



GI Engineering Solutions Limited

ANNUAL REPORT 2012-13



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
Email: investors@giesl.com

SUBSIDIARY

Genesys Enterprises Inc., USA
777 Westchester Ave,
Suite 101, White Plains,
NY 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,

Though the Company has changed its Objects Clause to include Power Sector and allied activities, it continues to operate in engineering solutions business.

The Company is still in the process of finding some strategic alignment and collaboration in the field of power generation and related activities. The investments and technical expertise involved in Power Sector are of large scale and as such it would be prudent to enter into such business with a strategic tie-up in place. The overall market conditions for undertaking new business are very depressed everywhere for last couple of years. It is expected that the business conditions may remain the same for some more time. The Company therefore could not make much progress in venturing into the new area as envisaged. The Management in the meanwhile is focusing on engineering solutions business and has been putting in efforts to generate more business.

The Company expects the things to improve in current financial year.

SAJID MALIK
MANAGING DIRECTOR

NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the Members of GI Engineering Solutions Limited will be held on Friday, September 20, 2013 at 3.00 p.m. at Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai- 400059 to transact the following business:

ORDINARY BUSINESS:

1) Adoption of Accounts, Report of the Auditors and Directors thereon:

To receive and adopt the audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Auditors and Directors thereon.

2) Re-appointment of Directors retiring by rotation:

To appoint a Director in place of Mr. Ganesh Acharya, who retires by rotation and being eligible, offers himself for re-appointment.

3) Re-appointment of Statutory Auditors:

To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to section 224 of the Companies Act, 1956 M/s. Dixit Dattatray & Associates, Chartered Accountants (ICAI Registration No.102665W), the retiring Auditors of the Company, being eligible for re-appointment, be re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company.”

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: May 25, 2013

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. The Company's Registrar and Share Transfer Agent for its Share Registry Work (Physical and Electronic) are M/s. Bigshare Services Private Limited having their office at E/2, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (East), Mumbai – 400 072.
4. The Register of Members and the Share Transfer Books of the Company shall remain closed from Friday, September 13, 2013 to Friday, September 20, 2013 (both days inclusive) for the purpose of Annual General Meeting.
5. Members holding shares in physical form are requested to advise about change of address to M/s. Bigshare Services Private Limited, Company's Registrar and Share Transfer Agent. Members holding shares in electronic form are requested to intimate their respective Depository Participants (DP) about any change of address or Bank mandate and not to the Company or Registrar and Share Transfer Agent.
6. Members desiring any information relating to Annual Accounts of the Company for the year ended March 31, 2013 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.
7. Members are requested to bring the Attendance Slip along with their copy of Annual Report to the Meeting.
8. 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.
9. 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.
10. Consequent upon the introduction of Section 109A of the Companies Act, 1956, Members are entitled to make a nomination in respect of shares held by them in physical form. Members desirous of making a nomination are requested to send their requests in Form No. 2B (which shall be made available on request) to the Registrar and Share Transfer Agent of the Company. Members holding shares in electronic form may contact their respective depository participants for availing the said facility.
11. Non- Resident Indian Shareholders are requested to inform the Company immediately about:
 - a) The change in their residential status on return to India for permanent settlement.
 - b) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
12. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Director seeking re-appointment at the forthcoming Annual General Meeting is provided in the Report on Corporate Governance forming part of the Annual Report.

13. 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: May 25, 2013

GI ENGINEERING SOLUTIONS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company present herewith Seventh Annual Report of the Company together with the Audited Accounts for the Financial Year ended March 31, 2013.

FINANCIAL RESULTS

The working of your Company for the year under review resulted in:

(₹ in Lakhs)

Particulars	March 31, 2013	March 31, 2012
Total Income	51.16	99.95
Operating Profit/ (Loss) before Depreciation, Interest and Taxes	(99.63)	(6.68)
Less: Depreciation and amortization	0.88	21.11
Profit/(Loss) before tax	(100.51)	(27.79)
Less: Current Tax	6.25	9.75
Profit (Loss) After Tax	(106.76)	(37.54)

DIVIDEND

Your Directors do not recommend the payment of dividend for the year ended March 31, 2013 in view of the losses.

BUSINESS REVIEW

Your Company achieved total revenue of Rs. 51.16 lakhs during the financial year under review against Rs. 99.95 lakhs in the previous financial year. The Company incurred a loss of Rs. 106.76 lakhs as compared to the loss of Rs. 37.54 lakhs in the previous year. Though the Management has been trying to get additional business for the Company, the prevailing market conditions in the existing line of business were not encouraging. The Management is hopeful of improvement in the current financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis on matters related to the business performance, as stipulated in Clause 49 of the Listing Agreement with stock exchanges, is given as a separate section in the Annual Report.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance requirements as stipulated under the Listing Agreement with the stock exchanges. A separate section on Corporate Governance, along with a certificate from the Auditors confirming the compliance, is annexed and forms part of the Annual Report.

SUBSIDIARY COMPANY

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

CONSOLIDATED RESULTS

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

FIXED DEPOSITS

The Company did not invite/accept any fixed deposit within the meaning of Section 58A of the Companies Act, 1956, and the rules made there under.

DIRECTORS

In terms of Article 117 of the Articles of Association, Mr. Ganesh Acharya, Non Executive Independent Director of the Company retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. Brief resume of Mr. Ganesh Acharya, nature of his expertise in specific functional area and names of Companies in which he is Director and Member/Chairman of Committees of Board, as stipulated by Clause 49 of the Listing Agreement are provided in the Corporate Governance Report forming part of the Annual Report.

AUDITORS AND THEIR OBSERVATIONS

M/s. Dixit Dattatray & Associates, Chartered Accountants, the Statutory Auditors of the Company would retire at the ensuing Annual General Meeting. They have confirmed their eligibility under section 224 of the Companies Act, 1956 and willingness for reappointment as statutory auditors of the Company.

The Board of Directors recommends the re-appointment of M/s. Dixit Dattatray & Associates as Statutory Auditors from the conclusion of ensuing Annual General Meeting till the conclusion of next Annual General Meeting.

The observations of the auditors are suitably explained in the notes on accounts.

PARTICULARS OF EMPLOYEES

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

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

Information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure on Particulars in the Report on the Board of Directors) Rules, 1988 is given in Annexure 'A' and forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the

Companies Act 1956, with respect to directors' responsibility statement, your directors hereby confirm that;

- a) In the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable accounting standards had been followed along with proper explanation relating to their material departures, wherever applicable;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts for the financial year ended March 31, 2013 on a going concern basis.

ACKNOWLEDGEMENT

The Directors express their sincere thanks to the employees, customers, suppliers, company's bankers and members of the company for their continued support.

Your Directors once again take this opportunity to thank the Employees, Investors, Clients, Banks, Regulatory authorities including Stock Exchanges and Government authorities for their support and co-operation extended to the Company. Your Directors look forward for their continued support in future.

For and on behalf of the Board of Directors

SAJID MALIK
Managing Director

GANAPATHY VISHWANATHAN
Director

Place: Mumbai
Dated: May 25, 2013

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, 2013.

Conservation of Energy

Energy Conservation measures taken:

The operations of the Company are not energy intensive. Nevertheless, continuous efforts are being made by the Company and its employees to reduce the wastage of scarce energy resources.

Research and Development

Your Company is constantly engaged in implementing innovative techniques to develop newer technologies that can help Company provide better services, improved productivity and accuracy. Your Company plans to update

technology as per advancement and competitiveness observed from the Global market.

Technology absorption, adaptation, and innovation

As and when the requirement arises, the Company evaluates the best technology available globally for improving the productivity and quality of its operations.

Foreign Exchange Earnings & Outgo

There was no inflow or outflow of foreign exchange during the year under review.

For and on behalf of the Board of Directors

SAJID MALIK
Managing Director

GANAPATHY VISHWANATHAN
Director

Place: Mumbai
Dated: May 25, 2013

CORPORATE GOVERNANCE REPORT

The Securities and Exchange Board of India (SEBI) regulates corporate governance practices of companies listed on the Indian Stock Exchanges. These regulations are notified under Clause 49 of the Listing Agreements of all the Stock Exchanges in the country. They specify the standards that Indian companies have to meet, and also specify the disclosures that they have to make, with regard to corporate governance. GI ENGINEERING SOLUTIONS LIMITED has established systems and procedures to comply in letter and in spirit with the provisions of Clause 49 of the Listing Agreement.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

GI ENGINEERING SOLUTIONS LIMITED believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance stakeholders' value. In this pursuit, your Company is committed to executing sustainable business practices and creating long-term value for all its stakeholders. To pursue this objective, the Company remains steadfast in its value systems that incorporate integrity, transparency and fairness across all its business activities. Company's value systems are based on the foundation of fair and ethical practices in its dealings with all the stakeholders

including customers, vendors, contractors, suppliers and all others who are part of the Company's business value chain.

2. BOARD OF DIRECTORS :

The Board of Directors of the Company ('the Board') provides leadership and guidance to the Company and directs, supervises and controls the performance of the Company. The Board plays a critical role in overseeing the short and long term interests of shareholders and other stakeholders. The Board consists of eminent persons with considerable skills and professional expertise and experience in business, industry, finance, management, law, marketing, general management and strategic planning.

The Company has an optimum combination of Directors on the Board and is in conformity with Clause 49 of the Listing Agreement. The strength of the Board as on March 31, 2013 is 4 Directors comprising of 1 Executive Director and 3 Non Executive Directors.

Composition of Board, their positions, number of Equity Shares held, relationship with other Directors, other Directorships and memberships of Committees held by each of them as on March 31, 2013

Name of the Directors	Category	No. of Equity Shares of face value of Rs.10/- each held as on March 31, 2013	Number of Directorship(s) held in other Public Limited Companies as on March 31, 2013*	Number of Committee(s) positions held in other Companies as on March 31, 2013**	
				Member	Chairman
				NIL	NIL
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	2	2

* 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.

3 BOARD FUNCTIONING & PROCEDURE

The Independent Directors and the Senior Management have made disclosures to the Board confirming that there are no material financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large. The Board meets at least four times a year and the maximum gap between two meetings is not more than four months. During the year 2012-13, four meetings of the Board of Directors were held on May 15, 2012, August 10, 2012, November 09, 2012 and February 14, 2013.

Agenda for the Board Meetings containing all necessary information / documents is made available to the Board in advance to help the Board to discharge its responsibilities effectively and take informed decisions. In some instances, documents are tabled at the meetings before the Board or Committees.

None of the Directors on the Board is a Member in more than 10 committees or acts as a Chairman of more than 5 committees across all companies in which he is a Director.

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.

Dates of the Board and Committee Meetings to be held in a financial year are decided in advance and intimated to all the Directors. Agenda papers of the Board and its Committee Meetings are circulated to the Directors well in advance of the meeting, supported with significant information including that as enumerated in Annexure IA to Clause 49 of the Listing Agreement for discussion and consideration at the meetings.

The Attendance record of the Directors at the Board Meetings and last Annual General Meeting held on September 28, 2012 is tabled as follows:

Name of Directors	Designation	No. of Board Meetings attended out of 4 Meetings held	Attendance at last AGM
Mr. Sajid Malik	Managing Director	3	Yes
Mrs. Saroja Malik	Non- Executive Director	4	Yes
Mr. Ganapathy Vishwanathan	Non- Executive Independent Director	4	Yes
Mr. Ganesh Acharya	Non- Executive Independent Director	4	Yes

4. AUDIT COMMITTEE

The Company recognizes that the Audit Committee is essential for ensuring accountability amongst the Board and the Auditors, who are responsible for sound and transparent financial reporting. The Audit Committee is responsible for overseeing the processes related to the financial reporting and information dissemination. Your Company has a well constituted Audit Committee comprising of 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, is the Chairman of the Audit Committee. He is a highly qualified finance professional with more than 20 years of experience across varied fields.

The role and terms of reference of the Audit Committee inter alia include review of the quarterly and annual financial statements and related issues, oversight of Company's financial reporting process and disclosure of its financial information, review of Management Discussion and Analysis of financial condition and results of operations, review of performance of statutory auditors and adequacy of internal control systems and such

other matters as may from time to time be required by any statutory or other regulatory requirements to be attended to by the Audit Committee and any other responsibility as may be entrusted by the Board in conformity with the requirements of the Listing Agreement, Section 292A of the Companies Act, 1956 and applicable provisions of the Companies Act, 1956.

The Audit Committee met 4 times during the year under review on May 15, 2012, August 10, 2012, November 09, 2012 and February 14, 2013. 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	4
Mrs. Saroja Malik	Member	4
Mr. Ganesh Acharya	Member	4

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 28, 2012 to answer Shareholders' queries. The Company Secretary acts as Secretary to the Committee.

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholders / Investors Grievance Committee of the Company functions under the Chairmanship of Mr. Ganapathy Vishwanathan, Independent Non-Executive Director and comprises of Mr. Ganapathy Vishwanathan, Mr. Ganesh Acharya and Mrs. Saroja Malik. The Committee meets at periodic intervals, to approve inter-alia, transfer / transmission of shares, issue of duplicate share certificates and review status of investors' grievances and the functioning of the Registrar & Share Transfer Agents in order to render effective and quality services to investors.

During the financial year under review, 4 meetings of Shareholder / Investor Grievance Committee were

held which were on May 15, 2012, August 10, 2012, November 09, 2012 and February 14, 2013.

Attendance records of the members of the Shareholders / Investors Grievance Committee for FY 2012-13 were as follows:

Name of Directors	Status	No. of Meetings Attended
Mr. Ganapathy Vishwanathan	Chairman	4
Mrs. Saroja Malik	Member	4
Mr. Ganesh Acharya	Member	4

There were no outstanding complaints of Shareholders/ Investors as on March 31, 2013.

6. REMUNERATION COMMITTEE

The Remuneration Committee of your Company comprises of three Members namely Mr. Ganapathy Vishwanathan, Mr. Ganesh Acharya and Mrs. Saroja Malik. Mr. Ganapathy Vishwanathan is the Chairman of the Committee. The broad terms of reference of the Remuneration Committee are to evaluate and appraise the performance of the Managing Director and Senior Management Personnel, if any, determine and recommend to the Board the compensation payable to them. One meeting was held during the year on August 10, 2012 and all the Members were present at the Meeting. The Company Secretary acts as the Secretary to the Committee.

7. SUBSIDIARY COMPANY

Your Company does not have any Indian subsidiary. The Audit Committee periodically reviews the financial statement of its foreign subsidiary company viz, Genesys Enterprises Inc., USA.

8. CODE OF CONDUCT

The Board of Directors has adopted the Code of Conduct for the Directors and Designated Employees in Senior Management Scale of the Company. A copy of Code

of Conduct has been put on the Company's website www.giesl.com. Code of Conduct has been circulated to all the Members of the Board and Designated Employees in Senior Management of the Company and compliance of the same is affirmed by them. A declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with Code of Conduct forms part of this Report.

9. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

In compliance with SEBI's Regulations on Prevention of Insider Trading, the Company has laid down a comprehensive Code of Conduct for prevention of Insider Trading for its Directors and designated employees. 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.

10. DISCLOSURES

(i) Basis of related party transaction

The Company has not entered into any transaction of material nature with the promoters, the Directors or the management or relatives etc. that may have potential conflict with the interests of the Company. Details of related parties and transactions with them are furnished under Notes to Accounts forming part of the Annual Report.

(ii) Non-compliance / Strictures / Penalties imposed

There has been no cases of penalties or strictures been imposed on your Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

(iii) Risk Management

Business risk evaluation and management is an ongoing process within the Company. The impact and probability of various risks are assessed and necessary control measures are identified to mitigate these risks, thereby reducing the impact and probability of the risk. The Board and Audit Committee are apprised

periodically on the risk assessment and mitigation process followed by the Company.

11. 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
2009-2010	The Mirador Hotel, 131 / B, New Link Road, Opp. Solitaire 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.
2011-2012	The Mirador Hotel, 131 / B, New Link Road, Opp. Solitaire Corporate Park, Chakala, Andheri (East), Mumbai-400099.	September 28, 2012 at 3.00 p.m	NIL

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

There has been no Extraordinary General Meeting during the past 3 years.

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

12. CEO/CFO CERTIFICATION:

As required under Clause 49 V of the Listing Agreement with Stock Exchanges, the Managing Director and the Head - Finance & Accounts of the Company have certified to the Board regarding the Financial Statements for the year ended March 31, 2013. The same has been attached to this Report.

13. STATUS OF COMPLIANCE OF NON-MANDATORY REQUIREMENT

• **Remuneration Committee:**

The Company has a Remuneration Committee consisting of 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.

14 GENERAL SHAREHOLDERS INFORMATION

A. Registered Office:

73-A, SDF-III, SEEPZ, Andheri (East),
Mumbai 400 096. Tel. No.: 91.22.4488 4488,
Fax No.: 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: 91.22.4043 0200
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
Tel: 91.22.4488 4488
Fax: 91.22.2829 0603
Email id: investors@giesl.com

D. Annual General Meeting:

Day & Date: Friday, September 20, 2013
Time: 3.00 p.m.
Venue: Kohinoor Continental, Andheri - Kurla Road,
Andheri (East), Mumbai- 400059.

E. Book Closure:

The Register of Members and the Share Transfer Books of the Company shall remain closed from September 13, 2013 to September 20, 2013 (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	IN-E065J01016
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.

GI ENGINEERING SOLUTIONS LIMITED

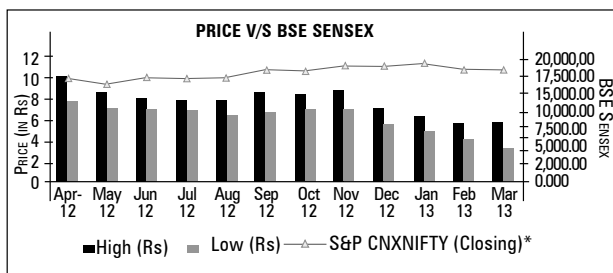
G. Market Price Data:

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-12	10.53	8	17,318.81	Apr-12	10.15	7.6	5,248.15
May-12	9	7.35	16,218.53	May-12	9	7.7	4,924.25
Jun-12	8.3	7.25	17,429.98	Jun-12	7.65	7	5,278.90
Jul-12	8.24	7.1	17,236.18	Jul-12	7.9	7	5,229
Aug-12	8.13	6.57	17,429.56	Aug-12	7.85	6.7	5,258.50
Sep-12	8.95	6.87	18,762.74	Sep-12	8.2	6.8	5,703.30
Oct-12	8.75	7.21	18,505.38	Oct-12	8.15	7.1	5,619.70
Nov-12	9.18	7.25	19,339.90	Nov-12	8.1	7.25	5,879.85
Dec-12	7.4	5.65	19,426.71	Dec-12	7.45	6	5,905.10
Jan-13	6.49	5	19,894.98	Jan-13	6.45	5	6,034.75
Feb-13	5.79	4.26	18,861.54	Feb-13	5.45	4.4	5,693.05
Mar-13	5.82	3.25	18,835.77	Mar-13	5.4	3.4	5,682.55

H. Performance of Equity Shares:

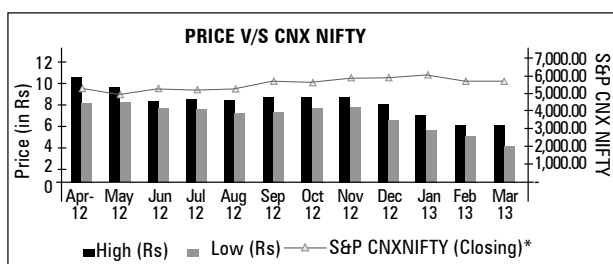
Performance of the Company's shares in comparison to BSE Sensex is given in the chart below:

I. Distribution of Shareholding:



*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

Distribution Schedule of the Equity Shares as on March 31, 2013 is given below:-

No. of Equity Shares held	Shareholders		Share Capital	
	Num-ber	% to Total	Amount in Rs.	% to Total
0001 - 5000	2842	73.93	47,75,600	5.55
5001 - 10000	397	10.33	33,61,220	3.90
10001 - 20000	250	6.50	39,67,490	4.61
20001 - 30000	105	2.73	26,94,350	3.13
30001 - 40000	46	1.20	16,51,620	1.92
40001 - 50000	52	1.35	24,98,450	2.90
50001 - 100000	89	2.32	66,06,830	7.67
100001 & above	63	1.64	6,05,63,220	70.32
Total	3844	100.00	8,61,18,780	100.00

J. Shareholding Pattern:

The shareholding of different categories of the shareholders as on March 31, 2013 is given below:

Description	Number of Shares	% to Total
Promoters	33,95,177	39.42%
Mutual Funds	4,050	0.05%
Bodies Corporate	5,48,468	6.37%
Individuals	33,96,424	39.44%
Independent Directors & their relatives	12,978	0.15%
Clearing Members	3,094	0.04%
Foreign Company	11,00,000	12.77%
Trusts	97,109	1.13%
NRI/Overseas Corporate Bodies	54,578	0.63%
Total	86,11,878	100%

K. Dematerialization of shares:

About 98.57% of the total Equity Share Capital was held in dematerialized form as on March 31, 2013.

L. Share Transfer System:

The shares in physical form which are lodged for transfer are processed, registered and returned by the Registrar and Share Transfer Agent within the

stipulated time, if the documents are in order in all respects.

M. Plant Location:

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

N Financial Calendar 2013-2014

First quarterly results	August 2013
Second quarterly / Half yearly results	November 2013
Third quarterly results	February 2014
Fourth quarterly results	May 2014
Annual General Meeting for the year ending on March 31, 2013	August 2014

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 Director	Mr. Ganesh Acharya
Nature of Resolution	Appointment as Director
Date of Birth	March 14, 1965
Date of Appointment	November 30, 2007
Director Identification Number	00702346
Qualifications	B. Com (Hon.)
Experience in specific functional areas	International Business & Corporate Management
Directorship held in other Companies (including Private Companies)	i) Genesys International Corporation Ltd. ii) Ventura Guaranty Ltd. ii) Game Securities Pvt Ltd
Chairman / Member of Committees of other Companies	Genesys International Corporation Limited Member:- Audit Committee, Remuneration Committee, Compensation Committee Ventura Guaranty Limited Chairman :- Audit Committee, Shareholders/ Investors Grievance Committee
Number of Equity Shares held in the Company	12,493

Mr. Ganesh Acharya

He has an international business engaged in exports of textiles, garments and other consumer goods. He has expertise in international business and corporate management.

CEO/ CFO CERTIFICATION

To

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, 2013 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, 2013 there were no such changes or instances.

Yours sincerely,

SAJID MALIK

Managing Director

Place: Mumbai

Dated: May 25, 2013

VEENA MISHRA

Head - Finance & Accounts

DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

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, 2013.

For **GI ENGINEERING SOLUTIONS LIMITED**

SAJID MALIK

MANAGING DIRECTOR

Place: Mumbai

Dated: May 25, 2013

REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE

To

The Members of GI Engineering Solutions Limited

We have examined the compliance of the conditions of the corporate governance by GI Engineering Solutions Limited ("the Company") for the financial year ended on 31st March, 2013 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 and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

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

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

D.B.DIXIT
Proprietor
Membership No 40032
Place: Mumbai
Dated: May 25, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND DEVELOPMENTS

Following a great success in information technology, outsourced services involving product design and engineering are likely to gain momentum in the international market. The engineering services market is an enormous one and likely to rise to USD 1 trillion by 2020 as against USD 750 million in 2004. There exists tremendous untapped potential for India based service providers in this market.

The scope of the outsourced engineering design market expands beyond product design and R&D services to include industrial services such as process engineering, plant automation and enterprise asset management, across verticals, especially automobiles, aerospace, construction, equipment and manufacturing.

OPPORTUNITIES AND THREATS

For India, engineering service outsourcing presents a tremendous opportunity. It is not only a significant revenue generator, but also places India on the global innovation map.

Indian companies have developed necessary capabilities and skills by investing in technology platforms to leverage the opportunities. Attaining, training and retaining talent will be a critical next stop for India to maintain its current advantage.

Engineering services market is highly segmented by industries with automotive, aerospace, utilities, telecom, etc. Traditional engineering powerhouses like USA, Japan and Germany have a lead in engineering spend.

While the nature of service offers huge opportunities, competition poses enormous challenge. The presence of consulting firms, national and multinational technology giants make it very intense. The industry is expecting rapid changes that are affecting the competitive landscape, including divestitures and acquisitions that have resulted in consolidation within the industry.

RISKS AND CONCERNS

Risk and concerns being faced by the Company are same as what others in the industry are facing and those are:

1. Technology obsolescence
2. High cost of resources
3. Attracting and retention of talents
4. Competition and customer acquisition
5. International issues concerning movement against outsourcing
6. Foreign exchange fluctuations
7. Government policies
8. Recession in the world market

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The company has in place system and procedures to effectively control and monitor its business operations on an ongoing basis. The system encompasses all areas of the operations with procedures and processes laid down to control for day to day activities. These are reviewed on an ongoing basis by the top management and changes, whenever needed, are incorporated.

Having regard to the size and nature of business, the existing internal control systems are considered adequate and reliable.

DISCUSSION ON FINANCIAL PERFORMANCE

LIABILITIES AND ASSETS

Share Capital

The Company has an Authorized Equity Capital of Rs.849,000 lacs, comprising of 8,490,000,000 shares of Rs.10 each and Preference Capital of Rs.1,000 lacs, comprising of 10,000,000 4.5% Redeemable Preference Shares of Rs.10 each.

Issued, Subscribed and Paid-up Equity Share Capital of the Company, comprising of 8,611,878 shares of Rs.10 each, stood at Rs.861.18 lacs, as on March 31, 2013. Similarly, Issued, Subscribed and Paid-up 4.5% Redeemable Preference Share Capital of the Company, comprising of 7,000,000 shares of Rs.10 each, stood at Rs.700 lacs, as on March 31, 2013

There was no change in the Authorized, Issued, Subscribed and Paid-up Capital of the Company during the year ended March 31, 2013.

RESERVES AND SURPLUS

Reserves and Surplus, besides balance of General Reserve and Security Premium Account includes debit balance in the Profit and Loss Account.

GI ENGINEERING SOLUTIONS LIMITED

Balance in General Reserve Account as on March 31, 2013 stood at Rs.2,998.48lacs. The balance was same at the end of the previous year. Similarly, balance in Share Premium Account was at Rs.88 lacs at the end of 2012-13, same as in the earlier year.

Debit balance of Profit & Loss Account as on March 31, 2013, stood at Rs.877.35lacs as against Rs.765.29lacs as on March 31, 2013. Rise in the debit balance of the Profit and Loss Account is on account of loss reported by the Company in the year ended March 31, 2013.

NON-CURRENT LIABILITIES

Non-Current Liabilities consist of Long –Term Provisions of Rs.0.91 lacs at on March 31, 2013 as against Rs.0.56 lacs as the end of the earlier year. Such provisions are relating to employee benefits.

CURRENT LIABILITIES

Current Liabilities consist of trade payables, other current liabilities and short term provisions. Trade payables have gone up marginally to Rs.76.88lacs as on March 31, 2013, from Rs.72.41lacs, as on March 31, 2012. Similarly, Other Current Liabilities, have also marginally gone up to Rs.283.12lacs as on March 31, 2013, as against Rs.273.71lacs at the end of the earlier year. Short Term Provisions, represented by provisions for employee benefits and provision for income tax have marginally gone up to Rs.6.79 lacs at the end of 2012-13 as against Rs.6.13 lacs as on March 31, 2012.

FIXED ASSETS

Gross Block is reported at Rs.440.94 lacs at the end 2012-13 as against Rs.452.03 lacs at the end of the previous year. Fall in the balance of the gross block was on account of disposal of old computer hardware. Similarly, Net Block at the end of 2012-13 is reported at Rs.106.19lacs as against Rs.107.07lacs in the previous year.

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

OTHER NON-CURRENT ASSETS

Non-Current Assets are represented by long term loans and advances. Long term loans and advance include loans to other body corporates and other deposits. Balance in the account has gone up to Rs.1,439.16lacs as on March 31, 2013 from Rs.944.65 lacs at the end of March 31, 2012.

CURRENT ASSETS

Current Assets consist of Trade Receivables, Cash and Cash Equivalents and Short Term Loans and Advances.

Trade Receivables is reported at Rs. 2,289.76 lacs at the end of the 2012-13. Balance reported at the end of the previous year was the same as the year under reference. Cash and Cash Equivalent was at Rs. 2.03 lacs as on March 31, 2013, as against Rs.13.78 lacs at the end of March 31, 2012. Short Term Loans and Advance consisting of other loans and advances, prepaid expenses and other deposits was at Rs.608.38 lacs as on March 31, 2013 as against Rs.1,030.13 lacs at the end of the previous year.

INCOME & EXPENDITURE

During 2012-13, the Company recorded a total income of Rs.51.16lacs as against Rs.99.95 lacs in the year 2011-12. The Company has reported a loss of Rs.112.06 lacs in the year ended March 31, 2013, as against a loss of Rs.47.05 lacs in the earlier year. The loss in the current year is primarily, besides other factors, on account of provisioning against old debtors.

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 INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF GI ENGINEERING SOLUTIONS LIMITED

TO THE MEMBERS OF GI ENGINEERING SOLUTIONS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **GI ENGINEERING SOLUTIONS LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the "Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to note no. 27 regarding non provision for diminution in the value of investments in subsidiary company for the reasons mentioned therein. Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1. As required by the Companies (Auditor's Report) Order, 2003 (the "Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, 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 it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and

the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in

terms of Section 274(1)(g) of the Act.

**For DIXIT DATTATRAY & ASSOCIATES,
Chartered Accountants
Firm registration number : 102665W**

**D. B. DIXIT
Proprietor
Membership No 40032**

Mumbai

Dated : 25th May, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

1. In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status 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 covered in the Register maintained under Section 301 of the Act. 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. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Act, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of ` 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, the provisions of the clause 4 (vi) of the Order are not applicable to the Company.

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. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, applicable to it with the appropriate authorities. There are no arrears of outstanding statutory dues 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, custom duty, wealth tax, excise duty and cess which have not been deposited as at March 31, 2013 on account of any dispute are given below:

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 during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank. Further, in our opinion and according to information and explanations given to us, the Company did not have any amount outstanding to financial institutions or debenture holders.
12. In our opinion and according to the information and explanations given to us, 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. In our opinion and according to the information and explanations given to us, the Company is not dealing in shares, securities and debentures. Therefore, 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 loan outstanding during the year.
17. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have prima facie not been used during the year for long- term investment.
18. According to the information and explanations given to us, during the year covered by our audit, the Company has not made preferential allotment of equity shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. According to the information and explanations given to us, during the year covered by our report, the Company has not issued any debentures.
20. During the year covered by our report, the Company has not raised any money by way of public issue.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DIXIT DATTATRAY & ASSOCIATES,
Chartered Accountants
Firm registration number : 102665W

D. B. DIXIT
Proprietor
Membership No 40032

Mumbai
 Dated : 25th May, 2013

GI ENGINEERING SOLUTIONS LIMITED

BALANCE SHEET

AS AT MARCH 31, 2013

PARTICULARS	Note No.	MARCH 31, 2013 ₹	MARCH 31, 2012 ₹
EQUITY AND LIABILITIES			
1) SHAREHOLDERS FUNDS			
a) Share Capital	3	156,118,780	156,118,780
b) Reserves & Surplus	4	257,318,088	267,993,975
		413,436,868	424,112,755
2) NON-CURRENT LIABILITIES			
a) Long-Term Provisions	5	91,543	56,450
		91,543	56,450
3) CURRENT LIABILITIES			
a) Trade Payables	6	146,848	159,244
b) Other Current Liabilities	7	8,857,761	9,130,990
c) Short-Term Provisions	8	679,098	613,686
		9,683,707	9,903,920
Total		423,212,118	434,073,125
ASSETS			
1) NON-CURRENT ASSETS			
a) Fixed Assets	9		
Tangible Assets		960,511	1,047,817
Intangible Assets		-	532
		960,511	1,048,349
b) Non-Current Investments	10	268,234,232	268,234,232
c) Long-Term Loans & Advances	11	143,916,871	94,464,871
		413,111,614	363,747,452
2) CURRENT ASSETS			
a) Trade Receivables	12	707,084	14,852,795
b) Cash & Cash Equivalents	13	190,204	1,337,879
c) Short-Term Loans & Advances	14	9,203,216	54,134,999
		10,100,504	70,325,673
Total		423,212,118	434,073,125

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

Date: 25th May, 2013

MUMBAI

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN

DIRECTOR

DEERAJ NAIR

COMPANY SECRETARY

Date: 25th May, 2013

MUMBAI

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2013

PARTICULARS	Note No.	MARCH 31, 2013	MARCH 31, 2012
		₹	₹
INCOME			
Revenue from Operations		732,140	1,258,600
Other Income	15	4,384,016	8,736,711
Total Revenue		5,116,156	9,995,311
EXPENSES			
Employee Benefit Expenses	16	1,131,231	1,982,438
Finance Costs	16	12,621	15,163
Depreciation / Amortization	9	87,838	2,110,690
Other Costs	16	13,935,353	8,666,155
Total Expenses		15,167,043	12,774,446
PROFIT/(LOSS) BEFORE TAX	17	(10,050,887)	(2,779,135)
Tax Expense:			
Current Tax		625,000	975,000
Tax Adjustment for earlier years		-	201
		625,000	975,201
PROFIT/(LOSS) AFTER TAX		(10,675,887)	(3,754,336)
EARNINGS PER EQUITY SHARE			
Equity Shares of par value of ₹ 10 each			
Basic		(1.24)	(0.44)
Diluted		(1.24)	(0.44)

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

Date: 25th May, 2013

MUMBAI

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN

DIRECTOR

DEERAJ NAIR

COMPANY SECRETARY

Date: 25th May, 2013

MUMBAI

GI ENGINEERING SOLUTIONS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2013

PARTICULARS	YEAR ENDED MARCH 31, 2013		YEAR ENDED MARCH 31, 2012	
	₹	₹	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax as per Statement of Profit and Loss		(10,050,887)		(2,779,135)
Adjustments for:				
Depreciation and amortisation	87,838		2,110,690	
Interest income	(4,911,332)		(5,174,517)	
(Profit)/ Loss on sale of fixed assets	(8,632)		123,463	
Provision for Doubtful Debts	12,376,309		7,631,027	
Unrealised Gain	(465,911)		(1,339,752)	
		<u>7,078,272</u>		<u>3,350,911</u>
Operating Profit before working capital changes		(2,972,615)		571,776
Adjustments for:				
(Increase)/ Decrease in Trade Receivables	1,829,046		(1,503,118)	
(Increase)/ Decrease in Loans & Advances	(4,631,950)		(50,829,833)	
Increase/ (Decrease) in Current Liabilities and Provisions	(245,235)		(35,570,267)	
		<u>(3,048,139)</u>		<u>(87,903,218)</u>
CASH GENERATED FROM OPERATIONS		(6,020,754)		(87,331,442)
Taxes (Paid) / Refund received		(564,885)		(712,255)
NET CASH FLOW FROM OPERATING ACTIVITIES		<u>(6,585,639)</u>		<u>(88,043,697)</u>
B CASH FLOW FROM INVESTING ACTIVITIES				
Sale of fixed assets	8,632		11,500,000	
Interest income	4,911,332		5,174,517	
Loan to Other Body Corporates	518,000		(1,557,064)	
NET CASH USED IN INVESTING ACTIVITIES		<u>5,437,964</u>		<u>15,117,453</u>
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Preference Shares	-		70,000,000	
NET CASH FLOW FROM FINANCING ACTIVITIES		<u>-</u>		<u>70,000,000</u>
NET INCREASE IN CASH & CASH EQUIVALENTS		(1,147,675)		(2,926,244)
CASH & CASH EQUIVALENTS (OPENING BALANCE)		<u>1,337,879</u>		<u>4,264,123</u>
CASH & CASH EQUIVALENTS (CLOSING BALANCE)		<u>190,204</u>		<u>1,337,879</u>

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

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

Date: 25th May, 2013

MUMBAI

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN

DIRECTOR

DEERAJ NAIR

COMPANY SECRETARY

Date: 25th May, 2013

MUMBAI

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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 relevant provisions of the Companies Act, 1956.

b. Use of estimates

Preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimate of useful life of assets and provision for retirement benefits. Actual results could differ from the estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/materialised. 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. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

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 advance.

e. Depreciation / Amortization

Particulars	Depre- ciation Method	Rate
(A) Tangible Assets		
- Computer hardware and 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

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

exists, the assets recoverable amount is estimated, as the higher of the net selling price and the value in use. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating units exceeds its recoverable amount. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reinstated at the recoverable amount subject to a maximum of depreciable historical cost.

g. Borrowing Costs

Borrowing costs if any, 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 and 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 and 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

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

average number of shares outstanding during the year.

I. Taxation

i. Current Tax

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

ii. Deferred Tax

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

Deferred tax assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

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

m. Employee Benefits :

(i) Short-term employee benefits – Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognized in the period in which the employee renders the related service.

(ii) Post employment benefits (defined benefit plans) – The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation using the projected unit credit method. Actuarial gains and losses and current plan costs are recognized in the Statement of profit and 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 and 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 and 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. Contingent assets are neither recognized nor disclosed in the financial statements.

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

3. SHARE CAPITAL

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
AUTHORIZED		
Equity Shares of ₹ 10/- each fully paid up		
8,49,00,00,000 Equity Shares (Previous Year: 8,49,00,00,000 Equity Shares of ₹ 10/- each)	84,900,000,000	84,900,000,000
Preference Shares of ₹ 10/- each fully paid up		
1,00,00,00,000 Preference Shares of ₹ 10 each (Previous Year: 1,00,00,00,000 Preference Shares of ₹ 10/- each)	100,000,000	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	70,000,000	70,000,000
70,00,00,000 (4.5%) Redeemable Cumulative Preference Shares fully paid up (Previous Year: 70,00,00,000 4.5% redeemable preference shares of ₹ 10/- each)		
Total	156,118,780	156,118,780

The reconciliation of the number of Equity Shares outstanding as at March 31, 2013 and March 31, 2012 is set out below:

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
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, 2013 and March 31, 2012 is set out below:

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Number of preference shares at the beginning	7,000,000	-
Add: No. of preference shares issued during the year	-	7,000,000
Number of preference shares at the end	7,000,000	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, 2013

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, 2013 is set out below:

Name of the Shareholder	No. of shares	% held as at MARCH 31, 2013	No. of shares	% held as at MARCH 31, 2012
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%	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, 2013	MARCH 31, 2012
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/(DEFICIT) - Opening Balance	(46,885,130)	(43,130,794)
Add: Net loss after tax transferred from Statement of Profit and Loss	(10,675,887)	(3,754,336)
Amount available for appropriation	(57,561,017)	(46,885,130)
Appropriations	-	-
SURPLUS/(DEFICIT) - Closing Balance	(57,561,017)	(46,885,130)
Total	257,318,088	267,993,975

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

5. LONG-TERM PROVISIONS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Provision for Employee Benefits (refer note no. 20)	91,543	56,450
Total	91,543	56,450

6. TRADE PAYABLES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Trade Payables	146,848	159,244
Total	146,848	159,244

Amount due to Micro, Small and Medium Enterprises :

As at March 31, 2013 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, 2013	MARCH 31, 2012
Other Liabilities		
Other payables	8,857,761	9,130,990
Total	8,857,761	9,130,990

8. OTHER SHORT-TERM PROVISIONS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Provision for Employee Benefits (refer note no. 20)	13,034	7,737
Provision for Income Taxes (net of advance taxes)	666,064	605,949
Total	679,098	613,686

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

9. FIXED ASSETS

(in ₹)

Particulars	Original Cost				Depreciation / Amortization				Net Book Value	
	Opening Balance as at 1.04.12	Addition during the year	Sale during the year	Closing Balance as at 31.03.13	Up to 1.04.12	For the year	On Deduction	Up to 31.03.13	As at 31.03.13	As at 31.03.12
Tangible Assets										
Computer Hardware	1,940,370	-	1,109,019	831,351	1,940,370	-	1,109,019	831,351	-	-
Furniture & Fixtures	128,374	-	-	128,374	71,013	8,128	-	79,141	49,233	57,361
Office Equipments	1,666,905	-	-	1,666,905	676,449	79,178	-	755,627	911,278	990,456
Vehicles	-	-	-	-	-	-	-	-	-	-
sub total	3,735,649	-	1,109,019	2,626,630	2,687,832	87,306	1,109,019	1,666,119	960,511	1,047,817
Intangible Assets										
Computer Software	273,558	-	-	273,558	273,026	532	-	273,558	-	532
sub total	273,558	-	-	273,558	273,026	532	-	273,558	-	532
Total	4,009,207	-	1,109,019	2,900,188	2,960,858	87,838	1,109,019	1,939,677	960,511	1,048,349
Previous Year	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

10. INVESTMENTS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Non-Current Investments		
Long Term Investments - at cost		
Trade Investments - Unquoted		
Investment in Equity Instruments		
Wholly owned subsidiary -		
5,50,650 Common Stock USD 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, 2013	MARCH 31, 2012
Unsecured, considered good		
Other Loans & Advances		
Loan to Other Body Corporate	93,916,871	94,434,871
Other Deposits	50,000,000	30,000
Total	<u>143,916,871</u>	<u>94,464,871</u>

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

12. TRADE RECEIVABLES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Debts outstanding for a period exceeding six months		
Unsecured		
Considered Good	335,172	13,969,733
Considered Doubtful	28,717,238	16,340,929
	29,052,410	30,310,662
Less: Provision for Doubtful Debts	28,717,238	16,340,929
	335,172	13,969,733
Other Debts		
Unsecured		
Considered Good	371,912	883,062
Considered Doubtful	-	-
	371,912	883,062
Less: Provision for Doubtful Debts	-	-
	371,912	883,062
Total	707,084	14,852,795

13. CASH & CASH EQUIVALENTS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Cash in Hand	-	-
Balances with Banks		
In Current Accounts	190,204	1,337,879
In Deposit Accounts	-	-
	190,204	1,337,879
Total	190,204	1,337,879

14. SHORT TERM LOANS & ADVANCES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Unsecured, considered good		
Loan to subsidiary	3,430,088	2,775,036
Others		
Advances recoverable in cash or kind	5,773,128	1,359,911
Prepaid Expenses	-	52
Other Deposits	-	50,000,000
Total	9,203,216	54,134,999

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

15. OTHER INCOME

(in ₹)

PARTICULARS	2012-2013	2011-2012
Interest income on deposits with others	4,911,332	5,174,517
Profit on sale of fixed assets	8,632	-
Gain/ (Losses) on foreign currency, net	(535,948)	3,562,194
Total	4,384,016	8,736,711

16. EXPENSES

(in ₹)

PARTICULARS	2012-2013	2011-2012
Employee Benefit Expenses		
Salaries, Allowances and Bonus	1,085,208	1,897,367
Staff Welfare	6,315	52,747
Contribution to Provident Fund & other funds	39,708	32,324
Total	1,131,231	1,982,438
Finance Costs		
Bank Charges	12,621	15,163
Total	12,621	15,163
Other Costs		
Conveyance & Traveling	-	675
Legal & Professional Fees	312,724	90,025
Loss on sale of Fixed Assets	-	123,463
Communication Expenses	30,467	50,400
Electricity and Water Charges	-	211,912
Project Expenses	125,000	10,000
Bad debts	28,893	-
Miscellaneous expenses	1,032,366	454,999
Rent	-	60,000
Remuneration to Auditors		
- Statutory Audit	22,094	12,429
- Tax Audit	7,500	7,500
- Other Services	-	13,725
Provision for Doubtful Debts	12,376,309	7,631,027
Total	13,935,353	8,666,155
	15,079,205	10,663,756

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

17. TAX EXPENSE

(in ₹)		
PARTICULARS	2012-2013	2011-2012
Current Tax		
Income Taxes	625,000	975,000
Tax Adjustment for earlier years	-	201
	<u>625,000</u>	<u>975,201</u>

Provision of ₹ 6,25,000 (Previous Year - ₹ 9,75,000) towards income tax payable under Income Tax Act, 1961 has been made.

18. CONTINGENT LIABILITIES:

(in ₹)		
PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Contingent Liabilities		
Estimated amount of claims against the company not acknowledged as debts in respect of :		
Disputed Income Tax Matters	26,09,120	26,09,120

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

Details of Transactions with related parties are as follows:

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
	₹	₹
Transactions during the year -		
Services Received –		
Genesys International Corporation Limited	1,25,000	-
Rent Paid -		
Ventura Securities Limited	-	60,000
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
Advance Repaid/ Reimbursement of Expenses to Genesys International Corporation Ltd.	30,000	3,95,20,000
Advance to Genesys Enterprises Inc., USA	6,55,052	8,81,091
4.5% Cumulative Redeemable Preference shares allotted to Genesys International Corporation Limited	-	7,00,00,000
Closing Balance -		
Amount Receivable from Genesys Enterprises Inc., USA	34,30,088	27,75,036

20. EMPLOYEE BENEFITS :

Post-employment benefits plans

(a) Defined Contribution Plans –

In respect of the defined contribution plans, an amount of ₹ 36,348 (Previous Year: ₹ 32,234) has been provided in the Profit & Loss account 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 Profit & Loss account for the period in which they occur.

(ii) Principal actuarial assumptions

Particulars	FY 2012-13 Gratuity	FY 2011-12 Gratuity
Discount rate Current year	8.05% p.a	8.65% p.a
Salary Escalation Current year		
For First Years (Previous Year – For First 2 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, 2013

(iii) Reconciliation of Benefit Obligation :

Particulars	FY 2012-13	FY 2011-12
	Gratuity	Gratuity
	₹	₹
Liability at the beginning of the year	18,970	5,146
Interest Cost	2,406	1,035
Current Service Cost	8,872	7,339
Benefit Paid	-	-
Actuarial (Gain)/ Loss on Obligations	6,064	5,450
Amount recognized and disclosed under the head "Provision for employees benefits"	36,312	18,970

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

Particulars	FY 2012-13	FY 2011-12
	Gratuity	Gratuity
	₹	₹
Current Service Cost	8,872	7,339
Interest Cost	2,406	1,035
Net Actuarial (Gain)/ Loss recognized	6,064	5,450
Expenses recognized in Profit and Loss account	17,342	13,824

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

Particulars	FY 2012-13	FY 2011-12
	Gratuity	Gratuity
	₹	₹
Liability at the end of the year	36,312	18,970
Fair value of the plan assets at the end of the year	-	-
Difference	36,312	18,970
Amount recognized in the Balance Sheet	36,312	18,970

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

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	
	MARCH 31, 2013	MARCH 31, 2012
	₹	₹
Deferred Tax Assets		
Fixed Assets (Depreciation/Amortization)	4,91,723	5,62,055
Provision for Employee Benefits	32,314	19,834
Provision for Doubtful Debts	88,73,627	50,49,347
Total	93,97,663	56,31,236
Deferred Tax Liability	-	-
Net Deferred Tax (Liability)/Assets	93,97,663	56,31,236

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:

	FY 2012-13	FY 2011-12
	₹	₹
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	₹ (1,06,75,887)	₹ (37,54,336)
Basic EPS	₹ (1.24)	₹ (0.44)
Diluted EPS	₹ (1.24)	₹ (0.44)
Nominal value of Shares	₹ 10	₹ 10

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

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)

(amount in ₹)

Segment Revenue	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Asia	7,32,140	12,58,600
Total Revenue from Operations	7,32,140	12,58,600

24. EARNINGS IN FOREIGN EXCHANGE: (AT ACTUAL)

(amount in ₹)

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
	₹	₹
Revenue from Operations	Nil	Nil

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

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
	₹	₹
Capital Goods	Nil	Nil

26. EXCHANGE DIFFERENCES

During the period realized and unrealized exchange loss amounting to ₹ 5,35,948 (Previous Year: exchange gain of ₹ 35,62,194) is included in the profit and loss account.

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 FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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.** Figures for the previous year have been re-grouped/re-classified wherever necessary to conform to current year's presentation.

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

Date: 25th May, 2013

MUMBAI

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN

DIRECTOR

DEERAJ NAIR

COMPANY SECRETARY

Date: 25th May, 2013

MUMBAI

GI ENGINEERING SOLUTIONS LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

(Amount in USD)

Name of the Subsidiary	Genesys Enterprises Inc.
Financial year of the Subsidiary Company ended on	31st March 2013
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	(9,751)
(ii) for the previous financial years of the subsidiary since it become the Holding Company's subsidiary	(810,739)
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

DEERAJ NAIR
COMPANY SECRETARY

MUMBAI, 25th May, 2013

REPORT OF THE AUDITORS ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF GI ENGINEERING SOLUTIONS LIMITED

We have audited the accompanying consolidated financial statements of GI ENGINEERING SOLUTIONS LIMITED (the "Company") and its subsidiary (the Company and its subsidiary constitute the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and

presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to note no. 21 regarding non provision for old account receivables and advance receivables of subsidiary company for the reason mentioned therein. Our opinion is not qualified in respect of this matter.

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

Firm Registration Number: 102665W

**D. B. DIXIT
Proprietor
Membership No 40032**

Place : Mumbai
Dated : 25th May, 2013

GI ENGINEERING SOLUTIONS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2013

PARTICULARS	Note No.	MARCH 31, 2013 ₹	MARCH 31, 2012 ₹
EQUITY AND LIABILITIES			
1) SHAREHOLDERS FUNDS			
a) Share Capital	2	156,118,780	156,118,780
b) Reserves & Surplus	3	251,664,864	247,137,495
		<u>407,783,644</u>	<u>403,256,275</u>
2) NON-CURRENT LIABILITIES			
a) Long-Term Provisions	4	91,543	56,450
		<u>91,543</u>	<u>56,450</u>
3) CURRENT LIABILITIES			
a) Trade Payables	5	7,688,047	7,241,141
b) Other Current Liabilities	6	28,311,393	27,371,363
c) Short-Term Provisions	7	679,098	613,686
		<u>36,678,538</u>	<u>35,226,190</u>
Total		<u><u>444,553,725</u></u>	<u><u>438,538,915</u></u>
ASSETS			
1) NON-CURRENT ASSETS			
a) Fixed Assets	8		
Tangible Assets		960,511	1,047,817
Intangible Assets		9,658,625	9,659,157
		<u>10,619,136</u>	<u>10,706,974</u>
b) Long-Term Loans & Advances	9	143,916,871	94,464,871
		<u>154,536,007</u>	<u>105,171,845</u>
2) CURRENT ASSETS			
a) Trade Receivables	10	228,976,046	228,976,345
b) Cash & Cash Equivalents	11	203,569	1,378,063
c) Short-Term Loans & Advances	12	60,838,103	103,012,662
		<u>290,017,718</u>	<u>333,367,070</u>
Total		<u><u>444,553,725</u></u>	<u><u>438,538,915</u></u>

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

Date: 25th May, 2013

MUMBAI

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN

DIRECTOR

DEERAJ NAIR

COMPANY SECRETARY

Date: 25th May, 2013

MUMBAI

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2013

PARTICULARS	Note No.	MARCH 31, 2013 ₹	MARCH 31, 2012 ₹
INCOME			
Revenue from Operations		732,140	1,258,600
Other Income	13	4,384,016	8,736,711
Total Revenue		<u>5,116,156</u>	<u>9,995,311</u>
EXPENSES			
Employee Benefit Expenses	14	1,131,231	1,982,438
Finance Costs	14	35,924	35,037
Depreciation / Amortization	8	87,838	2,110,690
Other Costs	14	13,977,784	9,053,173
Total Expenses		<u>15,232,777</u>	<u>13,181,338</u>
PROFIT/(LOSS) BEFORE TAX		<u>(10,116,621)</u>	<u>(3,186,027)</u>
TAX EXPENSE:	15		
Current Tax		1,088,915	1,404,849
Tax Adjustment for earlier years		-	114,436
		<u>1,088,915</u>	<u>1,519,285</u>
PROFIT/(LOSS) AFTER TAX		<u>(11,205,536)</u>	<u>(4,705,312)</u>
EARNINGS PER EQUITY SHARE			
Equity Shares of par value of ₹ 10 each			
Basic & Diluted		(1.30)	(0.55)

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

Date: 25th May, 2013

MUMBAI

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN

DIRECTOR

DEERAJ NAIR

COMPANY SECRETARY

Date: 25th May, 2013

MUMBAI

GI ENGINEERING SOLUTIONS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2013

PARTICULARS	YEAR ENDED		YEAR ENDED
	MARCH 31, 2013		MARCH 31, 2012
	₹	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before tax as per statement of profit and loss		(10,116,621)	(3,186,027)
Adjustments for:			
Depreciation & Amortisation	87,838		2,110,690
Interest income	(4,911,332)		(5,174,517)
Loss on sale of fixed assets	(8,632)		123,463
Provision for Doubtful Debts	12,376,309		7,631,027
Unrealised Gain	(465,911)		(1,339,752)
		7,078,272	3,350,911
Operating Profit/(Loss) before working capital changes		(3,038,349)	164,884
Adjustments for:			
(Increase)/ Decrease in Trade Receivables	(12,316,366)		(28,864,992)
(Increase)/ Decrease in Loans & Advances	(7,389,174)		(56,300,616)
Increase/ (Decrease) in Current Liabilities and Provisions	1,427,326		(32,856,200)
		(18,278,214)	(118,021,808)
CASH GENERATED FROM OPERATIONS		(21,316,563)	(117,856,924)
Taxes (Paid) / Refund		(1,028,800)	(1,256,339)
NET CASH FLOW FROM OPERATING ACTIVITIES		(22,345,363)	(119,113,263)
B CASH FLOW FROM INVESTING ACTIVITIES			
Sale of fixed assets	8,632		11,500,000
Interest income	4,911,332		5,174,517
Loan to Other Body Corporates	518,000		(1,557,064)
NET CASH USED IN INVESTING ACTIVITIES		5,437,964	15,117,453
C CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Issue of Preference Shares	-	-	70,000,000
NET CASH FLOW FROM FINANCING ACTIVITIES		-	70,000,000
NET INCREASE IN CASH & CASH EQUIVALENTS		(16,907,399)	(33,995,810)
Exchange difference on translation of foreign currency accounts / deposits		15,732,905	30,551,659
CASH & CASH EQUIVALENTS (OPENING BALANCE)		1,378,063	4,822,214
CASH & CASH EQUIVALENTS (CLOSING BALANCE)		203,569	1,378,063

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

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

Date: 25th May, 2013

MUMBAI

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN

DIRECTOR

DEERAJ NAIR

COMPANY SECRETARY

Date: 25th May, 2013

MUMBAI

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

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 2013
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. Difference between the actual results and estimates are recognized in the period in which the results are known/materialised. 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 statement of profit and loss for the period ended 31st March, 2013 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 statement of profit and loss 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, 2013

2. SHARE CAPITAL

PARTICULARS	(in ₹)	
	As at MARCH 31, 2013	MARCH 31, 2012
AUTHORIZED		
Equity Shares of ₹ 10/- each fully paid up		
8,49,00,00,000 Equity Shares (Previous Year: 8,49,00,00,000 Equity Shares of ₹ 10/- each)	84,900,000,000	84,900,000,000
Preference Shares of ₹ 10/- each fully paid up	100,000,000	100,000,000
1,00,00,00,000 Preference Shares of ₹ 10 each (Previous Year: 1,00,00,00,000 Preference Shares of ₹ 10/- each)		
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	70,000,000	70,000,000
70,00,00,000 (4.5%) Redeemable Cumulative Preference Shares fully paid up (Previous Year: 70,00,00,000 4.5% redeemable preference shares of ₹ 10/- each)		
Total	156,118,780	156,118,780

The reconciliation of the number of Equity Shares outstanding as at March 31, 2013 and March 31, 2012 is set out below:

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
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, 2013 and March 31, 2012 is set out below:

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Number of preference shares at the beginning	7,000,000	-
Add: No. of preference shares issued during the year	-	7,000,000
Number of preference shares at the end	7,000,000	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, 2013

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, 2013 is set out below:

Name of the Shareholder	No. of shares	% held as at MARCH 31, 2013	No. of shares	% held as at MARCH 31, 2012
Equity Shares				
Mr. Sohel Malik	1765000	20.49%	1765000	20.49%
M/s. Kilam Holdings Limited	1378405	16.01%	1378405	16.01%
M/s. Fortune Private Equity, LLC	1100000	12.77%	1100000	12.77%
Preference Shares				
M/s. Genesys International Corporation Limited	7000000	100%	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

PARTICULARS	(in ₹)	
	As at MARCH 31, 2013	MARCH 31, 2012
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	15,018,486	(15,533,173)
Add: Amount for the current year	15,732,905	30,551,659
	30,751,391	15,018,486
SURPLUS/ (DEFICIT) - Opening Balance	(76,529,069)	(71,823,757)
Add: Net loss after tax transferred from Statement of Profit and Loss	(11,205,536)	(4,705,312)
Amount available for appropriation	(87,734,605)	(76,529,069)
Appropriations	-	-
SURPLUS/(DEFICIT) - Closing Balance	(87,734,605)	(76,529,069)
Total	251,664,864	247,137,495

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

4. LONG-TERM PROVISIONS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Provision for Employee Benefits	91,543	56,450
Total	91,543	56,450

5. TRADE PAYABLES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Trade Payables	7,688,047	7,241,141
Total	7,688,047	7,241,141

Amount due to Micro, Small and Medium Enterprises :

As at 31st March, 2013 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, 2013	MARCH 31, 2012
Other Liabilities		
Other payables	28,311,393	27,371,363
Total	28,311,393	27,371,363

7. OTHER SHORT-TERM PROVISIONS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Provision for Employee Benefits	13,034	7,737
Provision for Income Taxes	666,064	605,949
Total	679,098	613,686

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

8. FIXED ASSETS

(in ₹)

Particulars	Original Cost				Depreciation / Amortization				Net Book Value	
	Opening Balance as at 1.04.12	Addition during the year	Sale during the year	Closing Balance as on 31.03.13	Up to 1.04.12	For the year	On Deduction	Up to 31.03.13	As at 31.03.13	As at 31.03.12
Tangible Assets										
Computer Hardware	12,289,907	-	1,109,019	11,180,888	12,289,907	-	1,109,019	11,180,888	-	-
Furniture & Fixtures	8,206,800	-	-	8,206,800	8,149,439	8,128	-	8,157,567	49,233	57,361
Office Equipments	2,719,896	-	-	2,719,896	1,729,440	79,178	-	1,808,618	911,278	990,456
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	28,619,520	-	1,109,019	27,510,501	27,571,703	87,306	1,109,019	26,549,990	960,511	1,047,817
Intangible Assets										
Computer Software	273,558	-	-	273,558	273,026	532	-	273,558	-	532
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	6,924,587	532	-	6,925,119	9,658,625	9,659,157
Total	45,203,264	-	1,109,019	44,094,245	34,496,290	87,838	1,109,019	33,475,109	10,619,136	10,706,974
Previous Year	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

9. LONG TERM LOANS & ADVANCES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Unsecured, considered good		
Other Loans & Advances		
Loan to Other Body Corporate	93,916,871	94,434,871
Other Deposits	50,000,000	30,000
Total	143,916,871	94,464,871

GI ENGINEERING SOLUTIONS LIMITED

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

10. TRADE RECEIVABLES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Debts outstanding for a period exceeding six months		
Unsecured		
Considered Good	228,604,134	228,093,283
Considered Doubtful	44,052,702	30,726,082
	<u>272,656,836</u>	<u>258,819,365</u>
Less: Provision for Doubtful Debts	44,052,702	30,726,082
	<u>228,604,134</u>	<u>228,093,283</u>
Other Debts		
Unsecured		
Considered Good	371,912	883,062
Considered Doubtful	-	-
	<u>371,912</u>	<u>883,062</u>
Less: Provision for Doubtful Debts	-	-
	<u>371,912</u>	<u>883,062</u>
Total	<u>228,976,046</u>	<u>228,976,345</u>

11. CASH & CASH EQUIVALENTS

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Cash in Hand	-	-
Balances with Banks		
In Current Accounts	203,569	1,378,063
In Deposit Accounts	-	-
	<u>203,569</u>	<u>1,378,063</u>
Total	<u>203,569</u>	<u>1,378,063</u>

12. SHORT TERM LOANS & ADVANCES

(in ₹)

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Unsecured, considered good		
Others		
Other Loans & Advances	60,481,848	52,678,431
Prepaid Expenses	169,748	159,281
Other Deposits	186,507	50,174,950
Total	<u>60,838,103</u>	<u>103,012,662</u>

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

13. OTHER INCOME

(in ₹)

PARTICULARS	2012-2013	2011-2012
Interest income on deposits with others	4,911,332	5,174,517
Profit on sale of fixed assets	8,632	-
Gain/ (Losses) on foreign currency, net	(535,948)	3,562,194
Total	4,384,016	8,736,711

14. EXPENSES

(in ₹)

PARTICULARS	2012-2013	2011-2012
Employee Benefit Expenses		
Salaries, Allowances and Bonus	1,085,208	1,897,367
Staff Welfare	6,315	52,747
Contribution to Provident Fund & other funds	39,708	32,324
Total	1,131,231	1,982,438
Finance Costs		
Bank Charges	35,924	35,037
Total	35,924	35,037
Other Costs		
Conveyance & Traveling	-	675
Legal & Professional Fees	312,750	331,879
Loss on sale of Fixed Assets	-	123,463
Communication Expenses	30,467	50,400
Electricity and Water Charges	-	211,912
Project Expenses	125,000	10,000
Bad debts	28,893	-
Miscellaneous expenses	1,069,365	595,092
Rent	-	60,000
Remuneration to Auditors		
- Statutory Audit	27,500	17,500
- Tax Audit	7,500	7,500
- Other Services	-	13,725
Provision for Doubtful Debts	12,376,309	7,631,027
Total	13,977,784	9,053,173
	15,144,939	11,070,648

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

15 . TAX EXPENSE

		(in ₹)
PARTICULARS	2012-2013	2011-2012
Current Tax		
Income Taxes	1,088,915	1,404,849
Tax Adjustment for earlier years	-	114,436
	<u>1,088,915</u>	<u>1,519,285</u>

16. CONTINGENT LIABILITIES

PARTICULARS	As at	
	MARCH 31, 2013	MARCH 31, 2012
Estimated amount of claims against the company not acknowledged as debts in respect of :		
Disputed Income Tax Matters	26,09,120	26,09,120

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. Sohail 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, 2013

Details of Transaction with related parties are as follows:

(in ₹)

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Transactions during the year -		
Services Received –		
Genesys International Corporation Limited	1,25,000	-
Rent Paid –		
Ventura Securities Limited	-	60,000
Sale of Fixed Assets –		
Genesys International Corporation Limited	-	1,15,00,000
Advance taken from/Reimbursement of Expenses by Genesys International Corporation Ltd.	-	37,12,647
Advance Repaid/ Reimbursement of Expenses to Genesys International Corporation Ltd.	30,000	3,95,20,000
4.5% Cumulative Redeemable Preference shares allotted to Genesys International Corporation Limited	-	7,00,00,000

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

(Amount in ₹)

SECONDARY SEGMENT (Geographical Segment based on Sales Continent viz)

Segment Revenue	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Asia	7,32,140	12,58,600
Total Revenue from Operations	7,32,140	12,58,600

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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, 2013	MARCH 31, 2012
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	₹ (1,12,05,536)	₹ (47,05,312)
Basic EPS	₹ (1.30)	₹ (0.55)
Diluted EPS	₹ (1.30)	₹ (0.55)
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, 2013	MARCH 31, 2012
	₹	₹
Deferred Tax Assets		
Fixed Assets - Depreciation/Amortization	4,91,723	5,62,055
Provision for Employee Benefits	32,314	19,834
Provision for Doubtful Debts	88,73,626	50,49,347
Total	93,97,663	56,31,236
Deferred Tax Liability	-	-
Net Deferred Tax (Liability)/Assets	93,97,663	56,31,236

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. The subsidiary company has not provided for the Accounts Receivable of USD 42,22,511 and Loans & Advances receivable of USD 10,12,000 since the management is of the view that these amounts will be collectible in the coming years.

NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

22. 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.

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

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

Date: 25th May, 2013
MUMBAI

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

DEERAJ NAIR
COMPANY SECRETARY

Date: 25th May, 2013
MUMBAI

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, 2013

(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	54.88	302,196,720	(45,028,491)	287,645,178	30,476,949	-	-	(65,734)	463,915	(529,649)	-

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 **Seventh Annual General Meeting** of the Company at Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai- 400059 Maharashtra on Friday, September 20, 2013 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 **Seventh Annual General Meeting** of the Company at Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai- 400059 Maharashtra on Friday, September 20, 2013 at 3.00 p.m..

Signed this..... day of September, 2013 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.

GI ENGINEERING SOLUTIONS LIMITED

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

Tel No: - 022-28290303, Fax No: - 022-28290603

FORM A

COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES – FOR STANDALONE ACCOUNTS

1.	Name of the Company	GI Engineering Solutions Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Emphasis of Matter
4.	Frequency of observation	Same observation appeared for the previous years in the audit report on the financial statements.


For Dixit Dattatray & Associates
Chartered Accountants
Firm Registration No. : 102665W



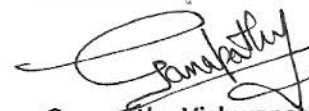
D. B. Dixit
Proprietor
Membership No. : 40032



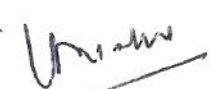
Place : Mumbai
Date : 25th May, 2013



Sajid Malik
Managing Director



Ganapathy Vishwanathan
Chairman – Audit Committee



Veena Mishra
Head – Finance & Accounts

Place : Mumbai
Date : 25th May, 2013

GI ENGINEERING SOLUTIONS LIMITED

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

Tel No: - 022-28290303, Fax No: - 022-28290603

FORM A

COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES – FOR CONSOLIDATED ACCOUNTS

1.	Name of the Company	GI Engineering Solutions Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Emphasis of Matter
4.	Frequency of observation	Appearing for the first time.

For Dixit Dattatray & Associates
Chartered Accountants
Firm Registration No. : 102665W



D. B. Dixit
Proprietor
Membership No. : 40032

Place : Mumbai
Date : 25th May, 2013

Sajid Malik
Managing Director

Ganapathy Vishwanathan
Chairman – Audit Committee

Veena Mishra
Head – Finance & Accounts

Place : Mumbai
Date : 25th May, 2013



GI Engineering Solutions Limited

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

Telephone: 91-22-4488 4488

Fascimile: 91-22-28290603

Web site: www.giengineering.com