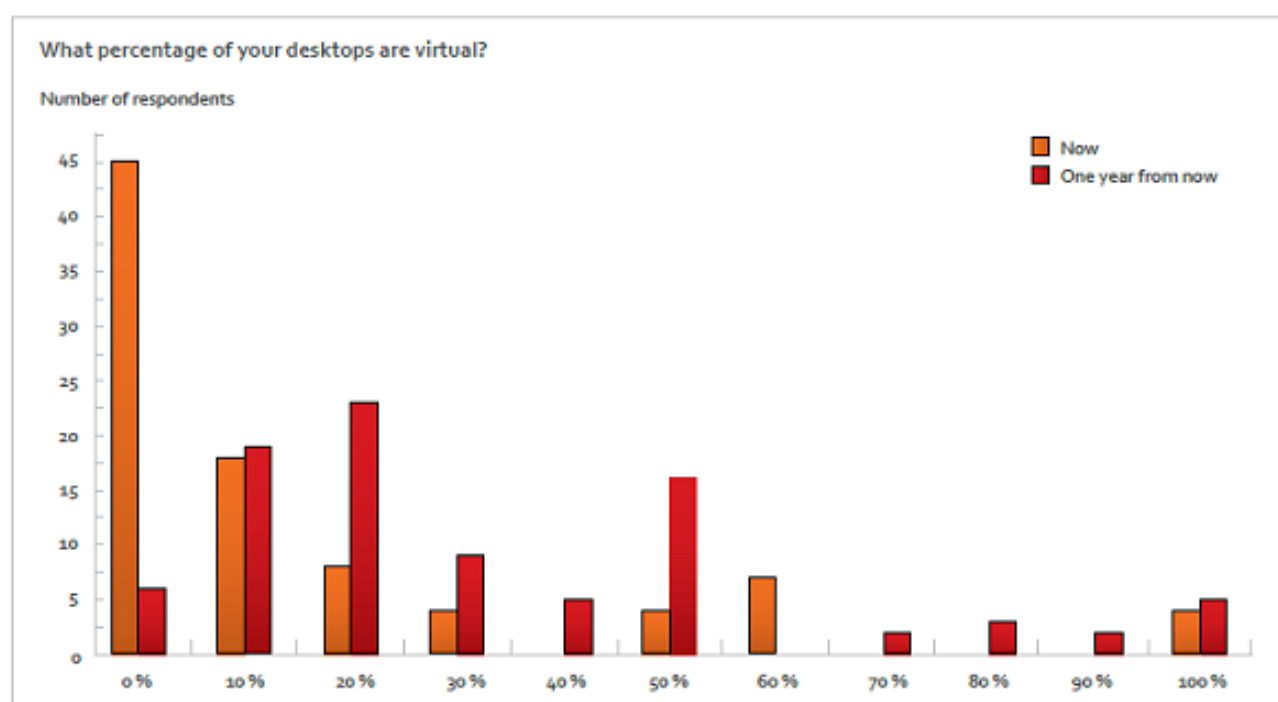
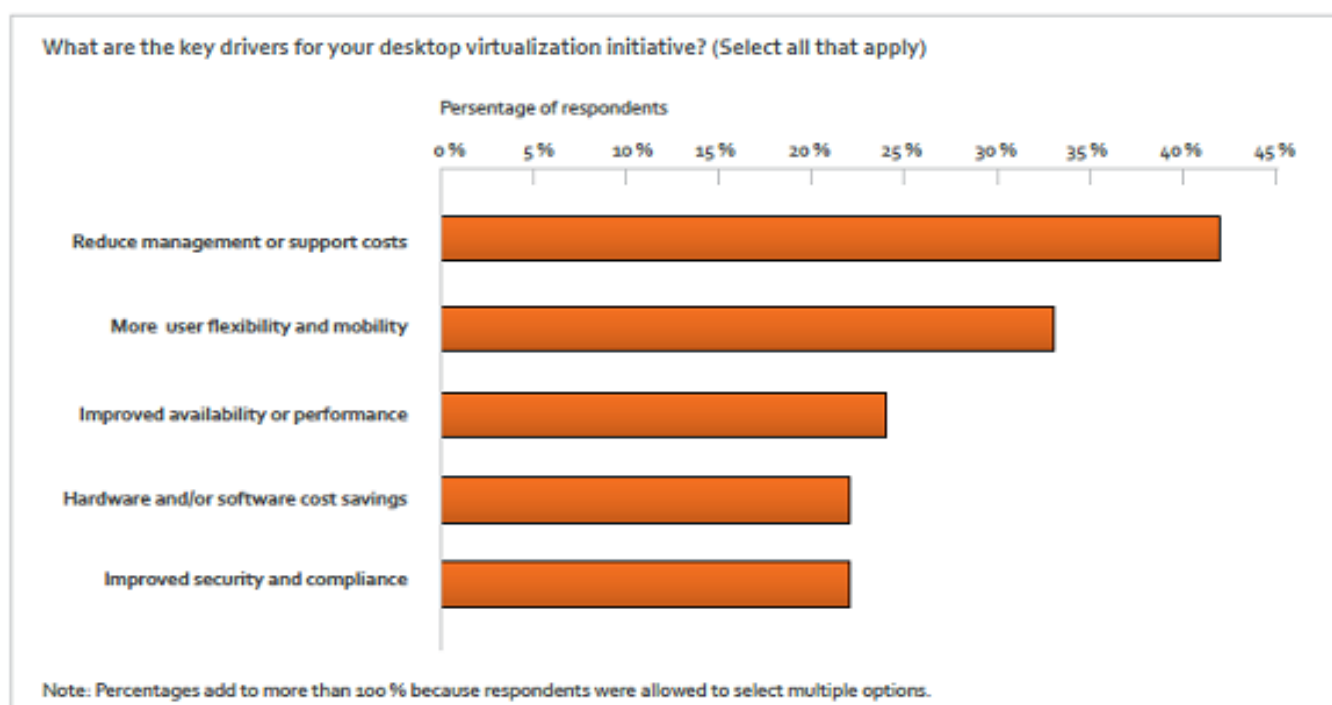


Data: InformationWeek 2011 Virtualization Management Survey of 396 business technology professionals, August 2011

R3391011/10

Desktop Virtualization

The potential for desktop virtualization is summarized in the following data points. As can be seen from these data points, the potential growth of this technology is very high. While the major infrastructure component virtualization has brought in savings of the Hardware and license costs at the server level, desktop virtualization is expected to bring in tremendous savings in the software license costs.



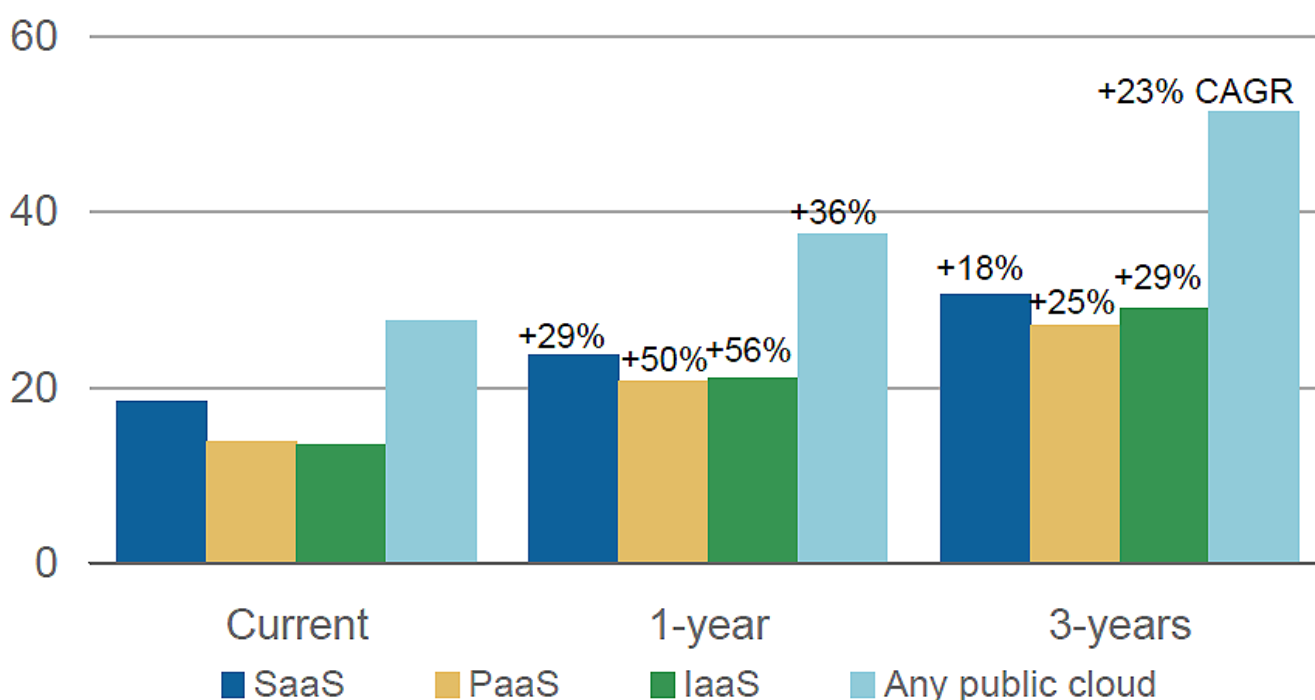
Cloud

Cloud technology extends the virtualization savings by creating a highly scalable environment that not only provides tremendous compute, storage capability, but has transformed the Cost model – transitioning from the CAPEX model to OPEX model. In the Infrastructure space Cloud computing is one of the most discussed IT trends of the decade, and rightly so. The potential for improved efficiency, reliability and overall impact to business productivity is significant. Scalability is the key driver allowing organizations for the first time IT Infrastructure to purchase only what they need. Historically IT is provisioned with margins for growth; often meaning that IT resources sit either used for considerable periods or they are only called upon at infrequent peak needs.

Cloud computing is transitioning from industry buzzword to business-critical solution; recent technology forecasts name the migration to cloud as the biggest trend of 2012, with Gartner anticipating that the spending on cloud computing applications will reach \$150 billion by 2013.

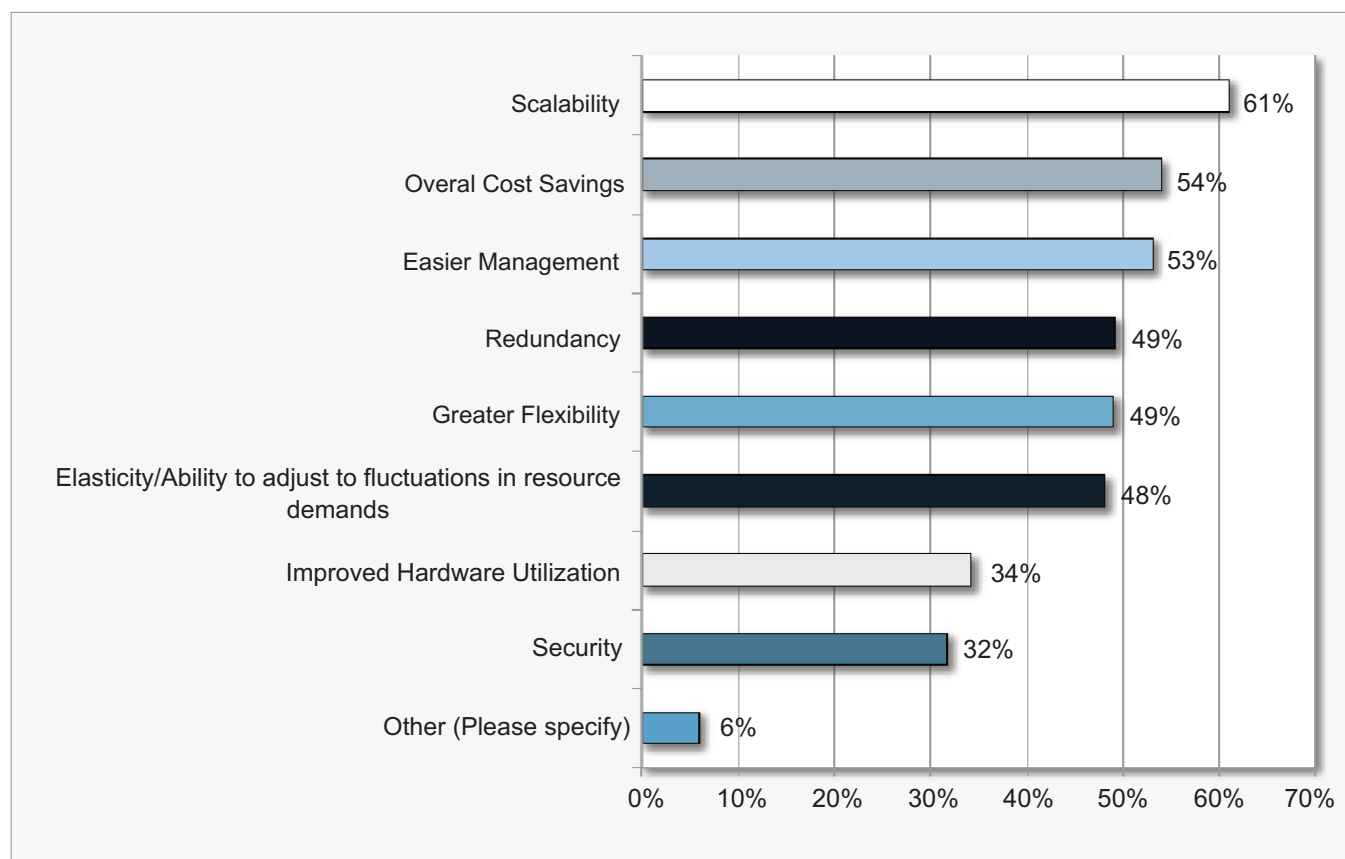
Customer Adoption of Public Cloud Solutions Expected to Grow Rapidly over Next Three Years...

Respondents using the public cloud (%)



Source: AlphaWiseSM, Morgan Stanley Research

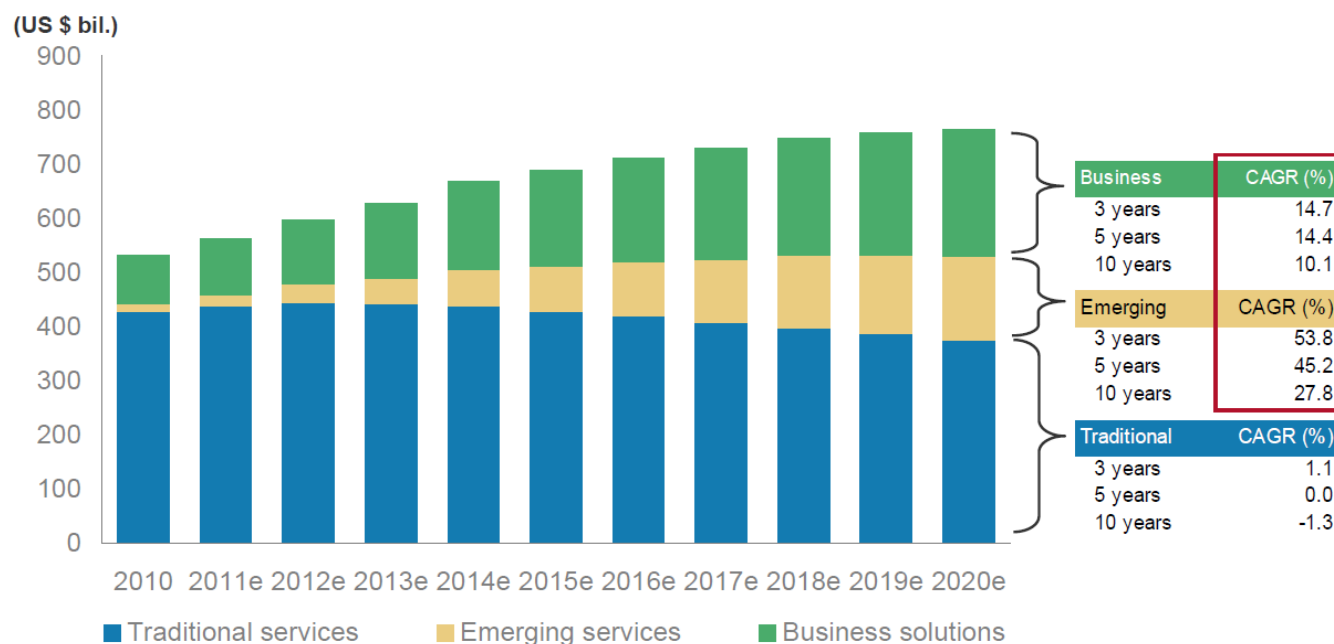
Drivers for Cloud Technology Adoption



Source: 2011 Cloud Computing Survey

A shortage of skills in deployment of cloud based solutions has replaced the traditional security concern that is usually quoted as the barrier for adoption. Moreover most management tools do not translate well for managing the new cloud environment.

Technology Shift Forecast Growth Patterns



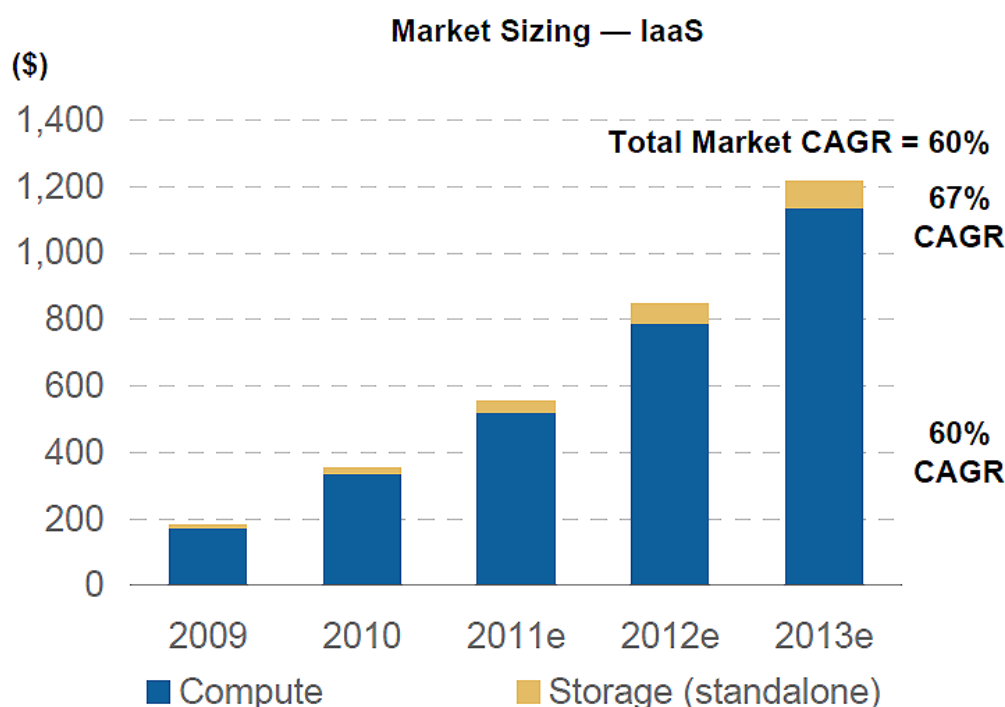
Note: As defined by Forrester Research and CSC, business solutions includes business services and vertical software (or leveraged BPO); emerging services includes consulting and implementation, service orchestration, software/platform as a service, security as a service, and infrastructure as a service; and traditional services includes IT consulting, systems integration, and outsourcing.

e=Company estimates.

Source: Forrester Research, Inc.; CSC Research

It is widely anticipated that majority of organizations will first move to IaaS models to leverage the immediate benefits of cloud computing, and over time as confidence grows increase adoption for other service areas.

IaaS has the Highest Forecasted CAGR in the Public Cloud



Note: For more information see reports by The 451 Group, *Cloud Heavyweights Shape the IaaS Landscape*, August 2010, and *Cloud Computing: As-A-Service Market Sizing*, October 2010.

e=The 451 Group estimates.

Source: The 451 Group, Morgan Stanley Research.

2012 will see a shift in adoption as organizations become more confident in the application of cloud based services after a period of prolonged analysis and decision making of where to best apply. The transition path is widely predicted that organizations will first follow the pattern of:

- ◆ Private Cloud

Organizations will look to leverage virtualization technologies to create agile infrastructures with their own data centers to allay security and confidentiality fears.

- ◆ Hybrid Cloud

It is first seen to be used as the adoption of public cloud services for additional resources, peaks in computing resources and non-critical applications and data.

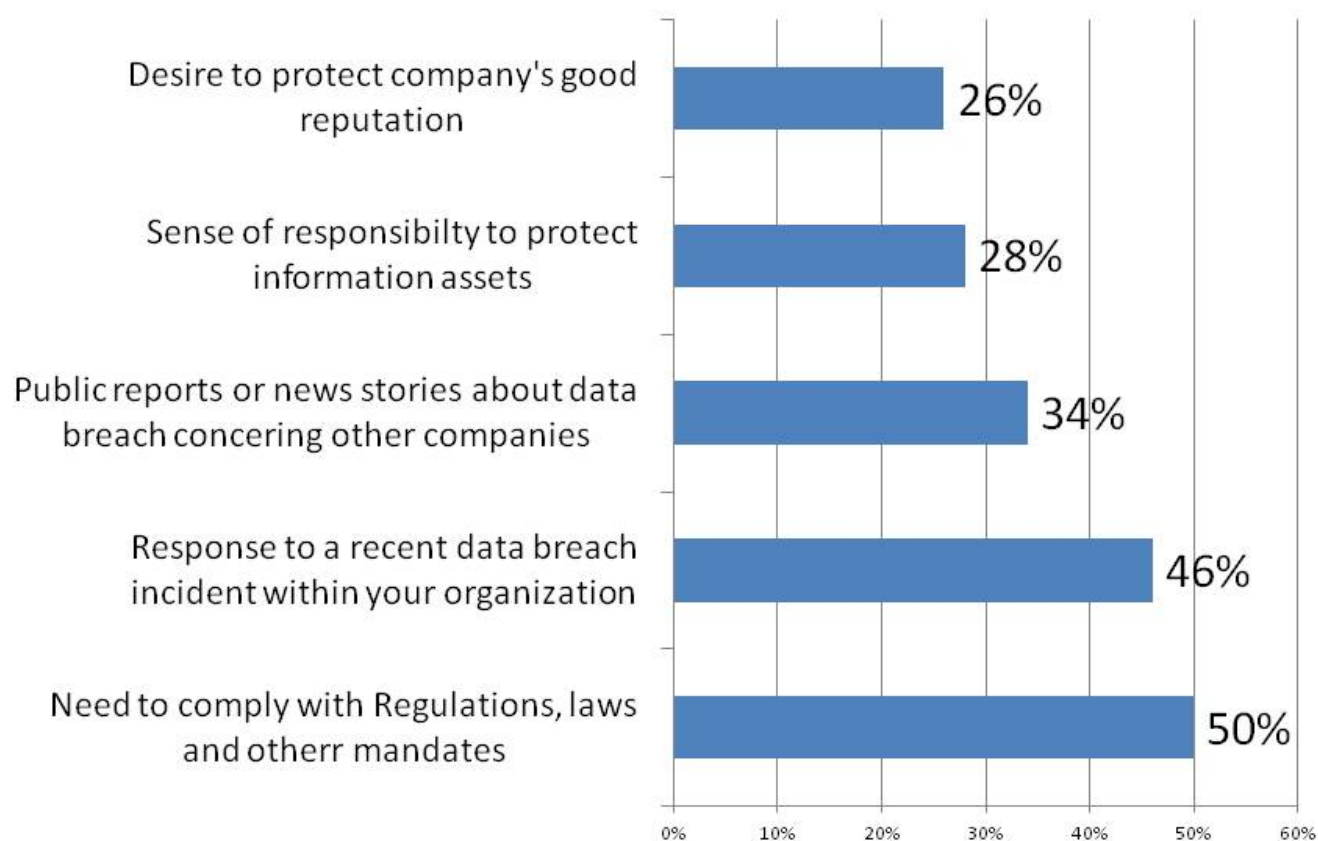
◆ Public cloud

As confidence grows, more and more IT functions will transition.

Security Services

As organizations are increasing their presence globally leveraging the explosion of internet, social media, mobility, etc. technologies, the security threats, intrusion has been steadily rising. More and more organizations and governmental agencies have been the target of security breaches and there has been a tremendous loss of credibility for the organizations (targets of breaches) along with financial losses in terms of remediation and compensation to the affected parties. Governmental regulations across the world are dictating how organizations (private/public) manage the confidentiality of information that is created. The graph indicates the organizations Budget allocation for IT Security.

Funding Decisions for Security management



The statistics from White Hat Security Organization show the vulnerability of organizations for various types of security breaches.

Key Findings

Most Websites were exposed to at least one serious vulnerability every day of 2010, or nearly so (9-12 months of the year). Only 16% of websites were vulnerable less than 30 days of the year overall.

71% of Education , 58% of Social Networking, and 51% of Retail websites were exposed to a serious vulnerability everyday of 2010.

51% of Banking, 22% of Financial Services, and 19% of Healthcare websites were exposed to a serious vulnerability less than 30days of 2010.

During 2010, the average website had 230 serious vulnerabilities.

Banking, Healthcare and Manufacturing performed the best out of all the industries with an average of 30, 33 and 35 serious vulnerabilities respectively per website during 2010.

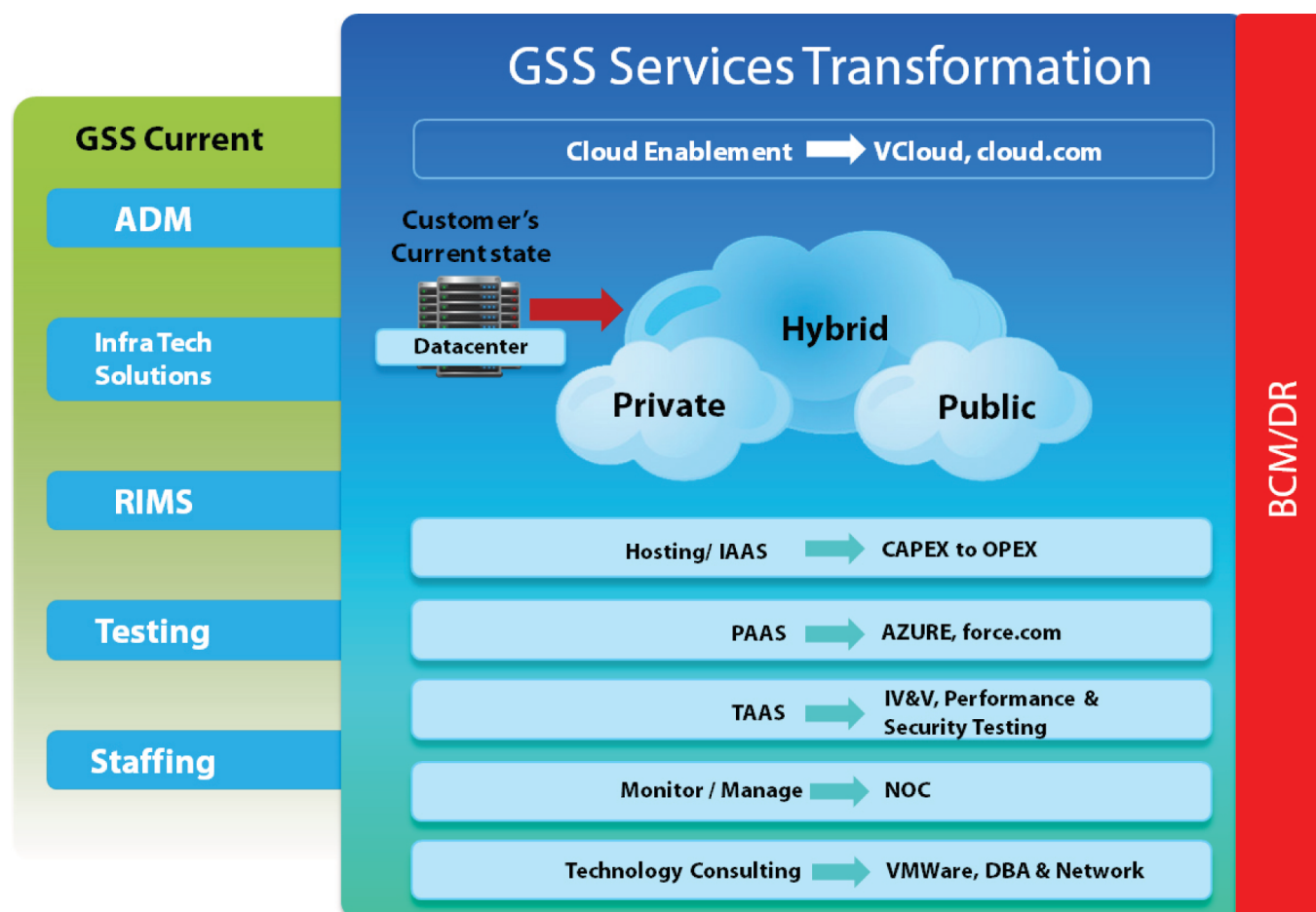
Retail, Financial Services and Telecommunications, whose websites had the most reported issues, averaged 404, 266, and 215 serious vulnerabilities respectively per site.

This is a very high growth area for Services and Solutions as organizations are now recognizing that Security is no longer a niche activity performed by enterprises and only after the breach has been detected.



2. Outlook - Refocusing GSS Infotech

Given the current market conditions and the spending patterns, GSS strengths in the infrastructure solutions and services space, GSS is re-aligning itself to create a strong position to enable its customers migrate to Cloud. With the recent acquisitions and the organic strengths of the organization, GSS believes that IT infrastructure services and Cloud enablement will offer the company with a tremendous market opportunity. The following picture depicts the GSS service transformation approach which it plans to go to market with in 2012.



GSS to be seen as a Transformation enabler to Cloud Services

These services offerings leverage GSS strengths and are aligned with the market expectations. GSS has already progressed well on improvising the existing services/solutions in this space by inducting tools and technologies that enable us to implement these faster, better and cheaper for its customers leveraging the global delivery model.

3. Risks and Concerns

Talent Acquisition:

Attraction and retention of highly skilled talent, as the demand for high quality skills increases, so too does wage and benefits needed to ensure staff retention.

Currency Fluctuation & Inflation:

Domestic inflations instability coupled with instable worldwide banking combines to create an unsure platform on which to build business. Current economic crises in the Eurozone threaten worldwide economic recovery and place uncertainty in this area.

Protectionism & Visas Allocation:

As a result of the tough economic situation, and high unemployment rates in the US protectionism is an issue of particular concern. Politicians face pressure to ensure that more US domestic jobs are not lost to foreign. Despite a recent decrease in US unemployment rates in Nov 2011 are at 9.1%*, it is wise to note that this is close to double the unemployment rate of mid-2008. (4.7%*) It is an issue that receives constant attention.

Current court cases referencing fraudulent H1b Visas may also have an impact on the ease of which H1B and other temporary visas are obtained.

*US Bureau of Labor Statistics Report: Nov 4th 2011

Global Diversification & Multisourcing

Traditional offshore locations including India, China, and the Philippines will continue to be the major destination for offshoring. India will remain the dominant player and in a class by itself especially in ITO. However as organizations look to mitigate risk, multi-sourcing adoption rates are increasing to take advantage of skills and lower cost, and to take advantage of new markets

2011-12 risks

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;
- 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.

★ **Internal controls and adequacy**

- ★ Your company has a comprehensive information security policy covering multiple components, viz., logical security, physical security, organizational information assets and process security, thereby maximizing the benefits of Information Systems for data protection and customer privacy, while minimizing the risks of offshore software outsourcing.
- ★ Your company conforms to Information Security Management System standards as per the ISO 27001:2005 with monthly Internal Quality Audits and Yearly External Certification /Surveillance Audits by TUV.
- ★ Your company has network firewalls, anti-virus protection at various levels, encryption methodologies, authentication and access controls & Intrusion Detection Systems. Also we enforce strict compliance and disabled CD/DVD ROM, USB drives and all other removable storage devices on PCs as per the ISMS policies.
- ★ Your company conducts employee background screening, information security education and regular training on IP protection to all its employees working on various projects
- ★ Your company has documented business continuity and disaster recovery plans
- ★ Your company has appointed an independent audit firm, B V Rama Rao & Co, Chartered Accountants, have conducted a quarterly internal audit and verify internal controls and its adequacy in the areas of operations, HR, Secretarial and Finance and Accounts. Their report is placed and discussed in the audit committee, and there are no adverse observations made by the firm post their review

4. **Financial and operational performance**

DISCUSSION ON RESULTS OF OPERATIONS (Standalone)

Operational Income

The operational income for the year 2010-11 stood at ₹. 606.5 million as compared to ₹. 479.5 million in the year 2009-10. The increase in revenue is primarily attributed to implementation of various new projects including the prestigious Bangladesh e-procurement project and Unique Identification number (UID) Aadhaar projects awarded for various districts by Maharashtra State Government.

Total staff costs and other direct costs

The direct costs including staff costs in the year 2010-11 stood at ₹. 343.9 million as compared to ₹ 199.7 million in the year 2009-10. This is primarily due to increase in the number of offshore employees resulting in increase in costs in most of the areas, including salaries.

Total expenditure

The operating, general and selling expenses in the year 2010-11 stood at ₹. 139.5 million as compared to ₹. 115.7 million in the year 2009-10. This is primarily due to a foreign exchange fluctuation loss of ₹. 50.4 million in the first quarter of 2010-11. Keeping this aside, the overall costs have gone down as compared to the year 2009-10.

Depreciation / Amortization

The depreciation / amortization in FY 2010-11 stood at ₹. 57.5 million as compared to ₹. 20.6 million in the year 2009-10. The increase is due to increase in fixed assets in the year 2009-10.

Profit before Tax

The Company's net profit before tax for the year stood at ₹. 71.3million as compared to ₹.148.2 million in the year 2009-10. The reduction in profits is due to higher expenses and depreciation/amortization.

Liquidity and Capital Resources

The Company's primary liquidity needs have been to finance its working capital requirements and capital expenditure. To fund these costs, it has relied principally on internal accruals and QIP Proceeds made in June 2010.

Consolidated financial Performance

A summary of our past financial results based on our consolidated accounts is given below

Particulars	(₹. In lakhs)	
	For the year ended 30th June 2011	For the year ended 30th June 2010
Income		
Sales:		
a) Software Services	48467.14	42828.30
b) Other Income	94.70	102.64
Total	48561.84	42930.94
Expenditure		
a) Staff and direct cost	36166.18	31623.75
b) Depreciation	1961.11	1635.40
c) Administration expenses	3275.35	2811.56
d) Interest	31.79	--
Net Profit before tax and extraordinary Items	7127.41	6860.23
Taxation	1685.53	1218.13
Net Profit after Tax	5441.88	5642.10

1. Human Resources

As of 30/06/11 GSS Infotech employees number over 690 FTE's. We have seen a marked drop (33.33%) in year on year attrition which is can be largely attributed to significant efforts to improve employee wellbeing and workplace satisfaction.

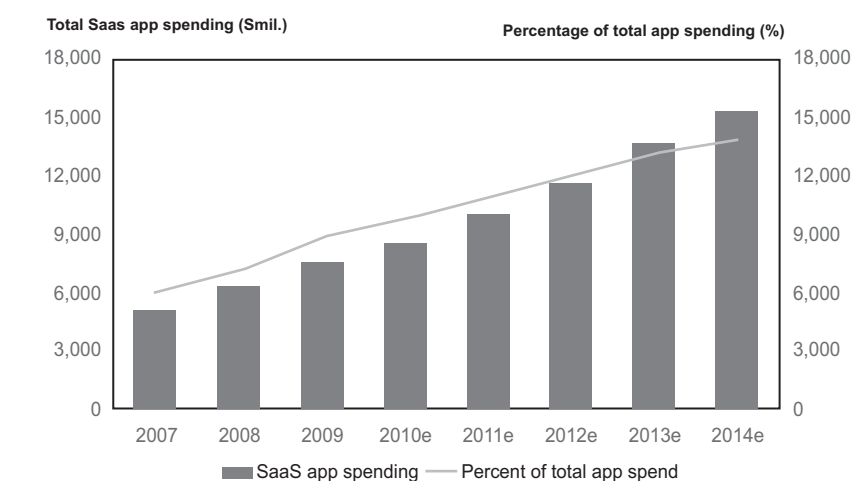
As a result of additional focus and programs to improve the working environment employee satisfaction has increased from 3.6 to 4.1 on a scale of 1-5 compared to the same time period in 2010. Scores of note include: Work Relationships, Work Culture and Career Growth which received a score of 4+ in all cases.

Through Q3 2011 and 2012 we will continue to focus on improving our work environment and instigate additional programs to foster a culture of reward and recognition,

References:

- The Forrester Wave™: Global IT Infrastructure Outsourcing, Q1 2011
- The Forrester Wave™: Platform-As-A-Service For Vendor Strategy Professionals, Q2 2011
- Gartner Magic Quadrant for Static Application Security Testing
- Gartner Magic Quadrant for Help Desk Outsourcing North America 2011
- Gartner Forecast Alert: IT Spending, World Wide 2008-2015
- Gartner's Top Predictions for IT organizations and Users, 2011 and beyond: IT's Growing Transparency
- Nasscom IT-BPO Industry – FY2011 Performance and Future Trends
<http://www.gartner.com/it/page.jsp?id=1735214>
- Global trends in offshoring and outsourcing - International Journal of Business and Social Science, Vol. 2 No. 16; September 2011.
- Forrsights Services Survey, Q3, 2010
- Source: 2011 Cloud Computing Survey, cloud.com
- Cloud Computing Takes off! – Morgan Stanley Blue Paper – May 2011
- CDW-Cloud-Tracking-Poll-Report- May 2011

SaaS App Spending 9% Of 2009 Total, May Hit 14⁰ in 2014



e=Gartner estimates.

Source: Gartner, Morgan Stanley Research

Annexure F

CEO certification

I, Bhargav Marepally, Managing Director and Chief Executive Officer of GSS Infotech Limited, to the best of my knowledge and belief, certify that:

- a. I have reviewed financial statements and the cash flow statement for the year 2010-11 and that to the best of my 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 my 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. I accept responsibility for establishing and maintaining internal controls for financial reporting and I 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. I 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 I 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 Infotech Limited

Sd/-

Mr. Bhargav Marepally
CEO & Managing Director

Date: December 05, 2011

Place: Hyderabad

Annexure G

CEO's Declaration

I, Bhargav Marepally, Managing Director and Chief Executive Officer of GSS 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 2010-2011.

On behalf of the Board of Directors

Sd/-

Mr. Bhargav Marepally

Chief Executive Officer & Managing Director

Place:Hyderabad

Date: December 05, 2011

CONSOLIDATED REPORT

AUDIT REPORT

TO
THE BOARD OF DIRECTORS,
GSS INFOTECH LIMITED
HYDERABAD

1. We have audited the attached consolidated Balance Sheet of **GSS INFOTECH LIMITED** ('the Company') and its Subsidiaries as at 30th June, 2011 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 ₹ 3,02,16,26,688/- as at June 30, 2011, their total share of profits before tax of ₹ 64,14,49,700/- and their net cash inflows amounting to ₹ (1,25,54,78,640)/- 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 and in our opinion in so far as it relates to the amounts included in respect of these subsidiaries, are 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, 2011;
 - (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
05.12.2011

GSS INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT 30th JUNE, 2011

PARTICULARS	SCHEDULE	AS AT 30th JUNE, 2011		AS AT 30th JUNE, 2010	
		₹	₹	₹	₹
<u>SOURCES OF FUNDS:</u>					
Shareholders' Funds					
Share Capital	1	141,368,430		141,368,430	
Reserves And Surplus	2	<u>4,755,928,200</u>	4,897,296,630	<u>4,318,258,114</u>	4,459,626,544
<u>Loan Funds:</u>					
Secured Loans	3		55,900,000		-
DEFERRED TAX LIABILITY (NET)	4		5,681,229		9,210,671
TOTAL			<u><u>4,958,877,859</u></u>		<u><u>4,468,837,215</u></u>
<u>APPLICATION OF FUNDS:</u>					
Fixed Assets	5				
Gross Block		5,341,338,868		2,120,319,220	
Depreciation		<u>588,359,664</u>		<u>393,410,467</u>	
Net Block			4,752,979,203		1,726,908,753
NET CURRENT ASSETS:					
Current Assets, Loans and Advances					
Sundry Debtors	6	639,694,038		1,169,904,441	
Cash and Bank Balances	7	246,825,427		1,614,719,288	
Deposits, Loans and Advances	8	<u>362,134,344</u>		<u>387,892,436</u>	
		1,248,653,809		3,172,516,165	
Less: Current Liabilities and Provisions	9	<u>1,042,755,153</u>		<u>430,587,703</u>	
Net Current Assets			205,898,656		2,741,928,462
TOTAL			<u><u>4,958,877,859</u></u>		<u><u>4,468,837,215</u></u>
NOTES TO ACCOUNTS	14				

Per Our Report of Even Date

For SARATH & ASSOCIATES

Chartered Accountants

Firm Regn.No: 0051205

Sd/-

P.SARATH KUMAR

Partner

Membership No: 21755

Hyderabad

05.12.2011

For and on behalf of the board

Sd/-

Mr.Bhargav Marepally

CEO & Managing Director

Sd/-

Mr.Ramesh Yerramsetti

Managing Director

Sd/-

Mr. Someswara Rao Artham

Company Secretary

GSS INFOTECH LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED 30th JUNE, 2011		FOR THE YEAR ENDED 30th JUNE, 2010	
		₹	₹	₹	₹
INCOME					
Income from Software Services			4,846,713,572		4,282,830,065
Other Income	10		9,469,678		10,263,535
TOTAL	(A)		4,856,183,250		4,293,093,600
EXPENSES					
Human Resources Costs And Cost of Sales	11		3,616,618,145		3,162,375,236
Operational, Administration And Selling Costs	12		327,535,818		281,156,466
TOTAL	(B)		3,944,153,963		3,443,531,702
Profit before Interest and Depreciation	(A) - (B)		912,029,287		849,561,898
Less: Interest		3,178,672		-	
Depreciation and Amortisation		196,111,145	199,289,817	163,539,540	163,539,540
Profit before Taxation			712,739,470		686,022,358
Less: Tax Expense	13		168,552,999		121,813,297
Profit After Tax			544,186,470		564,209,061
Add: Profit brought forward from previous year			2,191,174,921		1,658,693,055
Profit Available for Appropriation			2,735,361,391		2,222,902,116
Less: Appropriations:					
Transfer to General Reserve		-		7,000,000	
Proposed Dividend		-		21,205,265	
Provision for Dividend Distribution Tax		-	-	3,521,930	31,727,195
Net Profit carried to Balance Sheet			2,735,361,391		2,191,174,921
EARNINGS PER SHARE - Basic			38.49		44.10
- Diluted			38.49		44.10
(Face Value ₹. 10/- per Share)					
Notes To Accounts	14				

Per Our Report of Even Date

For SARATH & ASSOCIATES

Chartered Accountants

Firm Regn.No: 0051205

Sd/-

P.SARATH KUMAR

Partner

Membership No: 21755

Hyderabad

05.12.2011

For and on behalf of the board

Sd/-

Mr.Bhargav Marepally

CEO & Managing Director

Sd/-

Mr.Ramesh Yerramsetti

Managing Director

Sd/-

Mr. Someswara Rao Artham

Company Secretary

GSS INFOTECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

Particulars	For the Year ended June 30, 2011		For the Year ended June 30, 2010	
	₹	₹	₹	₹
A. Cash Flow from Operating Activities:				
Profit Before Tax		712,739,470		686,022,358
Adjustments for:				
Depreciation and Amortisation	196,111,145		163,539,540	
Interest Earned	(9,374,377)		(10,049,397)	
Interest Expense	3,178,672		-	
Provision for Bad Debts made / (written back)	(11,670,000)		11,670,000	
Bad debts written off	28,438,767	206,684,207	3,296,704	168,456,847
Operating Profit before Working Capital Changes		919,423,677		854,479,205
Adjustments for:				
(Increase) / Decrease in Debtors	513,441,635		381,233,691	
(Increase) / Decrease in Loans and Advances	148,345,954		521,118,156	
Increase / (Decrease) in Current Liabilities and Provisions	383,685,253	1,045,472,842	64,466,307	966,818,154
Cash Generated from Operating Activities		1,964,896,519		1,821,297,359
Less: Direct Tax paid		71,818,459		(124,856,085)
Net Cash Flow from Operating Activities	(A)	2,036,714,977		1,696,441,274
B. Cash Flow from investing Activities:				
(Purchase) / Sale of Fixed Assets (net)		(67,581,575)		(287,656,751)
Consideration for new acquisition		(3,154,600,017)		(805,254,910)
Foreign Exchange Translation Reserve		(106,516,384)		4,831,402
Interest Received		9,374,377		10,049,397
Net Cash Flow from Investing Activities	(B)	(3,319,323,599)		(1,078,030,862)
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)
Payment of Dividend		(21,128,773)		(19,105,265)
Payment of Dividend Tax		(3,521,930)		(3,246,940)
Interest Paid		(3,178,672)		-
Proceeds from Secured Loans		55,900,000		-
Proceeds from Unsecured Loans		85,599,900		30,000,000
Repayment of Unsecured Loans		(80,099,900)		(30,000,000)
Net Cash Used in Financing Activities:	(C)	33,570,625		411,981,992
Net (Decrease) in Cash and Cash Equivalents	(A+B+C)	(1,249,037,997)		1,030,392,404
Cash and Cash Equivalents at the Beginning of the Year		1,441,816,119		411,423,715
Cash and Cash Equivalents at the end of the Year		192,778,121		1,441,816,119
Cash and Cash Equivalents :		As At	A At	As At
		30.06.2011	30.06.2010	30.06.2009
Cash and Bank Balances As per Balance Sheet		246,825,427	1,614,719,288	597,960,630
Less: Deposits for designated purposes		54,047,306	172,903,169	186,536,915
		192,778,121	1,441,816,119	411,423,715

Note:

- Figures in brackets indicate cash outgo
- The above cash flow statement has been prepared under the Indirect method set out in Accounting standard -3 notified under the Companies Act,1956
- Significant Accounting Policies and other Notes to Accounts (Schedule - 14) form an Integral part of the Cash flow Statement
- Previous year figures have been regrouped/reclassified wherever necessary to conform to current year classification.

Per Our Report of Even Date

For SARATH & ASSOCIATES

Chartered Accountants

Firm Regn.No: 0051205

Sd/-

P.SARATH KUMAR

Partner

Membership No: 21755

Hyderabad

05.12.2011

For and on behalf of the board

Sd/-

Mr.Bhargav Marepally

CEO & Managing Director

Sd/-

Mr.Ramesh Yerramsetti

Managing Director

Sd/-

Mr. Someswara Rao Artham

Company Secretary

GSS INFOTECH LIMITED
CONSOLIDATED SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 30 TH JUNE 2011

PARTICULARS	AS AT 30th JUNE, 2011		AS AT 30th JUNE, 2010	
	₹	₹	₹	₹
SCHEDULE - 1: SHARE CAPITAL				
<u>Authorised Share Capital:</u>				
50,000,000 (Previous Year 15,000,000) Equity shares of ₹.10/- each.		500,000,000		150,000,000
<u>Issued, Subscribed and Paid Up Share Capital:</u>				
1,41,36,843 Equity Shares of ₹.10/- each fully paid up		141,368,430		141,368,430
<i>(Out of the above 79,90,000 fully paid up equity shares of ₹ 10/- each were issued as bonus shares by capitalisation of Retained Earnings and General Reserves)</i>				
		141,368,430		141,368,430
SCHEDULE - 2: RESERVES AND SURPLUS				
<u>Capital Reserve:</u>				
Balance brought forward	-		6,921,603	
Less: Absorbed against Goodwill on Amalgamation	-	-	6,921,603	-
<u>Securities Premium:</u>				
Balance brought forward	2,000,583,835		1,579,981,111	
Add: Additions during the year	-		442,484,000	
	2,000,583,835		2,022,465,111	
Less: Share Issue expenses incurred during the year	-	2,000,583,835	21,881,276	2,000,583,835
<u>General Reserve:</u>				
Balance brought forward	23,918,390		17,154,627	
Add: Additions during the year	-		7,000,000	
	23,918,390		24,154,627	
Less: Utilised for buy back of Equity Shares	-	23,918,390	236,237	23,918,390
Foreign Exchange Translation Reserve		(3,935,416)		102,580,968
Profit And Loss Account (Surplus)		2,735,361,391		2,191,174,921
		4,755,928,200		4,318,258,114
SCHEDULE - 3: SECURED LOANS				
From Banks		55,900,000		-
<i>(Secured by Hypothecation of Receivables both present and future)</i>				
		55,900,000		-
SCHEDULE - 4: DEFERRED TAX LIABILITY (NET)				
Balance brought forward		9,210,671		1,378,700
Add: Adjustments for the year		(3,529,442)		7,831,971
		5,681,229		9,210,671
SCHEDULE - 5: FIXED ASSETS		ENCLOSED		ENCLOSED

GSS INFOTECH LIMITED

SCHEDULE - 5: FIXED ASSETS

S.No. Particulars	Gross Block Value			Accumulated Depreciation			Net Block Value	
	As At 01.07.2010	Additions	Deductions	As At 30.06.2011	Upto 01.07.2010	For the year Deductions	On 30.06.2011	As At 30.06.2010
	₹	₹	₹	₹	₹	₹	₹	₹
A. TANGIBLE ASSETS:								
1 Computer Equipment	428,322,051	18,646,097	198,262	446,769,886	75,374,126	20,569,635	198,263	351,024,387
2 Furniture And Fixtures	11,566,277	2,964,752	490,109	14,040,920	4,067,501	1,714,167	490,109	8,749,361
3 Vehicles	10,740,275	2,019,901	572,608	12,187,568	4,826,158	2,096,413	473,573	5,738,569
4 Plant and Machinery	8,089,382	2,194,524	-	10,283,906	2,974,612	982,652	-	6,326,642
Total (A)	458,717,985	25,825,274	1,260,979	483,282,280	87,242,398	25,362,867	1,161,945	371,838,960
B. INTANGIBLE ASSETS:								
1 Goodwill	1,401,601,235	3,154,600,017	-	4,556,201,252	294,485,877	120,653,586	-	4,141,061,790
2 Software	260,000,000	-	-	260,000,000	11,682,192	50,071,756	-	198,246,052
3 Copyrights	-	41,855,336	-	41,855,336	-	22,934	-	41,832,402
Total (B)	1,661,601,235	3,196,455,353	-	4,858,056,588	306,168,069	170,748,276	-	4,381,140,243
GRAND TOTAL	2,120,319,221	3,222,280,626	1,260,979	5,341,338,868	393,410,467	196,111,143	1,161,945	4,752,979,203
<i>Previous Year Figures</i>	<i>1,035,204,438</i>	<i>1,086,017,867</i>	<i>903,085</i>	<i>2,120,319,220</i>	<i>230,746,203</i>	<i>163,539,540</i>	<i>875,276</i>	<i>1,726,908,753</i>
								<i>804,458,235</i>

GSS INFOTECH LIMITED
CONSOLIDATED SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 30 TH JUNE 2011

PARTICULARS	AS AT 30th JUNE, 2011		AS AT 30th JUNE, 2010	
	₹	₹	₹	₹
SCHEDULE - 6: SUNDRY DEBTORS				
<i>(Unsecured, Considered Good otherwise stated))</i>				
Outstanding for a period exceeding Six Months	26,543,206		35,485,812	
Less: Provision for Bad Debts	-	26,543,206	11,670,000	23,815,812
Others		613,150,832		1,146,088,629
		639,694,038		1,169,904,441
SCHEDULE - 7: CASH AND BANK BALANCES				
Cash on Hand		99,271		144,154
Balances with Banks:				
- In Current Accounts		192,678,850		1,441,671,965
- In Dividend Accounts		439,413		362,920
- In Deposits Accounts		53,607,894		172,540,249
<i>(Of the above ₹.5,36,07,894/- (Previous year: ₹. 5,23,89,653/-) have been pledged against guarantees issued by the Banks)</i>				
		246,825,427		1,614,719,288
SCHEDULE - 8: DEPOSITS, LOANS AND ADVANCES				
<i>(Unsecured, Considered good unless otherwise stated)</i>				
Rental and Other recoverable Deposits		12,279,703		10,763,309
Advances Recoverable in Cash or in Kind or for value to be received		163,313,849		133,966,348
Prepaid Expenses		45,314,936		1,384,265
Tax Credit Entitlements		82,076,197		78,344,198
Other Advances and Receivables		59,149,658		163,434,316
		362,134,344		387,892,436
SCHEDULE - 9: CURRENT LIABILITIES AND PROVISIONS				
A. Current Liabilities:				
Sundry Creditors		421,738,222		203,825,229
Other Current Liabilities		261,724,473		98,643,863
Due to Directors		5,500,000		-
<u>Investors Education and Protection Fund:</u>				
Unclaimed Dividend		439,413		362,920
<i>(Of the above, there is no amount due and outstanding to be credited to Investor Education and Protection Fund)</i>				
		689,402,108		302,832,012
B. Provisions:				
Provision for Employee Retirement Benefits	4,056,425		1,364,775	
Proposed Dividend			21,205,265	
Provision for Dividend Distribution Tax			3,521,930	
Provision for Income Tax (Net of Tax Paid)	349,296,620	353,353,045	101,663,721	127,755,691
		1,042,755,153		430,587,703

GSS INFOTECH LIMITED

CONSOLIDATED SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

PARTICULARS	FOR THE YEAR ENDED 30th JUNE, 2011	FOR THE YEAR ENDED 30th JUNE, 2010
	₹	₹
<u>SCHEDULE -10: OTHER INCOME:</u>		
Interest Income	9,374,377	10,049,397
Miscellaneous Income	95,301	214,138
	9,469,678	10,263,535
<u>SCHEDULE-11: HUMAN RESOURCES COSTS AND COST OF SALES:</u>		
Software Expenses	50,445,037	283,406,869
Subcontractor Expenses	550,680,613	1,141,927,077
Salaries And Allowances	2,985,845,507	1,725,937,498
Recruitment and Training	16,975,011	2,666,343
Employee Welfare Exp.	1,447,674	1,085,308
Relocation Expenses	123,298	152,141
Managerial Remuneration	7,200,000	7,200,000
Rent - Equipments	3,901,004	-
	3,616,618,145	3,162,375,236
<u>SCHEDULE-12: OPERATIONAL, ADMINISTRATION AND SELLING COSTS:</u>		
Directors Sitting Fees	460,000	280,000
Printing And Stationery	1,737,267	815,783
Telephone Expenses	9,456,266	7,014,644
Internet And Web Expenses	4,492,014	4,908,125
Rent	42,234,393	36,022,901
Insurance	36,540,296	21,882,908
Rates And Taxes	5,276,257	2,626,611
License, Immigration And Permits	10,864,716	2,781,576
Local Conveyance and Vehicle Maintenance	3,116,995	4,361,293
Repairs And Maintenance	5,674,129	5,876,792
Travel Expenses	40,264,711	25,346,298
Utilities	6,678,747	3,306,168
Professional Fees	62,103,151	107,817,500
Audit Fees	2,331,827	1,433,400
Advertisement And Business Promotion	11,114,532	13,067,055
Bad Debts Written Off	16,768,767	3,296,704
<i>(Net of Provision for Bad Debts written back -11,670,000/-)</i>		
Provision for Bad Debts	-	11,670,000
Meeting Expenses	185,673	117,085
Office Expenses	13,891,504	5,848,158
Finance Charges	3,833,306	1,262,541
Loss on Exchange Rate Fluctuation	50,481,853	21,420,924
Preliminary Expenses Written off	23,900	-
Pre - Operative Expenses Written off	5,515	-
	327,535,818	281,156,466
<u>SCHEDULE-13: TAX EXPENSES:</u>		
Current Income Tax	175,814,440	144,401,234
MAT Credit Entitlements	(3,731,999)	(30,382,195)
Income tax Adjustments of earlier Years	-	(37,713)
Deferred Tax Charge	(3,529,442)	7,831,971
	168,552,999	121,813,297

GSS INFOTECH LIMITED

SCHEDULE 14: NOTES TO CONSOLIDATED ACCOUNTS

(A) COMPANY OVERVIEW:

GSS Infotech (GSS) is one of the fast growing managed IT Services companies, headquartered at Hyderabad, India. Founded in 1999, GSS operates worldwide through its offices in India, Middle East and the USA. A Pioneer in managed IT Services, GSS offers Cloud Enablement Services Remote Infrastructure and Application management services to customers across the globe. Over the years, GSS has established itself as a choice of providers with over 40 Fortune global customers covering Financial Services, Insurance, HealthCare, Education and Government industry segments.

A CMMi Level 5 company, GSS helps its customers reduce their CAPEX on infrastructure and helps convert it to manageable operational expense, leveraging its premier partnerships with leading technology providers such as Microsoft, CISCO, HP, Symantec, VMWARE, BMC and NetApp. GSS Infotech offers consulting services to help customers choose the right cloud deployment models, migrates application portfolio to the cloud environment, ensures functional and performance equivalence of applications through its independent validation and verification services and also offers remote application & infrastructure monitoring and management services through its Global Operations Command Center in Hyderabad, India.

GSS Infotech, with an ambitious inorganic growth strategy, has been very successful through a spate of acquisitions in the USA. The company has been successful in integrating all of its overseas acquisitions and creating a globally integrated Infrastructure Management Services practice. GSS is now well positioned to capitalize on the emerging technology trends in the cloud computing arena leveraging its unparalleled expertise in Infrastructure Virtualization, Remote Infrastructure Management, Cloud Consulting and Migration services. The company offers world class services propelled by over 700 consultants consisting of MCSE's, BS-25999 certified professionals, VMware VCP's, Remedy CA, CCNA, CCNP, CCSE, CCVP, CCIE, CISSP, BMC Control -M professionals with Consulting, Deployment and Management expertise.

GSS Infotech provides pragmatic and unique solutions to customers looking for excellence and high-quality. Our Thought Leadership, Responsiveness, Passion and Professionalism to work as a 'Virtual Extension' to customer's business has always been acknowledged to be a great strength, by our customers.

GSS INFOTECH LIMITED

(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	
			30.06.2011	30.06.2010
A.	Subsidiaries:			
1	GSS America Inc	USA	100%	100%
2	GSS Infotech Holdings Inc	USA	100%	100%
3	GSS IT Solutions Private Ltd	India	100%	100%
B.	Step Down Subsidiaries:			
1	Infospectrum Consulting Inc	USA	100%	100%
2	System Dynamix Corporation	USA	100%	100%
3	ATEC Group	USA	100%	100%
4.	GCI Systems	USA	100%	----
5.	Veloce Group	USA	100%	----
6.	Infovista Technologies	USA	100%	----
7.	Technovant Inc	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.

GSS INFOTECH LIMITED

- (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.

GSS INFOTECH LIMITED

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 cost of acquisition /development 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 ₹ 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.

GSS INFOTECH LIMITED

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.

GSS INFOTECH LIMITED

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. **Contingent Liabilities:**
Against Bank Guarantees issued by Banks towards financial and performance guarantees outstanding as at 30th June, 2011 amounts ₹4,77,80,153/- (Previous Year: ₹4,83,26,387/-)
3. **Claims Not Acknowledged as Debts :**
On account of disputed Income Tax Liability - Nil (Previous Year ₹4,79,380/-)

GSS INFOTECH LIMITED

4. Details of Fees to Auditors:

Particulars	2010-11	2009-10
	₹	₹
As Auditors	21,07,000	10,00,000
For Certifications	2,00,000	2,00,000
Out of Pocket Expenses	24,827	--
Total	23,31,827	12,00,000

5. Tax Expense:

- i) Current Income tax represents tax on income payable as per relevant statutes of the respective countries recognised and provided.
- ii) 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.

6. Managerial Remuneration:

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

7. 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.

8. 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 ₹ 4,61,35,397/- (Previous Year ₹ 3,60,22,901/-)

The future minimum lease payments are as given below:

Not later than one year	₹ 4,78,57,966/-
Later than one year and not later than five years	₹ 3,97,08,421/-
Later than five years	₹ NIL

9. Segment Reporting

Business Segments:

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

GSS INFOTECH LIMITED

Geographical Segments:

Particulars	2010 - 11	2009 - 10
	₹	₹
Business from United States of America	465,00,45,156	424,34,89,205
Business from Middle East	1,95,20,000	2,04,39,233
Business from APAC Region	15,58,33,124	1,81,15,501
Business from India	1,86,71,961	7,86,126
Total	484,67,13,572	428,28,30,065

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

10. 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	2010-11		2009-10	
	Amount	Outstanding As at	Amount	Outstanding As at
		30.06.2011		30.06.2010
	₹	₹	₹	₹
Managerial remuneration to Key Management Personnel	72,00,000	4,35,006	72,00,000	Nil
Loan Received	8,55,99,900	55,00,000	3,00,00,000	Nil
Repayment of Loan Received	8,00,99,900	--	3,00,00,000	--

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	2010 -11	2009 - 10
		₹	₹
Managerial Remuneration	Bhargav Marepally	36,00,000	36,00,000
	Ramesh Yerramsetti	36,00,000	36,00,000
Loan Received	Ramesh Yerramsetti	8,15,99,900	3,00,00,000
Repayment of Loan Received	Ramesh Yerramsetti	8,00,99,900	3,00,00,000
Loan Received	Bhargav Marepally	40,00,000	NIL

GSS INFOTECH LIMITED

11. Earnings Per Share (EPS):

The Numerator and Denominator used to calculate Earnings Per Share:

Particulars	2010-11	2009-10
	₹	₹
A. EARNINGS:		
Profit attributable to Equity Shareholders	544,186,470	564,209,061
B. NO.OF SHARES:		
Weighted average number of Equity Shares outstanding during the year (Nos) – Basic	1,41,36,843	1,27,94,793
Weighted Average number of Equity shares arising out of outstanding stock options that have diluting effect on Earnings Per Share (Nos)	-	-
Weighted average number of Equity Shares outstanding during the year – (Nos) Diluted	1,41,36,843	1,27,94,793
C. EARNINGS PER SHARE:		
Earnings per Share of Par Value ₹ 10/- each – Basic	38.49	44.10
Earnings per Share of Par Value ₹ 10/- each – Diluted	38.49	44.10

12. Financial Information of Subsidiaries and Step Down Subsidiaries is given in Annexure.

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

For **SARATH & ASSOCIATES**

Chartered Accountants

Firm Regn No: 005120S

Sd/-

P. SARATH KUMAR

Partner

Membership No: 21755

Place : Hyderabad

Date : 05.12.2011

for GSS Infotech Limited

Sd/-

Mr. Bhargav Marepally

CEO & Managing Director

Sd/-

Mr. Ramesh Yerramsetti

Managing Director

Sd/-

Mr. Someswara Rao Artham

Company Secretary

STANDALONE REPORT

AUDIT REPORT

To
The Members of
GSS INFOTECH LIMITED
HYDERABAD

1. We have audited the attached Balance Sheet of **GSS INFOTECH LIMITED** ('The Company') as at 30th June, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2011 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 30th June 2011 ;
 - 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.

Hyderabad
05.12.2011

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

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

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDIT REPORT OF EVEN DATE ON THE
ACCOUNTS OF GSS INFOTECH LIMITED ('THE COMPANY')
FOR THE YEAR ENDED 30 TH JUNE, 2011

- 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 two party's covered in the register maintained under Section 301 of the Act, aggregating to ₹ 8,55,99,900/- and the maximum balance outstanding during the year is ₹ 6,58,15,300/-
- (c) In our opinion, terms and conditions of unsecured loan taken from the party's listed in the register maintained under Section 301 of the Act, are not prima facie prejudicial to the interest of the Company.
- (d) The Company is regular in repayment, where applicable, of principal amount on unsecured loan taken from the party's listed in the register maintained under Section 301 of the Act.
- 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 ₹ 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 30.06.2011, 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, no funds raised on a short-term basis have been used for long-term Investment by the Company.
- 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

Sd/-

P.SARATH KUMAR

Partner

Membership No. 21755

Hyderabad
05.12.2011

GSS INFOTECH LIMITED
BALANCE SHEET AS AT 30th JUNE 2011

PARTICULARS	SCHEDULE	AS AT 30th JUNE, 2011		AS AT 30th JUNE, 2010	
		₹	₹	₹	₹
<u>SOURCES OF FUNDS</u>					
Shareholders' Funds					
Share Capital	1	141,368,430		141,368,430	
Reserves And Surplus	2	<u>2,742,127,830</u>	2,883,496,260	<u>2,689,769,438</u>	2,831,137,868
DEFERRED TAX LIABILITY (NET)	3		5,776,538		9,210,671
TOTAL			<u>2,889,272,798</u>		<u>2,840,348,539</u>
<u>APPLICATION OF FUNDS</u>					
Fixed Assets					
Gross Block	4	352,617,382		303,169,442	
Depreciation		<u>94,242,944</u>		<u>36,866,921</u>	
Net Block			258,374,438		266,302,521
INVESTMENTS	5		809,384,810		612,303,996
NET CURRENT ASSETS:					
Current Assets, Loans and Advances					
Sundry Debtors	6	402,250,335		334,676,485	
Cash and Bank Balances	7	175,840,848		288,256,069	
Deposits, Loans and Advances	8	<u>1,334,251,202</u>		<u>1,415,745,205</u>	
		1,912,342,385		2,038,677,759	
Less: Current Liabilities and Provisions	9	<u>90,828,835</u>		<u>76,935,737</u>	
Net Current Assets			1,821,513,550		1,961,742,022
TOTAL			<u>2,889,272,798</u>		<u>2,840,348,539</u>
NOTES TO ACCOUNTS	15				

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

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

Hyderabad
05.12.2011

For and on behalf of the board

Sd/-
Mr.Bhargav Marepally
CEO & Managing Director

Sd/-
Mr.Ramesh Yerramsetti
Managing Director

Sd/-
Mr. Someshwara Rao Artham
Company Secretary

GSS INFOTECH LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED 30th JUNE, 2011		FOR THE YEAR ENDED 30th JUNE, 2010	
		₹	₹	₹	₹
<u>INCOME</u>					
Income from Software Services	10		606,574,094		479,536,506
Other Income	11		5,632,116		4,721,032
TOTAL	(A)		612,206,210		484,257,538
<u>EXPENSES</u>					
Human Resources Costs and Cost of Sales	12		343,931,247		199,709,995
Operational, Administration And Selling Costs	13		139,446,117		115,716,475
TOTAL	(B)		483,377,364		315,426,470
Profit before Depreciation	(A) - (B)		128,828,846		168,831,068
Less: Depreciation			57,539,076		20,638,729
Profit before Taxation			71,289,770		148,192,339
Less: Tax Expense	14		18,931,378		10,162,151
Profit After Tax			52,358,392		138,030,188
Add: Profit brought forward from previous year			665,267,214		558,964,221
Profit Available for Appropriation			717,625,606		696,994,409
Less: Appropriations:					
Transfer to General Reserve		-		7,000,000	
Proposed Dividend		-		21,205,265	
Provision for Dividend Distribution Tax		-	-	3,521,930	31,727,195
Net Profit carried to Balance Sheet			717,625,606		665,267,214
EARNINGS PER SHARE - Basic			3.70		10.79
- Diluted			3.70		10.79
(Face Value ₹. 10/- per Share)					
Notes To Accounts	15				

Per Our Report of Even Date

For SARATH & ASSOCIATES

Chartered Accountants

Firm Regn.No: 0051205

Sd/-

P.SARATH KUMAR

Partner

Membership No: 21755

Hyderabad

05.12.2011

For and on behalf of the board

Sd/-

Mr.Bhargav Marepally

CEO & Managing Director

Sd/-

Mr.Ramesh Yerramsetti

Managing Director

Sd/-

Mr. Someswara Rao Artham

Company Secretary

GSS INFOTECH LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

Particulars	For the Year ended June 30 2011		For the Year ended June 30 2010	
	₹	₹	₹	₹
A. Cash Flow from Operating Activities:				
Profit Before Tax		71,289,770		148,192,339
Adjustments for:				
Depreciation and Amortisation	57,539,076		20,638,729	
Interest Earned	(5,536,815)		(4,506,894)	
Provision for Employee Retirement Benefits	2,691,650		(1,164,999)	
		54,693,911		14,966,836
Operating Profit before Working Capital Changes		125,983,681		163,159,175
Adjustments for:				
(Increase) / Decrease in Debtors	(67,573,850)		(18,771,707)	
(Increase) / Decrease in Loans and Advances	65,874,553		33,380,423	
Increase / (Decrease) in Current Liabilities and Provisions	31,271,439	29,572,141	(13,820,128)	788,588
Cash Generated from Operating Activities		155,555,823		163,947,763
Less: Direct Tax paid (Net of MAT entitlement)		(26,940,306)		(37,485,707)
Net Cash Flow from Operating Activities	(A)	128,615,517		126,462,056
B. Cash Flow from Investing Activities:				
(Purchase) / Sale of Fixed Assets (net)		(49,610,993)		(266,165,820)
Investments in subsidiaries		(197,080,814)		(145,209,900)
Interest Received		5,536,815		4,506,894
Net Cash Flow from Investing Activities	(B)	(241,154,992)		(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		33,922,654		(573,467,626)
Advances given		-		(7,950,000)
Advances given received		104,284,658		254,200,000
Short Term Borrowings Received		85,599,900		30,000,000
Short Term Borrowings repaid		(80,099,900)		(30,000,000)
Payment of Dividend		(21,205,265)		(19,105,265)
Payment of Dividend Tax		(3,521,930)		(3,246,940)
Net Cash Used in Financing Activities		118,980,117		84,764,366
Net (Decrease) in Cash and Cash Equivalents	(A+B+C)	6,440,642		(195,642,404)
Cash and Cash Equivalents at the Beginning of the Year		115,352,900		310,995,304
Cash and Cash Equivalents at the end of the Year		121,793,542		115,352,900
		As on	As on	As on
Cash and Cash Equivalents :		30.06.2011	30.06.2010	30.06.2009
Cash and Bank Balances As per Schedule - 7		175,840,848	288,256,069	497,532,219
Less: Deposits for designated purposes		54,047,306	172,903,169	186,536,915
		121,793,542	115,352,900	310,995,304

Note:

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

Per Our Report of Even Date

For SARATH & ASSOCIATES

Chartered Accountants

Firm Regn.No: 005120S

Sd/-

P.SARATH KUMAR

Partner

Membership No: 21755

Hyderabad

05.12.2011

For and on behalf of the board

Sd/-

Mr.Bhargav Marepally
CEO & Managing Director

Sd/-

Mr.Ramesh Yerramsetti
Managing Director

Sd/-

Mr. Someswara Rao Artham
Company Secretary

GSS INFOTECH LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT JUNE 30, 2011

PARTICULARS	AS AT 30th JUNE, 2011		AS AT 30th JUNE, 2010	
	₹	₹	₹	₹
SCHEDULE - 1: SHARE CAPITAL				
<u>Authorised Share Capital:</u>				
50,000,000 (Previous year 150,000,00) Equity shares of ₹.10/- each.		500,000,000		150,000,000
<u>Issued, Subscribed and Paid Up Share Capital:</u>				
1,41,36,843 (Previous Year 1,41,36,843) Equity Shares of ₹.10/- each fully paid up		141,368,430		141,368,430
(Out of the above 79,90,000 fully paid up equity shares of ₹.10/- each were issued as bonus shares by capitalisation of Retained Earnings and General Reserves)				
		141,368,430		141,368,430
SCHEDULE - 2: RESERVES AND SURPLUS				
<u>Securities Premium:</u>				
Balance brought forward	2,000,583,834		1,579,981,111	
Add: Additions during the year	-		442,483,999	
	2,000,583,834		2,022,465,110	
Less: Share Issue expenses incurred during the year	-	2,000,583,834	21,881,276	2,000,583,834
<u>General Reserve</u>				
Balance brought forward	23,918,390		17,154,627	
Add: Additions during the year	-		7,000,000	
	23,918,390		24,154,627	
Less: Utilised for buy back of Equity Shares	-	23,918,390	236,237	23,918,390
Profit And Loss Account (Surplus)		717,625,606		665,267,214
		2,742,127,830		2,689,769,438
SCHEDULE - 3: DEFERRED TAX LIABILITY/ (ASSET) NET				
Balance brought forward		9,210,671		1,378,700
Add: Adjustments for the year		(3,434,133)		7,831,971
		5,776,538		9,210,671
SCHEDULE - 4: FIXED ASSETS		ENCLOSED		ENCLOSED
SCHEDULE - 5: INVESTMENTS				
Non--Trade -Unquoted - At Cost				
Long Term Investments				
In Subsidiaries				
GSS Infotech Inc:				
2,79,000 (Previous Year 2,29,000) Equity Shares of \$1 each		664,174,910		467,094,096
GSS Infotech Holdings Inc:				
1,500 (Previous Year : 1,500) Shares of Common Stock		145,110,000		145,110,000
GSS IT Solutions Private Ltd				
9,990 (Previous Year: 9,990) Equity Shares of ₹.10/- each		99,900		99,900
		809,384,810		612,303,996

GSS INFOTECH LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT JUNE 30, 2011

PARTICULARS	AS AT 30th JUNE, 2011		AS AT 30th JUNE, 2010	
	₹	₹	₹	₹
SCHEDULE - 6: SUNDRY DEBTORS				
<i>(Unsecured, Considered Good)</i>				
Outstanding for a period exceeding Six Months		107,736,931		81,914,794
Others		294,513,404		252,761,691
		402,250,335		334,676,485
SCHEDULE - 7: CASH AND BANK BALANCES				
Cash on Hand		93,801		144,154
Balances with Non-Scheduled Banks:				
- In Current Accounts		10,108,869		2,735,866
Balances with Scheduled Banks:				
- In Current Accounts		111,590,872		112,472,880
- In Dividend Accounts		439,413		362,920
- In Deposits Accounts		53,607,894		172,540,249
<i>(Of the above ₹. 5,36,07,894 (Previous year ₹.5,23,89,653/-) have been pledged against guarantees issued by the Banks)</i>				
		175,840,848		288,256,069
SCHEDULE - 8: DEPOSITS, LOANS AND ADVANCES				
<i>(Unsecured, Considered good unless otherwise stated)</i>				
Rental and Other Recoverable Deposits		10,289,196		9,796,499
Advances Recoverable in Cash or in Kind or for value to be received		163,270,912		115,405,301
Advances to Subsidiaries		1,013,457,972		1,047,380,626
Prepaid Expenses		6,007,267		1,384,265
MAT Credit Entitlements		82,076,197		78,344,198
Other Advances and Receivables		59,149,658		163,434,316
		1,334,251,202		1,415,745,205
SCHEDULE - 9: CURRENT LIABILITIES AND PROVISIONS				
A. Current Liabilities				
Sundry Creditors				
- Dues of Micro and Small Enterprises		-		-
- Dues of Enterprises other than Micro and Small Enterprises		61,462,995		28,125,131
Other Current Liabilities		3,837,703		5,980,621
Due to Directors		5,500,000		-
<u>Investors Education and Protection Fund:</u>				
Unclaimed Dividend		439,413		362,920
<i>(Of the above, there is no amount due and outstanding to be credited to Investor Education and Protection Fund)</i>				
		71,240,111		34,468,672
B. Provisions:				
Provision for Employee Retirement Benefits		4,056,425		1,364,775
Proposed Dividend		-		21,205,265
Provision for Dividend Distribution Tax		-		3,521,930
Provision for Income Tax (Net of Tax Paid)		15,532,299		16,375,095
		90,828,835		76,935,737

GSS INFOTECH LIMITED
SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

PARTICULARS	FOR THE YEAR ENDED 30th JUNE, 2011 ₹	FOR THE YEAR ENDED 30th JUNE, 2010 ₹
<u>SCHEDULE-10: INCOME FROM SOFTWARE SERVICES:</u>		
Exports	587,902,132	478,750,380
Domestic	18,671,961	786,126
	606,574,094	479,536,506
<u>SCHEDULE -11: OTHER INCOME:</u>		
Interest Income (Gross)	5,536,815	4,506,894
(Tax Deducted At Source ₹. 5,85,705/- (Prev Year: ₹.5,42,234/-)		
Miscellaneous Income	95,301	214,138
	5,632,116	4,721,032
<u>SCHEDULE-12: HUMAN RESOURCES COSTS AND COST OF SALES:</u>		
Software Expenses	1,229,496	1,201,617
Subcontractor Expenses	147,662,480	70,058,233
Salaries And Allowances	172,926,798	116,812,542
Contribution to PF and Others	4,849,419	2,614,632
Recruitment And Training	4,665,653	585,522
Employee Welfare Expenses	1,373,099	1,085,308
Relocation Expenses	123,298	152,141
Managerial Remuneration	7,200,000	7,200,000
Rent - Equipments	3,901,004	-
	343,931,247	199,709,995
<u>SCHEDULE-13: OPERATIONAL, ADMINISTRATION AND SELLING COSTS:</u>		
Directors' Sitting Fees	460,000	280,000
Printing And Stationery	1,718,211	710,229
Telephone Expenses	2,233,543	1,169,195
Internet and Web Expenses	2,710,120	2,264,492
Rent	16,559,522	19,181,477
Insurance	1,990,860	1,428,921
Rates And Taxes	5,225,808	2,194,377
License, Immigration And Permits	4,405,573	212,500
Local Conveyance and Vehicle Maintenance	1,889,983	1,983,599
Repairs And Maintenance:		
- Buildings	325,485	1,400,036
- Machinery	1,177,011	1,307,322
- Others	1,071,404	1,848,995
Travel Expenses	14,615,564	10,761,333
Utilities	3,829,412	3,151,160
Professional Fees	19,344,789	39,080,701
Auditor's Remuneration	1,424,827	1,200,000
Advertisement And Business Promotion	4,986,205	3,344,026
Bad Debts Written Off	449,890	462,668
Meeting Expenses	185,673	117,085
General Office Expenses	1,929,035	1,503,078
Finance Charges	2,500,475	694,355
Loss on Exchange Rate Fluctuation	50,412,727	21,420,926
	139,446,117	115,716,475

GSS INFOTECH LIMITED
SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

PARTICULARS	FOR THE YEAR ENDED 30th JUNE, 2011 ₹	FOR THE YEAR ENDED 30th JUNE, 2010 ₹
<u>SCHEDULE-14: TAX EXPENSES:</u>		
Current Income Tax	26,050,796	32,750,088
MAT Credit Entitlements	(3,731,999)	(30,382,195)
Income tax Adjustments of earlier Years	-	(37,713)
Wealth Tax	46,714	-
Deferred Tax Charge	(3,434,133)	7,831,971
	<u>18,931,378</u>	<u>10,162,151</u>

GSS INFOTECH LIMITED

SCHEDULE 15: NOTES TO ACCOUNTS

(A) COMPANY OVERVIEW:

GSS Infotech (GSS) is one of the fast growing managed IT Services companies, headquartered at Hyderabad, India. GSS operates worldwide through its offices in India, Middle East and the USA. A Pioneer in managed IT Services, GSS offers Cloud Enablement Services Remote Infrastructure and Application management services to customers across the globe. Over the years, GSS has established itself as a choice of providers with over 40 Fortune global customers covering Financial Services, Insurance, HealthCare, Education and Government industry segments.

A CMMi Level 5 company, GSS helps its customers reduce their CAPEX on infrastructure and helps convert it to manageable operational expense, leveraging its premier partnerships with leading technology providers such as Microsoft, CISCO, HP, Symantec, VMWARE, BMC and NetApp. GSS Infotech offers consulting services to help customers choose the right cloud deployment models, migrates application portfolio to the cloud environment, ensures functional and performance equivalence of applications through its independent validation and verification services and also offers remote application & infrastructure monitoring and management services through its Global Operations Command Center in Hyderabad, India.

GSS Infotech, with an ambitious inorganic growth strategy, has been very successful through a spate of acquisitions in the USA. The company has been successful in integrating all of its overseas acquisitions and creating a globally integrated Infrastructure Management Services practice. GSS is now well positioned to capitalize on the emerging technology trends in the cloud computing arena leveraging its unparalleled expertise in Infrastructure Virtualization, Remote Infrastructure Management, Cloud Consulting and Migration services. The company offers world class services propelled by over 700 consultants consisting of MCSE's, BS-25999 certified professionals, VMware VCP's, Remedy CA, CCNA, CCNP, CCSE, CCVP, CCIE, CISSP, BMC Control -M professionals with Consulting, Deployment and Management expertise.

GSS Infotech provides pragmatic and unique solutions to customers looking for excellence and high-quality. Our Thought Leadership, Responsiveness, Passion and Professionalism to work as a 'Virtual Extension' to customer's business has always been acknowledged to be a great strength, by our customers.

(B) 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 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

GSS INFOTECH LIMITED

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 cost of acquisition /development 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.

GSS INFOTECH LIMITED

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 recognize 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 is 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.

GSS INFOTECH LIMITED

Gratuity:

In accordance with Payment of Gratuity Act 1972, the company provides for Gratuity, a defined benefit plan covering eligible employees. The Gratuity plan provides a lump sum payment to eligible employees on retirement, death, incapacitation or termination of employment, of an amount based on the respective employee salary and the tenure of the employment with company. 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 liabilities 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 unutilized encashable earned leave based on the undiscounted value of such leave balance eligible for carry forward as per the policy of the company.

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.

GSS INFOTECH LIMITED

(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. **Contingent Liabilities:**

Against Bank Guarantees issued by Banks towards financial and performance guarantees outstanding as at 30th June, 2011 amounts ₹4,77,80,153/- (Previous Year: ₹4,83,26,387/-)

3. **Claims Not Acknowledged as Debts :**

On account of disputed Income Tax demand, not acknowledged as debt by the company ₹. NIL (Previous Year ₹4,79,380/-).

4. **Advances to Subsidiaries:**

a) The Company has given advances to its wholly owned subsidiary viz., GSS Infotech Inc and GSS IT Solutions Private Limited with no specific repayment schedule.

b) 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	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	₹	₹	₹	₹
GSS Infotech Inc.	1,00,39,21,382	104,73,56,726	104,73,56,726	104,73,56,726
GSS IT Solutions Private Limited	95,36,590	23,900	98,11,130	23,900

5. **Utilisation of IPO Proceeds:**

The Company, during the financial year 2007-2008, has raised ₹ 13,989.98 Lakhs through Initial Public Offer (IPO) of Equity shares of the Company. The Scheme of Utilisation of the Proceeds has been amended, allowing the unutilized IPO proceeds for acquisition or for working capital purpose by the Company, with due approval of Members at the Annual General Meeting held on 28th December, 2009. Accordingly, the unutilized proceeds have been utilised partly for working capital purpose of the Company and its Subsidiaries, and partly parked with subsidiaries for subsequent acquisitions.

6. **Utilisation of QIB Proceeds:**

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

GSS INFOTECH LIMITED

7. Employee Stock Options:

The Company had issued 2,00,001 Options to its employees during the year under ESOP, 2010 Scheme, which can be exercisable at the market price and doesn't involve any compensation cost to be accounted. The outstanding stock options as on 30.06.2011 are 2,00,001.

8. Details of Remuneration to Auditors:

Particulars	2010-11	2009-10
	₹	₹
As Auditors	12,00,000	10,00,000
For Certifications	2,00,000	2,00,000
Out of Pocket Expenses	24,827	--
Total	14,24,827	12,00,000

9. Employee Benefits:

Defined Contribution Schemes:

The Contributions to Employees Provident Funds and Miscellaneous Provisions Act, 1952 made and charged off during the year is ₹48,49,419/- (Previous Year: ₹19,03,436/-)

Defined Benefit Plans:

Leave Encashment:

The Present value of obligation in respect of Earned Leave Encashment payable to employees on termination is determined, recognised and charged off during the year are as under:

Particulars	2010-11	2009-10
	₹	₹
Expenses recognised during the year	40,75,822	45,081
Present value of obligation at the year end	40,56,425	13,64,775

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 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:

Particulars	2010-11	2009-10
	₹	₹
Expenses recognised during the year	13,35,739	7,11,196
Present value of obligation at the year end	29,42,881	25,94,616
Value Present value of Planned Assets at the year end	31,68,960	24,90,185
Liability at the year end	--	1,04,431

GSS INFOTECH LIMITED

10. 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 30.06.2011 is as given below:

Particulars	(Liability)/Asset As at 30.06.2010	(Charges)/ Credit for the year	As at 30.06.2011
<u>Timing Differences on account of:</u>	₹	₹	₹
Deferred Tax (Liability):			
Depreciation on Assets	96,64,015	39,90,970	56,73,045
Total (A)	(96,64,015)	39,90,970	56,73,045
Deferred Tax Assets:			
Expenses Allowable on the basis of payment	4,53,344	5,56,837	(1,03,493)
Total (B)	4,53,344	5,56,837	(1,03,493)
Net (A-B)	(92,10,671)	34,34,133	(57,76,538)

11. Managerial Remuneration:

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

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	2010 -11		2009 -10	
	₹	₹	₹	₹
Profit before tax		7,12,89,770		14,81,92,339
Add: Depreciation	5,75,39,076		2,06,38,729	
Managerial Remuneration	72,00,000		72,00,000	
Directors' Sitting Fees	4,60,000	6,51,99,076	2,80,000	2,81,18,729
		13,64,88,846		17,63,11,068
Less: Depreciation as per Sec 350		5,75,39,076		2,06,38,729
Net Profit U/s 349		7,89,49,770		15,56,72,339
Maximum Permissible remuneration		78,94,977		1,55,67,234
Remuneration paid to Whole Time Directors		72,00,000		72,00,000

GSS INFOTECH LIMITED

12. 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.

13. There are no dues to Micro and Small Enterprises as on 30th June, 2011.

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

15. Current Assets and Loans and Advances:

In the opinion of the Board of Directors the Current assets, Loans and advances have a value realization in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.

16. The Ministry of Corporate Affairs, Government of India, vide General circular No.2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 211 of the Companies Act, 1956. Subject to fulfillment of conditions stipulated in the circular, the Company has satisfied the conditions stipulated in the circular and hence entitled to exemption. Necessary information relating to subsidiaries has been included in Consolidation of Financial statements.

17. 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 ₹1,63,61,297/- (Previous Year ₹1,44,00,753/-)

The future minimum lease payments are as given below:

Particulars		2010-11	2009-10
Not later than one year	₹	3,46,55,504	1,05,86,832
Later than one year and not later than five years	₹	2,05,26,135	1,40,81,503
Later than five years	₹	NIL	NIL

18. Details of Balances with Non-Scheduled Banks:

Name of the Bank`s	As at 30.06.2011	As at 30.06.2010	Maximum Balance outstanding during the year	
			2010-11	2009-10
	₹	₹	₹	₹
Harris Bank	34,18,844	27,35,866	4,98,87,614	32,24,477
HSBC, Dubai	28,395	39,928	87,36,427	92,112
IndianBank, Singapore	3,72,599	90,225	3,72,599	2,64,92,964
SBI Bank, Bangladesh	2,58,241	--	83,42,230	--
Banque Saudi Fransi	60,30,790	--	60,30,790	--

19. Segment Reporting:

Business Segments:

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

GSS INFOTECH LIMITED

Geographical Segments:

Particulars	2010-11	2009-10
	₹	₹
Business from United States of America	41,25,49,008	44,01,95,646
Business from Middle East	1,95,20,000	2,04,39,233
Business from Singapore	25,47,686	9,67,355
Business from Bangladesh	15,32,85,438	1,71,48,146
Domestic	1,86,71,961	7,86,126
Total	60,65,74,094	47,95,36,506

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

20. 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 Infotech Inc
- b) GSS Infotech Holdings Inc
- c) GSS IT Solutions Private Limited

ii) Step down Subsidiaries:

- a) System Dynamix Corporation
- b) GSS Infotech NY Inc (formerly ATEC Group)
- c) Infovista Technologies
- d) Technovant Inc
- e) GCI Systems Inc
- f) Veloce Group LLC

iii) Key Management Personnel:

- a) Mr. Bhargav Marepally Chief Executive Officer
And Managing Director
- b) Mr. Ramesh Yerramsetti Managing Director

GSS INFOTECH LIMITED

B) Transactions with Related Parties:

Particulars	2010-11		2009-10	
	Amount During the year	Outstanding as at 30.06.2011	Amount During the year	Outstanding as at 30.06.2010
	₹	₹	₹	₹
Managerial remuneration to Key Management Personnel	72,00,000	4,35,006	72,00,000	NIL
Investment in capital of Subsidiaries	19,70,80,814	80,93,84,810	14,52,09,900	61,23,03,996
Advances to Subsidiaries	12,58,08,590	1,01,34,57,972	57,34,67,626	104,73,80,626
Sales to Subsidiaries	38,83,78,610	32,29,05,678	32,14,05,555	28,42,92,059
Loan Received	8,55,99,900	55,00,000	3,00,00,000	NIL
Repayment of Loan Received	8,00,99,900	---	3,00,00,000	---

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	2010 -11	2009 -10
		₹	₹
Managerial Remuneration	Bhargav Marepally	36,00,000	36,00,000
	Ramesh Yerramsetti	36,00,000	36,00,000
Advances to subsidiaries	GSS Infotech Inc.	11,62,72,000	57,34,19,826
	GSS IT Solutions Pvt Ltd	95,36,590	23,900
Sales to subsidiaries	GSS Infotech Inc	38,83,78,610	32,14,05,555
Investment In Subsidiaries	GSS Infotech Inc	19,70,80,814	14,51,10,000
Loan Received	Ramesh Yerramsetti	8,15,99,900	3,00,00,000
Repayment of Loan Received	Ramesh Yerramsetti	8,00,99,900	3,00,00,000
Loan Received	Bhargav Marepally	40,00,000	NIL

GSS INFOTECH LIMITED

21. EARNINGS PER SHARE (EPS):

The Numerator and Denominator used to calculate Earnings per Share:

Particulars	2010-11 ₹	2009-10 ₹
A. EARNINGS:		
Profit attributable to Equity Shareholders	5,23,46,032	13,80,30,188
B. NO.OF SHARES:		
Weighted average number of Equity Shares outstanding during the year (Nos) – Basic	1,41,36,843	1,27,94,793
Weighted Average number of Equity shares arising out of outstanding stock options that have diluting effect on Earnings Per Share	--	--
Weighted average number of Equity Shares outstanding during the year – Diluted	1,41,36,843	1,27,94,793
C. EARNINGS PER SHARE:		
Earnings per Share of Par Value ₹.10/- each – Basic	3.70	10.79
Earnings per Share of Par Value ₹.10/- each – Diluted	3.70	10.79

22. 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.

	2010-11 ₹	2009-10 ₹
2. Expenditure in Foreign Currency Towards:		
(On Accrual basis)		
Travelling Expenses	89,24,201	13,81,229
Foreign Branch Expenses incurred abroad	25,33,25,787	11,74,88,011
3. Earnings in Foreign Exchange: (On Accrual Basis)		
FOB Value of Exports	58,79,02,132	47,87,50,380
4. CIF Value of Imports:		
Capital goods	Nil	12,41,560
5. Remittance of Dividend in Foreign Currency:		
No. of Shareholders	Nil	1
No. of Shares Held (Nos.)	Nil	10,00,000
Amount of Dividend paid (Net of Tax)	Nil	15,00,000

6. The other particulars as required are not given as the same are not applicable to the Company for the Current Year.

GSS INFOTECH LIMITED

- 23.** The Schedules referred to in the financial statements form an integral part of Accounts.
- 24.** 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: 005120S

for GSS 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 :05.12.2011

Sd/-
Mr. Someswara Rao Artham
Company Secretary

GSS INFOTECH LIMITED

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

i) Registration Details			
Registration Number	:	01-41860	
State Code	:	01	
Balance Sheet Date	:	30/06/2011	
ii) Capital raised during the year (₹.in '000)			
Public issue	:	--	
Right issue	:	--	
Bonus issue	:	--	
Private Placement	:	--	
iii) Position of Mobilisation and deployment of funds			
Total Liabilities		28,89,273	
Total Assets		28,89,273	
Sources of Funds:			
Paid Up Capital	:	1,41,368	
Reserves and Surplus	:	27,42,128	
Share Application Money	:	--	
Secured loans	:	--	
Unsecured loans	:	--	
Deferred Tax Liability	:	5,777	
Application of Funds:			
Net Fixed Assets	:	2,58,374	
Deferred Tax Asset	:	--	
Investments	:	8,09,385	
Net Current Assets	:	18,21,514	
Misc Expenditure	:	--	
Accumulated losses	:	--	
iv) Performance of Company			
Turnover	:	6,12,206	
Total Expenditure	:	5,40,916	
Profit Before Tax	:	71,290	
Profit After Tax	:	52,358	
Earnings per Share (₹)	:	3.70	
Dividend (%)	:	--	
v) Generic names of their principal Product/ Services of Company (As per monetary terms)			
1. Item Code No. (ITC Code)	:	85249009-10	
2. Product Description	:	Software Services	

**Statement pursuant to exemption received under Section 212(8)(iv) of the Companies Act 1956
relating to subsidiary companies**

		GSS Infotech Inc*	GSS IT Solutions Private Limited
S.No	Particulars	2010-11	2010-11
1	Reported Currency	INR	INR
2	Capital	11,704,337	100,000
3	Reserves	2,901,577,011	(4,314,365)
4	Total assets	5,262,544,799	7,413,493
5	Total liabilities	2,349,263,451	11,627,858
6	Investments	-	-
7	Turnover	4,575,051,271	10,109,194
8	Profit/(Loss) after before Taxation	645,859,374	(4,409,674)
9	Provision for Taxation	149,763,645	(95,309)
10	Profit/(Loss) after Taxation	496,095,729	(4,314,365)
11	Proposed dividend	-	-
12	Country	USA	India

* includes subsidiaries and step subsidiaries

GSS INFOTECH LIMITED

Level 5, Wing 5-01, Block -2, Cyber Pearl, 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 Infotech Limited hereby appoint ofor failing him..... ofas my / our proxy to attend and vote for me/ us on my / our behalf at the AGM at Ellaa Suites, Jasmine Banquet Hall, Hill Ridge Springs, 25 Kancha, Gachibowli, ISB Road, Hyderabad 500 032 to be held on 30th December, 2011 at 10.30 A.M. and at any adjournment thereof

As witness my /our hand (s) this Day of 2011

Signed by the said

**Affix 1/-
revenue
stamp**

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

* Applicable for investors holding shares in electric form.

GSS INFOTECH LIMITED

Level 5, Wing 5-01, Block -2, Cyber Pearl, Hitech City, Hyderabad- 500081

Attendance Slip for the Annual General Meeting on 30th December, 2011 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 30, 2011 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.

BOOK-POST

If undelivered please return this copy to the following address

GSS Infotech Ltd.

Cyber Pearl, Block '2', 5th Floor - 01,
HITEC City, Madhapur,
Hyderabad - 500 081,
India.

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Fax: +91 40 40028703

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