

GI Engineering Solutions Limited

ANNUAL REPORT 2010-11

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Sajid Malik	Managing Director
Mrs. Saroja Malik	Director
Mr. Ganapathy Vishwanathan	Independent Director
Mr. Ganesh Acharya	Independent Director

COMPANY SECRETARY

Mr. Deeraj Nair

AUDITORS

M/s. Dixit Dattatray & Associates,
Chartered Accountants

REGISTERED OFFICE

73-A, SDF-III
SEEPZ, Andheri (East)
Mumbai 400 096
Telephone: 91-22-4488 4488
Fascimile: 91-22-2829 0603
Web site: www.giesl.com

BANKERS

State Bank of India
HDFC Bank Ltd.

DEVELOPMENT CENTRE

75 B, SDF – III
SEEPZ, Andheri (East),
Mumbai – 400 096

SUBSIDIARY

Genesys Enterprises Inc., USA
108, Corporate Park Drive,
Suite 211, White Plains,
New York 10604 USA

REGISTRAR AND SHARE TRANSFER AGENT

Bigshare Services Private Limited
E/2, Ansa Industrial Estate,
Saki-Vihar Road,
Saki-Naka, Andheri (East),
Mumbai 400 072.
Telephone: 91-22-4043 0200
Fascimile: 91-22-2847 5207,
Email: info@bigshareonline.com

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MESSAGE FROM THE MANAGING DIRECTOR

Dear Shareholders,

Your Company has been initiating steps to get into the power sector. As an enabling act, it has amended its Main Objects Clause to include therein activities relating to Power generations and setting up of Power Projects, in addition to its existing business activities.

Given the large investment and time cycles normally associated with these projects, the Company will be taking steps appropriate to the needs of the project.

The Company had last year, taken steps to build the necessary framework and was in active discussion with strategic partners for the same.

The Company is hopeful of progressing with this approach albeit volatile global conditions.

SAJID MALIK
MANAGING DIRECTOR

NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the Members of GI Engineering Solutions Limited will be held on Thursday, September 22, 2011 at 3.00 p.m. at Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai- 400059 to transact the following business:

ORDINARY BUSINESS:

- 1) To consider and adopt the audited Balance Sheet as at March 31, 2011 and the Profit and Loss account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Ganapathy Vishwanathan, 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 pursuant to section 224 of the Companies Act, 1956 M/s. Dixit Dattatray & Associates, Chartered Accountants (ICAI Registration No.102665W), the retiring Auditors of the Company, being eligible for re-appointment, be re-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 of the Company."

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, the existing Authorized Share Capital of Rs. 8500,00,00,000/- (Rupees Eight Thousand Five Hundred Crores only) of the Company consisting of 850,00,00,000 (Eight Hundred Fifty Crores only) Equity Shares of Rs. 10/- each be and is hereby reclassified as 849,00,00,000 (Eight Hundred Forty Nine Crores only) Equity Shares of Rs. 10/- each aggregating to Rs. 8490,00,00,000/- (Rupees Eight Thousand Four Hundred and Ninety Crores only) and 1,00,00,000/- (One Crore only) Preference Shares of Rs. 10/- each, whether Cumulative or Non-Cumulative, aggregating to Rs. 10,00,00,000/- (Rupees Ten Crores only) and consequently clause V of the Memorandum of Association of the Company be and is hereby altered by substituting the following new clause V in place of existing clause thereof:

V. The Authorised Share Capital of the Company is Rs. 8500,00,00,000/- (Rupees Eight Thousand Five Hundred Crores only) consisting of 849,00,00,000 (Eight Hundred Forty Nine Crores only) Equity Shares of Rs. 10/- each and 1,00,00,000/- (One crore only) Preference Shares of Rs. 10/- each, whether Cumulative or Non-cumulative, with the rights, privileges, conditions, attached thereto as are provided by the regulations of the Company for the time being in force with power to increase or reduce such capital or divide the capital into several classes and to attach respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company for the time being in force."

"RESOLVED FURTHER THAT for the purpose of giving effect to the resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion think fit and deem necessary."

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

"RESOLVED THAT pursuant to provisions of section 80, 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any guidelines, regulations, approval, consent, permission or sanction of the Central Government, Reserve Bank of India, Securities and Exchange Board of India and any other appropriate authorities, institutions or bodies if any, as may be required and subject to such conditions and modifications as may be prescribed by these authorities while granting such approvals and permissions as may be agreed to by the Board of Directors (hereinafter referred to as the 'Board'), consent of the shareholders be and is hereby accorded to authorize the Board to offer, issue and allot upto 70,00,000 Redeemable Cumulative Preference shares of face value of Rs. 10 each, in one or more tranches on a private placement basis or otherwise to associates, group companies or any other Company or persons as may be decided and deemed appropriate by the Board at the time of issue or allotment

GI ENGINEERING SOLUTIONS LIMITED

subject to the following terms and conditions.

- 1) The Preference Shares will be 4.5% Redeemable Cumulative Preference Shares of face value of Rs. 10 each.
- 2) The Preference Shares will rank in priority to the equity shares for repayment of share capital or arrears of dividend in case of a winding up.
- 3) The Preference Shares shall be redeemed at par upon expiry of a period of 3 years from the date of allotment with a right vested in the Board to redeem earlier.
- 4) Dividend will be paid cumulatively only after a term of three years at the time of redemption.
- 5) The voting rights of the persons owning the said Preference Share(s) shall be in accordance with provisions of Section 87 of the Companies Act, 1956."

"RESOLVED FURTHER THAT for the purpose of giving effect to the issue or allotment of such Redeemable Cumulative Preference Shares, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may think fit and deem necessary with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."

- 6) 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 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered by substituting the following new Article in place of the existing Article 81 thereof:

81. (a) Notice of every meeting of the Company shall be given:

- (i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act and/or by any other procedure as specified under the applicable laws for the time being in force, and the rules, regulations, circulars, notifications, guidelines etc. issued/ to be issued from time to time by Ministry of Corporate Affairs, Government of India, Securities and Exchange Board of India, Stock Exchanges or any other competent authority(ies) in this regard;

- (ii) to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of deceased, or assignees of the insolvent, or by any like description, at the address if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred;

- (iii) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of any member or members of the Company; and

- (iv) to all the Directors of the Company.

Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in section 173 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

- (b) The accidental omission to give notice to or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting."

"RESOLVED FURTHER THAT for the purpose of giving effect to the resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion think fit and deem necessary."

By Order of the Board of Directors
For GI ENGINEERING SOLUTIONS LIMITED

DEERAJ NAIR
COMPANY SECRETARY

Registered Office:
73A, SDF-III, SEEPZ
Andheri (E)
Mumbai 400 096

Place: Mumbai
Dated: August 13, 2011

NOTES:

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
3. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
4. The Company's Registrar and Share Transfer Agent for its Share Registry Work (Physical and Electronic) are M/s. Bigshare Services Private Limited having their office at E/2, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (East), Mumbai – 400 072.
5. The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, August 20, 2011 to Tuesday, August 30, 2011 (both days inclusive) for the purpose of Annual General Meeting.
6. Members holding shares in physical form are requested to advise about change of address to M/s. Bigshare Services Private Limited, Company's Registrar and Share Transfer Agent. Members holding shares in electronic form are requested to intimate their respective Depository Participants (DP) about any change of address or Bank mandate and not to the Company or Registrar and Share Transfer Agent.
7. Members desiring any information relating to Annual Accounts of the Company for the year ended March 31, 2011 are requested to write to the Company at least 5 days before the date of Annual General Meeting, so as to enable the management to keep information ready.
8. Members are requested to bring the Attendance Slip along with their copy of Annual Report to the Meeting.
9. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
10. Corporate members intending to send their authorized representative to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution pursuant to Section 187 of the Companies Act, 1956 authorizing their representative to attend and vote on their behalf at the Meeting.
11. Consequent upon the introduction of Section 109A of the Companies Act, 1956, Members are entitled to make a nomination in respect of shares held by them in physical form. Members desirous of making a nomination are requested to send their requests in Form No. 2B (which shall be made available on request) to the Registrar and Share Transfer Agent of the Company. Members holding shares in electronic form may contact their respective depository participants for availing the said facility.
12. Non- Resident Indian Shareholders are requested to inform the Company immediately about:
 - a) The change in their residential status on return to India for permanent settlement.
 - b) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
13. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Director seeking re-appointment at the forthcoming Annual General Meeting is provided in the Report on Corporate Governance forming part of the Annual Report

By Order of the Board of Directors
For GI ENGINEERING SOLUTIONS LIMITED

DEERAJ NAIR
COMPANY SECRETARY

Registered Office:
73A, SDF-III, SEEPZ
Andheri (E)
Mumbai 400 096

Place: Mumbai
Dated: August 13, 2011

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

Item No. (4)

The present Authorised Share Capital of the Company is Rs. 8500,00,00,000/- (Rupees Eight Thousand Five Hundred Crores only) consisting of 850,00,00,000 (Eight Hundred Fifty Crores) Equity Shares of Rs. 10/- each and the Paid-up Share Capital of the Company is Rs. 8,61,18,780/- consisting of 86,11,878 Equity Shares of Rs. 10/- each.

Your Company plans to infuse funds by way of issue of Preference Shares. Board therefore considers it necessary to re-classify the un-issued share capital of the Company into Equity Shares and Preference Shares, so that there will be a scope for raising finance for the requirements of the Company by issue of Preference shares, as and when considered necessary.

By virtue of the same, it was proposed to re-classify the Authorized Share Capital in the manner provided in the resolution above without affecting the total Authorised Share Capital of the Company.

Since the re-classification would be effected by altering the Capital Clause of the Memorandum of Association of the Company, which would require the approval of members in General Meeting by way of an Ordinary Resolution pursuant to Sections 16 and 94 of the Companies Act, 1956, the resolution at Item No. 4 is submitted to the Meeting for Members' approval.

Your Board of Directors recommends the above enabling resolution for your approval in the best interest of the Company.

None of the Directors of the Company is in any way concerned or interested in the resolution proposed at Item No. 4 of the accompanying Notice.

Item No. (5)

The Company proposes to issue up to 70,00,000 4.5% Redeemable Cumulative Preference shares of face value of Rs. 10/- each to raise funds to the extent of Rs. 7,00,00,000 (Rupees Seven Crores only) as mentioned in the proposed Special Resolution for general corporate purpose and working capital requirement of the Company.

Accordingly, the Members' approval is being sought pursuant to the provisions of Section 80, 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956.

The proposed issue will improve the overall financial position of the Company and hence your Board of Directors recommends the same for your approval.

The Directors of the Company may be deemed to be concerned or interested in the Special Resolution to the extent of securities

issued/allotted to the Companies/Institutions in which any of them may be a Director or Member.

Item No. (6)

The Ministry of Corporate Affairs ("MCA"), Government of India has vide circulars dated on April 21, 2011 and April 29, 2011, taken a "Green Initiative in the Corporate Governance", by allowing paperless compliances by companies, and permitting service of documents by a Company through electronic modes.

It has been further clarified that a Company would have complied with Section 53 of the Companies Act, 1956 if the service of document has been made through electronic mode provided the Company has obtained e-mail addresses of its members for sending the notices/ documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the Company.

With a view to implement this green initiative in the Company and send documents like the notice convening the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. hereafter, in electronic form, to the e-mail address provided by the shareholders and / or made available to the Company by the Depositories, the Board of Directors of the Company has decided to alter the existing provisions of the Articles of Association of the Company by incorporating enabling provisions therein to facilitate such electronic distribution of Company correspondences. This will ultimately result in your Company and each one of our shareholders supporting this great initiative of MCA.

Considering the benefits attached with the use of electronic mode and as a matter of contributing to the society as a whole, the Board recommends the alteration of Articles of Association as stated in the Special Resolution at Item No. 6.

None of the Directors of the Company is deemed to be concerned or interested in the resolution proposed at Item No. 6 of the accompanying Notice.

By Order of the Board of Directors
For GI ENGINEERING SOLUTIONS LIMITED

DEERAJ NAIR
COMPANY SECRETARY

Registered Office:
73A, SDF-III, SEEPZ
Andheri (E)
Mumbai 400 096

Place: Mumbai
Dated: August 13, 2011

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Fifth Annual Report alongwith the Audited Accounts of your Company for the year ended March 31, 2011.

FINANCIAL RESULTS

Summary of Standalone Financial results for the year ended March 31, 2011 is as under:-

(₹ in Lakhs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Revenue from Operations	137.19	112.71
Operating Profits before Depreciation, Amortization and tax	(128.74)	(30.05)
Less: Depreciation and amortization	21.30	21.35
Profit/(Loss) before tax	(150.04)	(51.40)
Less: Current Tax	13.82	6.15
Profit (Loss) After Tax	(163.86)	(57.55)

DIVIDEND

Your Directors do not recommend any dividend for the year ended March 31, 2011.

BUSINESS REVIEW

Your Company achieved a turnover of Rs. 137.19 lakhs during the year as against Rs. 112.71 lakhs in the previous year. The Company incurred a loss of Rs. 163.86 lakhs as compared to loss of Rs. 57.55 lakhs in the previous year. Management is taking the appropriate steps to mend the financial situation and improve the workings of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India is presented in a separate section forming part of the Annual Report.

CORPORATE GOVERNANCE

The Report on Corporate Governance as per the requirements of Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors, M/s. Dixit Dattatray & Associates, Chartered Accountants confirming the compliance with the conditions of Corporate Governance as per the requirements of Clause 49 is annexed to this Report.

SHARE CAPITAL

During the year under review, the authorised and paid up share capital of the Company remained unchanged in comparison to previous year.

ALTERATION OF MAIN OBJECTS CLAUSE

During the year under review, your Company has amended its main Objects Clause of the Memorandum of Association to include and carry out the business in Power Sector with a view to diversify its business activities, in addition to its existing business. Your Company had sought your approval through Postal Ballot and has received the Certificate of Registration of the Special Resolution, confirming Alteration of Object Clause from the Registrar of Companies, Mumbai on December 1, 2010.

SUBSIDIARY COMPANY

Your Company has one subsidiary, viz. M/s Genesys Enterprises Inc., USA. In accordance with the General Circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary company are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary company and the related detailed information to any Member of the Company who may be interested in obtaining the same. Further, the Annual Accounts of the subsidiary would also be available for inspection by any Member at the Registered Office of the Company during working hours upto the date of the Annual General Meeting.

CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the consolidated financial statements have been prepared by the Company in accordance with the applicable accounting standards issued by The Institute of Chartered Accountants of India. The audited consolidated financial statements together with Auditors Report form part of the Annual Report.

GI ENGINEERING SOLUTIONS LIMITED

DIRECTORS

In terms of Article 117 of the Articles of Association, Mr. Ganapathy Vishwanathan, Director of the Company retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

Brief resume of Mr. Ganapathy Vishwanathan, nature of his expertise in specific functional area and names of Companies in which he is Director and Member/Chairman of Committees of Board, as stipulated by Clause 49 of the Listing Agreement are provided in the Corporate Governance Report forming part of the Annual Report.

AUDITORS

M/s. Dixit Dattatray & Associates, Chartered Accountants, the Statutory Auditors of the Company, bearing ICAI Registration No.102665W will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee and your Board recommend their re-appointment as Auditors of the Company. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limit under Section 224 (1B) of the Companies Act, 1956.

AUDITORS' REPORT

Auditors' comments in their report under para 4(f) shall be read with Note No. 12 in Schedule M (Notes forming part of Accounts), which are self explanatory.

The Company has not appointed the Internal Auditors as it has adequate and effective system of internal controls for financial reporting.

DEPOSITS

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 during the year under review.

PARTICULARS OF EMPLOYEES

The Company does not have any employee drawing remuneration in excess of the limits prescribed, under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules 1975, as amended vide Companies (Particulars of Employees) Amendment Rules, 2011 during the year under review.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the

prescribed format as an annexure to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act 1956, with respect to Directors' Responsibility Statement, your Directors hereby confirm that;

- a) In the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable accounting standards had been followed along with proper explanation relating to their material departures, wherever applicable;
- b) The directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) The directors had taken proper and sufficient care 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;
- d) The directors had prepared the annual accounts for the financial year ended March 31, 2011 on a going concern basis.

ACKNOWLEDGEMENT

The Directors express their sincere thanks to the Employees, Customers, Suppliers, Company's Bankers and Members of the Company for their continued support.

Your Directors also take this opportunity to thank the Regulatory authorities including Stock Exchanges and Government authorities for the business support and co-operation continuously extended to the Company.

For and on behalf of the Board of Directors

SAJID MALIK
Managing Director

GANAPATHY VISHWANATHAN
Director

Place: Mumbai
Dated: July 25, 2011

ANNEXURE 'A' TO THE DIRECTORS' REPORT

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Particulars of Conservation of Energy, Research & Development, Technology absorption and Foreign Earnings and Outgo as per Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2009.

CONSERVATION OF ENERGY

Your Company takes various measures to reduce energy consumption by procuring and implementing latest timer based technology of reputed brand in HVAC systems. The Company has been replacing the older units with new energy efficient units to conserve the energy. This helps in optimizing energy conservation in ACs, which is the major source of power consumption. Also your Company keeps promoting use of IT Techniques to reduce plotting and save paper consumption which in a small little way contribute to Green Initiatives.

RESEARCH AND DEVELOPMENT

Your Company with a view of enhancing its existing capacity and providing better services is constantly engaged in the research and development of newer technologies. Your Company keeps on developing newer IT processes and methodologies, which lead to improved productivity and better

accuracy. Similar IT developments are being undertaken for other engineering service areas of estimation to provide best services to our customers.

TECHNOLOGY ABSORPTION, ADAPTATION, AND INNOVATION

Your Company has upgraded all servers to cater to the stringent project and process requirements.

Your Company has an extensive communication infrastructure, which caters to data connectivity between all the offices.

FOREIGN EXCHANGE EARNINGS & OUTGO

The required information on foreign exchange earnings and outgo is contained in the Notes forming part of Accounts.

For and on behalf of the Board of Directors

SAJID MALIK
Managing Director

GANAPATHY VISHWANATHAN
Director

Place: Mumbai
Dated: July 25, 2011

GREEN INITIATIVE

Ministry of Corporate Affairs (MCA), Government of India, has taken a Green initiative in the Corporate Governance by allowing paperless compliances by the Companies after considering provisions of the Information Technology Act, 2000 for legal validity of compliances under Companies Act, 1956 through Electronic Mode vide Circular No. 17/2011 dated April 21, 2011. MCA has provided that the Company would have complied with Section 53 of the Companies Act, 1956, if the service of documents has been made through electronic mode provided the company has obtained e-mail address of its Members for sending the notice/ documents through e-mail by giving an advance opportunity to every shareholder to register his/her e-mail address and changes therein from time to time with the Company. In cases where any Members has not registered his/her e-mail address with the company, the service of documents etc. will be effected by other modes of service as provided in Section 53 of the Companies Act, 1956.

Those Members, who desire to receive notice / documents through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to his/her Depository Participant / the Company's Registrar & Share Transfer Agents, M/s. Bigshare Services Pvt. Limited, as the case may be.

GI ENGINEERING SOLUTIONS LIMITED

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

GI Engineering Solutions Limited considers good Corporate Governance as a constant exercise. In the process it is fully committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Your Company is guided by core principles of governance like integrity, fairness, equity, transparency, accountability, disclosures, commitment to values and compliances to enhance the value for stakeholders' viz. customers, shareholders, employees, lenders, vendors etc. The Board considers itself as a trustee of its stakeholders including it's shareholders and acknowledges its responsibilities towards them for safeguarding their interest.

We present hereunder our report on compliance of Governance conditions specified in Clause 49 of the Listing Agreement(s).

2. BOARD OF DIRECTORS

Composition of the Board

The Company is managed and controlled through a professional Board of Directors comprising of a combination of mandate Executive and Non-Executive Independent Directors. The composition of Board of Directors is in compliance with the provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 1956.

The Board presently consists of four Directors, two of whom are Non-Executive Independent Directors as per existing provisions of Clause-49 of the Listing Agreement.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

Attendance of each Director at the Board Meetings and the last Annual General Meeting during the year under review and details of number of outside Directorships and Committee position(s) held by each of your Directors are given below:

Name of Directors	Category	No. of Board Meetings attended out of 8 Meetings held	Attendance at last AGM	Number of Directorship(s) held in other Public Limited Companies as on March 31, 2011	Number of Committee(s) position held in other Companies as on March 31, 2011	
					Member	Chairman
Mr. Sajid Malik DIN: 00400366	Managing Director - Promoter Group	7	Yes	4	NIL	NIL
Mrs. Saroja Malik DIN: 00400421	Non Executive Director - Promoter Group	8	Yes	2	2	NIL
Mr. Ganapathy Vishwanathan DIN: 00400518	Non Executive Independent Director	8	Yes	1	2	2
Mr. Ganesh Acharya DIN: 00702346	Non Executive Independent Director	7	No	1	2	NIL

Notes:

1. For the purpose of calculating committee membership of the Directors, Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956 are excluded.
2. Only Audit Committee, Shareholders/Investors Grievance Committee are considered for the purpose of Committee.
3. Mr. Sajid Malik and Mrs. Saroja Malik are *inter se* related to each other, Mr. Sajid Malik being the son of Mrs. Saroja Malik.

Details of Shareholdings

Details of Equity Shares held by Directors as on March 31, 2011

Name	No. of Equity Shares
Mr. Sajid Malik	1,25,772
Mrs. Saroja Malik	1,20,939
Mr. Ganapathy Vishwanathan	293
Mr. Ganesh Acharya	12,493

Board Functioning & Procedures

The Board meets at regular intervals and it has always been the Company's policy and practice to place all matters of importance before the Board apart from matters requiring Board's approval by Statutes.

The Schedule of each of the Board Meeting is decided well in advance and communicated to the Directors. Board Meetings are generally held at the Registered Office of the Company. The Agenda along with the Explanatory Notes are sent to the Directors well in advance to enable them to take informed decisions.

During the financial year ended March 31, 2011, eight (8) Board Meetings were held on April 29, 2010; July 12, 2010; July 31, 2010; August 20, 2010; September 29, 2010; November 13, 2010; November 18, 2010 and February 14, 2011. The interval between any two Meetings was not more than four calendar months.

Brief Resume of Director who is proposed to be re-appointed

Abbreviated resume of the Director of the Company seeking re-appointment

Name of Director	Mr. Ganapathy Vishwanathan
Nature of Resolution	Re-appointment as Director
Date of Birth	March 27, 1964
Date of Appointment	August 10, 2006
Director Identification Number	00400518
Qualifications	ACA, ICWA, CS - Final Passed

Experience in specific functional areas

Directorship held in other companies (including foreign companies and private companies)

Chairman / Member of Committees of other Companies

Number of Equity Shares held in the Company

Expertise in all areas of corporate finance, capital markets & corporate governance

- i) Genesys International corporation Limited
- ii) Ventura Commodities Pvt. Ltd.
- iii) Divine Investment Advisors Pvt. Ltd.
- iv) Divine Venture Pvt. Ltd.
- v) Robinhood Insurance Broker Pvt. Ltd.
- vi) Jaspas Holdings Pvt. Ltd.
- viii) Viceroy Industries Pvt. Ltd.

Genesys International Corporation Limited
Chairman: -
Audit Committee
Remuneration Committee
Shareholders' / Investors' Grievance Committee

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Mr. Ganapathy Vishwanathan, Director

Mr. Ganapathy Vishwanathan is a Member of the Institute of Chartered Accountants of India, the Institute of Cost and Works Accountants of India and has passed Final Examination of the Institute of Company Secretaries of India. He has more than 18 years of experience in Investment Banking with a focus on Capital Market, Insurance Business, the thrust areas being Corporate Structuring / Re-structuring, Syndication and Issue Management. He had worked with Canbank Financial Services Ltd., which was leading investment bank and thereafter with Ind Global Financial Trust Ltd., a lead Merchant Banker. He was also the Whole-time Director of one of the large securities Broking house, Ventura Securities Ltd. He is promoter of Insurance Broking Company, Robinhood Insurance Broker Pvt. Ltd.

He has made immense contribution to the decision making process at the Board Meetings of the Company.

GI ENGINEERING SOLUTIONS LIMITED

3. COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

The Board constituted Audit Committee of your Company which presently comprises of the three Non-Executive Directors/ Independent Directors viz; Mr. Ganapathy Vishwanathan, Mr. Ganesh Acharya and Mrs. Saroja Malik. Mr. Ganapathy Vishwanathan is the Chairman of the Audit Committee. He was present at the last Annual General Meeting of the Company to answer Shareholders' queries. The Company continues to derive immense benefits from the deliberations of the Audit Committee. The Members of the Committee possess vast experience and have adequate knowledge in accounts, finance and principles of good governance. Minutes of each Audit Committee meeting are placed and discussed in the Meeting of the Board.

The terms of reference stipulated by the Board to the Audit Committee are, *interalia*, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 as follows:

- a. Oversight of Company's financial reporting process and disclosure of its financial information.
- b. Review with the management, quarterly and annual financial statements and related party transactions.
- c. Review the Company's financial and risk management policies.
- d. Review with the management and auditors, the adequacy of internal control systems.
- e. Review the financial statements of subsidiary company.
- f. Recommend to the Board the appointment, re-appointment and removal of the Statutory Auditor, fixation of their remuneration.
- g. Discussion with auditors about nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed

by the Statutory Auditors.

- h. Review of Management Discussion and Analysis of financial condition and results of operations.
- i. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.

During the year under review five Meetings of the Committee were held on the following dates:

April 29, 2010; July 12, 2010; July 31, 2010; November 13, 2010 and February 14, 2011.

All the Members of the Committee were present in all the Meetings held. The Company Secretary acts as Secretary to the Committee.

B. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders/Investors' Grievance Committee comprises of three Members namely Mr. Ganapathy Vishwanathan, Mr. Ganesh Acharya and Mrs. Saroja Malik. Mr. Ganapathy Vishwanathan is the Chairman of the Shareholders/ Investors Grievance Committee. The Committee approves share transfers and transmissions, issue of duplicate certificates and reviews investors' grievances and all other matters connected with securities. The Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement of the quality of investors' service.

The committee met seven times during the year under review and the Meetings were held on April 9, 2010; April 29, 2010; June 15, 2010; July 16, 2010, July 31, 2010; November 13, 2010 and February 14, 2011.

The details of the attendance by the Committee Members are as follows:

Sr. No.	Name of the Member	No. of meetings held	No. of Meetings attended
1	Mr. Ganapathy Vishwanathan - Chairman	7	7
2	Mr. Ganesh Acharya	7	6
3	Mrs. Saroja Malik	7	7

The Company Secretary, acts as Secretary to the Committee. During the year under review, your Company has not received any complaints from investors.

C. REMUNERATION COMMITTEE (non mandatory)

The Remuneration Committee comprises of three Members namely Mr. Ganapathy Vishwanathan, Mr. Ganesh Acharya and Mrs. Saroja Malik. Mr. Ganapathy Vishwanathan is the Chairman of the Committee. The Committee is entrusted with the responsibility of approving the appointment and remuneration plan and commission / incentives payable to the Directors of the Company and such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve. No Meeting was held during the year under review. The Company Secretary, acts as Secretary to the Committee.

4. SUBSIDIARY COMPANY

Your Company does not have any Indian Subsidiary Company. The Audit Committee reviews the financial statements of overseas unlisted subsidiary company.

5. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has in place a Code of Conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This Code is applicable to all Directors/ Designated employees. The Code ensures prevention of

dealing in Company's shares by person having access to unpublished price sensitive information. All the Board Members and senior management personnel have confirmed compliance with the Code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

6. DISCLOSURES

(A) Basis of related party transaction

There have been no materially significant related party transactions during the year ended March 31, 2011 that may have potential conflict with the interest of the Company at large. The materially significant related party transactions that may have potential conflict with the interest of the Company at large, if any, are reported to Audit Committee.

Details of transaction with related parties are reflected in the annual accounts under the head "Notes to Accounts".

(B) Strictures or penalties imposed

There has been no cases of penalties or strictures been imposed on the Company by Stock Exchange(s) or SEBI or any Statutory Authority on any matters related to capital markets during the last three years.

(C) Risk Management

The Company has a framework wherein the Board Members are informed about the risks and procedures, if any to minimize the same. They are also reviewed by the Audit Committee / Board to ensure that executive management controls risk through means of a properly defined framework.

(D) Audit Qualifications/Adverse Remarks

The Management has replied to the audit qualifications / adverse remarks in Directors' Report.

GI ENGINEERING SOLUTIONS LIMITED

7. OTHER DISCLOSURES

A. Details of General Meetings and Special Resolutions passed

Annual General Meetings (AGM) held during the past 3 years and the Special Resolution(s) passed therein:

YEAR	LOCATION	DATE & TIME	SPECIAL RESOLUTION(S) PASSED
2007-2008	Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai- 400059.	September 29, 2008 3.15 p.m.	NIL
2008-2009	Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai- 400059.	September 29, 2009 3.15 p.m.	NIL
2009-2010	Mirador Hotel, New Link Road, Opp. Solitare Corporate Park, Chakala, Andheri (East), Mumbai- 400059	September 30, 2010 3.15 p.m.	NIL

B. Extraordinary General Meetings held during the past 3 years:

YEAR	LOCATION	DATE & TIME	SPECIAL RESOLUTION(S) PASSED
2009-2010	Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai- 400059.	December 30, 2009 3.30 p.m.	a) Increase of Authorised Share Capital from Rs. 8 crores to Rs. 8500 crores b) Issue of Equity Share on Preferential basis

C. Postal Ballot conducted during the year under review:

DATE OF BOARD MEETING	DESCRIPTION	% OF VALID VOTES IN FAVOUR OF THE RESOLUTION	SCRUTINIZER FOR CONDUCTING THE POSTAL BALLOT
September 29, 2010	Alteration of Objects Clause in Memorandum of Association of the Company under Section 17,18 and 149 (2A) of the Companies Act, 1956	99.99	Mr. Narayan Parekh, Partner of M/s PRS Associates, Practicing Company Secretaries, Mumbai

The results of the Postal Ballot was declared by the Board of Directors at its meeting held on November 18, 2010.

The procedure followed for Postal Ballot was as per section 192A of the Companies Act, 1956 and Rules made there under namely Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. No Resolution is proposed to be passed through Postal Ballot in the forthcoming Annual General Meeting.

8. CEO/CFO CERTIFICATION:

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2011.

9. STATUS OF COMPLIANCE OF NON MANDATORY REQUIREMENT

• Remuneration Committee:

The Company has a Remuneration Committee consisting of only Non-Executive Directors. A detailed note on the Remuneration Committee is provided elsewhere in this report.

• Communication to shareholders

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These are widely published in the Free Press Journal (English) and Navshakti (Marathi) newspapers. These results are simultaneously posted on the website of the Company at www.giesl.com.

• Whistle Blower Policy

Though there is no formal Whistle Blower Policy, the company takes cognizance of the complaints made and suggestions given by the employees and others.

10. GENERAL SHAREHOLDERS INFORMATION

A. Registered Office:

73-A, SDF-III, SEEPZ, Andheri (East), Mumbai 400 096.
Tel: 91.22.4488 4488,
Fax: 91.22.2829 0603
Website: www.giesl.com

B. Registrar & Share Transfer Agent:

Bigshare Services Private Limited
Unit: GI Engineering Solutions Limited
E/2, Ansa Industrial Estate, Saki-Vihar Road, Saki-Naka,
Andheri (East), Mumbai 400 072.
Tel: 91.22.40430200
Fax: 91.22.2847 5207
Email: info@bigshareonline.com

C. Investors Correspondence

Mr. Deeraj Nair, Company Secretary and Compliance Officer
GI Engineering Solutions Limited
73-A, SDF III, SEEPZ, Andheri (East),
Mumbai – 400 096
Tel: 91.22.44884488
Fax: 91.22.2829 0603
Email: investors@giesl.com

D. Annual General Meeting:

Day & Date: Thursday, September 22, 2011 Time: 3.00 p.m.
Venue: Kohinoor Continental, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059

E. Book Closure:

The Register of Members and Share Transfer Books of the Company shall remain closed from August 20, 2011 to August 30, 2011 (both days inclusive) for purpose of Annual General Meeting.

F. Listing on Stock Exchanges:

The Equity Shares of the Company are listed on the following Stock Exchanges:

Name of Stock Exchanges	Symbol / Scrip Code	ISIN
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400 051	GISOLUTION	INE065J01016
Bombay Stock Exchange Limited (BSE) P J Towers, Dalal Street, Fort, Mumbai- 400 001	533048	INE065J01016

The Annual Listing fees to both the Stock Exchanges have been paid as per their schedule.

G. Market Price Data:

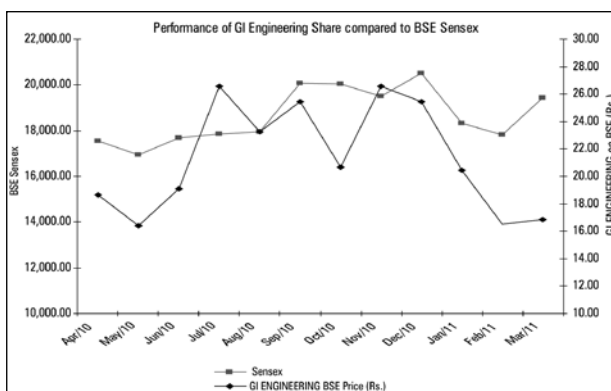
The high and low market price of the Equity Shares of Rs.10/- each during the year 2010-11 at the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) were as under:

GI ENGINEERING SOLUTIONS LIMITED

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2010	21.90	16.50	19.31	18.25
May, 2010	19.80	14.45	17.74	16.37
June, 2010	24.50	15.65	20.17	18.61
July, 2010	33.95	19.40	26.87	24.64
August, 2010	29.90	23.00	27.42	26.00
September, 2010	30.80	23.10	25.40	24.11
October, 2010	26.50	20.25	24.05	22.78
November, 2010	43.45	20.40	32.43	29.72
December, 2010	30.80	21.90	26.21	24.97
January, 2011	28.70	20.45	24.57	23.50
February, 2011	21.45	16.30	18.84	18.08
March, 2011	20.70	15.60	18.27	16.89

H. Performance of Equity Shares:

Performance of the Company's shares in comparison to BSE Sensex is given in the chart below:



*based on closing Price on Last Trading day of the Month

I. Distribution of Shareholding:

Distribution Schedule of the Equity Shares as on March 31, 2011 is given below:-

No. of Equity Shares held	Shareholders		Share Capital	
	Number	% to Total	Amount in Rs	% to Total
0001-5000	3086	75.20	52,71,790	6.12
5001-10000	430	10.48	36,93,330	4.29
10001-20000	248	6.04	38,63,290	4.49
20001-30000	89	2.17	22,68,440	2.63
30001-40000	53	1.29	18,92,430	2.20
40001-50000	51	1.24	24,57,690	2.85
50001-100000	76	1.85	55,85,420	6.49
100001 & above	71	1.73	6,10,86,390	70.93
Total	4104	100.00	8,61,18,780	100.00

J. Shareholding Pattern:

The shareholding of different categories of the shareholders as on March 31, 2011 is given below:

Description	Number of Shareholders	Number of Shares	% to Total
Promoters	5	33,95,177	39.42
Independent Directors & their relatives	3	12,978	0.15
Mutual Fund	4	4,050	0.05
Body Corporate	211	7,04,845	8.18
FII's	0	0	0
NRI's	20	59620	0.69
OCBs	1	25	0.00
Individual / Trust	3,845	33,30,301	38.67
Clearing Member	14	4,882	0.06
Foreign Company (Public)	1	11,00,000	12.77
Total	4104	86,11,878	100

K. Dematerialization of shares:

About 85.20% of the total Equity Share Capital was held in dematerialized form as on March 31, 2011.

L. Share Transfer System:

The shares in physical form which are lodged for transfer are processed, registered and returned by the Registrar and Share Transfer Agent within the stipulated time, if the documents are in order in all respects.

M. Plant Location:

The Company is into the business of Engineering & IT solutions and hence does not require any manufacturing plants but it has development centre in India. The address of the development centre of the Company is given elsewhere in the Annual Report.

N. Financial Calendar 2011-2012

First quarterly results	August 2011
Second quarterly / Half yearly results	October 2011
Third quarterly results	January 2012
Fourth quarterly results	May 2012
Annual General Meeting for the year ending on March 31, 2012	August 2012

CEO/ CFO CERTIFICATION

The Board of Directors

GI Engineering Solutions Limited

We have reviewed the financial statements, read with the cash flow statement of GI Engineering Solutions Limited for the year ended March 31, 2011 and that to the best of our knowledge and belief, we state that;

- a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violation of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposing to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have

become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely,

SAJID MALIK
Managing Director

Place: Mumbai
Dated: July 25, 2011

SANJAY VIDWANS
Chief Financial Officer

DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

The Members of
GI Engineering Solutions Limited

Sub: Declaration under clause 49 of the Listing Agreement

I hereby declare that all Directors and Designated Employees in the Senior Management of the Company have confirmed compliance with the Code of Conduct for the financial year ended March 31, 2011.

For **GI ENGINEERING SOLUTIONS LIMITED**

SAJID MALIK
MANAGING DIRECTOR

Place: Mumbai
Dated: July 25, 2011

GI ENGINEERING SOLUTIONS LIMITED

REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE

CERTIFICATE

To The Members of

GI Engineering Solutions Limited

We have examined the compliance of the conditions of the Corporate Governance by GI Engineering Solutions Limited ("the Company") for the financial year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**For DIXIT DATTATRAY & ASSOCIATES,
Chartered Accountants
Firm Registration No. : 102665W**

D. B. DIXIT
Proprietor
Membership No 40032
Place : Mumbai
Dated : 25th, July, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

With the gradual recovery of economic conditions globally, the engineering services industry is moving ahead with big size agreements reached with Indian companies. Further this business is expected to increase by at least 25% in the next two to five years. India, China and Eastern Europe will be the most favored outsourcing destinations. The total offshore engineering spend is expected to grow to \$150-\$225 billion by the year 2020, and India with its talent pool and existing experience in engineering services, is well suited to take a major chunk of this.

OPPORTUNITIES AND THREATS

India has always enjoyed the benefit of having low cost of production and availability of skilled workers. The universal concept of cost measure is the single factor of outsourcing is also now being added with quality concept. This change has reduced the impact of low cost competition with country having high percentage of skilled labour. The existing favorable factors like government initiatives, infrastructure, and boost for Information Technology and allied areas continue to be the main factors for India's success in the Industry.

The intense competitions from the emerging markets, foreign exchange fluctuation, high rate of attrition, technology are some of the challenges which are being faced by the Industry. Your Company has in past handled such situation with ease and has taken more initiatives which may reduce any adverse impact on the business operations

RISKS AND CONCERNS

The Company faces Risks and Concerns which are common to our kind of operations are:

INTERNAL FACTORS:

1. Availability of skilled resources
2. Retention of skilled employees
3. Scale of operations

4. International and domestic competition
5. Technological changes

EXTERNAL FACTORS:

1. Political opposition to offshore outsourcing
2. Political instability
3. Government Policies
4. Foreign Exchange Fluctuations
5. Recession in the overseas market

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has put necessary processes and system in place in order to effectively control and monitor its operations. Such processes, etc., cover entire gamut of corporate operations, namely, production / development, purchase, sales, authorization, and entire leg of support services. Review of processes / outcome of processes take place on monthly basis by the top management of the Company.

Having regard to the nature and size of the operations of the Company, the management believes, the internal control processes in place, are adequate to take care of the current need.

DISCUSSION ON FINANCIAL PERFORMANCE

LIABILITIES AND ASSETS

SHARE CAPITAL

Issued, Subscribed and Paid-up Share Capital of the Company, comprising of 8,611,878 equity shares of Rs.10 each, stood at Rs.86,118,780 as on March 31, 2011. There has been no fresh issue of shares during the year under report.

RESERVES AND SURPLUS

Reserves and Surplus consists of balance in the General Reserve, Security Premium Account, besides debit balance in the exchange fluctuation reserve account arising out of consolidation.

Balance in General Reserve Account and Share Premium

GI ENGINEERING SOLUTIONS LIMITED

Account as on March 31, 2011 stood at Rs.2,998.48 lacs and Rs 88 Lacs which was same as the balance at the end of the previous year. Exchange fluctuation reserve is Rs. (155.33) lacs (Previous year Rs. (134.57) lacs).

Debit balance of Profit & Loss Account as on March 31, 2011, stood at Rs.718.24 lacs as compared to previous year of Rs 541.07 lacs.

SECURED AND UNSECURED LOANS

During the year Company has not availed any secured or unsecured loan.

FIXED ASSETS

There has been no change in Gross Block at the end of Financial Year 2010-11 being Rs.772.03 lacs. Net Block at the end of the same period is reported at Rs.244.41 lacs as against Rs.265.71 lacs in the previous year.

The Company follows straight-line method of depreciation as per provision of Schedule XIV of the Companies Act, 1956. However, with regard to data processing equipments, the Company provides depreciation at an accelerated rate to match with the useful life of the assets.

SUNDRY DEBTORS

Sundry Debtors, net of provisions, if any, as on March 31, 2011, was at Rs 2066.96 as against Rs.2,064.21 lacs at the end of earlier year.

CASH AND BANK BALANCE

Total cash and bank balance as on March 31, 2011, was at Rs 48.22 Lacs as against Rs.3.95 lacs in the earlier year. The Company maintains such balances in current, fixed deposit and EEFC accounts with nationalized and other scheduled banks.

LOANS AND ADVANCES

Loans and advances represent cash outlay against which benefits are being received or expected to be received by the Company in future and include:

- Deposits for utility services and facilities

- Advance income tax paid and tax deducted at source
- Prepaid expenses
- Advance to subsidiary company /other bodies corporate

As on March 31, 2011, Loans and Advances was at Rs 1418.75 as compared to Rs.1369.66 lacs in previous year.

CURRENT LIABILITIES AND PROVISIONS

Current Liabilities and Provisions primarily include trade creditors, tax deducted at source pending deposit with the government as on the balance sheet date, provision for employees benefits, etc.

Total of Current Liabilities and Provision as on March 31, 2011 stood at Rs 704.25 as compared to previous year of Rs.431.51 lacs.

INCOME & EXPENDITURE

INCOME

During 2010-11, the Company recorded a total income of Rs 188.38 as compared to previous year of Rs175.79 lacs. For the year under report loss has increased from Rs.65.60 lacs in 2009-10 to Rs 177.17 lacs. This is mainly on account of write off of preliminary expenses incurred in the current year.

EXPENDITURE

The Company incurred total operating cost of Rs 347.56 lacs including depreciation as against previous year Rs.231.10 lacs.

CAUTIONARY STATEMENT

Certain statements made in the Management Discussion and Analysis Report may constitute 'forward-looking-statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections, etc., whether express or implied. Several factors could make a significant difference to the Company's operations. These include climate and economic conditions affecting demand and supply, government regulations and taxation, natural calamities, etc. over which the Company does not have any direct control.

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF GI ENGINEERING SOLUTIONS LIMITED

1. We have audited the attached Balance Sheet of GI Engineering Solutions Limited as at 31st March 2011 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. 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 the auditing standards generally accepted in India. Those standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto 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 in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) 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;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report read with our comments in para (f) below comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
 - e) On the basis of written representations received from all the directors of the Company as at 31st March, 2011, and taken on record by the Board of Directors, and the information and explanations as made available to us by the Company, we report that none of the directors of the Company is prima facie, have any disqualifications as referred to in clause (g) of sub section (1) of section 274 of the Companies Act, 1956 on the said date;
 - f) Attention is invited to note no 12 in Schedule M regarding non provision for diminution in the value of investments in subsidiary company, for reasons mentioned therein.
 - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2011;
 - in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For DIXIT DATTATRAY & ASSOCIATES,
Chartered Accountants
Firm Registration Number: 102665W**

D. B. DIXIT
Proprietor
Membership No 40032

Place : Mumbai
Dated : 25th July, 2011

GI ENGINEERING SOLUTIONS LIMITED

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date on the Accounts for the year ended 31st March 2011 of GI Engineering Solutions Limited)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) The fixed assets have been physically verified by the management during the year. As informed to us, no material discrepancies were noticed on such verification. In our opinion, frequency of verification is at reasonable intervals.
c) During the financial year, the Company has not disposed off any substantial part of the fixed assets
- 2 The Company's nature of operations does not require it to hold inventories. Consequently, clause 4 (ii) of the Companies (Auditor's Report) Order, 2003, as amended ('The Order') is not applicable.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Hence the provisions of clauses (iii)(b) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company.
4. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. a) The particulars of contracts and arrangements referred to in section 301 of the Companies Act 1956 have been entered in the register maintained under section 301 of the said Act.
b) The transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices and other relevant factors at the time of transaction.
6. The Company has not accepted any deposits from the public and consequently the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. The Company does not have an internal audit system.
8. As explained no cost records have been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of the activities carried out by the Company.
9. a) The Company has been generally regular in depositing undisputed statutory dues applicable to it, with the appropriate authorities. There are no arrears of outstanding statutory dues as at the year end for a period of more than six months from the date they became payable.
b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has accumulated losses at the end of the year. The Company has incurred cash losses in the current financial year and in the previous financial year.
11. The Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a chit fund, nidhi, mutual benefit fund or a society, the provisions of clause (xiii) of the Order are not applicable.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.

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16. The Company did not have any term loans outstanding during the year.
17. On an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
18. During the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company does not have any outstanding debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our audit and as explained to us,

no fraud on or by the Company has been noticed or reported during the year to us.

**For DIXIT DATTATRAY & ASSOCIATES,
Chartered Accountants
Firm registration no. : 102665W**

D. B. DIXIT
Proprietor
Membership No 40032
Place: Mumbai
Dated : 25th July, 2011

GI ENGINEERING SOLUTIONS LIMITED

BALANCE SHEET

AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE	AS AT 31ST MARCH, 2011		AS AT 31ST
		₹	₹	MARCH, 2010
				₹
SOURCES OF FUNDS				
1) SHAREHOLDERS FUNDS				
a) Share Capital	A	86,118,780		86,118,780
b) Reserves & Surplus	B	314,879,105		314,879,105
			400,997,885	400,997,885
Total			400,997,885	400,997,885
APPLICATION OF FUNDS				
1) FIXED ASSETS				
a) Gross Block	C	36,009,207		36,009,207
b) Less : Depreciation / Amortisation		21,226,705		19,096,392
c) Net Block			14,782,502	16,912,815
2) INVESTMENTS	D		268,234,232	268,234,232
3) CURRENT ASSETS, LOANS & ADVANCES	E			
a) CURRENT ASSETS				
(i) Sundry Debtors		19,934,656		17,801,430
(ii) Cash & Bank Balances		4,264,123		394,695
			24,198,779	18,196,125
b) LOANS & ADVANCES			98,468,031	92,632,005
			122,666,810	110,828,130
LESS: CURRENT LIABILITIES & PROVISIONS	F			
(i) Current Liabilities		44,904,399		19,353,621
(ii) Provisions		2,912,054		2,368,772
			47,816,453	21,722,393
NET CURRENT ASSETS			74,850,357	89,105,737
4) (a) PRELIMINARY EXPENSES	G		-	-
(b) PROFIT & LOSS ACCOUNT			43,130,794	26,745,101
Total			400,997,885	400,997,885
Significant Accounting Policies	L			
Notes forming part of Accounts	M			

The schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date attached

For DIXIT DATTATRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
PROPRIETOR

Membership No. 40032

MUMBAI, 25th July, 2011

SAJID MALIK
MANAGING DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY

GANAPATHY VISHWANATHAN
DIRECTOR

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED	FOR THE YEAR ENDED
		31ST MARCH, 2011	31ST MARCH, 2010
		₹	₹
INCOME			
Revenue from Operations		13,719,401	11,270,953
Other Income	H	5,119,530	3,900,609
Total		18,838,931	15,171,562
EXPENDITURE			
Personnel Costs	I	3,728,610	5,645,339
Operating and Other Costs	J	27,934,369	12,487,236
Finance Costs	K	49,332	43,495
Depreciation		2,130,313	2,135,472
Total		33,842,624	20,311,542
Operating Profit / (Loss) Before Tax		(15,003,693)	(5,139,980)
Current Tax		1,382,000	615,000
Profit / (Loss) After Tax		(16,385,693)	(5,754,980)
Add: Opening Balance		(26,745,101)	(20,990,121)
Balance carried to Balance Sheet		(43,130,794)	(26,745,101)
Earning per Share (Equity Share, par value ₹ 10 each)			
Basic		(1.90)	(0.75)
Number of weighted average shares used in computing earnings per share		8,611,878	7,626,399
Diluted		(1.90)	(0.75)
Number of weighted average shares used in computing earnings per share		8,611,878	7,626,399
Significant Accounting Policies	L		
Notes forming part of Accounts	M		

The schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date attached
For DIXIT DATTATRAY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. : 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
PROPRIETOR
Membership No. 40032
MUMBAI, 25th July, 2011

SAJID MALIK
MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY

GI ENGINEERING SOLUTIONS LIMITED

SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	AS AT 31ST MARCH, 2011	AS AT 31ST MARCH, 2010
	₹	₹
Schedule A		
SHARE CAPITAL		
AUTHORISED		
8,50,00,00,000 Equity Shares (Previous Year 8,50,00,00,000) of ₹10/- each	85,000,000,000	85,000,000,000
Total	85,000,000,000	85,000,000,000
ISSUED, SUBSCRIBED & PAID-UP		
86,11,878 (Previous Year 86,11,878) Equity Shares of ₹ 10/- Each fully paid up Out of the above 57,84,378 (Equity Shares of ₹ 10/- each are allotted as fully paid up to the shareholders of Genesys International Corporation Ltd. Pursuant to the scheme of demerger sanctioned by the High Court, Mumbai on 7th September, 2007 and 16,77,500 Equity Shares of ₹ 10/- each issued during the year upon conversion of Equity Share Warrants into Equity Shares as per the provisions of scheme of demerger sanctioned by High Court, Mumbai, on 7th September, 2007.)	86,118,780	86,118,780
Total	86,118,780	86,118,780
Schedule B		
RESERVES & SURPLUS		
GENERAL RESERVE		
As per last Balance Sheet	306,079,105	306,079,105
SHARE PREMIUM ACCOUNT		
	8,800,000	8,800,000
Total	314,879,105	314,879,105

Schedule C FIXED ASSETS

(Amount in ₹)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	Opening Balance as at 01.04.10	Addition during the year	Sale during the year	Closing Balance as at 31.03.11	Up to 01.04.10	For the year	On Deduction	Up to 31.03.11	As at 31.03.11	As at 31.03.10
Tangible Assets										
Computer Hardware	1,940,370	-	-	1,940,370	1,923,108	15,675	-	1,938,783	1,587	17,262
Furniture & Fixtures	32,128,374	-	-	32,128,374	16,385,634	2,033,727	-	18,419,361	13,709,013	15,742,740
Office Equipments	1,666,905	-	-	1,666,905	518,091	79,178	-	597,269	1,069,636	1,148,814
Intangible Assets										
Computer Software	273,558	-	-	273,558	269,559	1,733	-	271,292	2,266	3,999
Total	36,009,207	-	-	36,009,207	19,096,392	2,130,313	-	21,226,705	14,782,502	16,912,815
Previous Year	36,004,007	5,200	-	36,009,207	16,960,920	2,135,472	-	19,096,392	16,912,815	19,043,087

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SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	AS AT 31ST MARCH, 2011	AS AT 31ST MARCH, 2010
	₹	₹
Schedule D		
INVESTMENTS (AT COST)		
Long Term, fully paid up		
Trade Investments - Unquoted		
Investment in Wholly Owned Subsidiary Company		
550,650 Common Stock USD 10 par value in Genesys Enterprises Inc., USA (Previous year 550,650 common stock \$ 10 par value)	268,234,232	268,234,232
Total	<u>268,234,232</u>	<u>268,234,232</u>
Schedule E		
CURRENT ASSETS, LOANS & ADVANCES		
(a) CURRENT ASSETS		
(1) Sundry Debtors		
(Unsecured)		
Due for more than six months		
Considered good	18,413,929	11,454,861
Considered doubtful	8,709,902	9,683,726
	<u>27,123,831</u>	<u>21,138,587</u>
Less : Provision for Doubtful Debts	8,709,902	9,683,726
	<u>18,413,929</u>	<u>11,454,861</u>
Others - Considered good	1,520,727	6,346,569
	<u>19,934,656</u>	<u>17,801,430</u>
(2) Cash & Bank Balances		
(i) Cash in Hand		
	-	-
(ii) Balances with Scheduled banks		
In Current Accounts	4,264,123	394,695
In Fixed Deposits (Margin Money) Accounts	-	-
	<u>4,264,123</u>	<u>394,695</u>
Total	<u>24,198,779</u>	<u>18,196,125</u>
(b) LOANS & ADVANCES		
(Unsecured - Considered good)		
(i) Advances recoverable in cash or in kind or for the value to be received	2,999,518	2,513,696
(ii) Prepaid Expenses	11,944	16,698
(iii) Advance Tax	2,548,762	2,108,552
(iv) Loan to Other Body Corporates	92,877,807	87,963,059
(v) Facilities Deposits	30,000	30,000
Total	<u>98,468,031</u>	<u>92,632,005</u>

GI ENGINEERING SOLUTIONS LIMITED

SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	AS AT 31ST MARCH, 2011	AS AT 31ST MARCH, 2010
	₹	₹
Schedule F		
CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities		
Sundry Creditors	44,848,635	19,289,810
Other Liabilities	55,764	63,811
Total	44,904,399	19,353,621
(b) PROVISIONS		
Provision for Retirement Benefits	20,245	908,672
Provision for Taxation	2,891,809	1,460,100
Total	2,912,054	2,368,772
Schedule G		
MISCELLANEOUS EXPENDITURE		
Preliminary Expenses		
Opening Balance	-	-
Add: Incurred during the year	25,734,309	-
	25,734,309	-
Less: Written off during the year	25,734,309	-
	-	-

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SCHEDULES

ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH 2011	FOR THE YEAR ENDED 31ST MARCH 2010
Schedule H		
OTHER INCOME		
Interest income (Tax deducted at source ₹ 2,04,782 (Previous Year ₹ 3,88,008))	5,119,530	3,883,578
Dividend income from mutual fund investments (Current, Non Trade)	-	17,031
Total	5,119,530	3,900,609
Schedule I		
PERSONNEL COSTS		
Salaries , Allowances & Bonus	3,504,586	5,306,745
Staff Welfare	134,586	57,481
Contribution to Provident Fund & other funds	89,438	281,113
Total	3,728,610	5,645,339
Schedule J		
OPERATING AND OTHER COSTS		
Conveyance & Traveling	11,275	18,655
Legal & Professional Fees	90,780	181,300
Communication Expenses	69,805	55,292
Electricity and Water Charges	386,493	181,219
Foreign Exchange Loss /(Gain) - Others	1,175,613	1,687,191
Miscellaneous expenses	410,608	659,411
Preliminary Expenses Written Off	25,734,309	-
Rent	35,000	-
Remuneration to Auditors		
- Statutory Audit	10,486	10,442
- Tax Audit	10,000	10,000
- Other Services	-	-
Bad Debts	973,825	
Less - Provision for Doubtful Debts	973,825	-
Provision for Doubtful Debts	-	9,683,726
Total	27,934,369	12,487,236
Schedule K		
FINANCE COSTS		
Bank Charges	49,332	43,495
Interest	-	-
Total	49,332	43,495

GI ENGINEERING SOLUTIONS LIMITED

SCHEDULES

Schedule - L

SIGNIFICANT ACCOUNTING POLICY

I. Company's Background

GI Engineering Solutions Ltd. is formed to provide Information Technology, Engineering Services and other related services.

II. Significant Accounting Policies

a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP), the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Use of estimates

Preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimate of useful life of assets and provision for retirement benefits. Actual results could differ from the estimates. Any revisions to accounting estimates are recognized prospectively in current and future periods.

c) Revenue recognition and expenses

Revenues are recognized on accrual basis. Revenue from operations is accounted for on the basis of services rendered and billed to / accepted by clients.

Expenses are accounted on accrual basis and provisions are made for all known liabilities as on the date of the financial statements.

d) Fixed Assets

Fixed Assets are stated at cost of acquisition including freight, installation charges, finance charges, duties

& taxes & other incidental expenses related to acquisition and installation of the concerned assets.

Advances paid if any, towards the acquisition of fixed assets are disclosed under the head advances for capital expenditure

e) Depreciation / Amortization

Particulars	Depreciation Method	Rate
(A) Tangible Assets		
- Computer hardware & data processing units	Straight line	3 to 5 year
- Other assets	Straight line	Rates specified in schedule XIV
(B) Intangible Assets		
- Computer software	Straight line	3 to 5 year

Depreciation / Amortization is charged on a pro-rata basis for assets purchased / sold during the year with reference to date of installation/disposal. Assets costing below ₹ 5,000/- are fully depreciated in the year of purchase.

f) Impairment of assets

The carrying amounts of the Company's assets including intangible assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated, as the higher of the net selling price and the value in use. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating units exceeds its recoverable amount. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reinstated at the recoverable amount subject to a maximum of depreciable historical cost.

g) Borrowing Costs

Borrowing costs directly attributable to the acquisition of the fixed assets are capitalized for the

period until the asset is ready for its intended use.

Other borrowing costs are recognized as expense in the period in which they are incurred.

h) Investments

Investments are classified either as current or long term in accordance with Accounting Standard (AS) -13 on "Accounting for Investments".

Current investments are stated at lower of cost or fair value. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit & Loss account.

Long Term Investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of such investments.

i) Leases

(i) Finance Lease

Assets taken on finance lease if any, are accounted for as fixed assets in accordance with Accounting Standard 19 on leases, (AS 19) issued by The Institute of Chartered Accountants of India.

(ii) Operating Lease

Assets taken on lease under which all the risk and rewards of ownership are effectively retained by the lessor if any, are classified as operating lease. Lease payments under operating lease are recognized as expenses on accrual basis in accordance with the respective lease agreement.

j) Foreign Currency Transactions

Transactions denominated in foreign currency are recorded at rates that approximate the exchange rate prevailing on the date of the respective transaction.

Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Profit and Loss Account of the year. Monetary

assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year end closing exchange rate and the resultant exchange differences are recognized in the Profit and Loss Account.

The premium or discount arising at the inception of the forward exchange contracts related to underlying receivables and payables are amortized as an expense or income recognized over the period of the contracts. Gains or losses on renewal or cancellation of foreign exchange forward contracts are recognized as income or expense for the period.

Investments in overseas Subsidiary are recognized at the relevant exchange rates prevailing on the date of investments.

k) Earning per Share

In accordance with the Accounting Standard 20 (AS – 20) "Earning per Share" issued by the Institute of Chartered Accountants of India, basic and diluted earnings per share is computed using weighted average number of shares outstanding during the year.

l) Taxation

i. Current Tax

The provision for current tax is made on the basis of tax liability computed after considering the admissible deductions and exemptions under the provisions of the Income Tax Act, 1961.

ii. Deferred Tax

Deferred tax asset or liability is recognized for reversible timing differences between the profit as per financial statements and the profit offered for income taxes, based on tax rates that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent there is a reasonable

certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets on unabsorbed losses are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized.

Deferred Tax assets and liabilities are reviewed at each balance sheet date.

m) Employee Benefits :

- (i) Short-term employee benefits – Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognized in the period in which the employee renders the related service.
- (ii) Post employment benefits (defined benefit plans) – The employees’ gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation using the projected unit credit method. Actuarial gains and losses and current plan costs are recognized in the Profit and Loss account.
- (iii) Post employment benefits (defined contribution plans) – Contributions to the provident fund is defined contribution scheme and is recognized as an expense in the Profit and Loss account in the period in which the contribution is due.
- (iv) Long-term employee benefits – Long-term employee benefits comprise of compensated absences and other employee incentives. These are measured based on an actuarial valuation carried out by an independent actuary at each Balance Sheet date unless they are insignificant. Actuarial gains and

losses and past service costs are recognized immediately in the Profit and Loss account.

n) Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Schedule - M

Notes forming part of Accounts

1. Share Capital

During the year there is no change in the share capital of the Company.

2. Contingent Liabilities:

Contingent Liabilities Rs. Nil (Previous year Rs. Nil).

3. Disclosure requirements as per the Accounting Standard – 18 (AS – 18) “Related Party Disclosure” issued by the Institute of Chartered Accountants of India.

List of Related Parties:-

A. Wholly owned Subsidiary Company
M/s Genesys Enterprises Inc., USA

B. Key Management Personnel

Name of Personnel	Designation
Mr. Sajid Malik	Managing Director
Mrs. Saroja Malik	Director

C. Principal Shareholder
M/s Kilam Holdings Ltd, Mauritius

D. Associate Enterprises
M/s Genesys International Corporation Ltd., India
M/s. Ventura Securities Limited, India

Details of Transactions with related parties are as follows:

Particulars	Year ended 31st March 2011 (₹)	Year ended 31st March 2010 (₹)
Transactions during the year -		
Rent Paid – Ventura Securities Limited	35,000	-
Advance taken from/Reimbursement of Expenses by Genesys International Corporation Ltd.	3,29,83,468	71,55,742
Advance Repaid/ Reimbursement of Expenses to Genesys International Corporation Ltd.	60,00,000	1,25,83,734
Advance to Genesys Enterprises Inc., USA	4,79,378	4,48,452
Closing Balance -		
Amount Payable to Genesys International Corporation Ltd.	3,58,07,353	88,23,885
Amount Receivable from Genesys Enterprises Inc., USA	16,45,356	11,65,978

4. Employee Benefits :

(l) Post-employment benefits plans

(b) Defined Contribution Plans –

In respect of the defined contribution plans, an amount of ₹ 78,054 (Previous Year ₹ 2,35,044) has been provided in the Profit & Loss account for the year towards employer share of PF contribution.

(c) Defined Benefit Plans –

(i) The liability in respect of gratuity is determined as per actuarial valuation carried out as at Balance Sheet date. The present value of the obligation under such plan is determined using the projected unit credit method. Actuarial gains and losses are recognized in the Profit & Loss account for the period in which they occur.

(ii) Principal actuarial assumptions :

Particulars	FY 2010-11	FY 2009-10
	Gratuity	Gratuity
Discount rate Current year	8.3% p.a	8.3% p.a
Salary Escalation Current year		
For First 5 Years	12% p.a	12% p.a
Next 5 Years	10% p.a	10% p.a
Thereafter	7% p.a	7% p.a

(iii) Reconciliation of Benefit Obligation :

(Amount in ₹)

Particulars	FY 2010-11	FY 2009-10
	Gratuity	Gratuity
Liability at the beginning of the year	2,03,107	5,45,641
Interest Cost	21,559	40,018
Current Service Cost	61,206	70,019
Benefit Paid	1,25,192	-
Actuarial (Gain)/ Loss on Obligations	(1,55,534)	(4,52,571)
Amount recognized and disclosed under the head "Provision for employees benefits"	5,146	2,03,107

(iv) Expenses recognized in the Profit & Loss Account under the head Personnel Expenses :

(Amount in ₹)

Particulars	FY 2010-11	FY 2009-10
	Gratuity	Gratuity
Current Service Cost	61,206	70,019
Interest Cost	21,559	40,018
Net Actuarial (Gain)/ Loss recognized	(1,55,534)	(4,52,571)
Expenses recognized in Profit and Loss account	(72,769)	(3,42,534)

GI ENGINEERING SOLUTIONS LIMITED

(v) Details of provision for employee benefits recognized in the Balance Sheet :

Particulars	(Amount in ₹)	
	FY 2010-11	FY 2009-10
	Gratuity	Gratuity
Liability at the end of the year	5,146	2,03,107
Fair value of the plan assets at the end of the year	-	-
Difference	5,146	2,03,107
Amount recognized in the Balance Sheet	5,146	2,03,107

5. Provision of ₹ 13,82,000 (Previous Year – ₹ 6,15,000) towards income tax payable under Income Tax Act, 1961 has been made.

6. In accordance with the Accounting Standard – 22 (AS – 22) “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India, details of deferred tax assets estimated by the Company is given below -

Particulars	As at March 31 2011 ₹	As at March 31 2010 ₹
Deferred Tax Assets		
Unabsorbed Losses	-	17,44,532
Provision for Employee Benefits	6,256	3,01,838
Provision for Doubtful Debts	26,91,360	32,16,692
Preliminary Expenses	50,991	1,12,001
Total	27,48,607	53,75,063
Deferred Tax Liability		
Fixed Assets (Depreciation/Amortization)	18,117	1,67,558
Net Deferred Tax (Liability)/Assets	27,30,490	52,07,505

Deferred Tax Assets arising on account of provisions for employees’ benefits, preliminary expenses and doubtful debts etc. are not recognized in the absence of virtual certainty of

future taxable income against which deferred tax assets can be set off.

7. Earnings per share:

	March 31 2011	March 31 2010
Deferred Tax Assets		
Weighted average number of shares used as denominator for calculating Basic earning per share	86,11,878	76,26,399
Weighted average number of shares used as denominator for calculating Dilutive earning per share	86,11,878	76,26,399
Net Profit / (Loss) after taxation	(1,63,85,693)	(57,54,980)
Basic EPS	₹ (1.90)	₹ (0.75)
Diluted EPS	₹ (1.90)	₹ (0.75)
Nominal value of Shares	₹ 10	₹ 10

8. (a) The Company operates only in single Primary Segment i.e. Engineering based services for the purpose of AS – 17 Segmental reporting.

(b) The disclosure requirement in respect of secondary segment (geographical segment) as per the Accounting Standard - 17 is as under:

(Amount in ₹)

SECONDARY SEGMENT		
(Geographical Segment based on Sales Continent viz)		
Segment Revenue	For the Year ended 31st March 2011	For the Year ended 31st March 2010
North America	24,59,075	1,12,70,953
Middle East	97,88,226	-
Asia	14,72,100	-
Total Revenue from Operations	1,37,19,401	1,12,70,953

9. Earnings in Foreign Exchange: (At actual)

	For the Year ended 31st March 2011	For the Year ended 31st March 2010
Revenue from Operations	₹ 1,08,85,078	₹ 43,97,954

10. Value of Imports (CIF basis): (At actuals)

	For the Year ended 31st March 2011	For the Year ended 31st March 2010
Capital Goods	Nil	Nil

11. Exchange Differences

During the period realized and unrealized exchange loss amounting to ₹ 2,09,022 (Previous Year exchange loss of ₹ 22,81,883) is included in the profit and loss account.

12. The Balance Sheet of the Subsidiary Company reflects diminution in the net worth after considering the losses incurred. The said subsidiary company will incur significant loss if any part of the accounts receivable and notes receivable become uncollectible. However the Company continues to value the investments at cost. In the opinion of the management, provision for diminution is not required in

view of the strategic nature of investments, future business plans and belief of the management of the subsidiary company on the recoverability of accounts receivable and notes receivable.

13. As at 31st March, 2011 no supplier has intimated the Company about its status as Micro or Small Enterprise or its registration with the appropriate authority under the Micro, Small & Medium Enterprises Development Act, 2006 (said Act) and to the best of the Company's knowledge and belief, sundry creditors as at the year end do not include outstanding dues to parties or entities covered by the said Act.
14. The Company is engaged in the business of rendering Engineering & IT based services. The development and sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act 1956.
15. Figures for previous year have been re-grouped/re-classified wherever necessary to conform to current year's presentation.

Signatures to Schedule 'A' to 'M'

As per our Report of even date attached

For DIXIT DATTATRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No.: 102665W

D. B. DIXIT
PROPRIETOR

Membership No. 40032

MUMBAI,
25th July, 2011

For and on behalf of the Board of Directors

SAJID MALIK
MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY

GI ENGINEERING SOLUTIONS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	For The Year Ended 31st March 2011		For The Year Ended 31st March 2010	
	₹	₹	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax as per Profit and Loss account		(15,003,693)		(5,139,980)
Adjustments for:				
Depreciation and amortisation	2,130,313		2,135,472	
Interest income	(5,119,530)		(3,900,609)	
Preliminary Exp w/off	25,734,309		-	
		<u>22,745,092</u>		<u>(1,765,137)</u>
Operating Profit before working capital changes		7,741,399		(6,905,117)
Adjustments for:				
(Increase)/ Decrease in Trade Receivables	(2,133,226)		4,423,915	
(Increase)/ Decrease in Other Current Assets	-		2,096	
(Increase)/ Decrease in Loans & Advances	(481,068)		(446,967)	
Increase/ (Decrease) in Current Liabilities and Provisions	24,662,351		3,593,892	
		<u>22,048,057</u>		<u>7,572,936</u>
CASH GENERATED FROM OPERATIONS		29,789,456		667,819
Taxes (Paid) / Refund received		<u>(390,501)</u>		<u>(391,064)</u>
NET CASH FLOW FROM OPERATING ACTIVITIES		29,398,955		276,755
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (Including Capital Advances)	-		(5,200)	
Interest income	5,119,530		3,900,609	
Loan to Other Body Corporates	(4,914,748)		(23,492,070)	
NET CASH USED IN INVESTING ACTIVITIES		204,782		(19,596,661)
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Shares	-		19,800,000	
Net Proceeds / (Repayment) from / of Unsecured Loans	-		(300,000)	
Miscellaneous Expenditure	(25,734,309)		-	
NET CASH FLOW FROM FINANCING ACTIVITIES		(25,734,309)		19,500,000
NET INCREASE IN CASH & CASH EQUIVALENTS		3,869,428		180,094
CASH & CASH EQUIVALENTS (OPENING BALANCE)		394,695		214,601
CASH & CASH EQUIVALENTS (CLOSING BALANCE)		4,264,123		394,695

This is the Cash Flow statement referred to in our report of even date.

For DIXIT DATTATRAY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No.: 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
PROPRIETOR
Membership No. 40032

SAJID MALIK
MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

MUMBAI,
25th July, 2011

DEERAJ NAIR
COMPANY SECRETARY

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

AS PER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

Registration Details State Code 1 1

Registration No. 1 6 3 7 3 1

Balance Sheet Date 3 1 0 3 2 0 1 1
Date Month Year

Capital raised during the year (Amount in Rs. Thousand)

Public Issue N I L Rights Issue N I L

Bonus Issue N I L Private Placement N I L

Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities 4 0 0 9 9 8 Total Assets 4 0 0 9 9 8

Sources of Funds

Paid-up Capital 8 6 1 1 9 Reserves & Surplus 3 1 4 8 7 9

Equity Share Warrant N I L

Secured Loans N I L

Unsecured Loan N I L

Application of Funds

Net Fixed Assets 1 4 7 8 3 Investments 2 6 8 2 3 4

Net Current Assets 7 4 8 5 0 Accumulated Losses 4 3 1 3 1

Misc. Expenditure N I L

Performance of Company (Amount in Rs. Thousand)

Turnover 1 8 8 3 9 Total Expenditure 3 3 8 4 3

Loss before tax 1 5 0 0 4 Loss after tax 1 6 3 8 6

Earning per share in Rs. (Negative) Dividend % N I L

--- Basic (1 . 9 0)

--- Dilutive (1 . 9 0)

Generic Names of three Principal Products / Services of Company (as per monetary terms)

Item Code No (ITC Code) : 8 5 2 4 9 9 0 4 . 9 0

Product Description : C O M P U T E R S O F T W A R E

For and on behalf of the Board of Directors

SAJID MALIK
MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY

MUMBAI, 25th July, 2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

(Amount in USD)

Name of the Subsidiary	Genesys Enterprises Inc. USA
Financial year of the Subsidiary Company ended on	31 st March, 2011
Holding Company's Interest	
Number of shares	550,650 Ordinary Shares
Extent of holding	100%
Net aggregate amount of the subsidiary's profits/(Losses) so far as it concerns members of the holding Company and is not dealt with in the Holding Company's accounts	
(i) for the financial year of the subsidiary	(29202)
(ii) for the previous financial years of the subsidiary since it become the Holding Company's subsidiary	(761,625)
Net aggregate amount of the profits/(Losses) of the subsidiary dealt with the Company's accounts	
(i) for the financial year of the subsidiary	N I L
(ii) for the previous financial years of the subsidiary since it become the Holding Company's subsidiary	N I L

For and on behalf of the Board of Directors

SAJID MALIK
MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

MUMBAI, 25th July, 2011

DEERAJ NAIR
COMPANY SECRETARY

AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**To the Board of Directors of
GI Engineering Solutions Limited.**

We have audited the attached consolidated Balance Sheet of GI Engineering solutions Limited and its Subsidiary as at March 31, 2011, the Consolidated Profit and Loss Account, and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated 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.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (AS – 21) 'Consolidated Financial Statements', prescribed in the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of GI Engineering Solutions Limited and its Subsidiary included in the consolidated financial statements.
3. In our opinion and on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of GI Engineering Solutions Limited, and its Subsidiary, we are of the opinion that the Consolidated Financial Statements give a true and fair view,
 - (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of GI Engineering Solutions Limited & its Subsidiary as at 31st March, 2011;
 - (b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of GI Engineering Solutions Limited, & its Subsidiary for the year ended on that date; and
 - (c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of GI Engineering Solutions Limited., & its Subsidiary for the year ended on that date.

**For DIXIT DATTATRAY & ASSOCIATES,
Chartered Accountants**

D. B. DIXIT
Proprietor
Membership No 40032
Mumbai
Dated : 25th July, 2011

GI ENGINEERING SOLUTIONS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE	AS AT 31ST MARCH, 2011		AS AT 31ST
		₹	₹	MARCH, 2010
				₹
SOURCES OF FUNDS				
1) SHAREHOLDERS FUNDS				
a) Share Capital	A	86,118,780		86,118,780
b) Reserves & Surplus	B	<u>293,114,905</u>		<u>295,190,965</u>
			379,233,685	381,309,745
Total			<u>379,233,685</u>	<u>381,309,745</u>
APPLICATION OF FUNDS				
1) FIXED ASSETS				
a) Gross Block	C	77,203,264		77,203,264
b) Less : Depreciation / Amortisation		<u>52,762,137</u>		<u>50,631,824</u>
c) Net Block			24,441,127	26,571,440
2) CURRENT ASSETS, LOANS & ADVANCES				
a) CURRENT ASSETS				
(i) Sundry Debtors		206,696,332		206,421,011
(ii) Cash & Bank Balances		<u>4,822,214</u>		<u>394,695</u>
			211,518,546	206,815,706
b) LOANS & ADVANCES				
			141,874,911	136,966,534
			353,393,457	343,782,240
LESS: CURRENT LIABILITIES & PROVISIONS				
(i) Current Liabilities	E	67,512,602		40,781,987
(ii) Provisions		<u>2,912,054</u>		<u>2,368,772</u>
			70,424,656	43,150,759
Net Current Assets			282,968,801	300,631,481
3) (a) PRELIMINARY EXPENSES				
(b) PROFIT & LOSS ACCOUNT	F		-	-
			71,823,757	54,106,824
Total			<u>379,233,685</u>	<u>381,309,745</u>
Significant Accounting Policies & Notes to Accounts	K			

The schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date attached

For DIXIT DATTATRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
PROPRIETOR

Membership No. 40032

MUMBAI, 25th July, 2011

SAJID MALIK
MANAGING DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY

GANAPATHY VISHWANATHAN
DIRECTOR

CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED	
		31ST MARCH, 2011	31ST MARCH, 2010
		₹	₹
INCOME			
Revenue from Operations		13,719,401	13,678,230
Other Income	G	5,119,530	3,900,609
Total		18,838,931	17,578,839
EXPENDITURE			
Personnel Costs	H	4,594,525	7,853,263
Operating and Other Costs	I	27,947,416	13,036,376
Finance Costs	J	83,710	84,594
Depreciation		2,130,313	2,135,472
Total		34,755,964	23,109,705
Operating Profit / (Loss) Before Tax		(15,917,033)	(5,530,866)
Current Tax		1,785,358	1,029,513
Tax Adjustments for earlier years		14,542	-
Profit / (Loss) After Tax		(17,716,933)	(6,560,379)
Balance brought forward from earlier years		(54,106,824)	(47,546,445)
Balance carried to Balance Sheet		(71,823,757)	(54,106,824)
Earning per Share (Equity Share, par value ₹ 10 each)			
Basic		(2.06)	(0.86)
Number of weighted average shares used in computing earnings per share		8611878	7,626,399
Diluted		(2.06)	(0.86)
Number of weighted average shares used in computing earnings per share		8611878	7,626,399
Significant Accounting Policies & Notes to Accounts	K		

The schedules referred to above form an integral part of the Profit & Loss Account

For DIXIT DATTATRAY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. : 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
PROPRIETOR
Membership No. 40032
MUMBAI, 25th July, 2010

SAJID MALIK
MANAGING DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY

GANAPATHY VISHWANATHAN
DIRECTOR

GI ENGINEERING SOLUTIONS LIMITED

SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2011

PARTICULARS	AS AT 31ST MARCH, 2011 ₹	AS AT 31ST MARCH, 2010 ₹
Schedule A		
SHARE CAPITAL		
AUTHORISED		
8,500,000,000 Equity Shares (Previous Year 8,500,000,000) of ₹10/- each	85,000,000,000	85,000,000,000
Total	<u>85,000,000,000</u>	<u>85,000,000,000</u>
ISSUED, SUBSCRIBED & PAID-UP		
8,611,878 (Previous Year 8,611,878) Equity Shares of ₹ 10/- Each fully paid up (Out of the above 5,784,378 Equity Shares of ₹ 10/- each are allotted as fully paid up to the shareholders of Genesys International Corporation Ltd. Pursuant to the scheme of demerger sanctioned by the High Court, Mumbai on 7 th September, 2007 and 16,77,500 Equity Shares of ₹ 10/- each issued during the year upon conversion of Equity Share Warrants into Equity Shares as per the provisions of scheme of demerger sanctioned by High Court, Mumbai, on 7 th September, 2007)	86,118,780	86,118,780
Total	<u>86,118,780</u>	<u>86,118,780</u>
Schedule B		
RESERVES & SURPLUS		
GENERAL RESERVE		
As per last Balance Sheet	299,848,078	299,848,078
SHARE PREMIUM ACCOUNT	8,800,000	8,800,000
EXCHANGE FLUCTUATION RESERVE	(15,533,173)	13,457,113
Total	<u>293,114,905</u>	<u>295,190,965</u>

SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2011

Schedule C

FIXED ASSETS

(Amount in ₹)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	Opening Balance as at 01.04.10	Addition during the year	Sale during the year	Closing Balance as on 31.03.11	Up to 01.04.10	For the year	On Deduction	Up to 31.03.11	As at 31.03.11	As at 31.03.10
Tangible Assets										
Computer Hardware	12,289,907	-	-	12,289,907	12,272,645	15,675	-	12,288,320	1,587	17,262
Furniture & Fixtures	40,206,800	-	-	40,206,800	24,464,060	2,033,727	-	26,497,787	13,709,013	15,742,740
Office Equipments	2,719,896	-	-	2,719,896	1,571,082	79,178	-	1,650,260	1,069,636	1,148,814
Vehicles	1,929,806	-	-	1,929,806	1,929,806	-	-	1,929,806	-	-
Leasehold improvement	3,473,111	-	-	3,473,111	3,473,111	-	-	3,473,111	-	-
Intangible Assets										
Computer Software	273,558	-	-	273,558	269,559	1,733	-	271,292	2,266	3,999
Goodwill on consolidation and other intangible assets	16,310,186	-	-	16,310,186	6,651,561	-	-	6,651,561	9,658,625	9,658,625
Total	77,203,264	-	-	77,203,264	50,631,824	2,130,313	-	52,762,137	24,441,127	26,571,440
Previous Year	77,198,064	5,200	-	77,203,264	48,496,352	2,135,472	-	50,631,824	26,571,440	28,701,712

GI ENGINEERING SOLUTIONS LIMITED

SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2011

PARTICULARS	AS AT 31ST MARCH, 2011 ₹	AS AT 31ST MARCH, 2010 ₹
Schedule D		
CURRENT ASSETS, LOANS & ADVANCES		
(A) CURRENT ASSETS		
(i) Sundry Debtors		
(Unsecured)		
Due for more than six months	205,175,605	200,074,442
Considered good	21,256,842	22,355,483
Considered doubtful	226,432,447	222,429,925
Less : Provision for Doubtful Debts	21,256,842	22,355,483
	205,175,605	200,074,442
Others	1,520,727	6,346,569
	206,696,332	206,421,011
(ii) Cash & Bank Balances		
(a) Cash in Hand		
	-	-
(b) Balances with Scheduled banks		
In Current Accounts	4,264,123	394,695
In Fixed Deposits (Margin Money) Accounts	-	-
	4,264,123	394,695
(c) Balances with Foreign Banks		
In Current Accounts	558,091	-
	4,822,214	394,695
Total	211,518,546	206,815,706
(B) LOANS & ADVANCES		
(Unsecured - Considered good)		
(i) Advances recoverable in cash or in kind or for the value to be received	46,114,922	46,553,849
(ii) Prepaid Expenses	150,826	156,962
(iii) Advance Tax	2,548,762	2,108,552
(iv) Loan to Other Body Corporates	92,877,807	87,963,059
(v) Facility & Other Deposits	182,594	184,112
Total	141,874,911	136,966,534
Schedule E		
CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities		
Sundry Creditors	67,141,174	40,302,253
Bank Overdraft	-	97,182
Other Liabilities	371,428	382,552
Total	67,512,602	40,781,987
(b) Provisions		
Provision for Retirement benefits	20,245	908,672
Provision for Taxation	2,891,809	1,460,100
Total	2,912,054	2,368,772

ANNUAL REPORT 2010-11

SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	FOR THE YEAR ENDED FOR THE YEAR ENDED	
	31ST MARCH, 2011	31ST MARCH, 2010
	₹	₹
Schedule F		
MISCELLANEOUS EXPENDITURE		
Preliminary Expenses		
Opening Balance	-	-
Add: Incurred during the year	<u>25,734,309</u>	-
	<u>25,734,309</u>	-
Less: Written off	<u>25,734,309</u>	-
	-	-
Schedule G		
OTHER INCOME		
Interest income (Tax deducted at source ₹ 2,04,782 (Previous Year ₹ 3,88,008))	<u>5,119,530</u>	3,883,578
Dividend income from mutual fund investments (Current, Non Trade)	-	17,031
Total	<u>5,119,530</u>	<u>3,900,609</u>
Schedule H		
PERSONNEL COSTS		
Salaries , Allowances & Bonus	<u>4,370,501</u>	7,514,669
Staff Welfare	<u>134,586</u>	57,481
Contribution to Provident Fund & other funds	<u>89,438</u>	281,113
Total	<u>4,594,525</u>	<u>7,853,263</u>
Schedule I		
OPERATING AND OTHER COSTS		
Conveyance & Traveling	<u>11,275</u>	18,655
Legal & Professional Fees	<u>90,780</u>	395,081
Communication Expenses	<u>69,805</u>	55,292
Electricity and Water Charges	<u>386,493</u>	181,219
Foreign Exchange Loss /(Gain) - Others	<u>1,175,613</u>	1,687,191
Miscellaneous Expenses	<u>419,096</u>	761,470
Rent	<u>35,000</u>	228,539
Preliminary Expenses Written Off	<u>25,734,309</u>	-
Remuneration to Auditors		
- Statutory Audit	<u>15,045</u>	15,203
- Tax Audit	<u>10,000</u>	10,000
- Other Services	-	-
Bad Debts	<u>973,825</u>	-
Less - Provision for Doubtful Debts	<u>973,825</u>	-
Provision for Doubtful Debts	-	<u>9,683,726</u>
Total	<u>27,947,416</u>	<u>13,036,376</u>
Schedule J		
FINANCE COSTS		
Bank Charges	<u>83,710</u>	84,594
Interest	-	-
Total	<u>83,710</u>	<u>84,594</u>

SCHEDULES

Schedule K

Significant Accounting Policies and Notes to Accounts to the Consolidated Financial Statements:

I. Significant Accounting Policies

1. Basis & Principles of Consolidation

- i. The consolidation of accounts is done in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and meet the requirements of the Accounting Standard 21 (AS – 21) "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India.

List of subsidiary considered in the consolidated financial statements

Name of the Entity	Nature of Relationship	Country of Incorporation	Extent of holding as on 31 st March 2011
Genesys Enterprises Inc.	Subsidiary	USA	100%

- ii. Use of estimates – The Preparation of Consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from these estimates. Any revisions to accounting estimates are recognized prospectively in current and future periods.
- iii. The consolidated financial statements of the group have been prepared based on a line-by-line consolidation of Profit & Loss Account for the period ended 31st March, 2011 and Balance Sheet as on that date by adding together the book values of like items of income, expenses, assets and liabilities. All inter-company balances and transactions are eliminated on

consolidation. The Consolidated financial statements have been prepared in Indian Rupees.

2. Foreign Currency Translation

In case of the Consolidated Accounts, the summarized revenue and expense transactions reflected in Profit & Loss Account have been translated into Indian Rupees at an average of monthly exchange rate. The assets and liabilities in the Balance Sheet have been translated into Indian Rupees at the closing exchange rate at the year-end. The resultant translation exchange gain/ loss have been disclosed as Exchange Fluctuation Reserve which is reflected under Reserves and Surplus.

II. Other Significant Accounting Policies

These are set out in the Significant Accounting Policies for the respective financial statements of the Company and its Subsidiary Company.

III. Notes to Accounts

1. Contingent Liabilities : ₹ Nil
(Previous year ₹ Nil).
2. Disclosure requirements as per the Accounting Standard – 18 (AS – 18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

List of Related Parties:-

A. Key Management Personnel

Name of Personnel	Designation
Mr. Sajid Malik	Managing Director
Mrs. Saroja Malik	Director
Mr. Sohel Malik	President – Genesys Inc., USA

B. Principal Shareholder

- M/s Kilam Holdings Ltd., Mauritius

C. Associate Enterprises

- M/s Genesys International Corporation Ltd., India
- M/s Ventura Securities Limited, India

Details of Transactions with related parties are as follows:

Particulars	Year ended 31st March 2011 ₹	Year ended 31st March 2010 ₹
Transactions during the year -		
Rent Paid – Ventura Securities Limited	35,000	-
Advance taken from/ Reimbursement of Expenses by Genesys International Corporation Ltd.	3,29,83,468	71,55,742
Advance Repaid/ Reimbursement of Expenses to Genesys International Corporation Ltd.	60,00,000	1,25,83,734
Closing Balance -		
Amount Payable to Genesys International Corporation Ltd.	3,58,07,353	88,23,885

3. (a) The Company operates only in single Primary Segment i.e. Engineering based services for the purpose of AS – 17 Segmental reporting.
- (b) The disclosure requirement in respect of secondary segment (geographical segment) as per the Accounting Standard - 17 is as under:

SECONDARY SEGMENT (Geographical Segment based on sales continent wise)		
Segment Revenue	For the Year ended 31st March 2011	For the Year ended 31st March 2010
North America	24,59,075	₹ 1,36,78,230
Middle East	97,88,226	-
Asia	14,72,100	-
Total Revenue from Operations	₹ 1,37,19,401	₹ 1,36,78,230

4. In accordance with the Accounting Standard 20 (AS – 20) “Earning per Share” issued by the Institute of Chartered Accountants of India, basic and diluted earning per share is computed using weighted average number of shares outstanding during the year.

	As at March 31, 2011	As at March 31, 2010
Weighted average number of shares used as denominator for calculating Basic earning per share	86,11,878	76,26,399
Weighted average number of shares used as denominator for calculating Dilutive earning per share	86,11,878	76,26,399
Net Profit / (Loss) after taxation	₹ (1,77,16,933)	₹ (65,60,379)
Basic EPS	₹ (2.06)	₹ (0.86)
Diluted EPS	₹ (2.06)	₹ (0.86)
Nominal value of Shares	₹ 10	₹ 10

5. Current Tax and Deferred Tax

Provision for Current Tax is made as per the local tax laws of respective countries. The Company has estimated deferred tax asset/liability in accordance with the provisions of Accounting Standard – 22 “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India. The details of deferred tax asset is given below -

GI ENGINEERING SOLUTIONS LIMITED

Particulars	As at March 31, 2011 ₹	As at March 31, 2010 ₹
Deferred Tax Assets		
Unabsorbed Losses	-	17,44,522
Provision for Employee Benefits	6,256	3,01,838
Provision for Doubtful Debts	26,91,360	32,16,692
Preliminary Expenses	50,991	1,12,001
Total	27,48,607	53,75,063
Deferred Tax Liability		
Fixed Assets (Depreciation/Amortization)	18,117	1,67,558
Net Deferred Tax (Liability)/Assets	27,30,490	52,07,505

Deferred Tax Assets arising on account of unabsorbed losses, provisions for employees' benefits and doubtful debts etc. are not recognized in the absence of virtual certainty of future taxable income against which deferred tax assets can be set off.

6. Other Notes to Accounts

These are set out in the Notes to Accounts for the respective financial statements of the Company and its Subsidiary Company.

7. Figures pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the parent company's financial statements.
8. Figures for previous year have been re-grouped/ re-classified wherever necessary to conform to current year's presentation.

Signatures to Schedules 'A' to 'K'
As per our Report of even date attached
For DIXIT DATTATRAY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm registration no. : 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
PROPRIETOR
Membership No. 40032

MUMBAI, 25th July, 2010

SAJID MALIK
MANAGING DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY

GANAPATHY VISHWANATHAN
DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH 2011		FOR THE YEAR ENDED 31ST MARCH 2010
	₹	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax as per Profit and Loss account		(15,917,033)	(5,530,866)
Adjustments for:			
Depreciation & Amortisation	2,130,313		2,135,472
Interest income	(5,119,530)		(3,900,609)
Preliminary expenditure written off	25,734,309		-
		<u>22,745,092</u>	<u>(1,765,137)</u>
Operating Profit before working capital changes		6,828,059	(7,296,003)
Adjustments for:			
(Increase)/ Decrease in Trade Receivables	(275,321)		29,458,884
(Increase)/ Decrease in Other Current Assets	-		228,470
(Increase)/ Decrease in Loans & Advances	446,581		5,970,331
Increase/ (Decrease) in Current Liabilities and Provisions	25,438,830		(246,283)
		<u>25,610,090</u>	<u>35,411,402</u>
CASH GENERATED FROM OPERATIONS		32,438,149	28,115,399
Taxes (Paid) / Refund		(405,043)	(805,577)
NET CASH FLOW FROM OPERATING ACTIVITIES		32,033,106	27,309,822
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets (Including Capital Advances)	-		(5,200)
Interest income	5,119,530		3,900,609
Loan to Other Body Corporates	(4,914,748)		(23,492,070)
NET CASH USED IN INVESTING ACTIVITIES		204,782	(19,596,661)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Issue of Shares	-		19,800,000
Net Proceeds / (Repayment) from / of Unsecured Loans	-		(300,000)
Miscellaneous Expenditure	(25,734,309)		-
NET CASH FLOW FROM FINANCING ACTIVITIES		(25,734,309)	19,500,000
NET INCREASE IN CASH & CASH EQUIVALENTS		6,503,579	27,213,161
Exchange difference on translation of foreign currency accounts / deposits		(2,076,060)	(27,830,298)
CASH & CASH EQUIVALENTS (OPENING BALANCE)		394,695	1,011,832
CASH & CASH EQUIVALENTS (CLOSING BALANCE)		4,822,214	394,695

This is the Cash Flow statement referred to in our report of even date.

For DIXIT DATTATRAY & ASSOCIATES
CHARTERED ACCOUNTANTS

Firm registration no. : 102665W

D. B. DIXIT
PROPRIETOR
Membership No. 40032
MUMBAI, 25th July, 2011

SAJID MALIK
MANAGING DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY

For and on behalf of the Board of Directors

GANAPATHY VISHWANATHAN
DIRECTOR

STATEMENT PURSUANT

TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

(Amount in ₹)

Sr. No.	Name of the Subsidiary Company	Country	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
1	Genesys Enterprises Inc.	USA	USD	45.14	248,563,410	(35,697,931)	237,152,876	24,287,396	-	-	(913,396)	417,924	(1,331,319)	-

GI Engineering Solutions Limited

73-A, SDF-III SEEPZ, Andheri (East), Mumbai 400 096.

Telephone: 91-22-4488 4488

Fascimile: 91-22-28290603

Web site: www.giengineering.com

GI ENGINEERING SOLUTIONS LIMITED

Registered Office : 73-A, SDF-III, SEEPZ, Andheri (E), Mumbai - 400096

ATTENDANCE SLIP

(For physical holding)

(For Demat holding)

Regd. Folio No.
No. of Shares held

Client ID.
D.P. ID.

I Certify that I am a Member / Proxy for the Member of the Company.

I hereby record my presence at the **Fifth Annual General Meeting** of the Company at Kohinoor Continental Andheri-Kurla Road, Andheri (East), Mumbai - 400059 on Thursday, September 22, 2011 at 3.00 p.m.

Members' / Proxy's Name in Block Letters _____

_____. Signature _____

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

.....CUT HERE.....

GI ENGINEERING SOLUTIONS LIMITED

Registered Office : 73-A, SDF-III, SEEPZ, Andheri (E), Mumbai - 400096

PROXY FORM

(For physical holding)

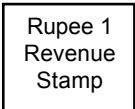
(For Demat holding)

Regd. Folio No.
No. of Shares held

Client ID.
D.P. ID.

I / We _____ of _____ being a Member / Members of the Company, hereby appoint _____ of _____ or failing him / her _____ of _____ as my/our proxy to vote for me/us on my/our behalf at the **Fifth Annual General Meeting** of the Company at Kohinoor Continental Andheri-Kurla Road, Andheri (East), Mumbai - 400059 on Thursday, September 22, 2011 at 3.00 p.m. and at any adjournment(s) thereof .

Signed this..... day of September, 2011 Signature _____



Note: This form, 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 meeting.