

GSS
CLOUD
Solutions



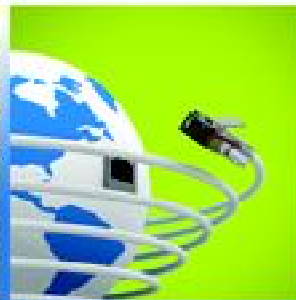
Integrating People, Process & Technology



Mobile
Solutions



Healthcare
Solutions



Infrastructure
Management



Professional
Services

9th Annual Report 2012

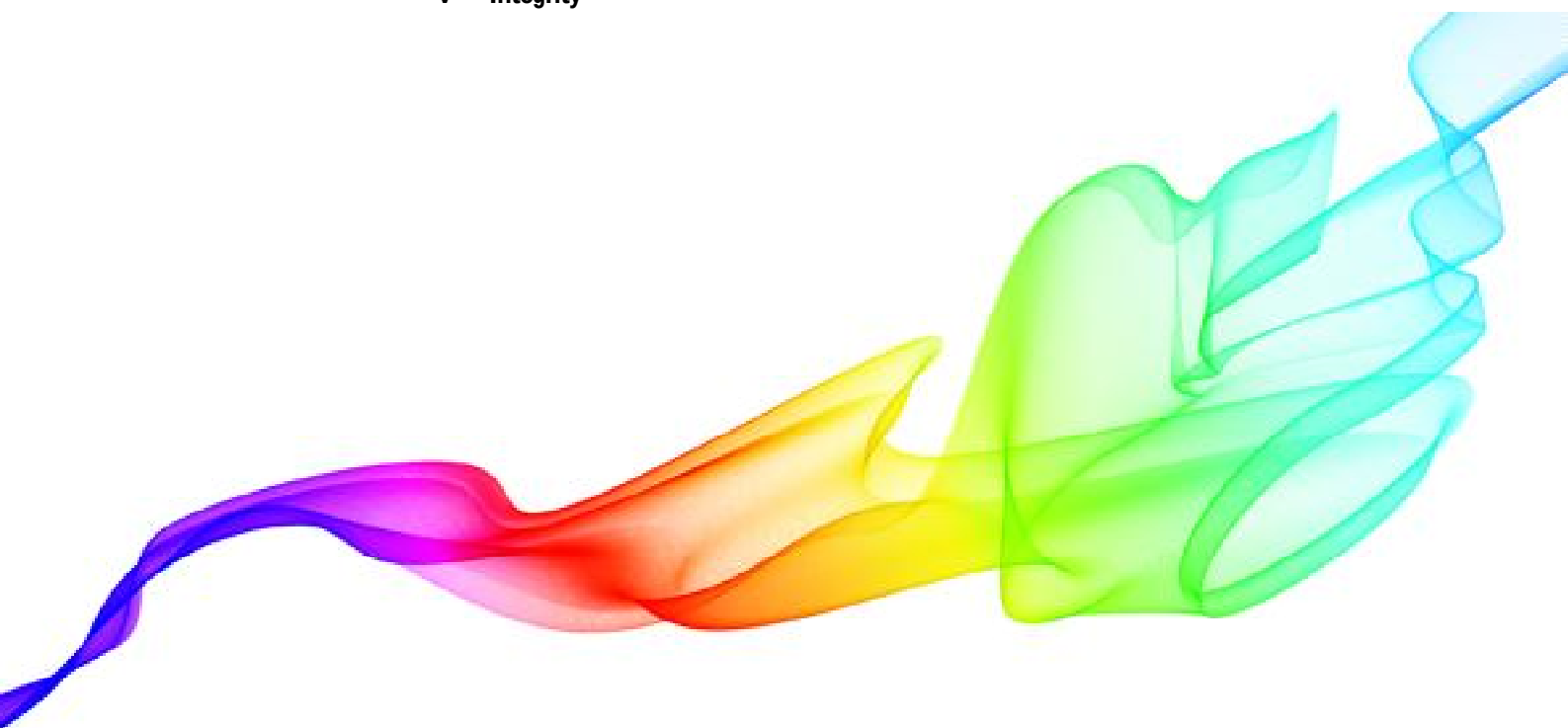
Vision & Mission

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



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
Non-Executive Director

Keerthy Jaya Tilak
Non-Executive & Independent Director

Mark Silgado
Non-Executive Non-Independent Director

Madhukar Sheth
Non-Executive Non-Independent Director

**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
Keerthy Jaya Tilak

Remuneration Committee

P.V.R.K. Prasad
Ramesh Yerramsetti
Keerthy Jaya Tilak

Share Transfer and Shareholders' / Investors' Grievance Committee

Bhargav Marepally
Ramesh Yerramsetti
Keerthy Jaya Tilak

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,
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 Ninth Annual General Meeting (AGM) of the members of GSS Infotech Limited (formerly known as GSS America Infotech Limited) will be held on Friday, September 28th 2012 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 consider and adopt the audited Balance Sheet as at 31st March 2012, the Statement of Profit and Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon
2. To appoint a Director in the place of Mr. P V R K Prasad, who retires by rotation, and being eligible, offers himself for Re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT M/s.Sarath & Associates,Chartered Accountants (Registration No. 005120S), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

Special Business

4. APPOINTMENT OF MR.MADHUKAR SHETH 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.Madhukar Sheth be and is hereby appointed as a Director of the company, liable to retire by rotation.

5. MODIFICATION OF TERMS OF GRANTS UNDER ESOS SCHEME 2010 - B

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

“RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956(including any modification or re-enactment thereof for the time being in force, and in accordance with the provisions of the Memorandum of Articles of Association of the Company, the listing agreements with the Stock Exchanges and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and other rules and regulations, prescribed by the Securities and Exchange Board of India (“SEBI”) or any other relevant authority, from time to time, to the extent applicable and any other approvals, consents, permissions and sanctions of any authorities as may be required, and subject to any such conditions or modifications as may be prescribed or imposed by such authorities while granting such approvals, consents, permissions and sanctions, and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), consent of the shareholders be and is hereby accorded to amend the price of the stock options granted but not exercised by the employee under ESOS Scheme – 2010. The price of the stock options granted under ESOS Scheme – 2010 B be re-priced at R.36.20/- per share being the market price as on previous day of the board meeting held on 03rd September 2012.

RESOLVED FURTHER THAT the vesting of the options granted but not exercised be as follows:

1. 1/3rd after the completion of one year from the date of actual grant.
2. 1/3rd after the completion of two years from the date of actual grant.
3. Balance after the completion of the three years from the date of actual grant.

RESOLVED FURTHER THAT all other terms and conditions of the Scheme will remain in force.

FURTHER RESOLVED THAT Mr.Bhargav Marepally, Managing Director of the Company be and is hereby authorised to do all acts, deeds and things that are necessary in this regard.

6. EXTENSION OF THE ESOS SCHEME 2010 TO THE SUBSIDIARY COMPANY EMPLOYEES

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

“RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any modification or re-enactment thereof for the time being in force, and in accordance with the provisions of the Memorandum of Articles of Association of the Company, the listing agreements with the Stock Exchanges and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and other rules and regulations, prescribed by the Securities and Exchange Board of India (“SEBI”) or any other relevant authority, from time to time, to the extent applicable and subject to any approvals, consents, permissions and sanctions of any authorities as may be required, and subject to any such conditions or modifications as may be prescribed or imposed by such authorities while granting such approvals, consents, permissions and sanctions, and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board”, which terms shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board to use upto 2,00,000 shares lying in the pool created under Employee Stock Options Scheme (ESOS)-2010A as detailed in explanatory statement to this notice and which were held by the Trust created and were for the purpose and benefit of such person(s) who are in the permanent employment of subsidiary companies, and the “Directors (including whole-time Directors) of the subsidiary companies (hereinafter collectively referred to as the “Employees”) equity shares of the company and/or options giving right to purchase such number of equity shares of the company, at such price, in such manner, during such period in one or more tranches and on such terms and conditions as the Board may decide

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

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

RESOLVED FURTHER THAT the shares be allotted in accordance with the ESOS through an existing trust

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

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

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

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

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

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

“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 authorized 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 \$ 20 Mns (Twenty 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 trenches, 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
Company Secretary & Compliance Officer

Place: Hyderabad
Date: 03rd September, 2012

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. PVRK Prasad 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 ninth 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 ninth Annual General Meeting.
14. The register of members and the share transfer books will remain closed from Monday, 24th September, 2012 to Friday, 28th September 2012 (both days inclusive).

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

Item No 4 : Mr.Madhukar Sheth was co-opted as an Additional Director of the company with effect from 14 May, 2012, pursuant to section 260 of the Companies Act 1956, read with article 102 of the articles of association of the company. Mr.Madhukar holds office of a Director up to 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.Madhukar 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.Madhukar is interested or concerned in the resolution.

Item No.5 : The Company at the meeting of its shareholders held on 30th December 2010 has passed a special resolution approving the Employee Stock Option Scheme – 2010 A & B. Accordingly the Company has granted 2,00,000 options to the employee of the company at Rs181.70 (market price on 29th December 2010.). However during the past few months the price of the share has drastically fallen to Rs.36/- levels. In view of the fall in the market price of the share the options which were offered to the employee on at Rs.181.70/- is no more attractive and further note that, in order to retain the talented people, the Board, with the recommendation of remuneration committee meeting held on 03rd September 2012, decided to reschedule the vesting period to three years from five years for the existing un-exercised options

Re-schedule is as under:

1. 1/3rd after the completion of one year from the date of actual grant.
2. 1/3rd after the completion of two years from the date of actual grant.
3. Balance after the completion of the three years from the date of actual grant.

List of employees

S.No.	Name	Designation	Total Options
1	Abdul Qadeer	VP-Sales	10000
2	N S V Subrahmanyeswara Rao	AVP-Sales	10000
3	Mallikarjun Sanka	AVP-Sales	5000
4	Ranga Babu Thota	Program Director	5000
5	Suresh Kantamneni	Program Director	5000
6	Suman Kumar Chintam	Manager-Sales	3500
7	Gowri Shanker	Head-Sales	3500
8	Someswara Rao Artham	Company Secretary	3000
9	Mitra Pokkuluri	GM-Finance & Accounts	3000
10	Vinod Kumar Andolu	Sr.Manager	3000
11	Gavin Cooper	Head-Marketing	3000
12	Kiran Kumar Appam	Project Manager	1500
13	Kiran Kumar Suresh	Team Lead	1500
14	Rajasekhar Raparti	Sr.Manager Finance&Accounts	1500
15	Anand Kumar Pocham	Sr.DBA	1000
16	Faisal Siddique Mohammed	Service Delivery Manager	1000
17	Shubrangshu Banerjee	Service Delivery Manager	1000
18	Jairaj Harnoor	Manager-Talent Acquisition	1000
19	Harika Reddy Puli	Asst.Manager-HR	1000
20	Chidanandam N B	Sr.Executive-Accounts	1000
21	Abdul Riyaz	Asst. Manager-Sales	1000
22	Ilyas Derek Ahamed	Sr.Executive-Admin	500
Total			66000

In view of the above Board recommends the resolution for approval of the members. None of the Directors are concerned or interested in this resolution.

Item No. 6: Employee Stock Option Scheme (ESOS) extending to Subsidiary Company employees

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

The SEBI Guidelines have provided a conducive environment for the implementation of an Employee Stock Option

Scheme. The Company proposes to introduce the following Stock Option Scheme for the benefit of employees of subsidiary companies and its directors and such other persons / entities as may be prescribed by SEBI from time to time, and in accordance with the provisions of prevailing regulations.

Employee Stock Option Scheme 2010-A Under this scheme, employees will be granted an option to acquire a certain number of equity shares at a Price as mentioned hereinafter. The broad terms and conditions of the Scheme are as under:

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

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

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

The salient features of the Scheme are as under:

1. The total number of option to be granted:

The total number of options to be granted under this scheme cannot exceed 5,00,000 i.e 3.54 % of the issued equity share capital of the Company as on date or such additional quantity as may be required on account of Corporate Action. The options which lapse/expire or are forfeited will be available for grant to the eligible employees.

The total number of options to be granted under this scheme to the employees of the subsidiary companies cannot exceed 2,00,000.

One option would be entitle the holders of the options a right to apply for one equity share of face value of R10/- each and / or equity linked instrument including any depository receipt entitling for one equity share of R10/- each of the company, as may be decided by the Board. The option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

Presently the scheme was used for the benefit of Employees of the Company, which may now also be used for the benefit of the employee of the subsidiary companies and directors of the subsidiary companies in accordance with the applicable regulations.

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

Employees entitled to participate in the ESOS are:

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

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

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

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

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

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

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

4. Exercise price or pricing formula

The exercise price for the purposes of the grant shall be as follows:

Plan A: The exercise price for the purposes of the grant of options will be market value subject to a minimum price of par value.

Plan B: The exercise price shall not be more than Market Price less 50% discount, subject to a minimum price of par value

5. Exercise period and the process of Exercise

The exercise period shall commence from the date of vesting, and will expire not later 7 years from the date of grant or such period as may be decided by the Compensation Committee. The options will be exercisable by the Eligible Employees by a written application to the Committee to exercise the options, in such manner, and on execution of such documents, in such manner, as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

6. Process for determining the eligibility of employees to ESOS

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

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

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

8. Disclosure and Accounting Policy

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

9. Method of Valuating the Options

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

10. Disclosure in Director's Report

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

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

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

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

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

Item no. 7: 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 \$ 20 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)

Place: Hyderabad
Date: 03rd September, 2012

Sd/-
Someswara Rao Artham
Company Secretary & Compliance Officer

Details of the Directors seeking re - election/Appointment at the ensuing AGM as per Clause '49 IV G' of the listing agreement Item no. 2&4

Name of the Director	Mr.P V R K Prasad	Mr.Madhukar Sheth
Brief resume and details of expertise in their functional areas	Mr. PVRK Prasad, 68, is an LLB from Nagpur University, is a Retired IAS Officer. Currently he is associated with Facor Alloys Limited as a Director. He has exposure to Public administration of over 40 Years in Central Government of India and Andhra Pradesh State Government. He has also worked as secretary to Chief Minister, Andhra Pradesh and Information Advisor to Prime Minister.	Mr. Sheth has held leadership positions in a variety of sectors. In addition he has been a member of the Bombay Stock Exchange since 1993, at the BSE he was an arbitrator for Broker to Broker disputes and Broker to Client disputes, later being elevated to superior bench of Broker to Broker arbitrators. Mr Sheth's business and investment strategy, skills, and knowledge are widely recognized and he is often called upon to serve the role of commentator or analyst on leading business television channels. Madhukar holds a graduate degree in Mechanical Engineering from NIT-Surat.
Name of the other companies in which the person also holds the directorship and the membership of committees of the Board	Facor Alloys Limited- Director and member of audit committee and remuneration committee.	a) Amax Holdings Pvt Ltd b) Amax Properties Pvt Ltd c) Aabhar Infrastructure P Ltd
Shareholding in the company	Nil	14,49,561

DIRECTOR'S REPORT

Dear Members,

We are delighted to present the report on our business and operations for the financial year ended March 31, 2012

I. FINANCIAL RESULTS

The Company's financial results (consolidated & standalone) for the nine months and year ended 31st March, 2012 is provided in the Annual Report.

Consolidated Revenues of the Company for the year ended 31.03.2012 is R 291.47 Crores and standalone revenues of the company is R 41.21 Crores.

The Consolidated Profit After Tax of the company for the year ended 31.03.2012 is (R50.98) Crores and Standalone Profit After Tax is (R15.49) Crores.

FINANCIAL RESULTS FOR THE NINE MONTHS AND YEAR ENDED 31st MARCH, 2012

Particulars	GSS Infotech Limited (Standalone)		GSS Infotech Limited and its subsidiaries	
	Year ended (R.In Crores)		Year ended (R.In Crores)	
	31.03.2012	30.06.2011	31.03.2012	30.06.2011
Total income	46.45	61.22	296.86	485.62
Gross Profit	7.17	27.29	31.19	123.96
Profit (+)/Loss (-) from Ordinary Activities before tax	(6.42)	7.12	(9.30)	71.27
Net Profit (+)/ Loss (-) from Ordinary Activities after tax	(15.49)	5.24	(50.98)	54.42
Paid-up equity share capital (Face Value. R10/- each)	14.13	14.13	14.13	14.13
Reserves and Surplus	274.99	274.21	285.25	475.59
Earnings Per Share	(10.96)	3.70	(36.06)	38.49

II. DIVIDEND

The Directors did not recommend any dividend for the year ended 31st March 2012.

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. PVRK Prasad, 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.Madhukar Sheth appointed as an Additional Director on the Board with effect from 14 May 2012 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 who shall be liable as retire by rotation.

It is further informed that, due to certain pre-occupations Mr.L.V.Prasad, Non Executive and Independent Director and Mr.Ramanan Raghavendran, Non Executive and Independent Director tendered their resignation letter to the board, with effective from 20th January 2012 and 13th February, 2012 respectively.

It is further informed that, due to pre-occupations, Mr.Ramesh Yerramsetti, Managing Director had resigned from the position of Managing Director and continued as a Non Executive Director of the Company.

V. 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.

VI. 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.

VII. AUDIT COMMITTEE

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

VIII. PARTICULARS OF EMPLOYEES:

The Company has not paid any remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended. Hence, no information is required to be appended to this Report in this regard.

IX. CORPORATE GOVERNANCE:

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is set out as Annexure B and Annexure C to this Report

X. 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.

XI. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

XII. 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.

XIII. 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 31st March 2012 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.

XIV. 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 2011-12 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

XV. GREEN INITIATIVE

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

XVI. ACKNOWLEDGEMENTS:

We thank our customers, vendors, investors and banker for their continued support during the year.. 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.

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

Place: Hyderabad
Date: 03rd September 2012

Sd/-
Mr. Bhargav Marepally
CEO & Managing Director

Sd/-
Mr.Ramesh Yerramsetti
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 (2011-12) (R. in Lakhs)	Previous Year (2010-11) (R. in Lakhs)
Foreign Exchange expenditure	75.13	89.24
Foreign Exchange earned	3221.87	5879.02

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

Place: Hyderabad
Date: 03rd September 2012

Sd/-
Mr. Bhargav Marepally
CEO & Managing Director

Sd/-
Mr. Ramesh Yerramsetti
Director

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, 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 Six Directors- one (1), Managing Director, 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	3	Nil
Mr. Ramesh Yerramsetti	Non Executive Director; Promoter	None	3	Nil
Mr. P.V.R.K. Prasad	Non Executive & Independent Director	None	1	2
Mr. Keerthy Jaya Tilak	Non Executive & Independent Director	None	1	Nil
Mr. Mark Silgado	Non Executive & Non Independent Director	None	10	Nil
Mr. Madhukar Sheth**	Non Executive & Non Independent Director	None	3	Nil

* Includes listed ,unlisted Public and Private Indian Companies

** Joined on the board on 15 th May 2012 as an Additional Director

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

2.2 Board Meetings

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

2.3. Role of Independent Directors:

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

2.4. Information Supplied to the Board:

- a) Annual operating plans and budgets and any updates
- b) Quarterly, half yearly and annual results of the company
- c) Minutes of meetings of audit committee and other committees of the board
- d) Information on recruitment of senior officers just below the Board level
- e) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- f) Details of any joint venture or collaboration agreement.
- g) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- h) Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- i) Internal audit findings and external audit management reports (through the audit committee)
- j) 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 31 st March, 2012
Mr. P. V. R. K. Prasad	NIL
Mr. Keerthy Jaya Tilak	NIL
Mr. Mark Silgado	NIL

2.6 Appointment / Re-appointment of Directors:

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

- I. **Mr. PVRK Prasad:** Mr. Prasad, appointed as a Director on the Board on 21 June, 2006. Mr. Prasad will retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. If re-appointed will be an Independent Director.

- ii. **Mr.Madhukar Sheth:** Mr.Madhukar Sheth was co-opted as an Additional Director of the company with effect from 15th May, 2012, Pursuant to section 260 of the Companies Act 1956. Mr.Madhukar 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.Madhukar for the office of a Director under the provisions of section 257 of the Companies Act 1956, if appointed will be a non executive and non independent Director.

2.7 Board meetings and the previous Annual General Meeting

During the financial year 6 board meetings were held on various occasions, 13th August 2011, 14th November 2011, 05th December 2011, 20th January, 2012, 14th February, 2012 and 30th March 2012. The last AGM of the Company was held on 30th December, 2011. 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	6	present
Mr. Ramesh Yerramsetti	6	present
Mr. P. V. R. K. Prasad	6	absent
Mr. L. V. Prasad *	0	absent
Mr. Keerthy Jaya Tilak	6	absent
Mr.Ramanan Raghavendran *	3	absent
Mr. Mark Silgado	2	absent

* Mr.L.V.Prasad resigned on 20th January 2012 and Mr.Ramanan Raghavendran resigned on 13th February, 2012 from the Board as an Independent & Non Executive Director.

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 three 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 2011-12, the Audit Committee met four times on various occasions i.e. 13th August, 2011, 14th November 2011, 05th December 2011 and 14th February, 2012. The composition of the Audit Committee and the number of meetings attended during the financial year 2011-12 were as follows:

Name of the member	Designation	Nature of Directorship	No. of meetings attended
P. V. R. K. Prasad	Chairman	Non- Executive, Independent	4
Mr. Keerthy Jaya Tilak	Member	Non- Executive, Independent	4
Mr. L. V. Prasad*	Member	Non- Executive, Independent	0
Mr. Bhargav Marepally	Member	Executive, Promoter group	4

* Mr.L.V.Prasad, resigned from the Board as an independent and Non Executive Director and the member of all the committees

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

Mr.PVRK Prasad, Due to the un avoidable reasons, and travelled abroad could not attend the AGM, accordingly Mr.Bhargav, CEO&MD took the Chair and conducted the proceedings of the AGM and redressed the Shareholder's queries.

3.4 Attendees:

The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The Statutory Auditors 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
- B. Recommending the appointment and removal of the statutory auditors, fixation of audit fees and also approval or 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:

One Meeting of Remuneration Committee were held during the year under review Committee i.e. 30 March 2012 and 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. Ramesh Yerramsetti	Member	Non-Executive Director
Mr. Keerthy Jaya Tilak	Member	Non-Executive, Independent
Mr.L. V. Prasad*	Member	Non-Executive, Independent

* Mr.L. V. Prasad, resigned from the Board and Committees of the board on 20th January, 2012.

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 one Executive Director namely Bhargav Marepally, Chief Executive Officer & Managing Director. The details of remuneration paid to him 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.

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:

four meetings of the Share transfer and Shareholders/ Investors Grievance Committee were held on 13th August, 2011, 14th November 2011, 05th December 2011 and 14th February, 2012. 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. Keerthy Jaya Tilak	Chairman	Non-Executive, Independent	1
Mr. Bhargav Marepally	Member	Executive, Promoter group	4
Mr. Ramesh Yerramsetti	Member	Executive, Promoter group	4
Mr. L. V. Prasad*	Chairman	Non-Executive, Independent	0

* Mr.L.V.Prasad, resigned from the Board and all the Committees of the Board with effect from 20th January, 2012

4.7 The Terms of Reference of the Committee:

- i. To reject the share applications as may be fit and proper
- ii. To allot the shares as may be 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 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 2011-2012:

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	4	4	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.

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
2010-2011	30th December 2011	10.30 A.M.	Ellaa Suites, Jasmine Banquet Hall, Hill ridge springs, No.25, Kancha, Gachbowli, ISB Road, Hyderabad-500032
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

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
Friday, 30th Dec, 2011	AGM	★ Approval & Adoption of accounts for the year ending 30th June, 2011 ★ To appoint a Director in place of Mr. Keerthy Jaya Tilak who retires by rotation and being eligible, offers himself for re appointment ★ Appointment of M/s. Sarath & Associates as Statutory Auditors ★ Appointment of Mr. Ramanan Raghavendran as a Director liable to retire by rotation ★ Appointment of Mr. Mark Silgado as a Director liable to retire by rotation ★ 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

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 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 and Surya (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 2011-12 is scheduled to be held on Friday, 28th September 2012 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

It is to be informed that, for administrative convenience the company closed its accounting year (both consolidated and standalone) on 31st March, 2012.

8.3 Book Closure

Register of Members and the Share Transfer Book of the Company will remain closed from Monday, September 24th 2012 to Friday, 28th September 2012 (Both days are inclusive)

8.4 Listing on Stock Exchanges & Stock Code

The Company is listed on the following Stock Exchanges

H BSE Limited (BSE): Scrip ID: GSS; Scrip Code: 532951

H National Stock Exchange of India Limited (NSE): Symbol: GSS

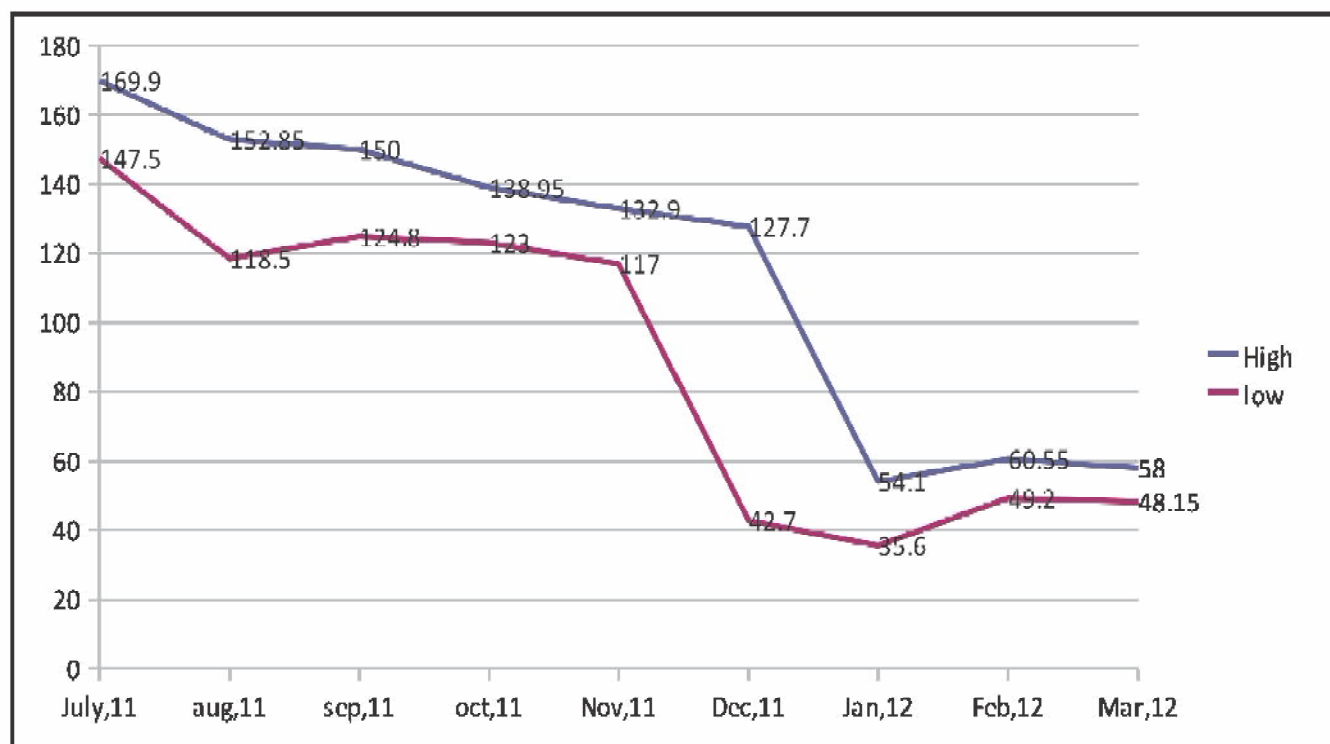
Listing fees has been paid to both the Exchanges for the FY 2011-2012. The ISIN number of the equity shares of the Company is INE870H01011.

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

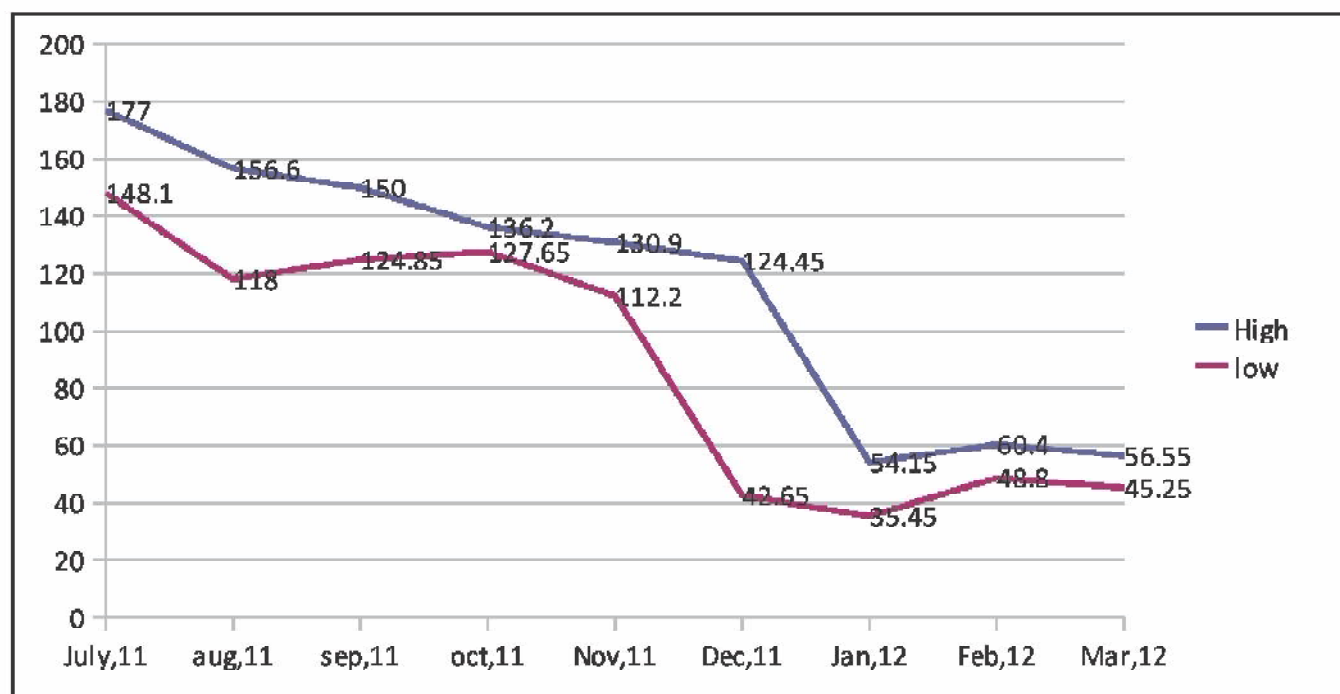
Share price Date (in R. Per share)

Month	NSE		BSE	
	High	Low	High	Low
July 11	169.90	147.50	177.00	148.10
Aug 11	152.85	118.50	156.60	118.00
Sep 11	150.00	124.80	150.00	124.85
Oct 11	138.95	123.00	136.20	127.65
Nov 11	132.90	117.00	130.90	112.20
Dec 11	127.70	42.70	124.45	42.65
Jan 12	54.10	35.60	54.15	35.45
Feb 12	60.55	49.20	60.40	48.80
Mar 12	58.00	48.15	56.55	45.25

The graphical representation of the high and low price in National Stock Exchange for the financial year 2011 - 12



The graphical representation of the high and low price in Bombay Stock Exchange for the financial year 2011 - 12



8.6 Shareholding pattern as on March 31, 2012

The detailed shareholding pattern is available on the Company's website at <https://www.gssinfotech.com/about/shareholding-pattern.php>

Shareholding pattern as on 31st March , 2012

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	6	2263952	16.01	16.01	1930828	85.29
Foreign	0	0	0.00	0.00		
Total Shareholding of Promoter and Promoter Group	6	2263952	16.01	16.01	1930828	85.29
Public shareholding						
Institutions	7	5834091	41.27	41.27		
Non-institutions						
Bodies Corporate	345	1513926	10.71	10.71		
Individuals -	10759	3153722	22.31	22.31		
Any Other (specify)	82	1371152	9.70	9.70		
Total Public Shareholding	11193	11872891	83.99	83.99		
TOTAL	11199	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	11199	14136843	100.00	100.00		

8.7 Distribution of shareholding as on 31st March, 2012

Range in R	Total Holders	% of Total Holders	Total holding in R	% of Total Capital
Upto 5000	10807	96	6083060	4.30
5001 to 10000	183	2	1418220	1.00
10001 to 20000	84	1	1264940	0.90
20001 to 30000	31	0	784450	0.55
30001 to 40000	13	0	478300	0.34
40001 to 50000	19	0	870580	0.62
50001 to 100000	25	0	1807930	1.28
100001 and above	37	0	128660950	91.01
Total	11199	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

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 31st March 2012 are as follows:

Mode	Records	%age to holders	Shares	%age to capital
NSDL	6295	56.21	12351032	87.37
CDSL	4899	43.75	1435330	10.15
Physical	5	0.04	350481	2.48
Total	11199	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 Office Locations

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

North America

Chicago, IL, USA North America HQ 1699 Wall Street, Suite 201, Mt. Prospect, IL 60056, USA. Tel: +1 847-640-3700 Fax: +1 847-640-3701 e-mail: chicago@gssinfotech.com	Albany, NY, USA 1762 Central Ave, Albany, NY 12205, USA. Tel: +1 518-452-3700 Fax: +1 518-452-3939 e-mail: albany@gssinfotech.com	Hartford, CT, USA 2842 Main Street, Glastonbury, CT, 06033, USA Tel: +1 860-633-7174 Fax: +1 860-633-7162 e-mail: glbury@gssinfotech.com
Minneapolis, MN, USA 655 County Road E West Shoreview, MN 55126 Tel: +1 651-604-5770 Fax: +1 651-604-5775 e-mail: minneapolis@gssinfotech.com	Dublin, CA, USA 11875 Dublin Blvd, Suite #C-155 Dublin, CA - 94568. Tel: +1 925-803-1117/1118/1119 Fax: +1 209-879-0162 e-mail: california@gssinfotech.com	North Brunswick, NJ, USA 2550 US Highway No 1 NJ-08902. Tel: +1 888-248-5627 Fax: +1 866-726-0520 e-mail: northbrunswick@gssinfotech.com

India Hyderabad - Global HQ Cyber Pearl, Block - 2, Level – 5, Wing 05-01, HITEC City, Madhapur, Hyderabad - 500 081. AP. India. Tel: +91 40 44556600 Fax: +91 40 40028703 e-mail: india@gssinfotech.com	Singapore 3 Shenton Way, #03-09, Shenton House, Singapore 068805. Tel: +65 6227 8157 Fax: +65 6491 5300 e-mail: singapore@gssinfotech.com
United Arab Emirates P.O. Box 73030, Dubai Internet City, Dubai, UAE. Tel: +97 143 755 710 Fax: +97 143 672 786 e-mail: dubai@gssinfotech.com	Kingdom of Saudi Arabia A1, Hafsia Building No.3, office no.14 extended dabbab street, Sulaimania, Riyadh, KSA. Ph: +9661 4164577 fax: +9661 4164576 email: saudi@gssinfotech.com

8.14 Address for correspondence

Any queries relating to the financial statements and Investors ' correspondence may be addressed to :

Mr.Someswara Rao Artham, Company Secretary & Compliance Officer

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

By Order of the Board of GSS Infotech Limited

(Formerly known as GSS America Infotech Limited)

Place: Hyderabad
Date: 03rd September 2012

Sd/-
Mr. Bhargav Marepally
CEO & Managing Director

Sd/-
Mr.Ramesh Yerramsetti
Director

ANNEXURE C

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 (formerly GSS America Infotech Limited), for the period ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Clause. 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 by the Directors and Management, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement with the following exception:

The Chairman of the Audit Committee, Mr. P.V.R.K Prasad, was not present at the Annual General Meeting held on 30th December, 2011.

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.

Place: Hyderabad
Date: 03rd September 2012

Sd/-
D.HANUMANTA RAJU
M.NO.4044; C.P.NO.1709

PARTNER
D.HANUMANTA RAJU & CO.,
COMPANY SECRETARIES

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 27 th 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 employee. 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 31st March 2012.

DESCRIPTION	PLAN 'A' 2010	PLAN 'B' 2010
Number of Options available under the Scheme	5,00,000	3,50,000
Total Number of Options granted	0	2,00,000
Options granted during the year	Nil	0
Pricing formula	A) The market price of the Share quoted on a day prior to the grant date quoted on the Bombay Stock Exchange or National Stock Exchange, wherever volumes traded are higher B) The exercise price shall not be more than Market Price less 50% discount, subject to a minimum price of par value	The exercise price for the purposes of the grant of options will be market value, subject to a minimum price of par value.
Options vested during FY 2011-12	Nil	9,100
Options exercised during FY 2011-12	Nil	Nil
The total number of shares arising as a result of exercise of options	Nil	Nil
Options lapsed during FY 2011-12 which are subject to reissue	0	1,09,000 unvested options lapsed due to the separation of employees

DESCRIPTION	PLAN 'A' 2010	PLAN 'B' 2010
Variation of terms of options	0	Nil
Money realized by exercise of options during 2011-12 (Rs)	Nil	Nil
Grant Price (Face value of Re.10) prevailing on grant date December 29, 2010	Nil	Rs.181.70
Total Number of options in force as on March 31, 2012 (cumulative)	N.A.	91,000
Grant details of members of senior management team	Nil	a) Mr.Siva Kumar Nuti 20000 b) Mr.Abdul Qadeer 10000 c)Mr.Subramanyeswara Rao 10000 d) Someswara Rao-3000 e) Harish S Chintawar 5000 f) Mitra Pokkuluri- 3000
Number of other employees who receives a grant in any one year options amounting to 5% or more of options granted during that year	Nil	0
Number of employees who are granted options 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	Nil
Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	Nil	Nil
i) Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value of the stock options. The grant price is the market price prevailing on the grant date. Therefore, there will be no compensation cost as per Intrinsic Value basis.	
ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options.	Nil	Nil

ANNEXURE-E

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Developments

Outsourcing IT operations continues to dominate the IT sector as the most attractive means of reducing investment in the internal IT function. Driven largely by the ease of calculation and almost immediate ROI the model of outsourced infrastructure management is one easily conveyed to the C suite, more so than alternative solutions which ROI may take many times longer to achieve comparable results.

The growth of RIM services over the last five years has been fueled by a maturing customer base becoming more familiar (and comfortable) with low cost off shore delivery models; A maturing of the service providers responding to the needs of customers; the reliability and connectivity improvements; the management and automation tools in the market; and the overarching pressures of business in the economic downturn that forces organization to reduce costs.

As a result of this high growth, new companies continue to enter the RIM space. Competition is heating up and as a result the market is becoming more price-sensitive. It is becoming a buyer's market with the buyer having more negotiating power.

As a result existing organizations seeking to continue to be successful will have to focus away from cost and more on differentiation and positioning. Business value is a core message that needs to be communicated in order to gain additional market share.

Because of this current lack of differentiation from RIM service providers, leaders in RIM organizations will have to develop key brand and positioning messages that position their offerings based on engagement approach, adding additional value through consulting and automation technologies, cloud utilization, and through clear expertise and reference-able credential based marketing strategies. Those companies able to demonstrate a wide platform of skills and expertise across multiple technology platforms will also prosper.

In addition, offshore cost savings have become less advantageous, as wages and operating costs have been rising rapidly in the business and manufacturing centers of China and India. Leading offshore services providers have been opening offices and making acquisitions in America and Europe-the locales of some of their leading customers, as offshore firms become more global and mature in nature. In many cases, performance and customer satisfaction are just as important as cost. (Plunkett Research 2012)

Ultimately RIM services are moving away from being thought of as a tactical way for companies to save money or initiate new capabilities to becoming an integral part of the corporate strategic agenda.

In addition in the environment of low risk strategies more companies reject the investment in new systems or operations that might anchor them to a particular geography, technology, or rigid supply chain, instead preferring to select the low risk option of outsourcing to a domain expert.

This also allows organizations to diversify their talent base to multiple geographies to hedge their bets against influences in specific geographies such as natural disasters, as seen recently in Japan or economic turmoil experienced in Europe.

Industry Verticals

'The majority of Indian RIM providers generate the majority of their revenue from five vertical markets: Banking, financial services and insurance, communications, media and services, and manufacturing' (Gartner 2012)

Service Offering Focus

Of the industry segments identified above, DataCenter Management Services is the highest revenue generator in the RIM space. This is widely perceived to be because of a light activity need in data centers coupled with few on site staff that means monitoring and management of Data Centers is an optimum area for remote services delivery. Following Data Center, Help Desk Services comes in second with networking services coming in third position.

Competitive Landscape

Outsourcing will be an approximately \$480 billion global industry in 2012, with significant emphasis on three broad areas: 1) logistics, sourcing and distribution services; 2) information technology services, including the creation of software and the management of computer centers; and 3) business process outsourcing (BPO) areas such as call centers, financial transaction processing and human resources management. (Plunkett Research 2012)

RIM Top Five Indian Outsourcing Companies: Wipro, TCS, Cognizant, HCL Technologies, Infosys (Gartner 2012)

Outlook

RIM services are a high-growth service line within the infrastructure services market. The barriers to entry to this market are not significantly high, attracting a considerable number of new entrants. This creates a cluttered, highly competitive service provider landscape.

In the current scenario, the approach taken by most India-based providers is still labor intensive, with cost take out and efficiency being the key value propositions. As the industry matures, vendors will need to take a more sophisticated approach.

As a result of continued growth and service offerings / client base expansion, vendors have less power. The potential to redress the balance of that control rests on the ability of RIM vendors to evolve their services offerings to more holistic infrastructure offerings. Offering efficient, high-quality, low-cost services that provide business value will continue to be the key tenet of their growth path.

IT Spending

Gartner Says Worldwide IT Spending on Pace to Surpass \$3.6 Trillion in 2012 a 3 percent increase from 2011 spending of \$3.5 trillion. While the challenges facing global economic growth persist - the Eurozone crisis, weaker US recovery, and a slowdown in China - the outlook has at least stabilized," said Richard Gordon, research vice president at Gartner. "There has been little change in either business confidence or consumer sentiment in the past quarter, so the short-term outlook is for continued caution in IT spending."

Demand for consulting services is expected to remain high due to the complexity of environments for global business and technology leaders. Gartner analysts said consulting itself is becoming increasingly technology-based with the rise of analytics and big data, having deep implications on the future of consulting services.

Gartner's current U.S. dollar growth forecast for overall global IT spending in 2012 has been revised up slightly from 2.5% last quarter to 3.0% now. In constant U.S. dollar, forecast growth for overall IT spending in 2012 is unchanged at 5.2%.

Table 1. IT Spending Growth by Sector, Worldwide, 2012 (4Q11 Update vs. 1Q12 Update)

		4Q11 Update (%)	1Q12 Update (%)	Change (%)
Overall IT	Current Dollars	3.7	2.5	-1.2 ("!")
	Constant Dollars	4.6	5.2	+0.6 ("!")
Computing Hardware	Current Dollars	5.1	4.3	-0.8 ("!")
	Constant Dollars	6.0	7.0	+1.0 ("!")
Software	Current Dollars	6.4	5.0	-1.4 ("!")
	Constant Dollars	7.1	7.3	+0.2 ("!")
IT Services	Current Dollars	3.1	1.3	-1.8 ("!")
	Constant Dollars	3.5	3.3	-0.2 ("!")
Telecom Equipment	Current Dollars	6.9	6.9	+0.0 (-)
	Constant Dollars	8.1	10.3	+2.1 ("!")
Telecom Services	Current Dollars	2.3	1.0	-1.3 ("!")
	Constant Dollars	3.5	4.1	+0.6 ("!")

Source: Gartner (March 2012)

Table 2. Worldwide IT Spending Forecast (Billions of U.S. Dollars)

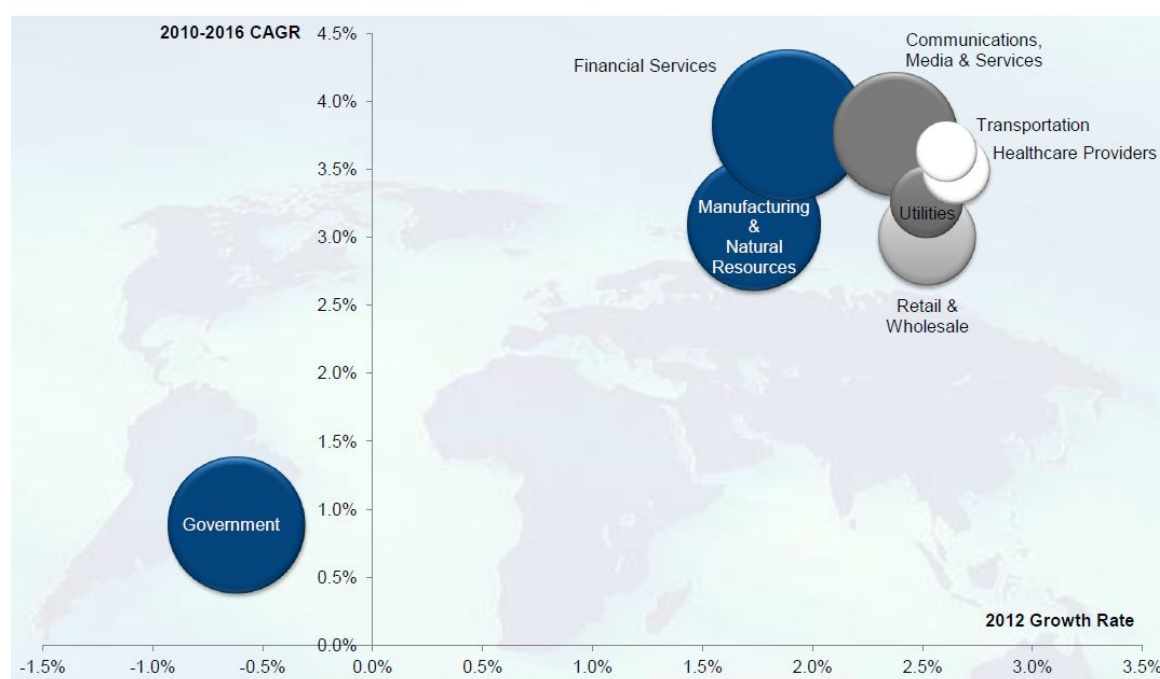
	2011 Spending	2011 Growth (%)	2012 Spending	2012 Growth (%)	2013 Spending	2013 Growth (%)
Computing Hardware	404	7.4	420	3.4	448	6.6
Enterprise Software	269	9.8	281	4.3	301	6.9
IT Services	845	7.7	864	2.3	905	4.8
Telecom Equipment	340	17.5	377	10.8	408	8.3
Telecom Services	1,663	6.0	1,686	1.4	1,725	2.3
All IT	3,523	7.9	3,628	3.0	3,786	4.4

Source: Gartner (July 2012)

Vertical Market Spend:

GSS InfoTech's core markets remain strong in the commercial sector, while government spending is depicted in as the "outlier", due to political influence and public opinion, outsourcing to offshore organizations is stereo typically not an option for most public sector organizations. One caveat to this statement is that, as budgets are reduced and the continuing trend to "do-more-with-less" exacerbates, because of GSS Infotech's strong footprint in North America in the coming years it may prove to be advantageous.

Enterprise IT Spending Forecast, 1Q12 Update: Government Spending is the Outlier



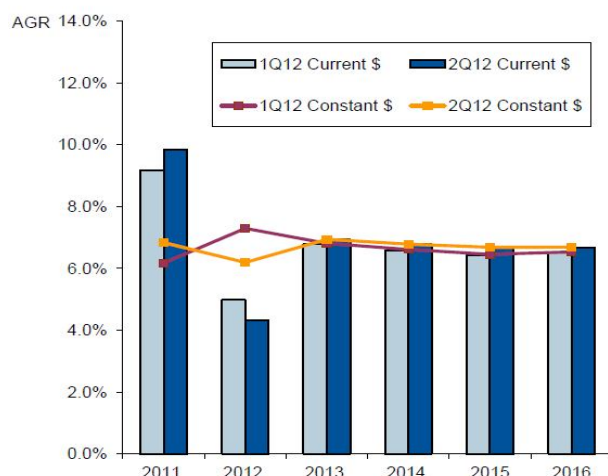
North America continues to provide the greatest opportunity in the enterprise space with consistent IT spending. European spending is trending through 2016 to decrease while APAC and south american nations, although smaller markets are anticipated to see the highest growth rates.

The most recent spending forecast reflects a resurgent consulting and outsourcing sector through 2011. Through 2012 Gartner predicts 3 infrastructure growth areas. Security, Storage Management and Virtualized infrastructures.

The precursor to enterprise cloud enablement and IT-as-a-service, virtualization technologies is anticipated to grow unabated. VMware, a platinum partner of GSS Infotech, recent acquisition of Network virtualization startup Nicira for \$1.2B reinforces this position. Combined with the complimentary storage architecture technologies that GSS Infotech, New York provides means that GSS Infotech is positioned well to take advantage of the continued growth in this sector.

Software Spending Forecast, 2Q12 Update: Infrastructure & Application Summary

(\$B)	2011	2012	2013	2014	2015	2016
2Q12 update	269.4	281.1	300.6	320.9	342.4	365.1
1Q12 update	266.8	280.1	299.1	318.9	339.4	361.5

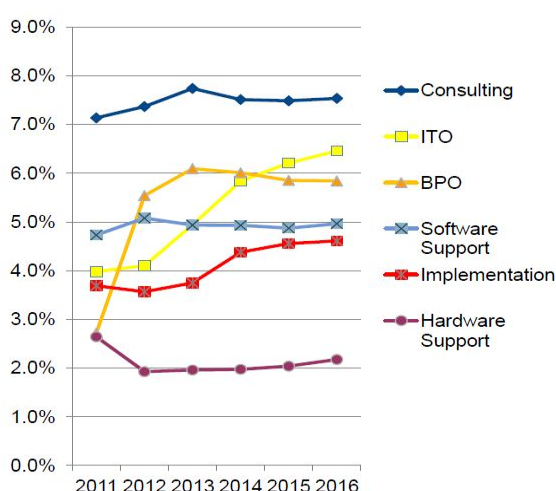


- 2012 growth rate lowered from 5.0% to 4.3%, due to increased concern around Eurozone crisis
- Infrastructure 2012 growth areas:
 - Security
 - Virtualization Infrastructure
 - Storage Management
- Application 2012 growth areas:
 - Web conferencing & team collaboration
 - Supply chain management
 - Customer relationship management
- Rolling 5-year CAGR kept at 6.3%

The real accelerated growth in IT spending continues to be IT outsourcing as organizations continue to look for more efficient methods of technology delivery in the enterprise. While Hardware support is predicted to decline GSS Infotech does not anticipate that this will existing support offerings.

2012 Outlook Strongest for Consulting, Weakest for Hardware Support

WW growth rates (constant currency)

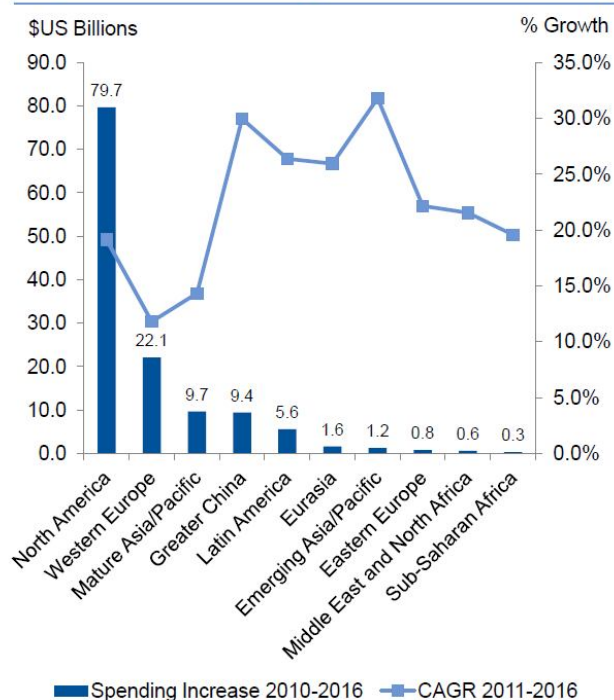


- More granular segmentation in consulting reveals higher growth from converging market drivers
- Growth in consulting doesn't translate to increased growth in implementation
- Growth in outsourcing segments has been significantly increased: assumptions for new segmentation supports growth in the two worlds of IT Services:
 - Customized and dedicated
 - Industrialized and shared

Greatest increase in spending is determined to be North America with the highest growth rates in the emerging APAC, China, Latin America and Eurasia.

2012 Q2 Public Cloud Growth Forecast: By Region

Public Cloud Services Forecast, 2Q12 Update: Regional Perspective



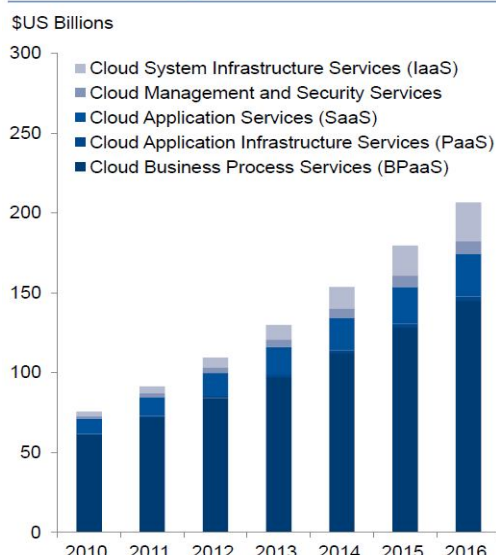
- Highest growth rates in Emerging Asia/Pacific, China, Latin America and Eurasia
- Greatest increase in spending in N. America
- India, Indonesia and China show the highest growth rates in Asia
- Western Europe growth rates continue as the lowest worldwide

2012 Q2 Public Cloud Growth Forecast

2012 Cloud growth areas include:

IaaS -	Compute &	Storage
Cloud	Management &	Security
PaaS -	IT Operations	Management
SaaS - Office Suites and Content Management		

Public Cloud Services Spending Forecast, 2Q12 Update



- New public cloud services forecast includes new segmentation:
 - 5 segments, 28 sub-segments
 - 10 regions, 20 countries
- Cloud advertising (part of BPaaS) dominates the cloud forecast at 48% of the total
- 2012 cloud growth areas:
 - IaaS – compute & storage
 - Cloud Management & Security – IT Operations Management
 - PaaS - DBMS
 - SaaS - office suites & enterprise content management

Risks and Concerns

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 confirms 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

Discussion on financial performance with respect to operational performance.

DISCUSSION ON RESULTS OF OPERATIONS (STANDALONE)

Operational Income

The operational income for the nine months and year ended 31st March 2012 stood at R 412.07 million as compared

to R 606.50 million in the year 2010-11. The decrease in revenues is not comparable as audited financials are for 9 months in comparison to 12 months in the previous year. There was increase in revenues from UID Aadhaar projects and the e-procurement project for the Bangladesh government executed during this period, where certain revenues from export of services reduced for this period.

Total staff costs and other direct costs

The direct costs including staff costs in the year 2011-12 stood at R392.84 million as compared to R339.26 million in the year 2010-11. This is primarily due to increase in the Aadhaar project Equipment Rent and e-procurement related including subcontracting expenses.

Total expenditure

The operating, general and selling expenses in the year 2011-12 stood at R77.69 million as compared to R141.65 million in the year 2010-11. This is primarily due to inclusion of foreign exchange loss of R.50.37 million during the previous year 2010-11.

Depreciation / Amortization

The depreciation / amortization in FY 2011-12 stood at R.49.98 million as compared to R 57.5 million in the year 2010-11.

Financial Expenses

The financial expenses in 2011-12 of R8.28 million as compared to R 2.50 million in the year 2010-11 is on account of availment of working capital facilities from bank during 2011-12.

Exceptional items

The exceptional item in 2011-12 of R 160.7 million is on account of accelerated depreciation of software.

Profit before Tax

The Company's net Loss before tax for the period 2011-12 stood at R(-)224.9 million as compared to net profit before tax of R71.3 million in the year 2010-11. The reduction in profits is due to reduction in revenues along with higher expenses, financial costs and exceptional items.

Profit after Tax

The Company's net Loss after tax for the period 2011-12 stood at R(-) 154.9 million as compared to net profit after tax of R52.3 million in the year 2010-11.

Consolidated financial Performance

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

(R. In Lakhs)

Particulars	For the year ended (9months) 31 st Mar h 2012	For the year ended 30 th June 2011
Income		
Sales:		
a)Software Services	29146.93	48467.14
b)Other Income	538.59	94.70
Total	29,685.52	48561.84
Expenditure:		
a)Direct cost	14741.56	20152.67
b)Employee benefit expense	11824.83	16013.50
c)Other expenses	2313.27	3237.02
d)Financial costs	224.16	70.12
e)Depreciation and amortization expense	1511.47	1961.11
f)Exceptional items	4823.89	—
Net Profit before tax and extraordinary items	-5753.66	7127.41
Tax expense	(655.79)	1685.53
Net Profit after Tax	5097.87	5441.88

Material developments in Human Resources / Industrial Relations front, including number of people employed.

Employees As of 31/03/12 over 626 FTE's. 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 2011. 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:

- ❖ IAOP-Global-100-2011
- ❖ Gartner Competitive Landscape for India Based Rims providers
- ❖ Plunkett Research. Outsourcing offshoring BPO market research industry trends
- ❖ Global trends in offshoring and outsourcing - International Journal of Business and Social Science, Vol. 2 No.16; September 2011.
- ❖ KPMG Sourcing Advisory 1Q12 Global Pulse Survey
- ❖ Collaborative BPO Governance - The Outsourcing Unit
- ❖ Gartner Worldwide IT Spending Forecast, 1Q12 Update
- ❖ Forecast Alert: IT Spending, Worldwide, 1Q12 Update

Annexure F

CEO certification

I, Bhargav Marepally, CEO & Managing Director 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 2011-12 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/-

Bhargav Marepally
CEO & Managing Director

Date: 03rd Sep, 2012

Place: Hyderabad

Annexure G

CEO's Declaration

I, Bhargav Marepally, CEO & Managing Director 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 2011-2012.

On behalf of the Board of Directors

Sd/-
Mr. Bhargav Marepally
Chief Executive Officer & Managing Director

Place:Hyderabad
Date: 03rd Sep, 2012

CONSOLIDATED REPORT

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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 31st March, 2012 and the consolidated Profit and Loss Account and the consolidated cash flow statement for the 9 months 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 **R 3,32,34,33,749/-** as at 31st March, 2012, their total share of profits before tax of **R 8,54,97,819/-** and their net cash inflows amounting to **R 2,18,40,272/-** 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 31st March, 2012;
 - (b) the consolidated Profit and Loss account, of the consolidated results of operations of the company and its subsidiaries for the 9 months period ended on that date; and
 - (c) the consolidated Cash Flow statement, of the consolidated cash flows of the company and its subsidiaries for the 9 months period ended on that date.

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

Sd/-
P.SARATH KUMAR
Partner
Membership No. 021755

Hyderabad
03.09.2012

GSS INFOTECH LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note. No.	As at 31st March, 2012	As at 30th June, 2011
		₹	₹
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	141,368,430	141,368,430
(b) Reserves and Surplus	4	2,852,515,683	4,755,928,199
(c) Money received against share warrants		-	-
(2) Share Application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)	5	-	5,681,229
(c) Other Long Term Liabilities	6	2,052,946	-
(d) Long Term Provisions	9	-	-
(4) Current Liabilities			
(a) Short-Term Borrowings	6	284,265,509	55,900,000
(b) Trade Payables	7	563,436,745	421,738,222
(c) Other Current Liabilities	8	175,098,746	267,574,196
(d) Short-Term Provisions	9	39,402,049	353,442,735
Total Equity & Liabilities		4,058,140,108	6,001,633,012
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Gross Block	10	2,759,634,320	5,341,338,867
(ii) Depreciation		70,958,705	588,359,664
(iii) Net Block		2,688,675,615	4,752,979,203
(b) Non-current investments	11	-	-
(c) Deferred tax assets (net)	5	69,213,016	-
(d) Long term loans and advances	12	8,693,864	104,853,394
(e) Other non-current assets	13	80,860,934	82,076,197
(2) Current Assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables	14	793,706,450	639,694,038
(d) Cash and Bank balances	15	133,967,322	246,825,427
(e) Short-term loans and advances	12	283,022,907	175,204,753
(f) Other current assets	13	-	-
Total Assets		4,058,140,108	6,001,633,012

Schedules referred to above and notes attached there to form an integral part of Balance Sheet
This is the Balance Sheet referred to in our Report of even date.

Per Our Report of Even Date

For SARATH & ASSOCIATES
Chartered Accountants
Firm Regn No:0051205

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

Hyderabad
03.09.2012

For and on behalf of the board

Sd/-
Mr.Bhargav Marepally
CEO & Managing Director

Sd/-
Mr.Ramesh Yerramsetti
Director

Sd/-
Mr.Someswara Rao Artham
Company Secretary

GSS INFOTECH LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTHS ENDED 31ST MARCH 2012

	Particulars	Note No	For the Nine months ended 31st March, 2012 ₹	For the year end of 30th June, 2011 ₹
I	I. Revenue from operations		2,914,693,251	4,846,713,572
II	II. Other Income	16	53,859,534	9,469,678
III	Total Revenue	(I + II)	2,968,552,785	4,856,183,250
IV	IV. Expenses:			
	Direct cost	17	1,474,156,855	2,015,267,396
	Purchase of Stock-in-Trade		-	-
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
	Employee benefit expense	18	1,182,483,779	1,601,350,749
	Other expenses	20	231,327,883	323,702,512
	Total Expenses		2,887,968,517	3,940,320,657
V	V. Earnings before Interest, Tax, Depreciation, Exceptional and extraordinary items (EBITDA)	(III - IV)	80,584,269	915,862,593
	Financial costs	19	22,416,106	7,011,978
	Depreciation and amortization expense	10	151,147,139	196,111,145
VI	VI. Profit before exceptional and extraordinary items and tax		(92,978,976)	712,739,470
VII	VII. Exceptional Items (Refer Note No. 2.7)		482,389,703	-
VIII	VIII. Profit before extraordinary items and tax	(VI - VII)	(575,368,679)	712,739,470
IX	IX. Extraordinary Items		-	-
X	X. Profit before tax	(VIII-IX)	(575,368,679)	712,739,470
XI	XI. Tax expense:	21		
	(1) Current tax (including previous years)		9,314,844	172,082,441
	(2) Deferred tax		(74,894,245)	(3,529,442)
			(65,579,401)	168,552,999
XII	XII. Profit(Loss) from the period from continuing operations	(X-XI)	(509,789,278)	544,186,470
XIII	XIII. Profit/(Loss) from discontinuing operations		-	-
XIV	XIV. Tax expense of discounting operations		-	-
XV	XV. Profit/(Loss) from Discontinuing operations	(XIII + XIV)	-	-
XVI	XVI. Profit/(Loss) for the period	(XII + XV)	(509,789,278)	544,186,470
XVII	XVII. Earning per equity share:			
	(1) Basic		(36.06)	38.49
	(2) Diluted		(36.06)	38.49
<i>Schedules referred to above and notes attached there to form an integral part of Profit & Loss Statement</i>				
<i>This is the Profit & Loss Statement referred to in our Report of even date.</i>				

Per Our Report of Even Date

For SARATH & ASSOCIATES

Chartered Accountants
Firm Regn No:0051205

Sd/-

P. SARATH KUMAR

Partner
Membership No:21755
Hyderabad
03.09.2012

For and on behalf of the board

Sd/-

Mr.Bhargav Marepally
CEO & Managing Director

Sd/-

Mr.Ramesh Yerramsetti
Director

Sd/-

Mr.Someswara Rao Artham
Company Secretary

GSS INFOTECH LTD

Consolidated Cash flow statement for the Nine months ended 31st March 2012

Particulars	31 March 2012	30-Jun-2011
Cash flow from operating activities		
Profit before tax from continuing operations	(575,368,679)	712,739,470
Profit before tax	(575,368,679)	712,739,470
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	151,147,139	196,111,145
Impairment/other write off on tangible/intangible assets pertaining to continuing operation	482,389,703	-
Provision for Bad Debts made / (written back)	-	(11,670,000)
Bad debts written off	27,151,695	28,438,767
Unrealized foreign exchange loss	-	-
Interest expense	22,416,106	3,178,672
Interest income	(1,660,214)	(9,374,377)
Operating profit before working capital changes	106,075,750	919,423,677
Movements in working capital :		
Increase/(decrease) in trade payables	141,698,523	217,912,993
Increase / (decrease) in long-term provisions	-	-
Increase / (decrease) in short-term provisions	21,395,617	2,691,650
Increase/(decrease) in other current liabilities	(90,473,028)	163,080,610
Increase/ (decrease) in other long-term liabilities	-	-
Decrease/(increase) in trade receivables	(154,012,411)	513,441,636
Decrease / (increase) in long-term loans and advances	96,159,530	(50,202,701)
Decrease / (increase) in short-term loans and advances	(107,818,154)	88,463,100
Decrease/(increase) in other current assets	-	(8,770,308)
Decrease / (increase) in other non-current assets	1,215,263	(3,731,999)
Cash generated from operations	14,241,090	1,842,308,658
Direct taxes paid/ adjusted (net of refunds)	(354,065,992)	75,560,458
Net cash flow from/ (used in) operating activities (A)	(339,824,902)	1,917,859,116
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWP and capital advances	(3,951,045)	(67,581,575)
Proceeds from sale of fixed assets	-	-
Proceeds from non-current investments	-	-
Investments in Subsidiaries of non-current investments	-	-
Investments in bank deposits (having original maturity of more than 3 months)	-	-
Redemption/maturity of bank deposits (having original maturity of more than three months)	-	-
Purchase consideration paid for Acquisition - Net	(252,178,714)	(3,154,600,017)
Interest received	1,660,214	9,374,377
Net cash flow from/(used in) investing activities (B)	(254,469,545)	(3,212,807,215)
Cash flows from financing activities		
Proceeds from issuance of share capital	-	-
Proceeds from issuance of preference share capital	-	-
Payment of share issue expenses	(35,003,705)	-
Increase in Exchange translation RESERVE	310,440,122	(106,516,384)
Proceeds from long-term borrowings	-	-
Repayment of long-term borrowings	2,062,946	-
Proceeds from short-term borrowings	228,365,509	141,499,900
Repayment of short-term borrowings	(2,000,000)	(80,099,900)
Interest paid	(22,416,106)	(3,178,672)
Dividends paid on equity shares	(2,423)	(21,128,773)
Dividends paid on preference shares	-	-
Tax on equity dividend paid	-	(3,521,930)
Tax on preference dividend paid	-	-
Net cash flow from/(used in) in financing activities (C)	481,436,344	(72,945,759)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(112,858,103)	(1,367,893,858)
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-
Cash and cash equivalents at the beginning of the year	246,825,427	1,614,719,288
Cash and cash equivalents at the end of the year	133,967,322	246,825,427
Components of cash and cash equivalents		
Cash on hand	61,191	99,271
Cheques/ drafts on hand	-	-
With banks- on current account	102,196,227	192,678,850
— on deposit account	-	-
— unpaid dividend accounts*	436,990	439,413
— unpaid matured deposits*	31,272,914	53,607,894
— unpaid matured debentures*	-	-
Total cash and cash equivalents (note 5B)	133,967,322	246,825,427

Note:

1. Figures in bracket indicate cash out-flow
2. The above cash flow statement has been prepared under indirect method as set out in Accounting Standard-3 notified
3. Previous year figures have been regrouped/ re-classified wherever necessary to confirm to current year classification

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

P. Sarath Kumar
Partner
Membership No:21755
Hyderabad
09.09.2012

for and on behalf of the Board

Sd/-
Mr. Bhargav Managally
CEO & Managing Director

Sd/-
Mr. Ramesh Varmanetti
Director

Sd/-
Mr. Someswar Rao Artham
Company Secretary

GSS INFOTECH LIMITED
NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

PARTICULARS	AS AT 31ST MARCH, 2012	AS AT 30th JUNE, 2011
	₹	₹
Note No - 3: Share Capital		
Authorised Share Capital:		
50,000,000 Equity shares of Rs.10/- each.		
Issued, Subscribed and Paid up Share Capital:		
1,41,36,843 (Previous Year 1,41,36,843) Equity Shares of Rs.10/- each fully paid up	141,368,430	141,368,430
(Out of the above 79,90,000 fully paid up equity shares of Rs 10/- each were issued as bonus shares by capitalisation of Retained Earnings and General Reserves)		
	141,368,430	141,368,430
Note No-4: Reserves and Surplus		
Securities Premium Account		
Balance as per the last financial statements	2,000,583,834	2,000,583,834
Add: Additions during the year	-	-
Less: Amount utilised during the year	35,003,705	-
Closing balance	1,965,580,129	2,000,583,834
General Reserve		
Balance as per the last financial statements	23,918,390	23,918,390
Add: Transferred by appropriation from profits	-	-
Closing balance	23,918,390	23,918,390
Foreign exchange Translation Reserve	306,504,706	(3,935,416)
Surplus/ (Deficit) in the Statement of Profit and Loss Account		
Balance as per last financial statements	2,735,361,391	2,191,174,921
Profit for the year	(509,789,278)	544,186,470
Less: Appropriations	-	-
- Proposed Dividend	-	-
- Tax on Proposed Dividend	-	-
Transfer to General Reserve	-	-
Goodwill adjustment as a result of internal restructuring(Refer Note No- 2.9)	(1,669,059,655)	-
Closing Balance	556,512,458	2,735,361,391
Total	2,852,515,683	4,755,928,199
Note No- 5: Deferred Tax Liability/ (Asset) Net		
Balance as per the last financial statements	5,681,229	9,210,671
Add: Adjustments for the year	(74,894,245)	(3,529,442)
	(69,213,016)	5,681,229
Note No- 6: Short term borrowings		
Secured Loans		
Cash Credit from banks/ Institutions (Secured)	2,052,946	284,265,509
	2,052,946	55,900,000
	2,052,946	284,265,509
	31-Mar-12	30-Jun-11
Note No - 7: Trade Payables		
- Dues of Micro and Small Enterprises		
- Others	563,436,745	421,738,222
	563,436,745	421,738,222
	31-Mar-12	30-Jun-11
Note No - 8: Other Current Liabilities		
Other Current Liabilities	69,763,656	21,205,197
Salary Payable	501,252	278,223
Due to Directors	3,500,000	5,500,000
Unclaimed Dividend	436,990	439,413
Acquisition Payments due	100,896,848	240,151,364
	175,098,746	267,574,196

Note No-9.Provisions:

	₹		₹	
	Long-term		Short-term	
	31-Mar-12	30-Jun-11	31-Mar-12	30-Jun-11
Provision for Employee Benefits	-	-	-	-
Provision for Retirement Benefits	-	-	2,803,526	4,056,425
Other Provisions				
Provision for Income Tax	-	-	13,860,317	349,296,620
Proposed Dividend	-	-	-	-
Provision for Dividend Distribution Tax	-	-	-	-
Provision for Expenses	-	-	22,738,206	89,690
	<u>-</u>	<u>-</u>	<u>39,402,049</u>	<u>353,442,735</u>

Note No-10.Fixed Assets:

	31-Mar-12	30-Jun-11
Tangible		
(i) Gross Block	92,780,144	474,137,349
(ii) Depreciation	57,109,227	104,581,195
(iii) Net Block	<u>35,670,917</u>	<u>369,556,054</u>
Intangible		
(i) Gross Block	2,666,854,176	4,867,201,618
(ii) Depreciation	13,849,478	483,778,469
(iii) Net Block	<u>2,653,004,698</u>	<u>4,383,423,149</u>
Total	<u>2,688,675,615</u>	<u>4,752,979,203</u>

Note No-11. Non- Current Investments:

	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note No - 12: Loans and advances:

(Unsecured, Considered good unless otherwise stated)

	Non-current		Current	
	31-Mar-12	30-Jun-11	31-Mar-12	30-Jun-11
Rental and Other deposits	5,193,864	5,601,536	13,666,525	6,678,167
Prepaid Expenses & Other Current Assets	-	-	48,393,239	45,314,936
Advances Recoverable in Cash or in Kind or for value to be received	3,500,000	99,251,858	220,963,143	123,211,649
Total	<u>8,693,864</u>	<u>104,853,394</u>	<u>283,022,907</u>	<u>175,204,753</u>

Note No - 13: Other Current assets :

	Non-current		Current	
	31-Mar-12	30-Jun-11	31-Mar-12	30-Jun-11
MAT Credit Entitlements	80,860,934	82,076,197	-	-
Advance Tax	-	-	-	-
	<u>80,860,934</u>	<u>82,076,197</u>	<u>-</u>	<u>-</u>

Note No-14.Trade Receivables:

(Unsecured, Considered Good)

	31-Mar-12	30-Jun-11
Outstanding for a period exceeding Six Months	258,911,394	107,736,931
Others	534,795,056	531,957,107
	<u>793,706,450</u>	<u>639,694,038</u>

Note No - 15: Cash and Bank balances

	Non-current		Current	
	31-Mar-12	30-Jun-11	31-Mar-12	30-Jun-11
Cash and cash Equivalents				
Balance with banks:				
On current accounts	-	-	102,196,227	192,678,850
Deposits with original maturity of less than 3 months	-	-	-	-
On unpaid dividend accounts	-	-	436,990	439,413
Cash on hand	-	-	61,191	99,271
Deposits with original maturity for more than 12 months	5,088,069	-	-	16,750
Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	-
Margin money deposits	838,508	10,370,800	25,346,337	43,220,343
	<u>5,926,577</u>	<u>10,370,800</u>	<u>128,040,745</u>	<u>236,454,627</u>

GSS INFOTECH LIMITED

Notes Forming Part of Consolidated Statement of Profit & Loss for the Nine months ended 31st March 2012

PARTICULARS	For the Nine months ended 31 March, 2012	For the Year ended 30th June, 2011
	₹	₹
<u>Note No -16: Other Income</u>		
Interest Income (Gross)		
a) Interest on Fixed Deposits	1,660,214	9,374,377
b) Other interest		
Miscellaneous Income	454,108	95,301
Gain on Exchange Rate Fluctuations	51,745,212	-
	53,859,534	9,469,678
<u>Note No-17: Direct Cost</u>		
Software Expenses	23,123,102	98,160,675
Hardware Expenses	832,436,526	1,191,064,872
Subcontractor Expenses	590,658,663	722,140,845
Rent - Equipments	27,938,564	3,901,004
	1,474,156,855	2,015,267,396
<u>Note No-18: Employee benefit expense</u>		
Salaries And Allowances	1,140,245,777	1,570,755,347
Contribution to PF and Others	4,319,553	4,849,419
Managerial Remuneration	6,268,323	7,200,000
Employee Welfare Expenses	1,308,132	1,447,674
Recruitment And Training	30,341,993	17,098,309
	1,182,483,779	1,601,350,749
<u>Note No-19: Financial Costs</u>		
Interest Expenses	16,300,555	3,178,672
Other borrowing costs	6,115,551	3,833,306
	22,416,106	7,011,978

Note No-20: Other Expenses

	₹	₹
Directors' Sitting Fees	380,000	460,000
Printing And Stationery	2,172,180	1,737,267
Telephone Expenses	7,755,762	9,456,266
Internet and Web Expenses	4,426,009	4,492,014
Rent	35,066,590	42,234,393
Insurance	37,976,556	36,540,296
Rates And Taxes	1,694,124	5,276,257
License, Immigration And Permits	11,045,590	10,864,716
Local Conveyance and Vehicle Maintenance	2,812,300	3,116,995
Repairs And Maintenance:		
- Buildings	1,542,592	551,330
- Machinery	233,409	4,040,971
- Others	3,923,526	1,081,828
Travel Expenses	34,319,933	40,264,711
Utilities	5,037,530	6,678,747
Professional Fees	38,894,736	62,103,151
Auditor's Remuneration	1,124,400	2,331,827
Advertisement And Business Promotion	9,267,921	11,114,532
Bad Debts Written Off	27,151,695	16,768,767
Provision for Bad debts	-	-
Meeting Expenses	187,958	185,673
General Office Expenses	6,315,071	13,891,504
Loss on Exchange Rate Fluctuation	-	50,481,853
Miscellaneous expenses	-	29,415
	231,327,883	323,702,512

Note No-21: Tax Expenses:

Current Tax (MAT)	4,373,100	175,814,440
Current Tax Relating to Previous Years A/c	4,941,745	-
Less: MAT Credit Entitlements	-	(3,731,999)
Net Current Tax	9,314,844	172,082,441
Deferred Tax	(74,894,245)	(3,529,442)
	(65,579,401)	168,552,999

GSS INFOTECH LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIALS STATEMENTS

(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	
			31.03.2012	30.06.2011
A.	Subsidiaries:			
1	GSS Infotech Inc, (A Delaware Company)	USA	100%	—
2	GSS IT Solutions Private Ltd	India	100%	100%
B.	Step Down Subsidiaries:			
1	GSS Infotech Holdings Inc	USA	—	100%
2	GSS Infotech Inc	USA	—	100%
3	System Dynamix Corporation	USA	100%	100%
4	ATEC Group	USA	100%	100%
5	GCI Systems	USA	100%	100%
6.	Veloce Group	USA	100%	100%
7.	Infovista Technologies	USA	100%	100%
8.	Technovant Inc	USA	100%	100%
9.	Infovision Technologies Inc	USA	100%	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:

GSS INFOTECH LIMITED

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

3. Use of Estimates

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

4. Revenue recognition

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

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

5. Expenditure and provisions

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

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 R.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.

2. NOTES TO ACCOUNTS:

2.1 Closure of Accounting Year:

For the current period the company closed its financial year as of 31st March, 2012 for a period of 9 months. The company closed the previous year financial statements for the year ended 30th June, 2011. Therefore the figures as of 31st March, 2012 represent transactions for the period of 9 months from 1st Jul, 2011 to 31st March, 2012 and are not comparable to the previous figures.

2.2 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.

2.3 Contingent Liabilities:

Against Bank Guarantees issued by Banks towards financial and performance guarantees outstanding as at 31st March, 2012 amounts R 6,59,02,266/- (Previous Year: R4,77,80,153/-)

2.4 Claims Not Acknowledged as Debts :

On account of disputed Income Tax Liability - Nil (Previous Year -Nil)

GSS INFOTECH LIMITED

2.5 Details of Fees to Auditors:

Particulars	2011-12	2010-11
	R	R
As Auditors	9,00,000	21,07,000
For Certifications	2,00,000	2,00,000
Out of Pocket Expenses	24,400	24,827
Total	11,24,400	23,31,827

2.6 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.

2.7 Note on Exceptional Item:

Exceptional items represent accelerated depreciation / amortization of software and equipment related with the software owing to various developments in-house and changes in implementation of various modules leading to the useful life of the software being reduced , and hence the written down value was depreciated fully.

2.8 Managerial Remuneration:

The Managerial Remuneration to Whole Time Directors for the year is R62,68,323/- (Previous year R72,00,000/-)

- 2.9** On March 30, 2012, pursuant to approval from the Board and a Stock Purchase and Contribution Agreement, the Company exchanged 100% shares of its two subsidiaries GSS Infotech Inc., Illinois and GSS Infotech Holdings Inc. for shares of GSS Infotech Inc., a Delaware Company at cost. In addition, the two abovementioned subsidiaries were merged into GSS Infotech Inc, Delaware. The restructure of the companies was recorded as a tax-free reorganization, and relevant filings were made with the authorities in both the countries. As a result of this internal restructuring, the company adjusted the excess goodwill appearing in the GSS Infotech Inc's books, to the extent of its available retained earnings, as the new subsidiary GSS Infotech Inc, Delaware took over the assets and liabilities of these two subsidiaries, pursuant to the merger, at fair value

2.10 Leases:

The Company has operating lease for office premises, which is renewable on a periodical basis and cancellable at its option. Rental Expenses for operating lease recognized in Profit and Loss account is R 35,066,608/- (Previous Year R 4,61,35,397/-)

The future minimum lease payments are as given below:

	2011-12	2010-11
	R	R
Not later than one year	8,89,18,534	4,78,57,966/-
Later than one year and not later than five years	7,96,94,469	3,97,08,421/-
Later than five years	NIL	NIL

GSS INFOTECH LIMITED

2.11 Segment Reporting

Business Segments:

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

Geographical Segments :

	2011 - 12	2010 - 11
	R	R
Business from United States of America	2,75,57,15,905	4,65,26,88,487
Business from Middle East	2,33,18,606	1,95,20,000
Business from APAC Region	4,57,69,403	15,58,33,124
Business from India	8,98,89,338	1,86,71,961
Total	2,91,46,93,252	484,67,13,572

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

2.12 Transactions with Related Parties:

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

A) List of Related Parties:

i) Key Management Personnel:

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

B) Transactions with Related Parties:

Particulars	2011-12		2010-11	
	Amount	Outstanding As at 31.03.2012	Amount	Outstanding As at 30.06.2011
	R	R	R	R
Managerial remuneration to Key Management Personnel	62,68,323	0	72,00,000	4,35,006
Loan Received	1,32,62,000	1,62,90,000	8,55,99,900	55,00,000
Repayment of Loan Received	50,30,000	—	8,00,99,900	—

GSS INFOTECH LIMITED

- 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	2011 -12	2010 -11
		R	R
Managerial Remuneration	Bhargav Marepally	42,74,775	36,00,000
	Ramesh Yerramsetti	19,93,548	36,00,000
Loan Received	Ramesh Yerramsetti	5,00,000	8,15,99,900
Repayment of Loan Received	Ramesh Yerramsetti	5,00,000	8,00,99,900
Loan Received	Bhargav Marepally	1,27,62,000	40,00,000
Repayment of Loan Received	Bhargav Marepally	45,30,000	NIL

2.13 Earnings Per Share (EPS):

The Numerator and Denominator used to calculate Earnings Per Share:

Particulars	2011-12	2010-11
	R	R
A. EARNINGS:		
Profit attributable to Equity Shareholders	(509,789,278)	544,186,470
B. NO.OF SHARES:		
Weighted average number of Equity Shares outstanding during the year (Nos) – Basic	1,41,36,843	1,41,36,843
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	1,41,36,843
C. EARNINGS PER SHARE:		
Earnings per Share of Par Value R10/- each – Basic	(36.06)	38.49
Earnings per Share of Par Value R10/- each – Diluted	(36.06)	38.49

- 2.14** The previous year's figures have been regrouped where necessary to correspond with current year's figures. The figures are rounded off to the nearest rupee. The financial statements are prepared as per the Revised Schedule VI effective from 1st April 2011 for preparation of financial statements, which has significant impact on the disclosures and presentations made in the financial statements. There are, however, no material issues requiring presentation of specific reconciliation statements

GSS INFOTECH LIMITED

2.15 The Notes referred 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

Sd/-

Mr. Bhargav Marepally

CEO & Managing Director

for **GSS Infotech Limited**

Sd/-

Mr. Ramesh Yerramsetti

Director

Place : Hyderabad

Date : 03.09.2012

Sd/-

Mr. Artham Someswara Rao

Company Secretary

STANDALONE REPORT

AUDIT REPORT

To
The Members,
GSS INFOTECH LIMITED
HYDERABAD

1. We have audited the attached Balance Sheet of GSS INFOTECH LIMITED ('The Company') as at 31 March, 2012 and the related Profit and Loss Account and Cash Flow Statement attached thereto for the 9 months period 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 31 March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2012 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 31 March 2012 ;
 - b. In the case of the Profit and Loss Account, of the Loss for the 9 months period ended on that date; and
 - c. In the case of the Cash flow statement, of the cash flows for the period ended on that date.

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

Sd/-
P.SARATH KUMAR
Partner
Membership No. 021755

Hyderabad
03.09.2012

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDIT REPORT OF EVEN DATE ON THE
ACCOUNTS OF GSS INFOTECH LIMITED ('THE COMPANY')
FOR THE PERIOD ENDED 31 MARCH, 2012**

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 per the information and explanations given to us, the Company had granted advances to two parties covered in the Register maintained under Section 301 of the Act, aggregating to R263.18 Lakhs and the maximum balance outstanding is R14,309.51 Lakhs.
- (b) As per the information and explanations given to us, in our opinion, the terms and conditions on which interest free loans have been granted to Companies and parties listed in the register maintained under Section 301 of the Companies Act, 1956 are, prima facie, are not prejudicial to the interests of the Company
- (c) As per the information and explanations given to us, these loans do not carry any specific repayment schedule and accordingly do not warrant any comments under Clauses 4 (iii) (c) and (d) of the Order for the current year.
- (d) The Company has taken interest free unsecured loan from two party 's covered in the register maintained under 301 of the Act, aggregating to R30,30,000/- and the maximum balance outstanding during the year is R65,30,000/-.
- (e) 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.
- (f) 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, these transactions made in pursuance of contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time 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 31.03.2012, 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, except as stated hereinunder:-

Asst Year	Amount involved	Particulars
2008-09	2,30,912	Appeal pending before CIT Appeals (3)

10. The Company does not have any accumulated losses at the end of the current financial year. The Company had incurred cash losses in the current financial period as against cash profit in the immediately preceding financial year.
11. As per the information and explanations given to us, the Company did not have any outstanding dues to any financial institution or bank or debenture holders as at the balance sheet date, and hence the provisions of Clause 4(xi) of the Order are not applicable to the Company for the current year.
12. As per the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, and accordingly 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, and hence 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. 021755

Hyderabad
03.09.2012

GSS INFOTECH LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note. No.	As at the end of 31st March, 2012	As at the end of 30th June, 2011
I. EQUITY AND LIABILITIES		₹	₹
(1) Shareholder's Funds			
(a) Share Capital	3	141,368,430	141,368,430
(b) Reserves and Surplus	4	2,749,983,222	2,742,127,830
(c) Money received against share warrants		-	-
(2) Share Application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (net)	5	-	5,776,538
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions	9	-	-
(4) Current Liabilities			
(a) Short-Term Borrowings	6	142,567,350	-
(b) Trade Payables	7	128,121,854	44,128,796
(c) Other Current Liabilities	8	26,793,106	10,055,339
(d) Short-Term Provisions	9	38,842,940	36,644,700
Total Equity & Liabilities		3,227,676,903	2,980,101,634
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Gross Block	10	95,455,285	352,617,384
(ii) Depreciation		44,922,227	94,242,944
(iii) Net Block		50,533,058	258,374,439
(b) Non-current investments	11	2,215,517,720	809,384,810
(c) Deferred tax assets (net)	5	69,159,530	-
(d) Long term loans and advances	12	8,693,864	104,853,394
(e) Other non-current assets	13	80,860,934	82,076,197
(2) Current Assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables	14	501,674,393	402,250,335
(d) Cash and Bank balances	15	41,142,472	175,840,848
(e) Short-term loans and advances	12	257,855,250	1,147,321,611
(f) Other current assets	13	2,239,682	-
Total Assets		3,227,676,903	2,980,101,634

Schedules referred to above and notes attached there to form an integral part of Balance Sheet

This is the Balance Sheet referred to in our Report of even date.

Per Our Report of Even Date

For SARATH & ASSOCIATES

Chartered Accountants

Firm Regn No:0051205

Sd/-

P. SARATH KUMAR

Partner

Membership No:21755

Hyderabad

03.09.2012

For and on behalf of the board

Sd/-

Mr. Bhargav Marepally

CEO & Managing Director

Sd/-

Mr. Ramesh Yerramsetti

Director

Sd/-

Mr. Someswara Rao Artham

Company Secretary

GSS INFOTECH LIMITED
Statement Profit and Loss for the Nine months ended 31st March, 2012

	Particulars	Note No	For the Nine months ended 31st March, 2012	For the year end of 30th June, 2011
I	I. Revenue from operations	16	₹ 412,076,316	₹ 606,574,094
II	II. Other Income	17	52,483,263	5,632,116
III	III. Total Revenue (I + II)		464,559,579	612,206,210
IV	IV. Expenses:			
	Direct cost	18	245,264,707	152,792,980
	Purchase of Stock-in-Trade		-	-
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
	Employee benefit expense	19	147,582,300	186,472,614
	Other expenses	21	77,698,284	141,658,009
	IV. Total Expenses		470,545,291	480,923,603
V	V. Earnings before Interest, Tax, Depreciation, Exceptional and extraordinary items (EBITDA)	(III - IV)	(5,985,712)	131,282,607
	Financial costs	20	8,283,012	2,500,475
	Depreciation and amortization expense	10	49,987,046	57,539,076
VI	VI. Profit before exceptional and extraordinary items and tax		(64,255,770)	71,243,056
VII	VII. Exceptional Items (Refer Note No. 2.12)		160,692,235	-
VIII	VIII. Profit before extraordinary items and tax	(VI - VII)	(224,948,005)	71,243,056
IX	IX. Extraordinary Items		-	-
X	X. Profit before tax	(VIII - IX)	(224,948,005)	71,243,056
XI	XI. Tax expense:	22		
	(1) Current tax		4,941,745	22,318,797
	(2) Deferred tax		(74,936,068)	(3,434,133)
			(69,994,323)	18,884,664
XII	XII. Profit/(Loss) from the period from continuing operations	(X - XI)	(154,953,681)	52,358,392
XIII	XIII. Profit/(Loss) from discontinuing operations		-	-
XIV	XIV. Tax expense of discounting operations		-	-
XV	XV. Profit/(Loss) from Discontinuing operations	(XIII + XIV)	-	-
XVI	XVI. Profit/(Loss) for the period	(XII + XV)	(154,953,681)	52,358,392
XVII	XVII. Earning per equity share:			
	(1) Basic		(10.96)	3.70
	(2) Diluted		(10.96)	3.70
Schedules referred to above and notes attached there to form an integral part of Profit & Loss Statement This is the Profit & Loss Statement referred to in our Report of even date.				

For and on behalf of the board

Per Our Report of Even Date

For SARATH & ASSOCIATES

Chartered Accountants

Firm Regn No:0051205

Sd/-

P. SARATH KUMAR

Partner

Membership No:21755

Hyderabad

03.09.2012

Sd/-

Mr.Bhargav Marepally

CEO & Managing Director

Sd/-

Mr.Ramesh Yerramsetti

Director

Sd/-

Mr.Someswara Rao Artham

Company Secretary

GSS INFOTECH LTD

Cash flow statement for the Nine months ended 31st March 2012

Particulars	31-Mar-12	30-Jun-11
Cash flow from operating activities	₹	₹
Profit before tax from continuing operations	(224,948,005)	71,289,769
Profit before tax	(224,948,005)	71,289,769
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	49,987,046	57,539,076
Impairment/other write off on tangible/intangible assets pertaining to continuing operation	160,692,235	-
Unrealized foreign exchange loss	-	-
Interest expense	-	-
Interest income	(1,649,922)	(5,536,815)
Operating profit before working capital changes	(15,918,645)	123,292,030
Movements in working capital :-		
Increase/(decrease) in trade payables	83,993,058	16,003,665
Increase / (decrease) in long-term provisions	-	-
Increase / (decrease) in short-term provisions	4,156,133	18,904,830
Increase/(decrease) in other current liabilities	16,737,767	3,711,798
Increase/ (decrease) in other long-term liabilities	-	-
Decrease/(increase) in trade receivables	(99,424,058)	(67,573,850)
Decrease / (increase) in long-term loans and advances	96,159,530	91,048,662
Decrease / (increase) in short-term loans and advances	889,466,361	(5,822,660)
Decrease/(increase) in other current assets	(2,239,682)	(3,731,999)
Decrease / (increase) in other non-current assets	1,215,263	-
Cash generated from operations	974,145,727	176,832,476
Direct taxes paid (net of refunds)	(6,899,638)	(22,365,510)
Net cash flow from/ (used in) operating activities (A)	967,246,089	153,466,967
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(2,837,899)	(49,610,994)
Proceeds from sale of fixed assets	-	-
Proceeds of non-current investments	-	-
Investments in Subsidiaries of non-current investments	(1,406,132,910)	(197,080,814)
Investments in bank deposits (having original maturity of more than	-	-
Redemption/maturity of bank deposits (having original maturity of more than three months)	-	-
Purchase consideration for amalgamation (note 35)	-	-
Interest received	1,649,922	5,536,815
Net cash flow from/(used in) investing activities (B)	(1,407,320,887)	(241,154,994)
Cash flows from financing activities		
Proceeds from issuance of share capital	-	-
Proceeds from issuance of preference share capital	-	-
Payment of share issue expenses	(35,003,705)	-
Increase in Exchange translation RESERVE	197,812,778	-
Proceeds from long-term borrowings	-	-
Repayment of long-term borrowings	-	-
Proceeds from short-term borrowings	142,567,350	-
Repayment of short-term borrowings	-	-
Interest paid	-	-
Dividends paid on equity shares	-	(21,205,265)
Dividends paid on preference shares	-	-
Tax on equity dividend paid	-	(3,521,930)
Tax on preference dividend paid	-	-
Net cash flow from/(used in) in financing activities (C)	305,376,423	(24,727,195)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(134,698,375)	(112,415,222)
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-
Cash and cash equivalents at the beginning of the year	175,840,848	288,256,069
Cash and cash equivalents at the end of the year	41,142,472	175,840,848
Components of cash and cash equivalents		
Cash on hand	58,395	93,801
Cheques/ drafts on hand	-	-
With banks- on current account	9,374,173	121,699,741
- on deposit account	31,272,914	53,607,894
- unpaid dividend accounts*	436,990	439,413
- unpaid matured deposits*	-	-
- unpaid matured debentures*	-	-
Total cash and cash equivalents (note 18)	41,142,472	175,840,848

Note:

1.Figures in bracket indicate cash out flow

2.The above cash flow statement has been prepared under indirect method as set out in Accounting Standard-3 notified under the Companies Act,1956 as per Revised Schedule-VI format.

3.Previous year figures have been regrouped/ re-classified wherever necessary to conform to current year classification

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

P. SARATH KUMAR
Partner
Membership No:21755

Hyderabad
03.09.2012

For and on behalf of the board

Sd/-
Mr.Bhargav Marepally
CFO & Managing Director

Sd/-
Mr.Ramesh Yerramsetti
Director

Sd/-
Mr.Someswara Rao Artham
Company Secretary

GSS INFOTECH LIMITED
NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31st, 2012

PARTICULARS	AS AT 31st MARCH, 2012	AS AT 30th JUNE, 2011
	₹	₹
NOTE NO - 3: SHARE CAPITAL		
Authorised Share Capital:		
50,000,000 Equity shares of ₹ 10/- each.	500,000,000	500,000,000
Issued, Subscribed and Paid up Share Capital:		
1,41,36,843 (Previous Year 1,41,36,843) Equity Shares of Rs.10/- each fully paid up	141,368,430	141,368,430
 (Out of the above 79,90,000 fully paid up equity shares of Rs.10/- each were issued as bonus shares by capitalisation of Retained Earnings and General Reserves)	141,368,430	141,368,430

a.Reconciliation of shares outstanding at the beginning and at the end of reporting period

Equity shares

	31 March 2012	30 June 2011
	No. of shares Amount in ₹	No. of shares Amount in ₹
At the beginning of the period	14,136,843 141,368,430	14,136,843 141,368,430
Issued during the period	-	-
Outstanding at the end of the period	14,136,843 141,368,430	14,136,843 141,368,430

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- each. Each share holder of equity shares is entitled to one vote per share

c.Details of shareholders having more than 5% of share holding

	31 March 2012	30 June 2011
	No. of shares % of holding	No. of shares % of holding
Bhargav Marepally	1,082,460 7.66%	2,257,538 15.97%
Venkata Ramesh Babu Yerramsetti	1,059,279 7.49%	2,563,182 18.13%
IL & FS Trust Company Ltd	1,952,505 13.81%	1,952,505 13.81%
Madhukar Sheth	1,449,561 10.25%	829,460 5.87%
Beaumaris Investments Ltd	1,410,000 9.97%	-
Ellara Capital PLC A/c. Clear water capital partner Singapore fund III Pvt Ltd	1,384,950 9.80%	1,579,950 11.18%
Kubera Cross Border Fund (Mauritius) Ltd	1,000,000 7.07%	1,000,000 7.07%
	9,338,755 66.06%	10,182,635 72.03%

NOTE No-4: RESERVES AND SURPLUS

Securities Premium Account

Balance as per the last financial statements	2,000,583,834	2,000,583,834
Add: Additions during the year	-	-
Less: Amounts utilised during the year	35,003,705	-
Closing balance	1,965,580,129	2,000,583,834

General Reserve

Balance as per the last financial statements	23,918,390	23,918,390
Add: Transferred by appropriation from profits	-	-
Closing balance	23,918,390	23,918,390

Foreign exchange Translation Reserve

	197,812,778	-
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Surplus/ (Deficit) in the Statement of Profit and Loss Account

Balance as per last financial statements	717,625,606	665,267,214
Profit for the year	(154,953,681)	52,358,392
Less: Appropriations	-	-
- Proposed Dividend	-	-
- Tax on Proposed Dividend	-	-
Transfer to General Reserve	-	-
Goodwill Impairment	-	-
Closing Balance	562,671,925	717,625,606

Total	2,749,983,222	2,742,127,830
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	31-Mar-12	30-Jun-11
NOTE NO- 5: DEFERRED TAX LIABILITY/ (ASSET) NET	₹	₹
Balance as per the last financial statements	5,776,538	9,210,671
Add: Adjustments for the year	(74,936,068)	(3,434,133)
	<u>(69,159,530)</u>	<u>5,776,538</u>

	31-Mar-12	30-Jun-11
NOTE NO- 6: SHORT TERM BORROWINGS		
Secured Loans		
Cash Credit from banks (Secured)	142,567,350	-
	<u>142,567,350</u>	<u>-</u>

Cash credit from banks is secured against the margin money deposits, Tangible assets and secured charge of trade receivables. Cash credit will be repayable on demand and carries interest @ 14.25%

	31-Mar-12	30-Jun-11
NOTE NO - 7: TRADE PAYABLES		
- Dues of Micro and Small Enterprises	-	-
- Others	128,121,854	44,128,796
	<u>128,121,854</u>	<u>44,128,796</u>

	31-Mar-12	30-Jun-11
NOTE NO - 8: OTHER CURRENT LIABILITIES		
Other Current Liabilities	22,367,015	3,837,703
Salary Payable	489,101	278,223
Due to Directors	3,500,000	5,500,000
Unclaimed Dividend	436,990	439,413
	<u>26,793,106</u>	<u>10,055,339</u>

NOTE NO-9.PROVISIONS:

	Long-term		Short-term	
	31-Mar-12	30-Jun-11	31-Mar-12	30-Jun-11
Provision for Employee Benefits				
Provision for Leave benefits	-	-	2,803,526	4,056,425
Other Provisions				
Provision for Income Tax (Net of Tax Paid)	-	-	13,574,406	15,532,299
Proposed Dividend	-	-	-	-
Provision for Dividend Distribution Tax	-	-	-	-
Provision for Expenses	-	-	22,465,008	17,055,976
	<u>-</u>	<u>-</u>	<u>38,842,940</u>	<u>36,644,700</u>

NOTE NO-10.FIXED ASSETS:

	31-Mar-12	30-Jun-11
Tangible		
(i) Gross Block	44,454,919	41,617,018
(ii) Depreciation	31,072,748	25,603,937
(iii) Net Block	<u>13,382,171</u>	<u>16,013,080</u>
In Tangible		
(i) Gross Block	51,000,366	311,000,366
(ii) Depreciation	13,849,479	68,639,007
(iii) Net Block	<u>37,150,887</u>	<u>242,361,359</u>
Total	<u>50,533,058</u>	<u>258,374,439</u>

NOTE NO-11. NON- CURRENT INVESTMENTS:

Non-Trade -Unquoted - At Cost

Investments in Equity Instruments in wholly owned Subsidiaries:

	31-Mar-12	30-Jun-11
	₹	₹
GSS Infotech Inc		
2,79,000 (30-June-2011: 2,29,000) Equity Shares of \$1 each fully paid up in GSS Infotech Inc	(Refer Note No. 2.2)	664,174,910
GSS Infotech Holdings Inc:		
1,500 (30-June-2011: 1,500) Shares of Common Stock fully paid up in GSS Infotech Holdings Inc	(Refer Note No. 2.2)	145,110,000
GSS Infotech Inc (Delaware)		
1,500 (30-June-2011: Nil) Equity Shares of \$1 each fully paid up in GSS Infotech Inc (Delaware)	(Refer Note No. 2.2)	-
GSS IT Solutions Private Ltd	99,900	99,900
9,990 (30-June-2011: 9,990) Equity Shares of ₹ 10/- each fully paid up in GSS IT Solutions Ltd		
	<u>2,215,517,720</u>	<u>809,384,810</u>

NOTE NO - 12: LOANS AND ADVANCES:

(Unsecured, Considered good unless otherwise stated)

	Non-current		Current	
	31-Mar-12	30-Jun-11	31-Mar-12	30-Jun-11
Security deposits	5,193,864	5,601,536	11,255,587	4,687,660
Secured, considered good	-	-	-	-
Loans and advances to Related Parties*	-	-	26,317,902	1,013,457,972
Advances Recoverable in Cash or in Kind or for value to be received	3,500,000	99,251,858	197,284,146	108,812,401
Prepaid Expenses	-	-	11,558,300	6,007,267
Loan to Employees	-	-	105,642	1,199,658
Balances with Statutory/government authorities	-	-	11,333,673	13,156,653
* Refer Note No. 2.13				
Total	<u>8,693,864</u>	<u>104,853,394</u>	<u>257,855,250</u>	<u>1,147,321,611</u>

NOTE NO - 13: OTHER CURRENT ASSETS :

	Non-current		Current	
	31-Mar-12	30-Jun-11	31-Mar-12	30-Jun-11
MAT Credit Entitlements	80,860,934	82,076,197	-	-
Advance Tax	-	-	-	-
Accrued Income	-	-	2,239,682	-
	<u>80,860,934</u>	<u>82,076,197</u>	<u>2,239,682</u>	<u>-</u>

NOTE NO-14. TRADE RECEIVABLES:

(Unsecured, Considered Good)

Outstanding for a period exceeding Six Months
Others

	31-Mar-12	30-Jun-11
	258,911,394	107,736,931
	242,763,000	294,513,404
	<u>501,674,393</u>	<u>402,250,335</u>

NOTE NO - 15: CASH AND BANK BALANCES

	Non Current		Current	
	31-Mar-12	30-Jun-11	31-Mar-12	30-Jun-11
Cash and cash Equivalents				
Balance with banks:				
On current accounts	-	-	9,374,173	121,699,741
Deposits with original maturity of less than 3 months	-	-	-	-
On unpaid dividend accounts	-	-	436,990	439,413
Cash on hand	-	-	58,395	93,801
Deposits with original maturity for more than 12 months	5,088,069	-	-	16,750
Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	-
Margin money deposits	838,508	10,370,800	25,346,337	43,220,343
	<u>5,926,577</u>	<u>10,370,800</u>	<u>35,215,895</u>	<u>165,470,047</u>

Margin money deposits with a carrying amount of ₹2,53,46,337/- (Previous year: ₹4,32,20,343/-) are subject to first charge to secure the company bank guarantees

GSS INFOTECH LIMITED

Notes Forming Part of the Statement of Profit & Loss for the Nine months ended 31st March 2012

PARTICULARS	For the Nine months ended 31 st March, 2012	For the Year ended 30 th June, 2011
	₹	₹
NOTE NO-16: REVENUE FROM OPERATIONS		
Sale of services		
a) Export Sales	322,186,978	587,902,132
b) Domestic sales	89,889,338	18,671,961
Other operating revenues	-	-
	412,076,316	606,574,094
NOTE NO -17: OTHER INCOME		
Interest on Fixed Deposits	1,649,922	5,536,815
Miscellaneous Income	454,108	95,301
Gain on Exchange Rate Fluctuations	50,379,234	-
	52,483,263	5,632,116
NOTE NO-18: DIRECT COST		
Software Expenses	368,961	1,229,496
Subcontractor Expenses	216,957,182	147,662,480
Rent - Equipments	27,938,564	3,901,004
	245,264,707	152,792,980
NOTE NO-19: EMPLOYEE BENEFIT EXPENSE		
Salaries And Allowances	139,306,526	172,926,798
Contribution to PF and Others	4,305,601	4,849,419
Managerial Remuneration	2,593,548	7,200,000
Employee Welfare Expenses	1,280,094	1,373,099
Relocation Expenses	96,531	123,298
	147,582,300	186,472,614
NOTE NO-20: FINANCIAL COSTS		
Interest Expenses	4,985,317	-
Bank charges	3,297,694	2,500,475
	8,283,012	2,500,475

Note No-21: Other Expenses

	₹	₹
Recruitment And Training	3,309,462	4,665,653
Directors' Sitting Fees	380,000	460,000
Printing And Stationery	2,162,325	1,718,211
Telephone Expenses	1,021,990	2,233,543
Internet and Web Expenses	2,866,604	2,710,120
Rent	13,284,850	16,559,522
Insurance	2,103,947	1,990,860
Rates And Taxes	1,691,044	5,272,522
License, Immigration And Permits	5,353,088	4,405,573
Local Conveyance and Vehicle Maintenance	1,261,156	1,889,983
Repairs And Maintenance:		
- Buildings	1,542,392	325,485
- Machinery	224,300	1,177,011
- Others	1,118,101	1,071,404
Travel Expenses	12,125,115	14,615,564
Utilities	2,694,983	3,829,412
Professional Fees	16,287,601	19,344,789
Auditor's Remuneration	1,124,400	1,424,827
Advertisement And Business Promotion	5,437,299	4,986,205
Bad Debts Written Off	1,731,064	449,890
Meeting Expenses	187,958	185,673
General Office Expenses	1,790,605	1,929,035
Loss on Exchange Rate Fluctuation	-	50,412,727
	77,698,284	141,658,009

Note No-22: Tax Expenses:

Current Tax (MAT)	-	26,050,796
Current Tax Relating to Previous Years A/c	4,941,745	-
Less: MAT Credit Entitlements	-	(3,731,999)
Net Current Tax	4,941,745	22,318,797
Deferred Tax	(74,936,068)	(3,434,133)
	(69,994,323)	18,884,664

1. NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

1.1. COMPANY OVER VIEW:

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.

1.2 Significant Accounting Policies :

a) 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.

b) Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material judgment to the carrying amounts of assets or liabilities in future periods. 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.

c) 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 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.

d) 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.

e) Fixed Assets, Intangible Assets and Capital work in progress:

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. All costs, directly attributable to bringing the asset to the present condition for its intended use of assets, are capitalized.

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.

f) Depreciation and amortization :

Depreciation on fixed assets has been provided on written down method and depreciation on assets acquired during the year is provided on pro-rata basis at the rates specified in schedule XIV of the Companies Act, 1956 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.

g) Impairment of tangible and intangible assets:

The Company assess at each reporting date whether there is an indication that the assets are impaired. If any indication exists or when an annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Assets recoverable amount is higher of asset's or Cash generating unit's (CGU) net selling price and its value in use.

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 recognized in previous periods.

h) 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.

i) 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, except for the treatment for exchange gain given in the current year as stated in notes number 2.4.

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.

j) 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 recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases.

k) Employee Benefits

Short Term Benefits:

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

Long Term Benefits:

Provident Fund:

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

Gratuity:

In accordance with Payment 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 recognized as an expense as and when incurred.

l) Borrowing Costs:

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

m) 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 recognized as an expense on a straight line basis over the period of lease.

n) 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.

o) 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.

p) 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 recognized but are disclosed in the Notes to Accounts to the financial statement. Contingent Assets are neither recognized nor disclosed in the financial statements.

q) Measurement of EBITDA

As permitted by the Guidance note on Revised Schedule VI to the Companies Act, 1956 the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement the company does not include depreciation and amortization expense, finance cost and tax expenses.

2. NOTES TO ACCOUNTS:

2.1 Closure of Accounting Year

For the current period the company closed its financial year as of 31st March, 2012 for a period of 9 months. The company closed the previous year financial statements for the year ended 30th June, 2011. Therefore the figures as of 31st March, 2012 represent transactions for the period of 9 months from 1st Jul, 2011 to 31st March, 2012 and are not comparable to the previous figures.

2.2 On March 30, 2012, pursuant to approval from the Board and a Stock Purchase and Contribution Agreement, the Company, exchanged 100% shares of its two subsidiaries GSS Infotech Inc., Illinois (279,000 shares) and GSS Infotech Holdings Inc. (1500 shares) for 100% shares of GSS Infotech Inc., a Delaware Company(1500 shares) at cost.

2.3 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.

2.4 In the current year, the gains on account of exchange fluctuations pertaining to the loans given to the Wholly owned Subsidiary GSS Infotech Inc, have been credited to the exchange fluctuation reserve account, as the loans given have been converted into equity during the year.

2.5 Contingent Liabilities:

- i) Against Bank Guarantees issued by Banks towards financial and performance guarantees outstanding as at 31st March, 2012 amounts R10,66,11,450/-(Previous Year: R4,77,80,153/-)
- ii) The company's income tax assessment for the previous year relevant to the Assessment year 2008.09 resulted in additional tax payable to the extent of R19,45,642/- which is disputed and appealed. Refund of taxes resulting from favorable appellate decisions on same grounds for the earlier financial years 2004.05 and 2006.07 amounting to R17,14,730/- are adjusted against the said demand. The remaining balance amounting to R2,30,912/- is not provided in the books since the dispute is same as it was in the earlier years where departmental appeals in the Income Tax Appellate Tribunal are decided in favor of the company

2.6 Claims Not Acknowledged as Debts :

On account of disputed Income Tax demand, not acknowledged as debt by the company R NIL (Previous Year ' NIL).

2.7 Advances to Subsidiaries:

- 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.
- 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	
	31.03.2012	30.06.2011	31.03.2012	30.06.2011
	R	R	R	R
GSS Infotech Inc.	32,43,390	1,00,39,21,382	1,40,61,32,910	104,73,56,726
GSS IT Solutions Private Limited	2,30,74,512	95,36,590	2,48,18,543	98,11,130

2.8 Employee Stock Options:

The Company had issued 200,000 Options to its employees during the previous year under ESOP, 2010 B 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 31.03.2012 are 91,000 (Previous year as on 30.06.2011 are 2,00,000). The decrease in number of stock options are due to separation of employees from the organization and lapsed shares are added back to the pool account.

2.9 Details of Remuneration to Auditors:

Particulars	2011-12	2010-11
As Auditor	9,00,000	12,00,000
For taxation matters	-	-
For Certifications	2,00,000	2,00,000
For reimbursement of expenses	24,400	24,827
Total	11,24,400	14,24,827

2.10 Employee Benefits:

Defined Contribution Schemes:

The Contributions to Employees Provident Funds and Miscellaneous Provisions Act, 1952 made and charged off during the year is R 43,05,601/- (Previous Year: R 48,49,419/-)

Defined Benefit Plans:

Leave Encashment:

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

Particulars	2011-12	2010-11
	R	R
Expenses recognized during the year	278,167	40,75,822
Present value of obligation at the year end	28,03,526	40,56,425

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	2011-12	2010-11
	R	R
Expenses recognized during the year	2,94,905	13,35,739
Present value of obligation at the year end	23,07,715	29,42,881
Value Present value of Planned Assets at the year end	26,04,999	31,68,960
Liability at the year end	—	—

2.11 Tax Expense:

- Current Income tax represents tax on income payable as per relevant statutes of the respective countries recognised and provided.
- 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 31.03.2012 is as given below:

Particulars	(Liability)/ Asset As at 31.03.2012	(Charges)/ Credit for the year	As at 30.06.2011
Timing Differences on account of:	R	R	R
Deferred Tax (Liability):			
Depreciation on Assets	80,609,113	74,936,068	56,73,045
Total (A)	80,609,113	74,936,068	56,73,045
Deferred Tax Assets:			
Expenses Allowable on the basis of payment	(1,03,493)	0	(1,03,493)
Total (B)	(1,03,493)	0	(1,03,493)
Net (A-B)	69,159,530	74,936,068	(57,76,538)

2.12 Note on Exceptional Item:

During the year, the company provided depreciation/amortization of software that was purchased in the year 2009-10. However, over the last 2 years, owing to various developments in-house and changes in implementation of various modules with the help of other management and reporting tools, the management, as at the year end, came to a conclusion that this software along with all its modules, post implementation, had outlived its useful life and hence the written down value was depreciated fully. This was treated as an exceptional item in the profit and loss account.

2.13 Conversion of loan into equity:

The company, pursuant to an agreement entered in the year 2009-10, made advances of R140,61,32,909.50(USD 26,398,320) to its wholly owned subsidiary i.e. GSS Infotech Inc till 31st December 2011 under the automatic approval route, for various corporate purposes including acquisitions and working capital requirements. On March 30, 2012, pursuant to approval from the Board, the company, converted the above advance into equity share capital, in order to strengthen GSS Infotech Inc's balance sheet and its financial position. The company, has made necessary filings with the relevant authorities in India

2.14 There are no dues to Micro and Small Enterprises as on 31st March, 2012.

2.15 The Balances of Trade receivables, Loans and Advances and Trade payables are subject to confirmation and consequential adjustment if any required.

2.16 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.

2.17 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.

2.18 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 R3,284,850/- (Previous Year R1,63,61,297/-).

The future minimum lease payments are as given below:

Particulars	2011-12	2010-11
	R	R
Not later than one year	8,38,00,027	3,46,55,504
Later than one year and not later than five years	7,52,36,847	2,05,26,135

2.19 Details of Balances with Non-Scheduled Banks:

Name of the Banks	As at	As at	Maximum Balance	
	31.03.2012	30.06.2011	outstanding during the year	2010-11
	R	R	R	R
Harris Bank	3,95,804	34,18,844	8,83,67,203	4,98,87,614
HSBC, Dubai	9,46,515	28,395	56,99,600	87,36,427
Indian Bank, Singapore	1,65,196	3,72,599	3,69,938	3,72,599
SBI Bank, Bangladesh	33,60,613	2,58,241	33,12,766	83,42,230
Banque Saudi Fransi	—	60,30,790	—	60,30,790

2.20 Segment Reporting:

Business Segments:

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

Geographical Segments:

Particulars	2011-12	2010-11
	R	T
Business from United States of America	25,30,98,969	41,25,49,008
Business from Middle East	2,33,18,606	1,95,20,000
Business from Singapore	16,11,137	25,47,686
Business from Bangladesh	4,41,58,266	15,32,85,438
Domestic	8,98,89,338	1,86,71,961
Total	41,20,76,316	60,65,74,094

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

2.21 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 (A Delaware Company)
- b) GSS IT Solutions Private Limited

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	2011 -12	2010 -11
		R	R
Managerial Remuneration	Bhargav Marepally	6,00,000	36,00,000
	Ramesh Yerramsetti	19,93,548	36,00,000
Advances to subsidiaries	GSS Infotech Inc.	32,43,390	11,62,72,000
	GSS IT Solutions Pvt Ltd	2,30,74,512	95,36,590
Sales to subsidiaries	GSS Infotech Inc	2,46,10,879	38,83,78,610
Investment In Subsidiaries	GSS Infotech Inc	NIL	19,70,80,814
Loan Received	Ramesh Yerramsetti	5,00,000	8,15,99,900
Repayment of Loan Received	Ramesh Yerramsetti	5,00,000	8,00,99,900
Loan Received	Bhargav Marepally	25,30,000	40,00,000
Repayment of Loan Received	Bhargav Marepally	45,30,000	NIL

2.22 EARNINGS PER SHARE (EPS):

The Numerator and denominator used to calculate Earnings Per Share:

Particulars	2011-12	2010-11
	R	R
A. EARNINGS:		
Profit attributable to Equity Shareholders	(15,49,53,681)	5,23,58,392
B. NO.OF SHARES:		
Weighted average number of Equity Shares outstanding during the year (No s) – Basic	1,41,36,843	1,41,36,843
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	1,41,36,843
C. EARNINGS PER SHARE:		
Earnings per Share of Par Value R10/- each – Basic	(10.96)	3.70
Earnings per Share of Par Value R10/- each – Diluted	10.96)	3.70

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

Particulars	2011-12	2010-11
	R	R
1. Expenditure in Foreign Currency Towards: (On Accrual basis)		
Travelling Expenses	75,13,503	89,24,201
Foreign Branch Expenses incurred abroad	21,97,78,020	25,33,25,787
3. Earnings in Foreign Exchange: (On Accrual Basis)		
FOB Value of Exports	32,21,86,978	58,79,02,132
4. CIF Value of Imports:		
Capital goods	Nil	Nil
5. Remittance of Dividend in Foreign Currency:		
No. of Shareholders	Nil	Nil
No. of Shares Held (Nos.)	Nil	Nil
Amount of Dividend paid (Net of Tax)	Nil	Nil

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

2.24 Rounding off & Regrouping:

The previous year's figures have been regrouped where necessary to correspond with current year's figures. The figures are rounded off to the nearest rupee. The financial statements are prepared as per the Revised Schedule VI effective from 1st April 2011 for preparation of financial statements, which has significant impact on the disclosures and presentations made in the financial statements. There are, however, no material issues requiring presentation of specific reconciliation statements.

2.25 The Notes referred to in the financial statements form an integral part of Accounts.

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

Sd/-
PSARATH KUMAR
Partner
Membership No: 21755

Place: Hyderabad
Date: 03.09.2012

for **GSS Infotech Limited**

Sd/-
Mr. Bhargav Marepally
CEO & Managing Director

Sd/-
Mr. Artham Someswara Rao
Company Secretary

Sd/-
Mr. Ramesh Yerramsetti
Director

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

S.No.	Particulars	GSS Infotech Inc	GSS IT
		(A Delaware Company)*	Solutions Pvt Ltd
1	Reported Currency	R	R
2	Capital	11,704,337	100,000
3	Reserves	2,313,190,018	(6,919,074)
4	Total Assets	3,323,433,749	18,084,720
5	Total Liabilities	998,539,394	24,903,794
6	Investments	-	-
7	Turnover	2,541,349,115	5,928,172
8	Profit/(Loss) Before Taxation	(348,118,642)	(2,276,974)
9	Provision for taxation	4,087,189	327,734
10	Profit/(Loss) After Taxation	(352,205,830)	(2,604,708)
11	Proposed dividend	-	-
12	Country	USA	INDIA

* Includes subsidiaries and step subsidiaries



GSS INFOTECH LIMITED

Level-5, Block-2, Cyber Pearl, Madhapur, 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 Friday, 28th September, 2012 at 10.30 A.M. and at any adjournment thereof

As witness my /our hand (s) this Day of 2012

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 electronic form.

GSS INFOTECH LIMITED

Level-5, Block-2, Cyber Pearl, Madhapur, Hyderabad- 500081

Attendance Slip for the Annual General Meeting on 28th September, 2012 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 Friday, 28th September, 2012 at 10.30 A.M. and at any adjournment thereof 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.

Ph: +91 40 44556600

Fax: +91 40 40028703

www.gssinfotech.com