

Annual Report 2006 - 2007

Report  Junction.com

GSS America Infotech Limited

ANNUAL REPORT 2006-2007



Board of Directors

Sri. Bhargav Marepally
Sri. Ramesh Yerramsetti
Sri. PVRK Prasad
Sri. K.J.Tilak
Sri. K.Vasudeva Rao
Sri. Guhan Subramaniam

Chairman, CEO & Managing Director
Managing Director
Director
Director
Director
Nominee Director

Registered Office

Wing 2, Block B, 3rd Floor
Cyber Gateway, Hitech City
Madhapur, Hyderabad
500 081, India

Auditors

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

Bankers

ICICI Bank Limited
Jubilee Hills Branch
Plot No 1259, Road No 36
Jubilee Hills
Hyderabad – 500 033

State Bank of India
Film Nagar branch
Hyderabad – 500 034

HDFC Bank Limited
Jubilee Hills Branch
Jubilee Hills
Hyderabad – 500 033

UTI Bank Ltd
RP Road Branch
Rastrapathi Road
Secunderabad – 500 003

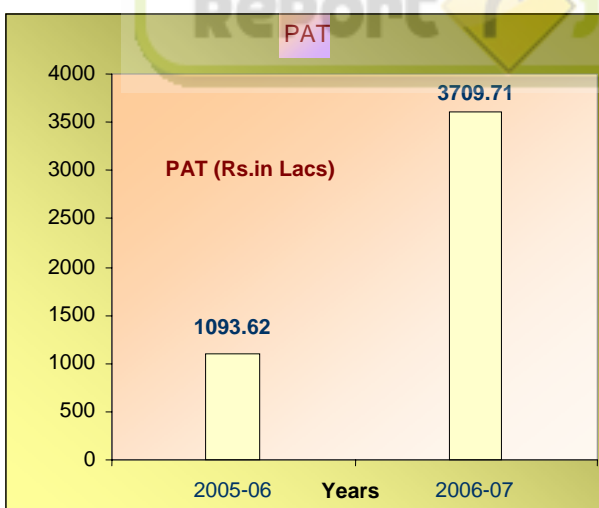
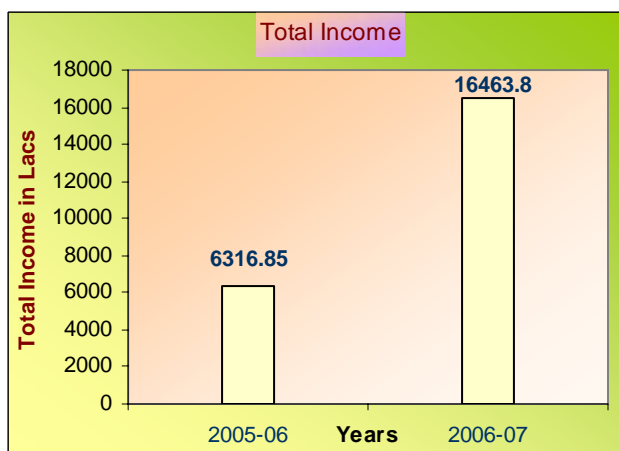
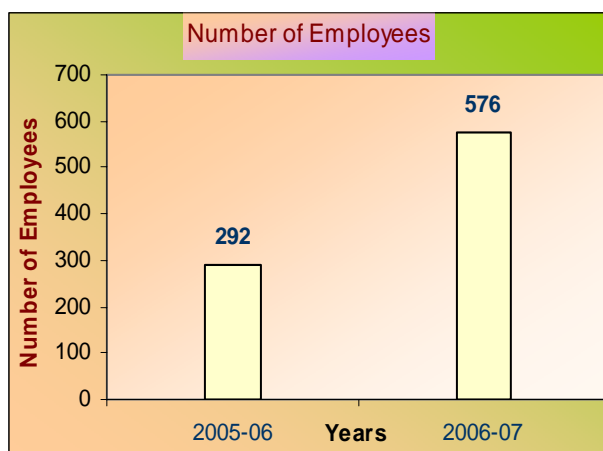


DIRECTORS REPORT

The Directors have pleasure in presenting their report on the business and operations of the Company for the year ended March 31, 2007

I. FINANCIAL RESULTS

The Company's financial results (unconsolidated & consolidated) for the year ended March 31, 2007 is provided in the Annual Report.



II. DIVIDEND

The Directors recommend payment of dividend for the year at the rate of 15% per Equity Share of Rs. 10/- each

III. CORPORATE DEVELOPMENTS

On March 21, 2007 the Company has filed its DRHP with SEBI, The Bombay Stock Exchange and the National Stock Exchange for the purpose of the proposed public issue of the Company. The Company has further received in principle approval from Bombay Stock Exchange and the National Stock Exchange for the DRHP filed with SEBI.

IV. BUSINESS REVIEW

During the year 2006-2007 the US subsidiary of the Company 'GSS America Inc' has acquired 100% stake in Infospectrum Consulting Inc. USA. Further the Company has also acquired the balance 40% stake in its US subsidiary GSS America Inc.

V. DIRECTORS

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

Your Board has appointed Mr. Guhan Subramaniam as an Additional Director at its meeting held on February 5, 2007. Mr. Guhan Subramaniam holds the office of Additional Director until the date of this Annual General Meeting of the Company. Your Board recommends his appointment as a Director of the Company liable to retire by rotation.

VI. INVESTMENTS

The Company's subsidiary GSS America Inc., has acquired US Based Consulting Company Infospectrum Inc., effective 1st April 2006.

The Company has acquired the balance 40% stake of Mr. M Bhargav and Mr. Y Ramesh in the US Subsidiary, GSS America Inc., making in effect both GSS America Inc and Infospectrum Inc., wholly owned subsidiaries of GSS America Infotech Ltd during the financial year 2006-07

VII. AUDITORS

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

VIII. 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.

IX. AUDIT COMMITTEE

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

X. SUBSIDIARIES

As on date the Company has the following subsidiaries:

- a. GSS America Inc.
- b. Infospectrum Consulting Inc.

XI. PARTICULARS OF EMPLOYEES:

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

XII. CORPORATE GOVERNANCE:

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

XIII. MANAGEMENT DISCUSSION AND ANALYSIS

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

XIV. CEO's DECLARATION

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

XV. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a. That in preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- b. That the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the profit of the Company for the year ended on that date;
- c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. That the annual accounts have been prepared on a going concern basis.

XVI. ACKNOWLEDGEMENTS:

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

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

Sd/-

Bhargav Marepally
CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Hyderabad

Date: November 28, 2007

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

The Company's operations are not energy intensive. However, significant measures are taken to reduce energy consumption by using energy-efficient computers and purchasing energy efficient equipment. The Company constantly evaluates new technologies and invests to make its infrastructure more energy efficient.

II. Research and development (R & D)

The Company doesn't have any Research and Development Activity

III. Technology, absorption, adaptation and innovation

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

IV. Foreign Exchange Earnings and Outgo:**a. Activities relating to Exports:**

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

b. Total Foreign Exchange Earnings used and earned:

Particulars	Current Year (2006-2007) Rs.	Previous Year (2005-2006) Rs.
Total Foreign Exchange Used	19,609,146	NIL
Total Foreign Exchange earned	241,087,019	120,733,645

On behalf of the Board of Directors

Sd/-

Bhargav Marepally

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Hyderabad

November 28, 2007

Particulars as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2007

Sr. No	Name	Designation	Qualification	Age in Years	Date of Joining	Experience in years	Gross remuneration (per month) in Rs	Previous Employment
1	Mr. Bhargav Marepally	CEO & MANAGING DIRECTOR	M.Sc & MMS	36	October 13, 2003 (Paid Managerial remuneration w.e.f. November, 2006)	13 years	3,00,000	Self employed
2	Mr. Ramesh Yerramsetti	Managing Director	M.Sc (Tech) & Masters in Systems and Information	36	October 13, 2003 (Paid Managerial remuneration w.e.f. November, 2006)	13 years	3,00,000	Self employed
3	Mr. Anjan Kumar	Head - GDC	B.E (Mech Eng.)	33	Feb 01 2007	12 years	3,50,000	Infosys Technologies Ltd

On behalf of the Board of Directors

Sd/-

Bhargav Marepally

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Hyderabad

April 30, 2007

Annexure C**1. Company's policy on Corporate Governance**

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

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

2. Board of Directors:**2.1. Composition of Board:**

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

Name of the director	Nature of Directorship	No. of Directorships in other Companies*
Mr. Bhargav Marepally	CEO & MANAGING DIRECTOR	2
Mr. Ramesh Yerramsetti	Managing Director	2
Mr. PVRK Prasad	Director (Independent)	1
Mr. K. Vasudeva Rao	Director (Independent)	2
Mr. Keerthy Jaya Tilak	Director (Independent)	1
Mr. Guhan Subramaniam**	Director (Non Executive Non Independent);	7

* Includes listed and unlisted & Indian and Foreign Companies

** Nominee Director of IL&FS Trust Company Limited A/c IL&FS Private Equity Trust- TARA India Fund III

2.2. Appointment / Reappointment of Directors:

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

- 1. Mr. P.V.R.K. Prasad:** Mr. PVRK Prasad was appointed as an ordinary director by the shareholders of the Company at their meeting held on June 7, 2006. He retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Mr. Prasad, if reappointed will be an Independent Director.
- 2. Mr. K. Vasudeva Rao:** Mr. K. Vasudeva Rao was appointed as an ordinary director by the shareholders of the Company at their meeting held on June 7, 2006. He retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Mr. K. Vasudeva Rao, if reappointed will be an Independent Director.
- 3. Mr. Guhan Subramaniam:** Mr. Guhan Subramaniam was appointed as Additional Director by the Board of Directors at its meeting held on February 5, 2007. Mr. Guhan Subramaniam holds the office of Additional Director until the date of this Annual General Meeting of the Company. Your Board recommends his appointment as a Director of the Company liable to retire by rotation. Mr. Guhan Subramaniam, if appointed as an Ordinary Director will be a Non Executive Non Independent Director.