

The cover features a light green background with a pattern of small blue dots at the top and bottom. A large, curved, light green shape sweeps across the middle. The company name is at the top, and the report title is at the bottom.

GI Engineering Solutions Limited

ANNUAL REPORT 2011-12

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

SUBSIDIARY

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

BANKERS

State Bank of India
HDFC Bank Ltd.

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,

You are aware that your Company has changed its Objects Clause to include Power Sector and allied activities apart from its existing engineering solutions business.

The Company has been doing necessary research for entering into Power Sector business. It is in discussion with other players in the field, local as well as overseas, for some strategic alignment, such as infrastructure support, technical know-how collaboration etc. However, the Company could not make much headway on account of volatile global scenario and overall resource crunch.

The Company is expecting progress in the coming year.

SAJID MALIK
MANAGING DIRECTOR

NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Members of GI Engineering Solutions Limited will be held on Friday, September 28, 2012 at 3.00 p.m. at The Mirador Hotel, 131 / B, New Link Road, Opp. Solitaire Corporate Park, Chakala, Andheri (East), Mumbai 400099 to transact the following business:

ORDINARY BUSINESS:

- 1) To consider and adopt the audited Balance Sheet as at March 31, 2012 and the statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mrs. Saroja Malik, who retires by rotation and being eligible, offers herself 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 next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS

- 4) Re-appointment of Mr. Sajid Malik as Managing Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 316, 317 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or amendments thereto), Schedule XIII of the said Act, the consent of the Company be and is hereby accorded to the appointment of Mr. Sajid Malik as Managing Director of the Company with effect from November 30, 2012 for a term of 5 years on terms and conditions as incorporated in the draft Agreement to be entered into between the Company and Mr. Sajid Malik, a copy whereof is submitted to this Meeting, be hereby specifically approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement as may be agreed between the Board of Directors and Mr. Sajid Malik."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do, perform all such acts, deeds, matters and things, as they may deem necessary, proper, expedient in their sole and absolute discretion and take all such necessary steps as may be required in order to give effect to this resolution."

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 10, 2012

NOTES:

1. 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.
2. 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.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. The Company's Registrar and Transfer Agent for its Share Registry Work (Physical and Electronic) are M/s Bigshare Services Private Limited having their office premises 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 Friday, September 21, 2012 to Friday, September 28, 2012 (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 Transfer Agents.
7. Members desiring any information relating to Annual Accounts of the Company for the year ended March 31, 2012 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 Agents 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:
 - a) The change in 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 Directors seeking appointment/re-appointment at the forthcoming Annual

General Meeting is provided in the Report on Corporate Governance forming part of Annual Report.

14. Companies have been permitted to send official documents to their Shareholders electronically as a part of Green Initiative in Corporate Governance by Ministry of Corporate Affairs vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively. In accordance with the same and as the Company's contribution towards this noble initiative, we are sending Notice convening the Annual General Meeting, Directors Report, Auditors Report, Financial Statements etc to the e-mail address registered by you with the Depositories. Members are requested to update the e-mail address with depository to ensure that the Annual Report and other documents reach their desired e-mail address. All those members who have

not registered their e-mail address are also requested to support this Green Initiative by registering their e-mail addresses for receiving electronic communications.

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 10, 2012

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

ITEM NO. 4

Mr. Sajid Malik was appointed as Managing Director of the Company with effect from November 30, 2007 for a term of 5 years. The Board of Directors of the Company (the 'Board'), at its meeting held on August 10, 2012 has, subject to the approval of Members, re-appointed Mr. Sajid Malik as Managing Director for a further period of 5 (five) years with effect from November 30, 2012.

Mr. Sajid Malik is a commerce graduate from Mumbai University, an OPM from Harvard University, Boston and a Member of the Institute of Chartered Accountants of India. He has varied experience in corporate advisory structured finance. He has an international exposure to developed markets in Europe, US and the Far East. His expertise spans over Banking, Finance, Foreign Exchange Management and Marketing.

The principal terms and conditions of appointment of Mr. Sajid Malik as Managing Director and as contained in the Agreement to be entered with the Company are as follows:

- a) Period of Appointment: 5 years with effect from November 30, 2012
- b) Remuneration:
Mr. Sajid Malik is also Managing Director of M/s Genesys International Corporation Limited. Since he is occupying the position of Managing Director in two Companies i.e. Genesys International Corporation Ltd and the Company, Mr. Sajid Malik shall be entitled to such remuneration as may be determined in accordance with the provisions of Section III, Part II of Schedule XIII of the Companies Act, 1956.

The Company has so far not paid any remuneration to Mr. Sajid Malik.

- c) The terms and conditions of the said appointment may be revised, altered and varied from time to time by the Board of Directors of the Company in terms of the provisions of the Companies Act, 1956 or any amendments made hereafter in this regard.
- d) The appointment may be terminated by either party by giving to the other party six month's notice of such

termination.

- e) Mr. Sajid Malik, Managing Director shall not be entitled to sitting fees for attending the Meetings of Board of Directors or Committees thereof.
- f) Mr. Sajid Malik, Managing Director shall not be liable to retire by rotation.

Brief Profile of Mr. Sajid Malik is given under the Corporate Governance Section of the Annual Report for the information of the Shareholders of the Company.

In compliance with the provisions of Section 198, 269, 309, 316, 317 read with Schedule XIII of the Companies Act, 1956, the terms of appointment as specified above are now placed before the Members in the Annual General Meeting for their approval.

The Board recommends his appointment as set out in the resolution.

This resolution with aforesaid terms and conditions may also be treated as an abstract under section 302 of the Companies Act, 1956.

Mr. Sajid Malik, himself is concerned or interested in the resolution. Mrs. Saroja Malik being relative of Mr. Sajid Malik may be considered to be concerned or interested in the resolution. None of the other Directors of the Company is concerned or interested in this resolution.

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 10, 2012

DIRECTORS' REPORT

TO THE MEMBERS OF

GI ENGINEERING SOLUTION LTD.

Your Directors have pleasure in presenting herewith the Sixth Annual Report and Audited Accounts of the Company for the financial year ended March 31, 2012.

FINANCIAL RESULTS

Summary of Standalone Financial Results for the year ended March 31, 2012 is as under:

(₹ in Lakhs)

Particulars	March 31, 2012	March 31, 2011
Income	99.95	176.63
Operating Profit/ (Loss) before Depreciation, Amortization, Interest and Taxes	(6.68)	(128.73)
Less: Depreciation and amortization	21.11	21.30
Profit/(Loss) before tax	(27.79)	(150.03)
Less: Current Tax	9.75	13.82
Profit (Loss) After Tax	(37.54)	(163.85)

DIVIDEND

Your Directors do not recommend the payment of dividend for the year ended March 31, 2012.

BUSINESS REVIEW

Your Company has recorded total revenue of Rs. 99.95 lakhs during the year against Rs. 176.63 lakhs in the previous year. The Company incurred a loss of Rs. 37.54 lakhs as compared to loss of Rs. 163.85 lakhs in the previous year. Management is taking various measures to improve the financial performance of the Company by targeting additional business and controlling the costs, wherever possible.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report is presented in a separate section forming a part of this Annual Report.

CORPORATE GOVERNANCE

Your Directors reaffirm their continued commitment to good corporate governance practices and the Company adheres to all major stipulations in this regard. A detailed report on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with BSE Limited and National Stock Exchange of India Limited is annexed and forms a part of this Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is annexed to this Report.

SUBSIDIARY COMPANY

Your Company has one subsidiary, viz. M/s Genesys Enterprises Inc., USA. In view of general exemption granted by MCA under Sec. 212 of the Companies Act, 1956, vide General Circular No. 2/2011 dated 8th February, 2011 from the requirement of attaching Balance Sheet, Profit & Loss Account, etc. of its subsidiaries to its accounts, your Company has decided to avail the said exemption. The consolidated financial statement is forming part of this Annual Report. Your Company undertakes that Annual Accounts of the subsidiary company and related information will be made available to the Members on request. Further the annual accounts of subsidiary company will be kept at registered office of the Company for inspection by any Member during the working hours upto the date of Annual General Meeting.

CONSOLIDATED RESULTS

The audited Standalone and consolidated Financial Statements of the Company are attached herewith and form part of this Annual Report. These have been prepared in accordance with applicable provisions of the Companies Act, 1956, the Listing Agreement, and the Accounting Standards issued by The Institute of Chartered Accountants of India.

CHANGES IN SHARE CAPITAL

During the year under review your Company has allotted 70,00,000 Redeemable Cumulative Preference Shares of face value of Rs. 10/- each on private placement basis to M/s Genesys International Corporation Limited. Consequent to the same, the

GI ENGINEERING SOLUTIONS LIMITED

paid up share capital of the Company has been increased from Rs. 8,61,18,780/- consisting of 86,11,878 Equity Shares of Rs.10/- each to Rs. 15,61,18,780/- consisting of 86,11,878 Equity Shares of Rs.10/- each and 70,00,000 Redeemable Cumulative Preference Shares of Rs. 10/- each.

FIXED DEPOSITS

During the year under review the Company has not accepted any deposit with in the meaning of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 as amended.

DIRECTORS

During the year under review there was no change in the constitution of the Board of Directors of the Company. In terms of Article 117 of the Articles of Association, Mrs. Saroja Malik, Non-Executive Director, retire by rotation at ensuing Annual General Meeting and being eligible, she has offered herself for re-appointment.

Mr. Sajid Malik has been re-appointed as Managing Director with effect from November 30, 2012 for a period of five years.

Brief resume of Mrs. Saroja Malik, Mr. Sajid Malik, nature of their expertise in functional areas and names of Companies wherein they are Director and Member/Chairperson of Committees of Board, as stipulated by Clause 49 of the Listing Agreement have been 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.

PARTICULARS OF EMPLOYEES

None of the employees is in receipt of remuneration for whole/part of the year exceeding the limit prescribed u/s 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, and hence the particulars have not been given.

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

Particulars regarding conservation of Energy, Technology Absorption and foreign exchange earnings and outgo as required

under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are disclosed in Annexure- A.

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;

- In the preparation of the annual accounts for the financial year ended March 31, 2012, the applicable accounting standards had been followed along with proper explanation relating to their material departures, wherever applicable;
- 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;
- 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;
- The Directors had prepared the annual accounts for the financial year ended March 31, 2012 on a going concern basis.

ACKNOWLEDGEMENT

Your Directors would like to express their gratitude and appreciation for the assistance and co-operation received from Bankers, Government Authorities, clients, investors and shareholders during the period under review.

For and on behalf of the Board of Directors

SAJID MALIK
Managing Director

GANAPATHY VISHWANATHAN
Director

Place: Mumbai
Dated: August 10, 2012

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 (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2012.

CONSERVATION OF ENERGY

The Company has been replacing the older Air-conditioned 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 towards Global Warming cause and 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 with outsiders.

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: August 10, 2012

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

At GI Engineering Solutions Limited, the philosophy of Corporate Governance hinges on the principles of fairness, transparency, accountability, professionalism, disclosure of material facts. The Company is committed to good governance practices. With the objective of conducting its business in a highly professional and ethical manner, thereby enhancing trust and confidence of all its stakeholders, the Company has devised a framework for compliance of Corporate Governance norms. In compliance with the disclosure requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, the details are set out herein below.

2. BOARD OF DIRECTORS

Composition of the Board

The Company has a balanced mix of Executive and Non-Executive directors. The Board consists of four Directors as on March 31, 2012, out of which one is an Executive Director and the other three are Non-Executive Directors. The composition of the Board is in compliance with the requirements of Clause 49 (I) (A) of the Listing Agreement entered with Stock Exchanges with half of the Board comprising of Independent Directors. 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 wherein he is a Director.

The detailed composition of the Board, the number of Equity Shares of the Company held and the number of other Directorships and Committee Memberships of each Director as on March 31, 2012 are enumerated as follows:

Name of the Director	Category	No. of Equity Shares of face value of Rs.10/- each held as on March 31, 2012	Number of Directorship(s) held in other Public Limited Companies as on March 31, 2012*	Number of Committee(s) position held in other Companies as on March 31, 2012**	
				Member	Chairman
Mr. Sajid Malik DIN: 00400366	Managing Director - Promoter Group	1,25,772	5	NIL	NIL
Mrs. Saroja Malik DIN: 00400421	Non-Executive Director - Promoter Group	1,20,939	2	NIL	NIL
Mr. Ganapathy Vishwanathan DIN: 00400518	Non-Executive Independent Director	293	1	2	2
Mr. Ganesh Acharya DIN: 00702346	Non-Executive Independent Director	12,493	2	4	NIL

* Excludes Directorships in private, foreign and Section 25 companies.

** Represents Chairmanships/Memberships of Audit Committee and Shareholders'/Investors' Grievance Committee.

Mr. Sajid Malik and Mrs. Saroja Malik are inter se related to each other, Mr. Sajid Malik being the son of Mrs. Saroja Malik.

Board Functioning & Procedure

The Board meets at least once a quarter to review the Quarterly Performance and Financial Results. Additional meetings are held on need basis. The agenda for the Board Members is accompanied by required documents and information, prescribed under Annexure IA to Clause 49 pertaining to the matters to be considered at each Board and Committee meetings, to enable the Board to discharge its responsibilities effectively. The Board also periodically reviews the compliance of all applicable laws.

During the year six Board Meetings were held on the following dates:

- | | |
|----------------------|----------------------|
| 1) May 10, 2011 | 2) July 25, 2011 |
| 3) August 13, 2011 | 4) November 14, 2011 |
| 5) February 14, 2012 | 6) March 30, 2012 |

The Attendance record of the Directors at the Board Meetings and last Annual General Meeting held on September 22, 2011 is tabled as follows:

Name of Directors	Designation	No. of Board Meetings attended out of 6 Meetings held	Attendance at last AGM
Mr. Sajid Malik	Managing Director	5	Yes
Mrs. Saroja Malik	Non- Executive Director	3	No
Mr. Ganapathy Vishwanathan	Non- Executive Independent Director	6	Yes
Mr. Ganesh Acharya	Non- Executive Independent Director	6	No

3. COMMITTEES OF THE BOARD

- Audit Committee
- Shareholders'/ Investors' Grievance Committee
- Remuneration Committee

All these Committees are chaired by Non-Executive Independent Director. The Board is responsible for constituting, assigning, co-opting and fixing the terms of service for Committee Members. The Board of Directors takes note of the Minutes of the Committee

Meetings, at its Board Meetings.

A. AUDIT COMMITTEE

The Company has an Audit Committee at the Board level with powers and role that are in accordance with clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Committee acts as a link between the Statutory Auditors and the Board of Directors and oversees the financial reporting process. The Committee presently comprises of the three Non- Executive Directors two of them being Independent Directors. The Members of the Committee are well versed in finance matters, accounts, Company law and general business practices. Mr. Ganapathy Vishwanathan, Chairman of the Audit Committee is a highly qualified finance professional with more than 19 years of experience across varied fields. The Audit Committee reviews the financial statements with the Statutory Auditors with reference to the accounting policies and practices before apprising the same to the Board for its approval.

The Committee met 5 times during the year under review on the following dates:

- | | |
|--------------------|----------------------|
| 1) May 10, 2011 | 2) July 25, 2011 |
| 3) August 13, 2011 | 4) November 14, 2011 |

and 5) February 14, 2012. The time gap between the two meetings was not more than 4 months. The composition of Audit Committee and details of Meetings attended by the Members thereof were as follows:

Name of Directors	Status	No. of Meetings Attended
Mr. Ganapathy Vishwanathan	Chairman	5
Mrs. Saroja Malik	Member	3
Mr. Ganesh Acharya	Member	5

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 22, 2011 to answer Shareholders' queries. The Company Secretary acts as Secretary to the Committee.

The terms of reference stipulated by the Board to Audit Committee as contained in Clause 49 of the Listing

Agreement and Section 292A of the Companies Act, 1956 can be enumerated 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, if any, observed by the Statutory Auditors.
- h. Review of Management discussion and analysis of financial condition and results of operations.
- j. 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 and any other responsibility as may be entrusted by the Board.

B. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted a Shareholders'/ Investors' Grievance Committee of Directors to look into the redressal of complaints of investor such as transfer or credit of shares, non-receipt of Dividend/ Notices/ Annual Reports, etc. The Committee presently 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 Company Secretary of the Company acts as the Secretary to the Committee.

Five meetings of the Committee were held during the year 2011-12 which were as follows:

- 1) May 10, 2011 2) August 13, 2011
- 3) September 24, 2011 4) November 14, 2011
- 5) February 14, 2012

The composition of Shareholders'/ Investors' Grievance Committee and details of Meetings attended by the Members thereof were as follows:

Name of Directors	Status	No. of Meetings Attended
Mr. Ganapathy Vishwanathan	Chairman	5
Mrs. Saroja Malik	Member	3
Mr. Ganesh Acharya	Member	5

There were no outstanding complaints of Shareholders/ Investors as on March 31, 2012.

C. REMUNERATION COMMITTEE

Setting up of a Remuneration Committee for determining a Company's policy on terms and remuneration packages for Executive Directors constitutes a non-mandatory provision of Clause 49. The 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. No meeting was held during the year under review. The Company Secretary of the Company acts as the Secretary to the Committee.

4. SUBSIDIARY COMPANY

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

5. CODE OF CONDUCT

The Board has adopted a Code of Conduct for all the Board Members and Designated Employees in the Senior Management grade of the Company. The said Code has been communicated to all of them and they have affirmed compliance with the said Code. The Code has been posted on the Company's website www.giesl.com. A declaration signed by the Managing Director to this effect is enclosed at the end of this Report.

6. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence

to all laws and regulations. Every Director, Designated Employee and Connected person of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the Company and are governed by the Code for Prevention of Insider Trading Practices adopted by the Company. The Code lays down Guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations.

7. DISCLOSURES

(A) Basis of related party transaction

During the year 2011-12, there were no materially significant related party transactions, i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. The disclosures of transactions with related parties are set out in Notes to Accounts forming part of the Annual Report.

(B) Non-compliance / Strictures / Penalties imposed

The Company has complied with all the statutory requirements of regulatory authorities. No penalties or strictures were imposed on it by the stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

(C) Risk Management

The Company has formulated a well defined risk management framework in place. Such framework helps in anticipation, identification, measurement, mitigation, monitoring and timely reporting of risks to meet the strategic business objectives. The same are periodically reviewed by the Board as well as Audit Committee.

8. 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
2008-2009	Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai- 400059.	September 29, 2009 3.15 p.m.	NIL
2009-2010	The Mirador Hotel, 131 / B, New Link Road, Opp. Solitare Corporate Park, Chakala, Andheri (East), Mumbai- 400099.	September 30, 2010 3.15 p.m.	NIL
2010-2011	Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai- 400059.	September 22, 2011 3.00 p.m.	1) Offer, Issue and Allot up to 70,00,000 Redeemable Cumulative Preference shares of face value of Rs.10/- each. 2) Alteration of Clause 81 of Articles of Association pertaining to serving of Notices of the Company.

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 Shares on Preferential basis

C. No Postal Ballot was conducted during the year under review.

9. CEO/CFO CERTIFICATION:

Certification on financial statements for the year ended March 31, 2012 pursuant to Clause 49 V of the Listing Agreement has been obtained from the Managing Director & Chief Financial Officer of the Company. Copy of the same is given at the end of this Report.

10. 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.

11. GENERAL SHAREHOLDERS INFORMATION

A. Registered Office:

73-A, SDF-III, SEEPZ, Andheri (East),
Mumbai 400 096.
Telephone: 91.22.4488 4488, Facsimile: 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
Telephone: 91.22.40430200
Facsimile: 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
Telephone: 91.22.44884488
Facsimile: 91.22.2829 0603
Email: investors@giesl.com

D. Annual General Meeting:

Day & Date: Friday, September 28, 2012
Time: 3.00 p.m.
Venue: The Mirador Hotel, 131 / B, New Link Road,
Opp. Solitare Corporate Park, Chakala, Andheri (East)
Mumbai - 400 099

E. Book Closure:

The Register of Members and the Share Transfer Books of the Company shall remain closed from September 21, 2012 to September 28, 2012 (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
BSE Limited (BSE) P J Towers, Dalal Street, Fort, Mumbai- 400 001	533048	INE065J01016

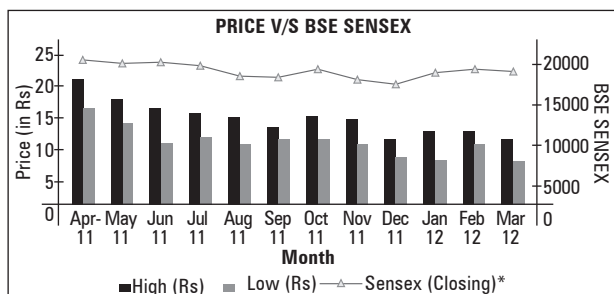
The Annual Listing fees to both the Stock Exchanges have been paid as per their schedule.

G. Market Price Data:

Month	BSE Limited			Month	National Stock Exchange of India Limited		
	High (Rs)	Low (Rs)	Sensex (Closing)		High (Rs)	Low (Rs)	S&P CNX NIFTY (Closing)
Apr-11	20.95	16.15	19135.96	Apr-11	18.15	16.55	5,749.50
May-11	17.7	13.8	18,503.28	May-11	15.95	14	5,560.15
Jun-11	16.15	10.5	18,845.87	Jun-11	12.4	11	5,647.40
Jul-11	15.2	11.26	18,197.20	Jul-11	13.25	13.25	5,482.00
Aug-11	14.57	10.27	16,676.75	Aug-11	12.25	11.95	5,001.00
Sep-11	13	11.05	16,453.76	Sep-11	11.8	11.25	4,943.25
Oct-11	14.85	11.11	17,705.01	Oct-11	13.5	13.2	5,326.60
Nov-11	14.3	10.27	16,123.46	Nov-11	11.7	10.55	4,832.05
Dec-11	11	7.9	15,454.92	Dec-11	8.9	8.8	4,624.30
Jan-12	12.33	7.43	17,193.55	Jan-12	11.8	11.8	5,199.25
Feb-12	12.3	10.08	17,752.68	Feb-12	10.85	10.4	5,385.20
Mar-12	11	7.24	17,404.20	Mar-12	8.3	7.6	5,295.55

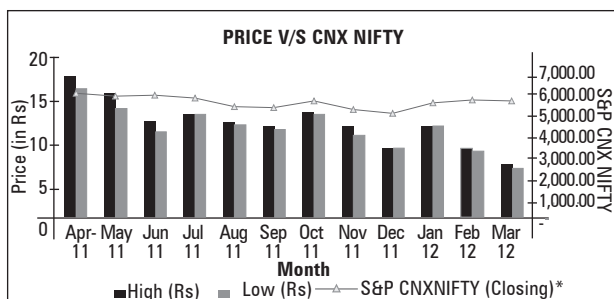
H. Performance of Equity Shares:

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

Performance of the Company's shares in comparison to NSE S&P CNX Nifty 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, 2012 is given below:-

No. of Equity Shares held	Shareholders		Share Capital	
	Num-ber	% to Total	Amount in Rs.	% to Total
0001 - 5000	2980	75.20	50,21,240	5.83
5001 - 10000	418	10.48	35,42,420	4.11
10001 - 20000	247	6.04	38,92,020	4.52
20001 - 30000	99	2.17	25,46,280	2.96
30001 - 40000	49	1.29	17,46,930	2.03
40001 - 50000	49	1.24	23,51,020	2.73
50001 - 100000	84	1.85	61,76,390	7.17
100001 & above	67	1.73	6,08,42,480	70.65
Total	3993	100.00	8,61,18,780	100.00

J. Shareholding Pattern:

The shareholding of different categories of the shareholders as on March 31, 2012 is given below:

Description	Number of Shares	% to Total
Promoters	33,95,177	39.42%
Mutual Funds	4,050	0.05%
Bodies Corporate	5,10,110	5.92%
Individuals	34,33,566	39.87%
Independent Directors & their relatives	12,978	0.15%
Clearing Members	4,989	0.06%
Foreign Company	11,00,000	12.77%
Trusts	97,109	1.13%
NRI/Overseas Corporate Bodies	53,899	0.63%
Total	86,11,878	100%

K. Dematerialization of shares:

About 85.79% of the total Equity Share Capital was held in dematerialized form as on March 31, 2012.

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

GI ENGINEERING SOLUTIONS LIMITED

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.

N. Financial Calendar 2012-2013

First quarterly results	August 2012
Second quarterly / Half yearly results	October 2012
Third quarterly results	January 2013
Fourth quarterly results	May 2013
Annual General Meeting for the year ending on March 31, 2013	August 2013

DETAILS PURSUANT TO CLAUSE 49 IV (G)(i) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Brief Resume of Directors seeking appointment/ re-appointment:

Abbreviated resumes of the Directors of the Company seeking appointment/re-appointment

Name of Directors	Mr. Sajid Malik	Mrs. Saroja Malik
Nature of Resolution	Re-appointment as Managing Director	Re-appointment as Director
Date of Birth	April 1, 1964	September 28, 1937
Date of Appointment	August 10, 2006	August 10, 2006
Director Identification Number	00400366	00400421
Qualifications	B.com, ACA OPM (Harvard University, Boston)	B. Com., LL.B

Experience in specific functional areas	20 years	30 years
Directorship held in other Companies (including Foreign Companies and Private Companies)	i) Genesys International Corporation Limited ii) Genesys Enterprises Inc. (USA) ii) Ventura Guaranty Limited iv) Ventura Securities Limited v) Multi-Flex Lami-print Limited vi) Ventura Insurance Brokers Limited	i) Genesys International Corporation Limited ii) Genesys Enterprises Inc. (USA) iii) Ventura Guaranty Limited
Chairman / Member of Committees of other Companies	Nil	Nil
Number of Equity Shares held in the Company	1,25,772	1,20,239

Mr. Sajid Malik

Mr. Sajid Malik is a Chartered Accountant and has varied experience in corporate advisory structured finance. He has an international exposure to developed markets in Europe, US and the Far East. His expertise spans over Banking, Finance, Foreign Exchange Management and Marketing.

Mrs. Saroja Malik

Mrs. Saroja Malik is a Law Graduate and has more than 30 years exhaustive experience in legal and Income tax matters. She also has in-depth knowledge of Customs and Income Tax Rules.

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, 2012 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.

However, during the financial year ended on March 31, 2012 there were no such changes or instances.

Yours sincerely,

SAJID MALIK

Managing Director

Place: Mumbai

Dated: August 10, 2012

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, 2012.

For **GI ENGINEERING SOLUTIONS LIMITED**

SAJID MALIK

MANAGING DIRECTOR

Place: Mumbai

Dated: August 10, 2012

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 March 31, 2012 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: August 10, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Effects of recession still continue and it is felt majorly in many parts of Europe. As a result, most of the companies in this region are revising their IT & outsourcing budgets to a level lower than earlier budgets. There is a general feeling against outsourcing as well in the United States. All these have major effects on the rates being offered for IT services across the world.

The scenario is no different in India and the situation is compounded by factors like political instability and emergence of low cost countries for outsourcing business, besides others. With more and more consolidations happening in the IT space, it is expected that growth will come mostly in organic way.

OPPORTUNITIES AND THREATS

Lower cost of production and infrastructure, easier availability of skilled resources, government initiatives, growth on infrastructure, etc., have remained the main factors behind India's phenomenal growth in the information technology sector. However, the cost advantage that the Indian companies are enjoying vis-à-vis those in the other parts of the world, is narrowing down. India though still attracts good amount of outsourcing contracts from across the world, largely on account of other positive factors prevalent in the country.

Volatility in the foreign exchange rate, high rate of attrition, fast change on the technology front, intense competition, etc. are some of the major challenges, which like any other IT & Outsourcing company, we have been facing. We are confident to overcome this situation.

RISKS AND CONCERNS

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

INTERNAL FACTORS:

1. Cost of resources
2. Scarcity of skilled resources
3. Retention of skilled employees
4. Scale of operations
5. Intense competition
6. Technological changes

EXTERNAL FACTORS:

1. Political opposition to offshore outsourcing
2. Political instability
3. Government Policies
4. Appreciation in the value of the Rupee
5. Recession in the overseas market
6. Consolidation of operations through merger and acquisitions

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

Authorized Capital of the Company is Rs.85,000,000,000 consisting of 8,490,000,000 Equity Shares of Rs.10 each and 10,000,000 Preference Shares of Rs.10 each.

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, 2012. During the year, the Company has issued 7,000,000 4.5% Redeemable Cumulative Preference Shares.

RESERVES AND SURPLUS

Reserves and Surplus consists of balance in the General Reserve, Security Premium Account, Exchange fluctuation reserve and debit balance in the profit and loss account.

GI ENGINEERING SOLUTIONS LIMITED

Balance in General Reserve Account as on March 31, 2012 stood at Rs.2,998.48 lacs (PY: Rs.2,998.48 lacs). Balance in Share Premium Account also continues to be at Rs.88 lacs, same as previous year.

Debit balance of Profit & Loss Account as on March 31, 2012, stood at Rs.765.29 lacs as against Rs.718.23 lacs in the earlier year.

NON-CURRENT LIABILITIES

LONG TERM PROVISIONS

Long Term Provisions consist of provision for employee benefits was at Rs.0.56 lacs at the end of 2011-12 as against Rs.0.18 lacs in the previous year.

CURRENT LIABILITIES

Current Liabilities, consisting of trade payable, other current liabilities and short term provisions has come down to Rs.352.26 lacs as on March 31, 2012 as against Rs.678.58 lacs as on March 31, 2011.

NON-CURRENT ASSETS

FIXED ASSETS

Net Block of the Company is reported at Rs.107.07 lacs as against Rs.244.41 lacs as on March 31, 2011.

The Company follows straight-line method of depreciation as per provisions of Schedule XIV of the Companies Act, 1956.

LONG-TERM LOANS AND ADVANCES

Long-term loans and advances include loans to other body corporate and other deposits. Balance of such loans and advances was Rs.944.65 lacs as on March 31, 2012 as against Rs.929.08 lacs in the earlier year.

CURRENT ASSETS

TRADE RECEIVABLE

Trade Receivables, net of provisions, if any, as on March 31, 2012, is reported at Rs.2,289.76 lacs. It was reported at Rs.2,066.96 lacs at the end of earlier year.

CASH AND CASH EQUIVALENTS

Balance of cash and cash equivalent was at Rs.13.78 lacs as on March 31, 2012. Balance of cash and cash equivalent was reported at Rs.48.22 lacs at the end of earlier year. The Company maintains such balances in current and EEFC accounts with nationalized and other scheduled banks.

SHORT-TERM LOANS AND ADVANCES

Short term loans and advances include loans and advances, deposits and prepaid expenses. Balance of such deposits and prepaid expenses was Rs.1,030.13 lacs as on March 31, 2012 against Rs.464.18 lacs as on March 31, 2011.

INCOME & EXPENDITURE

INCOME

During the year ended on March 31, 2012, the Company's total income was recorded at Rs.99.95 lacs as against Rs.176.63 lacs for the year ended on March 31, 2011. For the year ended March 31, 2012, the Company reported a loss of Rs.47.05 lacs after tax, as against loss of Rs.177.17 lacs, after tax, in the earlier year.

EXPENDITURE

Total expenditure for the year ended on March 31, 2012 was reported at Rs.131.81 lacs. For the year ended on March 31, 2011, the Company incurred a total expenditure of Rs.335.80 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 2012 and also the Statment of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 MARCH 31, 2012, 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. 27 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 2012;
 - in the case of the Statement of Profit and Loss, 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 : August 10, 2012

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 2012 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 disposed off substantial part of the fixed assets. However this will not affect the going concern of the company.
- 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 records of the Company, the dues outstanding of income tax, sales tax, service tax, customs duty, wealth tax, excise duty and cess on account of any dispute, are as follows.

Name of the Statute	Nature of Dues	Period	Forum where dispute is pending	Amount (₹)
Income Tax Act, 1961	Income Tax	Assessment year 2009-10	Assessing Officer	19,09,120

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.
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 made preferential allotment of preference shares to a company covered in the register maintained under section 301 of the Act. However, the price and terms at which preference shares have been issued are not prejudicial to the

interest of the company.

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: August 10, 2012

GI ENGINEERING SOLUTIONS LIMITED

BALANCE SHEET

AS AT MARCH 31, 2012

PARTICULARS	Note No.	MARCH 31, 2012 ₹	MARCH 31, 2011 ₹
EQUITY AND LIABILITIES			
1) SHAREHOLDERS FUNDS			
a) Share Capital	3	156,118,780	86,118,780
b) Reserves & Surplus	4	267,993,975	271,748,311
		424,112,755	357,867,091
2) NON-CURRENT LIABILITIES			
a) Long-Term Provisions	5	56,450	17,945
		56,450	17,945
3) CURRENT LIABILITIES			
a) Trade Payables	6	159,244	98,624
b) Other Current Liabilities	7	9,130,990	44,805,775
c) Short-Term Provisions	8	613,686	345,347
		9,903,920	45,249,746
Total		434,073,125	403,134,782
ASSETS			
1) NON-CURRENT ASSETS			
a) Fixed Assets	9		
Tangible Assets		1,047,817	14,780,236
Intangible Assets		532	2,266
		1,048,349	14,782,502
b) Non-Current Investments	10	268,234,232	268,234,232
c) Long-Term Loans & Advances	11	94,464,871	92,907,807
		363,747,452	375,924,541
2) CURRENT ASSETS			
a) Trade Receivables	12	14,852,795	19,934,656
b) Cash & Cash Equivalents	13	1,337,879	4,264,123
c) Short-Term Loans & Advances	14	54,134,999	3,011,462
		70,325,673	27,210,241
Total		434,073,125	403,134,782

Notes forming integral part of financial statements 1 to 28

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, 10th August, 2012

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY
MUMBAI, 10th August, 2012

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	Note No.	MARCH 31, 2012	MARCH 31, 2011
		₹	₹
INCOME			
Revenue from Operations		1,258,600	12,752,810
Other Income	15	8,736,711	4,910,508
Total Revenue		9,995,311	17,663,318
EXPENSES			
Employee Benefit Expenses	16	1,982,438	3,728,610
Finance Costs	16	15,163	49,332
Depreciation / Amortization	9	2,110,690	2,130,313
Other Costs	16	8,666,155	26,758,756
Total Expenses		12,774,446	32,667,011
PROFIT/(LOSS) BEFORE TAX		(2,779,135)	(15,003,693)
TAX EXPENSE:	17		
Current Tax		975,000	1,382,000
Tax Adjustment for earlier years		201	-
		975,201	1,382,000
PROFIT/(LOSS) AFTER TAX		(3,754,336)	(16,385,693)
EARNINGS PER EQUITY SHARE			
Equity Shares of par value of ₹ 10 each			
Basic		(0.44)	(1.90)
Number of shares used in computing earnings per share		8,611,878	8,611,878
Diluted		(0.44)	(1.90)
Number of shares used in computing earnings per share		8,611,878	8,611,878

Notes forming integral part of financial statements 1 to 28**As per our Report of even date attached****For DIXIT DATTATRAY & ASSOCIATES**

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

D. B. DIXIT
PROPRIETORMembership No. 40032
MUMBAI, 10th August, 2012**For and on behalf of the Board of Directors****SAJID MALIK**

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR**DEERAJ NAIR**
COMPANY SECRETARY
MUMBAI, 10th August, 2012

GI ENGINEERING SOLUTIONS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	YEAR ENDED MARCH 31, 2012		YEAR ENDED MARCH 31, 2011	
	₹	₹	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax as per Statement of Profit and Loss		(2,779,135)		(15,003,693)
Adjustments for:				
Depreciation and amortisation	2,110,690		2,130,313	
Interest income	(5,174,517)		(5,119,530)	
Loss on sale of fixed assets	123,463		-	
Preliminary Exp w/off	-		25,734,309	
		(2,940,364)		22,745,092
Operating Profit before working capital changes		(5,719,499)		7,741,399
Adjustments for:				
(Increase)/ Decrease in Trade Receivables	5,081,861		(2,133,226)	
(Increase)/ Decrease in Loans & Advances	(51,123,537)		(481,068)	
Increase/ (Decrease) in Current Liabilities and Provisions	(35,570,267)		24,662,351	
		(81,611,943)		22,048,057
CASH GENERATED FROM OPERATIONS		(87,331,442)		29,789,456
Taxes (Paid) / Refund received		(712,255)		(390,501)
NET CASH FLOW FROM OPERATING ACTIVITIES		(88,043,697)		29,398,955
B CASH FLOW FROM INVESTING ACTIVITIES				
Sale of fixed assets	11,500,000		-	
Interest income	5,174,517		5,119,530	
Loan to Other Body Corporates	(1,557,064)		(4,914,748)	
NET CASH USED IN INVESTING ACTIVITIES		15,117,453		204,782
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Preference Shares	70,000,000		-	
Preliminary Expenses	-		(25,734,309)	
NET CASH FLOW FROM FINANCING ACTIVITIES		70,000,000		(25,734,309)
NET INCREASE IN CASH & CASH EQUIVALENTS		(2,926,244)		3,869,428
CASH & CASH EQUIVALENTS (OPENING BALANCE)		4,264,123		394,695
CASH & CASH EQUIVALENTS (CLOSING BALANCE)		1,337,879		4,264,123

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, 10th August, 2012

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY
MUMBAI, 10th August, 2012

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. COMPANY'S BACKGROUND

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

2. 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) in India and comply with the Accounting Standards ("AS") prescribed in the Companies (Accounting Standards) Rules, 2006 read with relevant provisions of the Companies Act, 1956, to the extent applicable.

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 Long Term Loans & Advances as capital advances.

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 Rs. 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

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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 statement of Profit & Loss.

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 statement of Profit & Loss 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 statement of Profit & Loss.

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

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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 statement of Profit & Loss.

- iii) Post employment benefits (defined contribution plans) – Contributions to the provident fund is defined contribution scheme and is recognized as an expense in the statement of Profit & Loss 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 statement of Profit & Loss.

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.

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

3. SHARE CAPITAL

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
AUTHORIZED		
Equity Shares of ₹ 10/- each fully paid up		
8,49,00,00,000 Equity Shares (Previous Year 8,50,00,00,000 Equity Shares of ₹ 10/- each)	84,900,000,000	85,000,000,000
Preference Shares of ₹ 10/- each fully paid up		
1,00,00,000 Preference Shares of ₹ 10 each (Previous Year Nil)	100,000,000	-
Total	85,000,000,000	85,000,000,000
ISSUED, SUBSCRIBED & FULLY PAID-UP		
Equity Shares of ₹ 10/- each fully paid up		
86,11,878 Equity Shares fully paid up (Previous Year 86,11,878 Equity Shares of ₹ 10/- each) fully paid up	86,118,780	86,118,780
4.5% Redeemable Cumulative Preference Shares of ₹ 10/- each fully paid up		
70,00,000 (4.5%) Redeemable Cumulative Preference Shares fully paid up (Previous Year Nil)	70,000,000	-
Total	156,118,780	86,118,780

The reconciliation of the number of Equity Shares outstanding as at March 31, 2012 and March 31, 2011 is set out below:

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Number of equity shares at the beginning	8,611,878	8,611,878
Add/Less: No. of shares issued/reduced during the year	-	-
Number of equity shares at the end	8,611,878	8,611,878

The reconciliation of the number of Preference Shares outstanding as at March 31, 2012 and March 31, 2011 is set out below:

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Number of preference shares at the beginning	-	-
Add: No. of preference shares issued during the year	7,000,000	-
Number of preference shares at the end	7,000,000	-

Rights, Preferences and restrictions attached to shares

Equity Shares:

The Company has one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amount in proportion to their shareholding.

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Preference Shares:

Preference shares would be redeemable at par at the end of 3 years from the date of allotment i.e. 30th March, 2012, with a right vested in the Board to redeem earlier. These shares would carry a fixed cumulative dividend of 4.5% per annum payable at the time of redemption. The voting rights of the persons owning the said preference shares is in accordance with provisions of section 87 of the Companies Act, 1956.

The details of shareholders holding more than 5% shares as at March 31, 2012 is set out below:

Name of the Shareholder	No. of shares	% held as at March 31, 2012	No. of shares	% held as at March 31, 2011
Equity Shares				
Mr. Sohel Malik	1,765,000	20.49%	1,765,000	20.49%
M/s. Kilam Holdings Limited	1,378,405	16.01%	1,378,405	16.01%
M/s. Fortune Private Equity, LLC	1,100,000	12.77%	1,100,000	12.77%
Preference Shares				
M/s. Genesys International Corporation Limited	7,000,000	100%	-	-

Shares allotted as fully paid up pursuant to contract without payment being received in cash:

The Company allotted 57,84,378 Equity Shares of ₹ 10/- each as fully paid up to the shareholders of Genesys International Corporation Limited, pursuant to the scheme of demerger sanctioned by the High Court, Mumbai on 7th September, 2007 in the financial year 2007-08 and 16,77,500 Equity Shares of ₹ 10/- each were allotted as fully paid up in the financial year 2008-09 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.

4. RESERVES & SURPLUS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
SECURITIES PREMIUM - Opening Balance	8,800,000	8,800,000
Add: Receipt during the year	-	-
	8,800,000	8,800,000
GENERAL RESERVE - Opening Balance	306,079,105	306,079,105
Add: Transfer from Surplus	-	-
	306,079,105	306,079,105
SURPLUS - Opening Balance	(43,130,794)	(26,745,101)
Add: Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	(3,754,336)	(16,385,693)
SURPLUS - Closing Balance	(46,885,130)	(43,130,794)
Total	267,993,975	271,748,311

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

5. LONG-TERM PROVISIONS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Provision for Employee Benefits (refer note no. 20)	56,450	17,945
Total	56,450	17,945

6. TRADE PAYABLES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Trade Payables	159,244	98,624
Total	159,244	98,624

Amount due to Micro, Small and Medium Enterprises :

As at MARCH 31, 2012 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, trade payables as at the year end do not include outstanding dues to parties or entities covered by the said Act.

7. OTHER CURRENT LIABILITIES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Other Liabilities		
Other payables	9,130,990	44,805,775
Total	9,130,990	44,805,775

8. OTHER SHORT-TERM PROVISIONS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Provision for Employee Benefits (refer note no. 20)	7,737	2,300
Provision for Income Taxes (net of advance taxes)	605,949	343,047
Total	613,686	345,347

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

9. FIXED ASSETS

(in ₹)

	Original Cost				Depreciation / Amortization				Net Book Value	
Particulars	Opening Balance as at 1.04.11	Addition during the year	Sale during the year	Closing Balance as at 31.03.12	Up to 1.04.11	For the year	On Deduction	Up to 31.03.12	As at 31.03.12	As at 31.03.11
Tangible Assets										
Computer Hardware	1,940,370	-	-	1,940,370	1,938,783	1,587	-	1,940,370	-	1,587
Furniture & Fixtures	32,128,374	-	32,000,000	128,374	18,419,361	2,028,189	20,376,537	71,013	57,361	13,709,013
Office Equipments	1,666,905	-	-	1,666,905	597,269	79,180	-	676,449	990,456	1,069,636
sub total	35,735,649	-	32,000,000	3,735,649	20,955,413	2,108,956	20,376,537	2,687,832	1,047,817	14,780,236
Intangible Assets										
Computer Software	273,558	-	-	273,558	271,292	1,734	-	273,026	532	2,266
sub total	273,558	-	-	273,558	271,292	1,734	-	273,026	532	2,266
Total	36,009,207	-	32,000,000	4,009,207	21,226,705	2,110,690	20,376,537	2,960,858	1,048,349	14,782,502
Previous Year	36,009,207	-	-	36,009,207	19,096,392	2,130,313	-	21,226,705	14,782,502	16,912,815

10. INVESTMENTS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Non-Current Investments		
Long Term Investments - at cost		
Trade Investments - Unquoted		
Investment in Equity Instruments		
Wholly owned subsidiary -		
5,50,650 Common Stock \$10 par value in Genesys Enterprises Inc., USA	268,234,232	268,234,232
(Previous year 5,50,650 common stock \$ 10 par value)		
	<u>268,234,232</u>	<u>268,234,232</u>

11. LONG TERM LOANS & ADVANCES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Unsecured, considered good		
Other Loans & Advances		
Loan to Other Body Corporate	94,434,871	92,877,807
Other Deposits	30,000	30,000
Total	<u>94,464,871</u>	<u>92,907,807</u>

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

12. TRADE RECEIVABLES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Debts outstanding for a period exceeding six months		
Unsecured		
Considered Good	13,969,733	18,413,929
Considered Doubtful	16,340,929	8,709,902
	30,310,662	27,123,831
Less: Provision for Doubtful Debts	16,340,929	8,709,902
	13,969,733	18,413,929
Other Debts		
Unsecured		
Considered Good	883,062	1,520,727
Considered Doubtful	-	-
	883,062	1,520,727
Less: Provision for Doubtful Debts	-	-
	883,062	1,520,727
Total	14,852,795	19,934,656

13. CASH & CASH EQUIVALENTS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Cash in Hand	-	-
Balances with Banks		
In Current Accounts	1,337,879	4,264,123
In Deposit Accounts	-	-
	1,337,879	4,264,123
Total	1,337,879	4,264,123

14. SHORT TERM LOANS & ADVANCES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Unsecured, considered good		
Loan to subsidiary	2,775,036	1,645,356
Others		
Advances recoverable in cash or kind	1,359,911	1,354,162
Prepaid Expenses	52	11,944
Other Deposits	50,000,000	-
Total	54,134,999	3,011,462

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

15. OTHER INCOME

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Interest received on deposits with others	5,174,517	5,119,530
Gain/ (Losses) on foreign currency, net	3,562,194	(209,022)
Total	8,736,711	4,910,508

16. EXPENSES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Employee Benefit Expenses		
Salaries, Allowances and Bonus	1,897,367	3,504,586
Staff Welfare	52,747	134,586
Contribution to Provident Fund & other funds	32,324	89,438
Total	1,982,438	3,728,610
Finance Costs		
Bank Charges	15,163	49,332
Total	15,163	49,332
Other Costs		
Conveyance & Traveling	675	11,275
Legal & Professional Fees	90,025	81,105
Loss on sale of Fixed Assets	123,463	-
Communication Expenses	50,400	69,805
Electricity and Water Charges	211,912	386,493
Project Expenses	10,000	-
Miscellaneous expenses	454,999	410,608
Preliminary Expenses written off	-	25,734,309
Rent	60,000	35,000
Remuneration to Auditors		
- Statutory Audit	12,429	10,486
- Tax Audit	7,500	10,000
- Other Services	13,725	9,675
Provision for Doubtful Debts	7,631,027	-
Total	8,666,155	26,758,756
	10,663,756	30,536,698

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

17. TAX EXPENSE

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Current Tax		
Income Taxes	975,000	1,382,000
Tax Adjustment for earlier years	201	-
	<u>975,201</u>	<u>1,382,000</u>

Provision of ₹ 9,75,000 (Previous Year - ₹ 13,82,000) towards income tax payable under Income Tax Act, 1961 has been made.

18. CONTINGENT LIABILITIES:

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Contingent Liabilities		
Estimated amount of claims against the company not acknowledged as debts in respect of :		
Disputed Income Tax Matters	26,09,120	Nil

19. 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

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

Details of Transactions with related parties are as follows

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
	₹	₹
Transactions during the year -		
Rent Paid –		
Ventura Securities Limited	60,000	35,000
Sale of Fixed Assets -		
Genesys International Corporation Ltd	1,15,00,000	-
Advance taken from/Reimbursement of Expenses by Genesys International Corporation Ltd.	37,12,647	3,29,83,468
Advance Repaid/ Reimbursement of Expenses to Genesys International Corporation Ltd.	3,95,20,000	60,00,000
Advance to Genesys Enterprises Inc., USA	8,81,091	4,79,378
4.5% Cumulative Redeemable Preference shares allotted to Genesys International Corporation Limited	7,00,00,000	-
Closing Balance -		
Amount Payable to Genesys International Corporation Ltd.	-	3,58,07,353
Amount Receivable from Genesys Enterprises Inc., USA	27,75,036	16,45,356

20. EMPLOYEE BENEFITS :

Post-employment benefits plans

(a) Defined Contribution Plans –

In respect of the defined contribution plans, an amount of ₹ 32,234 (Previous Year ₹ 78,054) has been provided in the Statement of Profit & Loss for the year towards employer share of PF contribution.

(b) 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 Statement of Profit & Loss for the period in which they occur.

(ii) Principal actuarial assumptions

Particulars	FY 2011-12 Gratuity	FY 2010-11 Gratuity
	₹	₹
Discount rate Current year	8.65% p.a	8.3% p.a
Salary Escalation Current year		
For First 2 Years (Previous Year – For First 4 Years)	12% p.a	12% p.a.
Next 5 Years	10% p.a	10% p.a
Thereafter	7% p.a	7% p.a

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(iii) Reconciliation of Benefit Obligation :

Particulars	FY 2011-12 Gratuity	FY 2010-11 Gratuity
	₹	₹
Liability at the beginning of the year	5,146	2,03,107
Interest Cost	7,339	21,559
Current Service Cost	1,035	61,206
Benefit Paid	-	1,25,192
Actuarial (Gain)/ Loss on Obligations	5,450	(1,55,534)
Amount recognized and disclosed under the head "Provision for employees benefits"	18,970	5,146

(iv) Expenses recognized in the Statement of Profit & Loss under the head Employee Benefit Expenses :

Particulars	FY 2011-12 Gratuity	FY 2010-11 Gratuity
	₹	₹
Current Service Cost	7,339	61,206
Interest Cost	1,035	21,559
Net Actuarial (Gain)/ Loss recognized	5,450	(1,55,534)
Expenses recognized in Statement of Profit & Loss	13,824	(72,769)

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

Particulars	FY 2011-12 Gratuity	FY 2010-11 Gratuity
	₹	₹
Liability at the end of the year	18,970	5,146
Fair value of the plan assets at the end of the year	-	-
Difference	18,970	5,146
Amount recognized in the Balance Sheet	18,970	5,146

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

21. 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 31st March 2012	As at 31st March 2011
	₹	₹
Deferred Tax Assets		
Fixed Assets (Depreciation/Amortization)	5,62,055	-
Provision for Employee Benefits	19,834	6,256
Provision for Doubtful Debts	50,49,347	26,91,360
Preliminary Expenses	-	50,991
Total	56,31,236	27,48,607
Deferred Tax Liability		
Fixed Assets (Depreciation/Amortization)	-	18,117
Net Deferred Tax (Liability)/Assets	56,31,236	27,30,490

Deferred Tax Assets arising on account of fixed assets depreciation/amortization, 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.

22. EARNINGS PER SHARE:

	31st March 2012	31st March 2011
	₹	₹
Weighted average number of shares used as denominator for calculating	86,11,878	86,11,878
Basic earning per share		
Weighted average number of shares used as denominator for calculating	86,11,878	86,11,878
Dilutive earning per share		
Net Profit / (Loss) after taxation	₹ (37,54,336)	₹ (1,63,85,693)
Basic EPS	₹ (0.44)	₹ (1.90)
Diluted EPS	₹ (0.44)	₹ (1.90)
Nominal value of Shares	₹ 10	₹ 10

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

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 viz)

Segment Revenue	(amount in ₹)	
	For the Year ended 31st March 2012	For the Year ended 31st March 2011
North America	-	18,81,742
Middle East	-	93,98,968
Asia	12,58,600	14,72,100
Total Revenue from Operations	12,58,600	1,27,52,810

24. EARNINGS IN FOREIGN EXCHANGE: (AT ACTUAL)

	For the Year ended 31st March 2012	For the Year ended 31st March 2011
	₹	₹
Revenue from Operations	Nil	1,08,85,078

25. VALUE OF IMPORTS (CIF BASIS): (AT ACTUALS)

	For the Year ended 31st March 2012	For the Year ended 31st March 2011
	₹	₹
Capital Goods	Nil	Nil

26. EXCHANGE DIFFERENCES

During the period realized and unrealized exchange gain amounting to ₹ 35,62,194 (Previous Year exchange loss of ₹ 2,09,022) is included in the Statement of Profit & Loss.

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

27. 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.
28. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of the financial statements. This has significantly impacted the disclosures and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosures.

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, 10th August, 2012

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY
MUMBAI, 10th August, 2012

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, 2012
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	(19,912)
(ii) for the previous financial years of the subsidiary since it become the Holding Company's subsidiary	(790,827)
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, August 10, 2012

DEERAJ NAIR
COMPANY SECRETARY

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF GI ENGINEERING SOLUTIONS LIMITED

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, 2012, the Statement of Consolidated Profit and Loss, 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 MARCH 31, 2012;
- (b) In the case of the Statement of Consolidated Profit and Loss, 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
Firm Registration Number: 102665W

D. B. DIXIT
Proprietor
Membership No 40032

Place : Mumbai
Dated : 10th August, 2012

GI ENGINEERING SOLUTIONS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2012

PARTICULARS	Note No.	MARCH 31, 2012 ₹	MARCH 31, 2011 ₹
EQUITY AND LIABILITIES			
1) SHAREHOLDERS FUNDS			
a) Share Capital	2	156,118,780	86,118,780
b) Reserves & Surplus	3	247,137,495	221,291,148
		403,256,275	307,409,928
2) NON-CURRENT LIABILITIES			
a) Long-Term Provisions	4	56,450	17,945
		56,450	17,945
3) CURRENT LIABILITIES			
a) Trade Payables	5	25,121,165	22,391,163
b) Other Current Liabilities	6	9,491,339	45,121,439
c) Short-Term Provisions	7	613,686	345,347
		35,226,190	67,857,949
Total		438,538,915	375,285,822
ASSETS			
1) NON-CURRENT ASSETS			
a) Fixed Assets	8		
Tangible Assets		1,047,817	14,780,236
Intangible Assets		9,659,157	9,660,891
		10,706,974	24,441,127
b) Long-Term Loans & Advances	9	94,464,871	92,907,807
		105,171,845	117,348,934
2) CURRENT ASSETS			
a) Trade Receivables	10	228,976,345	206,696,332
b) Cash & Cash Equivalents	11	1,378,063	4,822,214
c) Short-Term Loans & Advances	12	103,012,662	46,418,342
		333,367,070	257,936,888
Total		438,538,915	375,285,822

Notes forming integral part of consolidated financial statements 1 to 23

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, 10th August, 2012

For and on behalf of the Board of Directors
SAJID MALIK
MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY
MUMBAI, 10th August, 2012

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	Note No.	MARCH 31, 2012 ₹	MARCH 31, 2011 ₹
INCOME			
Revenue from Operations		1,258,600	12,752,810
Other Income	13	8,736,711	4,910,508
Total Revenue		9,995,311	17,663,318
EXPENSES			
Employee Benefit Expenses	14	1,982,438	4,594,525
Finance Costs	14	35,037	83,710
Depreciation / Amortization	8	2,110,690	2,130,313
Other Costs	14	9,053,173	26,771,803
Total Expenses		13,181,338	33,580,351
PROFIT/(LOSS) BEFORE TAX		(3,186,027)	(15,917,033)
TAX EXPENSE:	15		
Current Tax		1,404,849	1,785,358
Tax Adjustment for earlier years		114,436	14,542
		1,519,285	1,799,900
PROFIT/(LOSS) AFTER TAX		(4,705,312)	(17,716,933)
EARNINGS PER EQUITY SHARE			
Equity Shares of par value of ₹ 10 each			
Basic		(0.55)	(2.06)
Number of shares used in computing earnings per share		8,611,878	8,611,878
Diluted		(0.55)	(2.06)
Number of shares used in computing earnings per share		8,611,878	8,611,878

Notes forming integral part of consolidated financial statements 1 to 23

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, 10th August, 2012

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY
MUMBAI, 10th August, 2012

GI ENGINEERING SOLUTIONS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	YEAR ENDED MARCH 31, 2012		YEAR ENDED MARCH 31, 2011
	₹	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax as per Statement of Consolidated Profit and Loss		(3,186,027)	(15,917,033)
Adjustments for:			
Depreciation & Amortisation	2,110,690		2,130,313
Interest income	(5,174,517)		(5,119,530)
Loss on sale of fixed assets	123,463		-
Preliminary expenditure written off	-		25,734,309
		(2,940,364)	22,745,092
Operating Profit before working capital changes		(6,126,391)	6,828,059
Adjustments for:			
(Increase)/ Decrease in Trade Receivables	(22,280,013)		(275,321)
(Increase)/ Decrease in Loans & Advances	(56,594,320)		446,581
Increase/ (Decrease) in Current Liabilities and Provisions	(32,856,200)		25,438,830
CASH GENERATED FROM OPERATIONS		(111,730,533)	25,610,090
Taxes (Paid) / Refund		(117,856,924)	32,438,149
NET CASH FLOW FROM OPERATING ACTIVITIES		(1,256,339)	(405,043)
		(119,113,263)	32,033,106
B CASH FLOW FROM INVESTING ACTIVITIES			
Sale of fixed assets	11,500,000		-
Interest income	5,174,517		5,119,530
Loan to Other Body Corporates	(1,557,064)		(4,914,748)
NET CASH USED IN INVESTING ACTIVITIES		15,117,453	204,782
C CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Issue of Preference Shares	70,000,000		-
Preliminary Expenses	-		(25,734,309)
NET CASH FLOW FROM FINANCING ACTIVITIES		70,000,000	(25,734,309)
NET INCREASE IN CASH & CASH EQUIVALENTS		(33,995,810)	6,503,579
Exchange difference on translation of foreign currency accounts / deposits		30,551,659	(2,076,060)
CASH & CASH EQUIVALENTS (OPENING BALANCE)		4,822,214	394,695
CASH & CASH EQUIVALENTS (CLOSING BALANCE)		1,378,063	4,822,214

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, 10th August, 2012

For and on behalf of the Board of Directors
SAJID MALIK
MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY
MUMBAI, 10th August, 2012

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. Significant Accounting Policies

a. 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 31st March 2012
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 MARCH 31, 2012 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.

b. 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.

c. 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.

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2. SHARE CAPITAL

PARTICULARS	(in ₹)	
	As at	
	MARCH 31, 2012	MARCH 31, 2011
AUTHORIZED		
Equity Shares of ₹ 10/- each fully paid up		
8,49,00,00,000 Equity Shares (Previous Year 8,50,00,00,000 Equity Shares of ₹ 10/- each)	84,900,000,000	85,000,000,000
Preference Shares of ₹ 10/- each fully paid up		
1,00,00,000 Preference Shares of ₹ 10 each (Previous Year Nil)	100,000,000	-
Total	85,000,000,000	85,000,000,000
ISSUED, SUBSCRIBED & FULLY PAID-UP		
Equity Shares of ₹ 10/- each fully paid up		
86,11,878 Equity Shares fully paid up (Previous Year 86,11,878 Equity Shares of ₹ 10/- each) fully paid up	86,118,780	86,118,780
4.5% Redeemable Cumulative Preference Shares of ₹ 10/- each fully paid up		
70,00,000 (4.5%) Redeemable Cumulative Preference Shares fully paid up (Previous Year Nil)	70,000,000	-
Total	156,118,780	86,118,780

The reconciliation of the number of Equity Shares outstanding as at March 31, 2012 and March 31, 2011 is set out below:

PARTICULARS	As at	
	MARCH 31, 2012	
	MARCH 31, 2012	MARCH 31, 2011
Number of equity shares at the beginning	8,611,878	8,611,878
Add/Less: No. of shares issued/reduced during the year	-	-
Number of equity shares at the end	8,611,878	8,611,878

The reconciliation of the number of Preference Shares outstanding as at March 31, 2012 and March 31, 2011 is set out below:

PARTICULARS	As at	
	MARCH 31, 2012	
	MARCH 31, 2012	MARCH 31, 2011
Number of preference shares at the beginning	-	-
Add: No. of preference shares issued during the year	7,000,000	-
Number of preference shares at the end	7,000,000	-

Rights, Preferences and restrictions attached to shares

Equity Shares:

The Company has one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amount in proportion to their shareholding.

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Preference Shares:

Preference shares would be redeemable at par at the end of 3 years from the date of allotment i.e. 30th March, 2012, with a right vested in the Board to redeem earlier. These shares are carrying a fixed cumulative dividend of 4.5% per annum payable at the time of redemption. The voting rights of the persons owning the said preference shares are in accordance with provisions of section 87 of the Companies Act, 1956.

The details of shareholders holding more than 5% shares as at March 31, 2012 is set out below:

Name of the Shareholder	No. of shares	% held as at MARCH 31, 2012	No. of shares	% held as at MARCH 31, 2011
Equity Shares				
Mr. Sohel Malik	1,765,000	20.49%	1,765,000	20.49%
M/s. Kilam Holdings Limited	1,378,405	16.01%	1,378,405	16.01%
M/s. Fortune Private Equity, LLC	1,100,000	12.77%	1,100,000	12.77%
Preference Shares				
M/s. Genesys International Corporation Limited	7,000,000	100%	-	-

Shares allotted as fully paid up pursuant to contract without payment being received in cash:

The Company allotted 57,84,378 Equity Shares of ₹ 10/- each as fully paid up to the shareholders of Genesys International Corporation Limited, pursuant to the scheme of demerger sanctioned by the High Court, Mumbai on 7th September, 2007 in the financial year 2007-08 and 16,77,500 Equity Shares of ₹ 10/- each were allotted as fully paid up in the financial year 2008-09 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.

3. RESERVES & SURPLUS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
SECURITIES PREMIUM - Opening Balance	8,800,000	8,800,000
Add: Receipt during the year	-	-
	8,800,000	8,800,000
GENERAL RESERVE - Opening Balance	299,848,078	299,848,078
Add: Transfer from Surplus	-	-
	299,848,078	299,848,078
EXCHANGE FLUCTUATION RESERVE - Opening Balance	(15,533,173)	(13,457,113)
Add: Amount for the current year	30,551,659	(2,076,060)
	15,018,486	(15,533,173)
SURPLUS - Opening Balance	(71,823,757)	(54,106,824)
Add: Net profit/(Loss) after tax transferred from Statement of Profit and Loss	(4,705,312)	(17,716,933)
SURPLUS - Closing Balance	(76,529,069)	(71,823,757)
Total	247,137,495	221,291,148

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

4. LONG-TERM PROVISIONS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Provision for Employee Benefits	56,450	17,945
Total	56,450	17,945

5. TRADE PAYABLES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Trade Payables	25,121,165	22,391,163
Total	25,121,165	22,391,163

Amount due to Micro, Small and Medium Enterprises :

As at MARCH 31, 2012 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, trade payables as at the year end do not include outstanding dues to parties or entities covered by the said Act.

6. OTHER CURRENT LIABILITIES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Other Liabilities		
Other payables	9,491,339	45,121,439
Total	9,491,339	45,121,439

7. OTHER SHORT-TERM PROVISIONS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Provision for Employee Benefits	7,737	2,300
Provision for Income Taxes (net of advance taxes)	605,949	343,047
Total	613,686	345,347

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

8. FIXED ASSETS

(in ₹)

Particulars	Original Cost				Depreciation / Amortization				Net Book Value	
	Opening Balance as at 1.04.11	Addition during the year	Sale during the year	Closing Balance as at 31.03.12	Up to 1.04.11	For the year	On Deduction	Up to 31.03.12	As at 31.03.12	As at 31.03.11
Tangible Assets										
Computer Hardware	12,289,907	-	-	12,289,907	12,288,320	1,587	-	12,289,907	-	1,587
Furniture & Fixtures	40,206,800	-	32,000,000	8,206,800	26,497,787	2,028,189	20,376,537	8,149,439	57,361	13,709,013
Office Equipments	2,719,896	-	-	2,719,896	1,650,260	79,180	-	1,729,440	990,456	1,069,636
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	-	-
Sub Total	60,619,520	-	32,000,000	28,619,520	45,839,284	2,108,956	20,376,537	27,571,703	1,047,817	14,780,236
Intangible Assets										
Computer Software	273,558	-	-	273,558	271,292	1,734	-	273,026	532	2,266
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
Sub Total	16,583,744	-	-	16,583,744	6,922,853	1,734	-	6,924,587	9,659,157	9,660,891
Total	77,203,264	-	32,000,000	45,203,264	52,762,137	2,110,690	20,376,537	34,496,290	10,706,974	24,441,127
Previous Year	77,203,264	-	-	77,203,264	50,631,824	2,130,313	-	52,762,137	24,441,127	26,571,440

9. LONG TERM LOANS & ADVANCES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Unsecured, considered good		
Other Loans & Advances		
Loan to Other Body Corporate	94,434,871	92,877,807
Other Deposits	30,000	30,000
Total	94,464,871	92,907,807

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

10. TRADE RECEIVABLES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Debts outstanding for a period exceeding six months		
Unsecured		
Considered Good	228,093,283	205,175,605
Considered Doubtful	30,726,082	21,256,842
	258,819,365	226,432,447
Less: Provision for Doubtful Debts	30,726,082	21,256,842
	228,093,283	205,175,605
Other Debts		
Unsecured		
Considered Good	883,062	1,520,727
Considered Doubtful	-	-
	883,062	1,520,727
Less: Provision for Doubtful Debts	-	-
	883,062	1,520,727
Total	228,976,345	206,696,332

11. CASH & CASH EQUIVALENTS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Cash in Hand	-	-
Balances with Banks		
In Current Accounts	1,378,063	4,822,214
In Deposit Accounts	-	-
	1,378,063	4,822,214
Total	1,378,063	4,822,214

12. SHORT TERM LOANS & ADVANCES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Unsecured, considered good		
Others		
Other Loan & Advances	52,678,431	46,114,922
Prepaid Expenses	159,281	150,826
Other Deposits	50,174,950	152,594
Total	103,012,662	46,418,342

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

13. OTHER INCOME

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Interest received on deposits with others	5,174,517	5,119,530
Gain/ (Losses) on foreign currency, net	3,562,194	(209,022)
Total	8,736,711	4,910,508

14. EXPENSES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Employee Benefit Expenses		
Salaries, Allowances and Bonus	1,897,367	4,370,501
Staff Welfare	52,747	134,586
Contribution to Provident Fund & other funds	32,324	89,438
Total	1,982,438	4,594,525
Finance Costs		
Bank Charges	35,037	83,710
Total	35,037	83,710
Other Costs		
Conveyance & Traveling	675	11,275
Legal & Professional Fees	331,879	81,105
Loss on sale of Fixed Assets	123,463	-
Communication Expenses	50,400	69,805
Electricity and Water Charges	211,912	386,493
Project Expenses	10,000	-
Miscellaneous expenses	595,092	419,096
Rent	60,000	35,000
Preliminary Expenses written off	-	25,734,309
Remuneration to Auditors		
- Statutory Audit	17,500	15,045
- Tax Audit	7,500	10,000
- Other Services	13,725	9,675
Provision for Doubtful Debts	7,631,027	-
Total	9,053,173	26,771,803
	11,070,648	31,450,038

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

15 . TAX EXPENSE

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Current Tax		
Income Taxes	1,404,849	1,785,358
Tax Adjustment for earlier years	114,436	14,542
	<u>1,519,285</u>	<u>1,799,900</u>

16. CONTINGENT LIABILITIES:

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2012	MARCH 31, 2011
Contingent Liabilities		
Estimated amount of claims against the company not acknowledged as debts in respect of :		
Disputed Income Tax Matters	26,09,120	Nil

17. 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 Enterprises 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

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Details of Transaction with related parties are as follows:

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
	₹	₹
Transactions during the year -		
Rent Paid –		
Ventura Securities Limited	60,000	35,000
Sale of Fixed Assets -		
Genesys International Corporation Ltd	1,15,00,000	-
Advance taken from/Reimbursement of Expenses by Genesys International Corporation Ltd.	37,12,647	3,29,83,468
Advance Repaid/ Reimbursement of Expenses to Genesys International Corporation Ltd.	3,95,20,000	60,00,000
4.5% Cumulative Redeemable Preference shares allotted to Genesys International Corporation Limited	7,00,00,000	-
Closing Balance -		
Amount Payable to Genesys International Corporation Ltd.	-	3,58,07,353

18. (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 wise)

Segment Revenue	For the Year ended 31st March 2012	For the Year ended 31st March 2011
North America	-	18,81,742
Middle East	-	93,98,968
Asia	12,58,600	14,72,100
Total Revenue from Operations	12,58,600	1,27,52,810

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

19. 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

Particulars	As at March 31, 2012	As at March 31, 2011
Weighted average number of shares used as denominator for calculating Basic earning per share	86,11,878	86,11,878
Weighted average number of shares used as denominator for calculating Dilutive earning per share	86,11,878	86,11,878
Net Profit / (Loss) after taxation	₹ (47,05,312)	₹ (1,77,16,933)
Basic EPS	₹ (0.55)	₹ (2.06)
Diluted EPS	₹ (0.55)	₹ (2.06)
Nominal value of Shares	₹ 10	₹ 10

20. 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 assets are given below -

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Deferred Tax Assets		
Fixed Assets (Depreciation/Amortization)	5,62,055	-
Provision for Employee Benefits	19,834	6,256
Provision for Doubtful Debts	50,49,347	26,91,360
Preliminary Expenses	-	50,991
Total	56,31,236	27,48,607
Deferred Tax Liability		
Fixed Assets (Depreciation/Amortization)	-	18,117
Net Deferred Tax (Liability)/Assets	56,31,236	27,30,490

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Deferred Tax Assets arising on account of fixed assets depreciation/ amortization, 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.

21. 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.

22. Figures pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the parent company's financial statements.

23. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of the financial statements. This has significantly impacted the disclosures and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosures.

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, 10th August, 2012

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY
MUMBAI, 10th August, 2012

GI ENGINEERING SOLUTIONS LIMITED

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2012

(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/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed Dividend
1	Genesys Enterprises Inc.	USA	USD	51.53	283,749,945	(41,777,381)	270,114,746	28,142,182	-	-	(406,892)	544,084	(950,976)	-

GI ENGINEERING SOLUTIONS LIMITED

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

ATTENDANCE SLIP

(For physical holding)

Regd. Folio No.

No. of Shares held

(For Demat holding)

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 **Sixth Annual General Meeting** of the Company at The Mirador Hotel, 131 / B, New Link Road, Opp. Solitaire Corporate Park, Chakala, Andheri (East), Mumbai 400099, Maharashtra on Friday, September 28, 2012 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)

Regd. Folio No.

No. of Shares held

(For Demat holding)

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 **Sixth Annual General Meeting** of the Company at The Mirador Hotel, 131 / B, New Link Road, Opp. Solitaire Corporate Park, Chakala, Andheri (East), Mumbai 400099, Maharashtra on Friday, September 28, 2012 at 3.00 p.m. and at any adjournment(s) thereof .

Signed this..... day of September, 2012 Signature _____

Rupee 1
Revenue
Stamp

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.

If undelivered, please return to :

Bigshare Services Private Limited
Unit : GI Engineering Solutions 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