

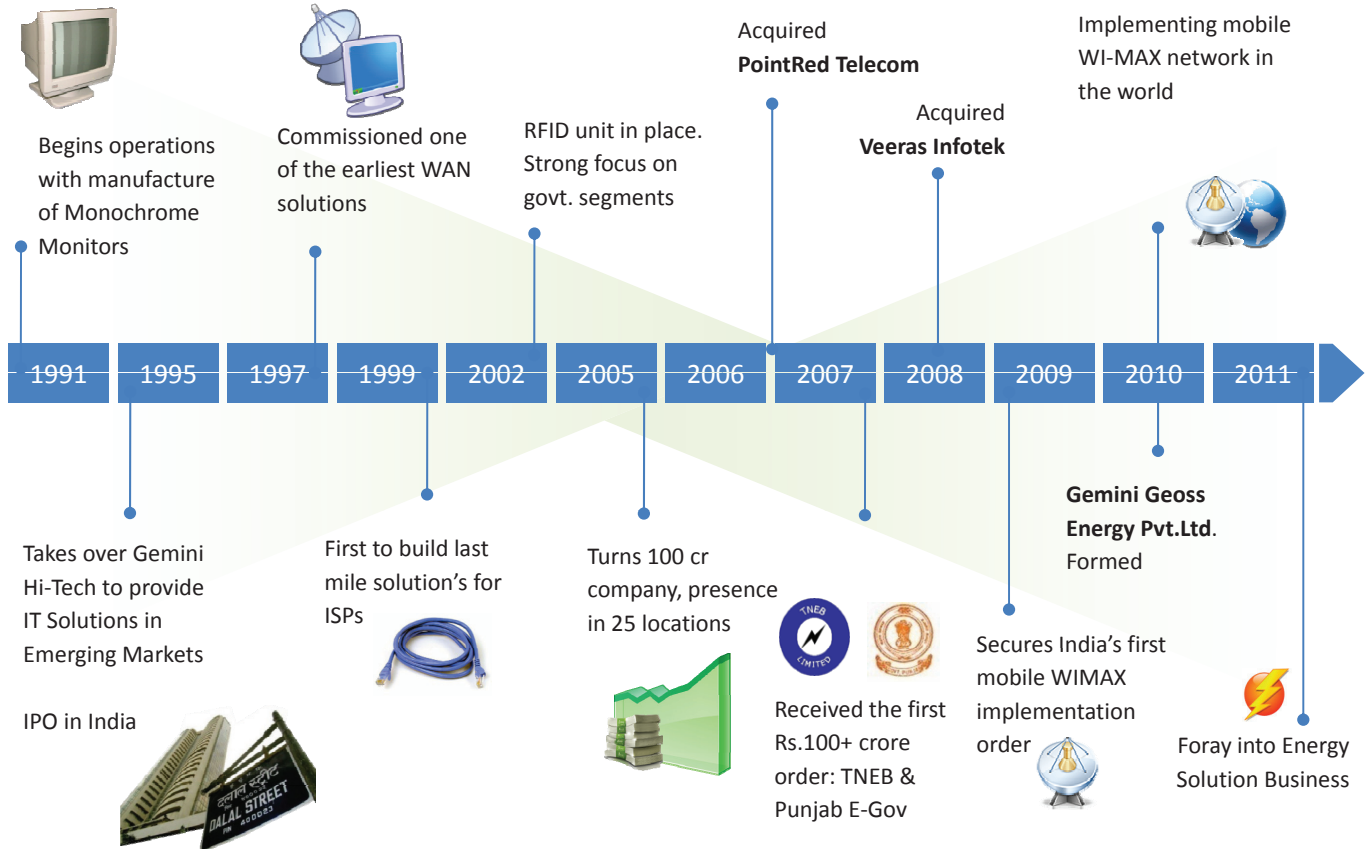


# Accelerating Technology Solutions

## Annual Report 2012

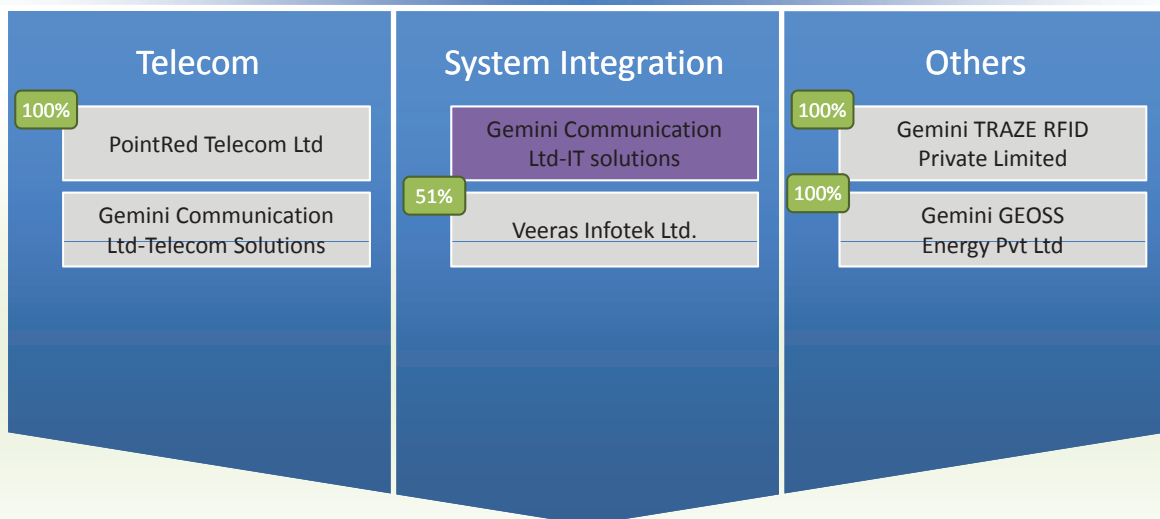


# Milestones



## Gemini Group – Portfolio

### Technology Infrastructure Enablers



## GEMINI GROUP

Accelerating Technology Solutions  
From Early Adoption to Market Leadership

Subsidiaries  
 % Share Holding

**Board of Directors**

Mr. R. Vijaykumar

Chairman & Managing Director

Mr. R. Ramkumar

Whole-time Director

Mr. Easwaran Annamalai

Mr. L. Sathyanarayan

**Compliance Officer**

Mr. Pradhyumna T. Venkat

**Auditor**

Mr. S. Ramanath

Chartered Accountant

Proprietor M/s. Ramanath & Co.,

1A, East Street Agraharam, Singanallur,

Coimbatore - 641 005

**Bankers**

Bank of India

Chennai Mid Corporate Branch

IV Floor, Tarapore Towers, 826, Anna Salai

Chennai - 600 002

State Bank of India

Industrial Finance Branch

155, Anna Salai, Chennai - 600 002.

Union Bank of India

Mount Road Branch

152 Anna Salai

Chennai – 600002.

**Registrar and Share Transfer Agent**

M/s. Integrated Enterprises India Ltd

2nd Floor, "Kences Towers"

#1, Ramakrishna Street,

T.Nagar, Chennai – 600 017.

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## LETTER TO SHAREHOLDERS

Dear Shareholders,

Warm Greetings to all of you!

The Last financial year has been a challenging one for the industry and we are no exception. Despite the slowdown, we ensured the momentum in business and added several new customers while retaining the key ones. Though revenue has dipped a bit, we ensure that we maintained our leadership position in the three key segments of focus areas, 4G ( Broadband wireless), Telecom services and IT services. We managed to maintain healthy EBITDA levels although the profitability took a hit due to high finance and interest cost.

For FY2012, consolidated revenue reached Rs. 5451.03 million and profits touched Rs. 356.8 million, and Earnings per share stands at Rs.3.40. Our healthy orders on hand stand at Rs. 249 Crs as on 31<sup>st</sup> March 2012 which clearly envisages that the company would continue to growth in the same fashion how we have grown in the past.

PointRed Telecom Limited, the company's wholly owned Subsidiary, successfully tested its 4G range of products. PointRed won major orders in Middle East for its backhaul and 4G ranges of products. Further, PointRed also won contracts from a major Tier-1 operator in India for the supply of MicroRed Backhaul range of products. They have successfully rolled out Mobile WiMAX networks in 3 African Countries.

Broadband Wireless Access (BWA) spectrum has been awarded to 8 telecom operators in 2010 who are looking to roll out services in FY 2013 and FY 2014, and as per NTP (National Telecom Policy), 30% of equipment procurement should be from local sourcing and the same will go up to 80% in 2020. As per Telecom Paper, CAGR growth rate FY 13 to FY 16 is 18% and FY 16 to FY 2020 is 12% expected for telecom equipment market. DOT expects that, there would be skewed growth rate on DATA usage like Voice growth happened in last decade. In view

of same, PointRed Telecom Limited will have significant orders from 4G/ LTE rollout in the coming years not just from India but also from overseas market. Considering the opportunities in 4G, our company is well positioned in the market to address these opportunities which can be seen from various coverage's of media as well.

Gemini TSG (Telecom Service Group) continues to be valued by its existing customers as a end- to end solutions provider. With the expertise in planning, deployment and maintenance, had enabled as preferred partner by leading service providers and telecom equipment manufacturers in India. With well versed engineers placed across India, we are maintaining 50000 + wireless links, 8000+ GSM/CMDA BTS across, 30000 + Leased lines circuits, 30000+Routers and switches across India.

On the IT solutions vertical front, we won significant orders for Security Auditing / Gap Analysis study. This helped in stabilizing the 'Consulting' business that the company has recently ventured into. The company also successfully completed a consulting work for a data centre project in Dubai. IT managed services business continues to be a focus area which helped win new customers and to remotely manage customers' IT assets. We also setup a 'Centre of Excellence' which provides expertise in advanced security audits for enterprises. New service offerings like Cloud Services, Virtualization, Storage, Remote operations are likely to attract customers, cutting across industry & size. One of our key strategies to increase our market potential in the new technologies while ensuring our continued flow of revenue in the existing technologies as well.

Going green is no longer just an option for us, it's a necessity. We realize and understand that it is extremely important to address energy conservation, recycling, renewable resources and waste-reduction. We have initiated efforts towards these and are building a green team that will ensure building and implementation of a green policy across the company.

For the year FY 2013, we are looking forward to roll out 4G network and services which will help us to create strong footprint in 4G space and also will increase market share. We intend to position our telecom services business by consolidating the existing key customers along with new customers and new business opportunities. With this, we strongly believe that the telecom business services would grow significantly in FY 2013. With respect to IT services, we are betting high on managed security services and other consulting opportunities from various enterprise customers. We expect to realize a significant portion of receivable during the current year, which will perk up our cashflow.

Despite prevailing economic gloom, we continue with as much optimism and excitement as in the past. The company's fundamental remain strong and the opportunities at hand indicate a strong growth path, supporting positive outlook. A bright future lies ahead and we have much to look forward to, with potential to surge our revenues, profitability & Cashflows significantly over the coming years. My sincere thanks to all the shareholders, employees, bankers, auditors, clients, vendors and all those who have been with us in the past and continue to support us.

Sincerely yours,  
**R. Vijaykumar**  
Chairman & Managing Director

## DIRECTORS PROFILE

### **R. VijayKumar** Chairman & MD

As a co-founder of Gemini Communication, Mr. VijayKumar conceived Gemini as an organization which is deeply committed to values, in the firm belief that success in business would be its inevitable, eventual outcome. Apart from chairing the board of directors he is responsible for managing the company, formulating and executing long-term strategies, and for all interactions with clients, employees, investors and other stakeholders. He is responsible for group development covering acquisitions, divestments and joint venture operations. he is one of the principal policymaker, setting the tone for the company's values, ethics and culture. He played a major role in "Gemini" opening its first overseas branch in United states of America. He is a market trend-setter and investors pose immense faith on him. He personifies GCL's commitment to delivering the highest quality services to its clients around the world. Vijay Kumar is firmly committed to the belief that business organizations have deep social responsibility. And that this must be discharged by conducting ethical and fair business, by involvement with community issues and by building an ecologically sustainable business. Gemini Communication is deeply involved in "Corporate Social Responsibility initiatives" and is committed to a journey which weaves ecological sensitivity in every aspect of its business and organization. He holds a degree from Madras University in the discipline of Mathematics.

### **R. Ramkumar** Executive Director

Mr. R. RamKumar, a first generation entrepreneur, started his career with manufacturing of computer monitors under the brand name of Gemini, which finally got merged with Gemini Communication Ltd., to become a listed entity. As a co-founder of Gemini Communication, he jointly carries the overall responsibility for the strategy and operations of Gemini's Business initiatives, and has a deep understanding of Gemini's core business areas. As one of his main objectives, he has been creating growth areas for Gemini and its group companies in areas of RFID, Wireless, Storage and Remote Services. He has incubated 2 other product design companies as subsidiaries of Gemini and serves as the Director of PointRed Telecom Pvt. Ltd. and as Director of Gemini TRAZE RFID Pvt. Ltd. He is closely associated with Confederation of Indian Industry and Federation of Indian Chambers of Commerce and Industry. He also serves in various boards of Universities and Educational Institutes. He spends significant time in the service for society and takes time-off for his spiritual pursuits. He holds a bachelor's degree in Computer Science with a Post Graduate degree in Marketing.

## Senior Management Profile

### **B. Sree Krishna**

CMD – PointRed Telecom

B. Sree Krishna, a Software Engineer is one of the chief architects and driving force behind Gemini's overall operations. His initial assignment was in United States representing Gemini. Sree Krishna has over 13 years of IT industry experience. He synergizes the right blend of technical management skills to provide requisite direction to the various accounts and teams that he manages. He is based out of New Delhi and identifies innovative strategies to place Gemini in the IT Map. He focuses on the development, satisfaction and expansion of client relationships. His functions include strategy building, overseeing successful implementation for strategic mergers and acquisitions, building long-term partnerships for Gemini's subsidiary companies. Sree Krishna's expertise in furthering and complimenting the strategic vision of our Technology Service Division is much adorable. He is a seasoned campaigner in handling Government business. His sound knowledge about international business helped Gemini in acquiring PointRed Telecom, a US based company. His role was stupendous in placing Gemini in the WiMax Space. He is a BE (Computer Science) from Pune University and an Executive Masters in International Business from Indian Institute of Foreign Trade, New Delhi.

### **B. Srinivasan**

Technical Head – Large Projects

Mr. B. Srinivasan, started his career in 1992 with Datacom products in network verticals. Having been in the IT industry for more than 15+ years, he has served in different profiles spread across major cities in India. Having understood the potential of Gemini, Srinivasan associated himself with Gemini since its nascent stage as a customer support engineer and built his career with Gemini traveling through the echelon and with his appointment as Chief Executive Officer (CEO) reached the Acme of heights. He attributes his achievement to his integrity, capability and sheer hard work. He is Gemini's torchbearer for development of technology and deployment of countrywide MMDS & WiMAX networks for major telecom service providers like BSNL, VSNL, etc. He brings in extensive knowledge in WiMAX domain. His crisis handling techniques coupled with business acumen are way beyond leading to win-win for all concerned. As a technologist he has been gravitating more towards technical solutions throughout his career with grass root level approaches.



## **Balaji Kulothungan**

### **CEO –PointRed Telecom**

An engineer by profession, Balaji has contributed significantly for the growth of wireless technology in India. With more than a decade of experience in wireless domain, he has earned quite a lot of accolades from the telecom operators. Balaji was instrumental in PointRed's acquisition. Post-acquisition of PointRed by Gemini, Balaji joined PointRed in June 2006 and put the company into the 4G space. Since then PointRed has been steadily growing in revenues and also matured into a very strong Global telecom equipment manufacturer. PointRed is the largest 4G (WiMAX) equipment supplier in the world. He is the driving force for Pointred to become a Billion dollar company when the company enters the era of Gigabit WiMAX and long Term Evolution (LTE).

## **Pradhyumna T. Venkat**

### **CEO-Energy & Utilities Business**

Mr. Pradhyumna T. Venkat is responsible for Gemini's foray in Energy Generation & Management business and is currently focussing on renewable forms of energy. Under his leadership, Gemini has initiated Energy Generation projects (grid-connected and off-grid) using Solar PV form of energy and is exploring other forms of clean & green energy. Pradhyumna focusses on adopting widespread use of technology & automation in the Energy & Utilities sector for better management, operational efficiency & optimal utilisation of the vital energy resources – Power, Water & Piped Natural Gas. Pradhyumna completed his Bachelors Degree in Mechanical Engineering from Madras University, India prior to his obtaining the Masters in Business Administration degree from Cardiff University, Wales, UK. He is with Gemini group since April 2003 and has been driving Gemini's related diversification in RFID product manufacturing, Enterprise Applications and Energy & Utilities sector. Mr. Pradhyumna started the RFID business and grew the company to be the first in India to manufacture RFID products and a leading RFID solution provider in India. Pradhyumna's key attributes for success are his "never-say-die" attitude, continuous learning and a strong vision for the business he drives. Over the years, Pradhyumna has developed skills in starting new & diversified businesses from scratch and putting them on a growth path.



### **M. Raju**

#### **CEO-Telecom Services Group**

Mr. M. Raju has a rich 15+ years of experience in the Indian IT & Telecom industry. He heads the Telecom Services to develop overall goals and strategy, with sole intent to increase the company's profitability. He has been instrumental in building and leading TSG business with higher revenue and profitability. He had earlier held senior level position in the areas of Wireless, Network Security, Network Storage and Enterprise Management solution. He has expertise in system analysis, strategic planning and processes, business development and project management. He had made significant contribution in building new business units for Gemini, in most of his past assignments.

### **A. Krishna Kumar**

#### **CEO – GCL SI**

Mr. Krishnakumar is a versatile multi-talented man. Krishnakumar affectionately called as KK started his marketing career with Media and has served various domains such as air-conditioning and finance to name some. Since his involvement with Gemini from 1998, he has been a catalyst in expanding the company's technical and sales ability. He was the principal architect in Gemini spreading its wings in Madurai, Trichy, Cochin, Calicut and Trivandrum. He brings in with him wide array of experience of more than 20 years in the marketing arena and very often comes out with matured business strategies. His timed strategies were well out of the box in moving Gemini up the ladder. He is responsible for driving marketing strategies and plans for selected channels. He has been the mainstay for Gemini's all round growth. KK is a graduate in Mathematics.

## **K. Ravichandran**

### **Chief Service Officer**

Ravichandran.K, ITIL EXIN certified, started his career in 1991 in electronic Industry and later moved into computer peripheral industry. He moved into Gemini's fold during 1995. He currently holds the Chief Service Officer in Gemini. He has years of experience which has molded him as a good Operations strategist and an excellent leader by example. He is a good motivator and has good understanding with his team across India. He was instrumental in streamlining the project management cycle with process flow and defined deliverables. Understanding the criticality of IT infrastructure in support services, he initiated ITIL practices and was the first to be ITIL certified apart from getting certified as internal Auditor, ISO9001:2000 and CCNA. Understanding his managerial capabilities, he was one of the persons sponsored by Management to take up the Bullet proof manager training program. He is an identified corporate resource person on multiple domains.

## **Lavanya Varadarajan**

### **Head – Corporate Communication**

Mrs. Lavanya is an expert Communicator with professional exposure in MNCs for nearly a decade covering deliverables both in India and in US. Her proficiency includes management of internal systems and processes enabling timely and accurate flow of various reports for internal and external consumption. She effectively manages creation, implementation and oversee various communications initiatives for media, Finance Institutions, International agencies pitching for expansion in their respective countries and other external agencies.

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF GEMINI COMMUNICATION LIMITED WILL BE HELD ON THURSDAY, THE 27<sup>th</sup> DAY OF SEPTEMBER 2012 AT 3.05 P.M. AT OBUL REDDY HALL, VANI MAHAL, NO. 103, G.N. ROAD, T.NAGAR, CHENNAI - 600017, TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2012 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint Mr. R Kothandaraman as a Director in place of Mr. L. Sathyanarayan, who retires by rotation and has not offered himself for re-appointment.
3. To appoint Auditor and to fix his 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 the retiring auditor, Mr. S. Ramanath, Chartered Accountant, Coimbatore (Membership number 29416), be and is hereby re-appointed as the Statutory

Auditor 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 may be fixed by the Board of Directors of the Company, on the recommendation of the Audit Committee".

### SPECIAL BUSINESS

4. Appointment of Dr. V. Aravind as Director:

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

"RESOLVED THAT Dr. V. Aravind, in respect of whom the Company has received a notice in writing, proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

For and on behalf of the Board  
For Gemini Communication Limited

Place: Chennai

Date: August 22, 2012

**R. Vijaykumar**

Chairman & Managing Director

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS ENCLOSED. THE INSTRUMENT APPOINTING THE PROXY, TO BE VALID, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.
2. Revenue Stamp should be affixed on the Proxy Form. Forms which are not stamped and signed are liable to be considered invalid.
3. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business item 4 above is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the

24<sup>th</sup> September 2012 to Thursday, the 27<sup>th</sup> September 2012, both days inclusive under Section 154 of the Companies Act, 1956.

5. For effecting changes in address/bank details/ECS (Electronic Clearing Service) mandate; members are requested to notify:
  - a. the Registrar & Share Transfer Agent of the Company, if shares are held in physical form; and
  - b. their respective Depository Participant (DP), if shares are held in demat form.
6. Members who are holding physical shares in identical order of names in more than one folio are requested to send to the company or Company's Share Transfer Agents the details of such folios together with the share certificates for consolidating their holding in one folio.

7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the company/Registrars and Transfer Agents.
8. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. Members are requested to bring their copies of the Annual Report to the meeting. Members are also requested to bring the attendance slip filled in and hand over the same at the entrance of the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client I.D and D.P.I.D numbers for easy identification of attendance at the meeting.
9. Members are requested to encash or claim the dividends for the years 2004-05 and subsequent years if not already realized since it will be transferred to the Investor Education and Protection Fund of the Central Government within seven years and no claims could be made thereafter either to the Company or the Fund. The Company has transferred the unclaimed dividends pertaining to all the financial years up to 2003-04 to the Fund.
10. Members may kindly note that no gifts/coupons will be distributed at the Annual General Meeting.

**PARTICULARS OF PERSONS SEEKING APPOINTMENT AS DIRECTORS, AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

**Item No. 2**

**Appointment of Mr. R. Kothandaraman**

Mr. Rajagopalan Kothandaraman, aged 52 years, is a Chartered Accountant with over 25 years of experience in various Industries. Presently he acts as management consultant for various companies and his focus will be on execution of process optimisation, Project Management, Cost Reduction, Complex Business & Tax issues. He is also known for building and motivating cross functional teams that exceed corporate expectations.

He does not hold directorship in any other company. He does not hold any shares in Gemini Communication Limited. None of the directors are interested in his appointment as independent director.

**Item No. 4**

**Appointment of Dr. V. Aravind**

Dr. V. Aravind, aged 52 years, is an M.com, MBA, Phd (USA), CCD (UK), MFP (USA), MIMA, FUWAI. He is an Industrialist, Management and Corporate Consultant. He is the Founder and Executive Chairman of Aravind Group of Companies. He is well versed in the trade and business of multivariate products and Industry management. After 25 years in business, he has moved his vision to work for overall social good of socially backward classes, the needy and downtrodden. He has authored various books on Govt. Schemes and NGOs and has also published many Articles and has made presentations on varied subjects.

He is a recipient of various awards. To name a few, he is the recipient of Indira Gandhi Seva Rattan Award Puraskar 2012, Rashtriya Udyog Rattan Award 2008, Rashtriya Hind Rattan Award 2008 and Corporate Leadership award from the Indian Ambassador at Thailand in 2009.

He is a Director in Hoist Ventures Private Limited. He does not hold any shares in Gemini Communication Limited. He is not a member of any committee in any other Public Limited Company. None of the directors are interested in his appointment as Independent Director.

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

The following Explanatory Statement sets out all material facts relating to item no 4 of the accompanying notice:

**Item No. 4**

The Company has received notice in writing under Section 257 from a member along with a deposit of Rs. 500/-, proposing the appointment of Dr. V. Aravind as Director of the Company.

Considering the vast experience and the rich educational qualifications possessed by Dr. V. Aravind, the Board recommends the passing of this ordinary resolution for appointment of Dr. V. Aravind as Director of the company.

None of the directors of the Company are concerned or interested in the proposed resolution.

For and on behalf of the Board  
For Gemini Communication Limited

Place: Chennai

Date: August 22, 2012

**R. Vijaykumar**

Chairman & Managing Director

## DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Seventeenth Annual Report and the Audited Accounts for the year ended March 31, 2012

### A. Results of operation

(in ₹ lakhs)

Particulars	31-03-2012	31-03-2011	31-03-2012	31-03-2011
	Consolidated		Standalone	
Total Income	54,510.36	55,613.18	28,604.52	31,680.99
Total Expenditure	51,253.72	48,097.28	28,425.17	30,396.06
Profit / (Loss) before tax	3,256.64	7,515.90	179.35	1,284.93
Profit / (Loss) after Tax	3,662.85	6,417.13	187.03	979.35

### B. Dividend

Your directors have decided to utilize the internal accruals for future growth. Hence, your Directors have not recommended any dividend for the current year. Your Directors believe that this will increase the long-term shareholder value.

### C. Buy-back of Shares

The shareholders of the Company have through Postal ballot, the results of which were declared on October 29, 2011, approved Buyback of shares not exceeding 25% of the paid-up capital and free reserves for a price not exceeding Rs. 45 per share. The company will utilize an amount not exceeding Rs. 2978.43 lakhs for the said buy-back.

The minimum number of shares which the Company has committed to Buy-Back is 27,50,000 equity Shares, being 2.57% of the outstanding Equity Share capital of the Company.

During the financial year ended March 31, 2012, the Company has bought-back 401,224 equity shares at an average price of Rs. 24.04 per share.

### D. Directors

Mr. B. Sreekrishna, Mr. B. Srinivasan and Mr. Hari Sethuraman resigned from the Board with effect from 23<sup>rd</sup> September 2011. Mr. V.K.Venugopal resigned as Director with effect from 30th March 2012.

The Board would like to place on record, their appreciation for the contributions of the above Directors during their tenure as Directors of the Company.

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. L. Sathyanarayan, Director retires by rotation at the forthcoming Annual General Meeting of the Company. He has not offered himself for re-appointment. The Board recommends the appointment of Mr. R. Kothandaraman as director in place of Mr. L. Sathyanarayan. The Company has received notice under Section 257 of the Companies Act, 1956, proposing Mr. R. Kothandaraman, as Director for the said vacancy.

The Company has also received notice under Section 257 of the companies Act, 1956, proposing the candidature of Dr. V. Aravind for appointment as independent director of the Company. Considering the vast experience and the rich educational qualifications possessed by Dr. V. Aravind, the Board recommends the appointment of Dr. V. Aravind as an independent Director of the company.

The information to shareholders as per Clause 49 of the Listing agreement pertaining to brief resume, expertise in functional areas, names of Companies in which Mr. R. Kothandaraman and Dr. V. Aravind are Directors etc., is being provided in the Notice of the Annual General Meeting which forms part of this Annual Report.

## **E. Auditors**

Mr. S. Ramanath, Chartered Accountant, Coimbatore (Membership No. 29416) retires as Auditor of the Company at the forthcoming Annual General Meeting and is eligible for re-appointment. The Directors recommend that Mr. S. Ramanath, Chartered Accountant, Coimbatore (Membership No. 29416) be appointed as the Company's auditor to hold office until the conclusion of the next Annual General Meeting. The Company has received confirmation that his appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

## **F. Directors Responsibility Statement**

Your Directors hereby confirm in terms of Section 217(2AA) of the Companies Act, 1956 that:

1. In the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards have been followed and that there are no material departures;
2. The accounting policies have been selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year on March 31, 2012 and of the profit of the Company for that year;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts for the year ended March 31, 2012, have been prepared on a going concern basis.

## **G. Deposits**

During the year, your Company has not accepted any deposits from the public.

## **H. Subsidiary**

The Company has 6 subsidiaries namely :

M/s. Gemini Traze RFID Private Limited, Chennai

M/s. PointRed Telecom Limited, Bangalore

M/s. Veeras Infotech Private Limited, Chennai

M/s. Gemini Geoss Energy Private Limited, Chennai

M/s. Gemini Infotech Limited, Hong Kong

M/s PR Wireless Tech Limited, Hong Kong

As required under the Listing Agreements entered into with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under Section 211(3C) of the Companies Act 1956.

Pursuant to the provisions of Section 212(8) of the Companies Act 1956, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the balance sheet, statement of profit and loss and other documents of the subsidiary companies with the balance sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2012 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiaries at the registered office of the Company and also at the respective registered office of the subsidiaries for inspection.

The same has also been put-up on the Company's website, [www.gcl.in](http://www.gcl.in)

## **I. Management Discussion and Analysis report**

A "Management Discussion and Analysis Report" highlighting the industry structure and developments, opportunities and threats, future outlook, risks and concerns etc has been furnished separately and the same forms part of this Report



## J. Corporate Governance

In terms of Clause 49 of the Listing Agreement with the stock exchanges, a Corporate Governance Report is made part of this Annual report.

A certificate from the Statutory Auditor of the Company regarding compliance of the conditions stipulated for Corporate Governance under Clause 49 of the Listing Agreement is attached to this report.

The declaration by the Managing Director addressed to the members of the Company pursuant to Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct by the Members of the Board and by the Members of the Senior Management Personnel of the Company is also attached to this Report.

## K. Particulars of Employees

During the financial year 2011-12, no employee of the Company has drawn remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended. Hence, the particulars of employees' remuneration prescribed under Section 217(2A) of the Companies Act, 1956 have not been attached to this Report.

## L. Conservation of Energy, Technology Absorption and Research & Development

Your Company's power requirements are very minimal. Your Company however takes every possible step to make

optimum utilization of energy and avoid unnecessary wastage of power.

Your Company keeps itself updated with the latest technology available in the market. Your company aims at providing future-proof and future adaptable technologies to all its clients.

## M. Explanation to Qualification / remark in the Auditors' Report

The Auditors' Report to the shareholders does not contain any qualification.

## N. Foreign Exchange Earnings and Outgo

During the year, there as no foreign exchange earnings. There was an outgo of ₹ 4817.35 lakhs in foreign currency during FY 2011-12.

## O. Appreciation

Your Board of Directors are grateful to the stake holders, Bankers, Financial Institutions, Government Authorities, Local Authorities and all business associates and customers for their continuous support and enthusiastic co-operation. Your Board of Directors also places its appreciation and thanks to the employees at all levels for their untiring efforts put in for the benefit of the Company.

For and on behalf of the Board of Directors

Chennai  
August 22, 2012

**R. Vijaykumar**  
Chairman & Managing Director



Statement pursuant to general exemption under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies									
S.No	Particulars	PointRed Telecom Limited	Gemini Trazee RFID Private Limited	Veeras Infotek Private Limited	Gemini Geoss Energy Private Limited	Gemini Infotech Limited, Hongkong	PR Wireless Tech Limited, Hongkong	(₹ in lakhs)	
		For the year ended 31-Mar-12	For the year ended 31-Mar-12	For the year ended 31-Mar-12	For the year ended 31-Mar-12	For the year ended 31-Mar-12	For the year ended 31-Mar-12		
	Holding Company's Interest	100	100	51	100	100	100		100
	Exchange Rate as at March 31, 2012								
1	Capital	1,013.11	586.50	24.49	1.00	5.00			-
2	Reserves	549.94	178.81	363.20	-	2,152.46			9,946.89
3	Total Assets	29,502.78	844.93	2,177.47	243.60	7,038.54			11,394.45
4	Total Liabilities	29,502.78	844.93	2,177.47	243.60	7,038.54			11,394.45
5	Details of investment (except in case of investment in subsidiaries)	-	-	-	-	-			-
6	Turnover	7,745.44	1,261.08	5,789.93	-	-			14,355.00
7	Profit / (Loss) before Taxation	(521.93)	0.12	109.51	0.94	226.02			3,266.23
8	Provision for Taxation	(439.00)	5.52	34.96	-	-			-
9	Profit / (Loss) after Taxation	(82.92)	(5.40)	70.96	0.94	226.02			3,266.23
10	Proposed Dividend, if any	-	-	50.14	-	-			
The Company undertakes that the audited annual accounts and other related information of the subsidiaries, where applicable, would be made available to the shareholders upon request. The annual accounts of the subsidiaries are also available for inspection at the registered office of the company during business hours. The same has also been put-up on our website <a href="http://www.gdi.in">www.gdi.in</a>									

For and on Behalf of the Board of Directors

Place : Chennai

Date : August 10, 2012

**R. VIJAYKUMAR**  
Chairman & Managing Director

**R. RAMKUMAR**  
Whole-time Director

## REPORT ON CORPORATE GOVERNANCE

### A. COMPANY'S PHILOSOPHY

Good Corporate Governance is the key to business growth and is also an important tool for investor protection. Good Corporate Governance ensures transparency in all corporate matters and decisions. The Company consistently subjects itself to the highest levels of Corporate Governance and aims at enhancing the value of all stakeholders concerned. Your Company complies with the Corporate Governance requirements set out in Clause 49 of the listing agreement.

### B. BOARD OF DIRECTORS

#### *Composition of the Board*

The Board currently consists of four members. Of this, two Directors are Executive Directors and the other two are

Non-Executive and Independent Directors. The Chairman of the Board Mr. R. Vijaykumar is an Executive Chairman and one half of the Board (2 directors) comprises of Non-executive Independent Directors meeting the criteria for independence under Clause 49 of the listing agreement.

The Board members have collective experience in diverse fields and are elected based on their qualification and experience in varied fields as well as company's business needs.

#### *Directorships held during the year*

The details of the Directors, as at March 31, 2012 including the details of their other Board Directorship reckoned in line with clause 49 of the listing agreement, committee membership are given below:

Director	Category	Other Directorships \$	Membership of Other Board Committees *
Mr. R. Vijaykumar	Promoter & Executive	1	1
Mr. R. Ramkumar	Promoter & Executive	1	NIL
Mr. L. Sathyanarayan	Independent & Non-Executive	1	1
Mr. Easwaran Annamalai	Independent & Non-Executive	NIL	NIL

\*Includes only membership in Audit and Investor Grievance Committee

\$ Excludes Alternate Directorships and Directorships of Private Limited Companies and Foreign Companies, wherever applicable.

Mr. R. Vijaykumar and Mr. R. Ramkumar are brothers and belong to the Promoter Group.

### Board Meetings

The Board of Directors meet at regular intervals with a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The board is regularly briefed and updated on the key activities of the business and is provided with briefings and presentations on other matters concerning the company on a need basis.

### Attendance Record of the Directors

Eight Board Meetings were held during the year from April 01, 2011 to March 31, 2012. The dates on which meetings were held are 13<sup>th</sup> May 2011, 18<sup>th</sup> July 2011, 9<sup>th</sup> August 2011, 19<sup>th</sup> September 2011, 24<sup>th</sup> September 2011, 9<sup>th</sup> November 2011, 21<sup>st</sup> December 2011 and 9<sup>th</sup> February 2012. The time gap between any two meetings did not exceed 4 months. The attendance record of all the Directors is as follows:

Director	No. of Board Meetings		Last AGM attendance
	Held	Attended	
Mr. R. Vijaykumar	8	8	YES
Mr. R. Ramkumar	8	8	YES
Mr. L. Sathyanarayan	8	8	NO
Mr. Easwaran Annamalai	8	8	YES
Mr. V.K. Venugopal &	8	8	NO
Mr. B. Sreekrishna \$	4	4	NO
Mr. B. Srinivasan \$	4	4	NO
Mr. Hari Sethuraman \$	4	4	NO

\$ Resigned from the board w.e.f. 23rd September 2011 & Resigned from the board w.e.f. 30th March 2012

The full details of the Director seeking appointment at the ensuing Annual General Meeting have been furnished in the Notice convening the meeting of the Shareholders.

### Membership Term

As per the provisions of the Companies Act, 1956, one-third of the Board members (other than Managing Director) who are subjected to retire by rotation shall retire every year, and the approval of the shareholders is sought for the re-appointment of the retiring Director(s) who are so eligible.

### Changes in the Board Constitution

Mr. B. Sreekrishna, Mr. B. Srinivasan and Mr. Hari Sethuraman resigned from the Board with effect from 23<sup>rd</sup> September 2011. Mr. V.K. Venugopal resigned as Director with effect from 30<sup>th</sup> March 2012.

### Availability of Information to Board of Directors

In terms of the Corporate Governance philosophy, all statutory and other significant material informations are placed before the Board of Directors to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders.

### Committees of the Board

Various committees of the Board have been constituted to assist the Board in discharging its responsibilities. There are three committees constituted by the Board – the Audit Committee, Share Transfer and Investor Grievance Committee and the Remuneration Committee. The Board at the time of constitution of each committee fixes the terms of reference for the Committee and also delegates powers from time to time. Various recommendations of the Committees are submitted to the Board for approval. The minutes of the meetings of all the Committees are circulated to the Board for its information.

The Quorum for meetings of all the above referred Committees is either two members or one - third of the members of the Committee, whichever is higher.

### Shareholding of Directors

The shares held by Directors as on March 31, 2012 are given below:

S.No.	Name the Director	Number of Shares
1	Mr. R. Vijaykumar	26968809
2	Mr. R. Ramkumar	5649940
3	Mr. L. Sathyanarayan	NIL
4	Mr. Easwaran Annamalai	200
5	Mr. V.K. Venugopal &	NIL
6	Mr. B. Sreekrishna \$	1600000
7	Mr. B. Srinivasan \$	110000
8	Mr. Hari Sethuraman \$	337624

\$ Resigned from the board w.e.f. 23rd September 2011 & Resigned from the board w.e.f. 30th March 2012

There are no other shares or convertible instruments held by any Director.

The Company does not have Stock Options in Force.

### Code of Conduct

Your company's Code of Conduct clearly lays down procedures for reporting to the management concerns about unethical behavior, actual or suspected fraud and prevention of Insider Trading. This code is devised for all members of the Board, Senior Management Personnel and Functional Heads of the Company. All the persons to whom this Code is applicable have affirmed compliance on an annual basis and a declaration to this effect, signed by the Managing Director is annexed hereto and forms part of the Report. The Code is posted on the website of the Company namely [www.gcl.in](http://www.gcl.in).

## C. AUDIT COMMITTEE

### *Composition of the Audit Committee*

The Committee currently comprises of Mr. Easwaran Annamalai as the Chairman, Mr. L. Sathyanarayan and Mr. R. Vijaykumar, as its members. All the members of the audit committee are financial literate.

The composition of the Audit Committee meets the stipulated minimum number of independent Directors. The Company's statutory auditor is permanent invitee to the Committee's meetings.

The terms of reference of the Committee covers all applicable matters specified under clause 49 of the Listing Agreements dealing with Corporate Governance and Section 292A of the Companies Act, 1956.

Terms of Reference of the Audit Committee include among other things:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

### Meetings of the Audit Committee

There were five meetings of the Audit Committee held during the year on 13<sup>th</sup> May 2011, 18<sup>th</sup> July 2011, 9<sup>th</sup> August 2011, 9<sup>th</sup> November 2011 and 9<sup>th</sup> February 2012 and not more than four months elapsed between any two meetings.

### *Attendance of the members to the Audit Committee Meetings*

The number of meetings attended by each Director, as member of the Audit Committee is as follows:

Director	No. of Meetings held	No. of Meetings attended
Mr. L. Sathyanarayan	5	5
Mr. Easwaran Annamalai	5	5
Mr. Hari Sethuraman \$	3	3
Mr. V.K. Venugopal &	2	2

*\$ ceased to be a member w.e.f. September 23, 2011*

*& ceased to be a member w.e.f. March 30, 2012*

The Chairman of the Audit Committee was present at the last Annual General Meeting held on September 9, 2011.

### C. SUBSIDIARIES

The Company has 4 Indian subsidiaries namely, Gemini Traze RFID Private Limited at Chennai, PointRed Telecom Limited at Bangalore, Veeras Infotek Private Limited, Chennai and Gemini Geoss Energy Private Limited, Chennai. Mr. L. Sathyanarayan, an Independent Director of the holding Company is on the Board of Gemini Traze RFID Private Limited and Point Red Telecom Limited.

The minutes of the subsidiaries are normally placed before the Board of the Company at periodical intervals and reviewed.

Material Significant transactions and arrangements especially investments made by the subsidiaries during the year are reviewed by the Board.

The Company does not have any listed subsidiary as on March 31, 2012.

### D. REMUNERATION COMMITTEE

#### *Remuneration Policy*

#### a. For Executive Directors

Payment of Remuneration to the Executive Directors are governed by the terms and conditions approved by the Remuneration Committee, the Board and the shareholders. The remuneration structure comprises of salary, commission linked to profits, perquisites and allowances, contributions to Provident Fund, Superannuation and Gratuity as per Schedule XIII of the Companies Act, 1956.

#### b. For Non- executive Directors

The Non-Executive Directors are not paid any remuneration except sitting fees for attending the Board Meetings. There is no pecuniary relationship or transactions between any of the Non-executive Directors and the Company.

#### *Composition of the Committee*

The Remuneration Committee comprised of Mr. Easwaran Annamalai as Chairman and Mr. L. Sathyanarayan and Mr. V.K. Venugopal as members. The committee met once during the year 2011-12 on 2nd April 2011, which was attended by all the members of the Committee.

The Committee deals with all elements of remuneration package of the Executive Directors.

Consequent to the resignation of Mr. V.K. Venugopal from the Board w.e.f. 30<sup>th</sup> March 2012, the committee currently comprises of only 2 directors. The Committee would be reconstituted upon filling up of the vacancy in the Board.

Details of remuneration paid to Executive Directors for the year 2011-12 are given below:

₹ In Lakhs

Nature of Remuneration	Chairman & Managing Director - Mr. R. Vijaykumar		Whole-time Director - Mr. R. Ramkumar		Whole-time Director - Mr. B. Sreekrishna		Whole-time Director - Mr. B. Srinivasan	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Salary	12.00	12.00	24.00	12.00	-	3.00	5.40	10.80
Gratuity Provided	-	0.23	-	0.23	-	0.06	-	0.78
Contribution to PF and other funds	0.09	0.09	0.09	0.09	-	0.02	0.05	0.09
Total	12.09	12.32	24.09	12.32	-	3.08	5.45	11.67

## E. SHARE TRANSFER AND INVESTORS' GRIEVANCE COMMITTEE

The Company's shares are compulsorily traded in dematerialized form.

### *Composition of the Committee*

The Share Transfer and Investors' Grievance Committee functions under the Chairmanship of Mr. Easwaran Annamalai. The other members of the Committee are Mr. R. Vijaykumar – Executive Director and Mr. L. Sathayanarayan.

The Company presently does not have a Company Secretary. The Company is however taking steps to fill-up this position.

Mr. Pradhyumna T. Venkat is the Compliance Officer of the Company.

### *Terms of Reference*

The terms of reference of the committee inter alia include the following:

1. To consider, approve or reject, requests as the case may be for Share Transfer, transmission, consolidation, splitting, transposition, demat & remat of shares and to carryout other related functions and documentation procedures in connection with the same.
2. To monitor the redressal of Investor Complaints like non-registration of share transfers, transmission, consolidation, transposition, splitting, demat, remat, etc non-receipt of Annual Reports, issue of duplicate certificates and to deal with all other matters in respect of investor complaints.
3. To make such statement in any document, advertisement or announcement that may be issued, released or published in connection with the functions for which the committee is formed.

As a policy, the Company approves transfers of shares within 15 days from the date of receipt and redresses complaints within 7 days of receipt, if all the requirements of the statute are complied with in total. The Company conforms that there were no share transfers pending as on 31<sup>st</sup> March 2012 and all requests for dematerialization and re-materialization of shares as on that date were confirmed / rejected in to the NSDL and CDSL system.

The Committee also reviews the performance of the Company's Registrar & Transfer Agent (R&TA) M/s. Integrated Enterprises India Limited, and their system of dealing with and responding to correspondence from all categories of shareholders. The manner and timeliness of dealing with complaint letters received from Stock Exchanges/ SEBI / Ministry of Corporate Affairs (MCA) etc., and the responses thereto, are reviewed by this Committee.

### **Status of Investor Complaints**

No. of Investor Correspondences / Queries / Complaints received from Shareholders / investors from April 1, 2011 to March 31, 2012	32
No. of Investor Correspondences / Queries / Complaints resolved / redressed	32

### *Attendance of the members to the Share Transfer and Investors' Grievance Committee Meetings*

There were two meetings of the Share Transfer and Investors' Grievance Committee held during the year on 30<sup>th</sup> October 2011 and 21<sup>st</sup> December 2011, which was attended by all the members of the committee.



## G. GENERAL BODY MEETINGS

The details of General Meetings held and the special resolutions passed since 2009, are given below:

Year	AGM / EGM	Date	Time	Venue	Special Resolutions Passed
2011	EGM	27-12-2011	10.15 A.M.	No. 184, SIDCO Industrial Estate, Thirumazhisai, Chennai – 602107	Nil
2011	AGM	09-09-2011	12.15 P.M.	“The Auditorium” Russian Centre of Science & Culture, No 74, Kasturi Ranga Road, Alwarpet, Chennai - 600018	<ol style="list-style-type: none"> <li>1. Resolution for Buy-back of Shares</li> <li>2. Amendment in Object Clause of Memorandum of Association</li> <li>3. Re-appointment of Mr. R. Ramkumar, whole-time Director</li> <li>4. Appointment of Mr. R. Vijaykumar, Managing Director</li> <li>5. Appointment of Mr. B. Sreekrishna as whole-time director without any remuneration</li> <li>6. Re-appointment of Mr. B. Srinivasan as whole-time director</li> </ol>
2010	AGM	30-09-2010	3.15 P.M.	“The Auditorium” Russian Centre of Science & Culture, No 74, Kasturi Ranga Road, Alwarpet, Chennai - 600018	<ol style="list-style-type: none"> <li>1. Objects clause amendment for providing corporate guarantee for credit facilities availed by subsidiaries.</li> <li>2. Ratification of Corporate Guarantee furnished from 1<sup>st</sup> October 2009 under section 372A</li> </ol>
2009	AGM	24-09-2009	3.15 P.M.	“Sathguru Gnananda Hall” (Mini Hall) 314, TTK Road, Alwarpet, Chennai - 600018	Articles amended to include Nomination facility
2009	EGM	06-05-2009	10.30 A.M.	New No. 1, Old No. 56, Dr. Ranga Road, Alwarpet, Chennai - 600018	Issue of warrants on preferential basis to persons belonging to Promoter & Promoter group and senior Managerial Personnel.

During the year 2011-12, the company conducted a **postal ballot** for obtaining the approval of the shareholders for Buy-back of shares of the Company.

Mr. N. Sridharan, practising Company Secretary, was appointed as Scrutiniser for conducting the postal ballot process in a fair and transparent manner.

The resolution was approved by the members and the postal ballot result in respect of the above resolution was declared by the Chairman on 29<sup>th</sup> October 2011. Following are the results of the Postal ballot:

Particulars	Assent		Dissent	
	No of votes (shares)	% in favour	No of votes (shares)	% against
Buyback of shares	43637079	95.93	1852188	4.07



## I. DISCLOSURES

- No transaction of material nature conflicting with the Company's interest was entered into by the Company with related parties. The particulars of transactions between the Company and its related parties, as defined in Accounting Standard 18, is set out in Note 27 to Notes to the standalone financial statements.
- There have been no instances of non-compliance by the Company. During the last three years no penalties or strictures have been imposed on the Company on any matter related to the capital markets by Stock Exchanges or SEBI or any statutory authority.
- The Company management informs Board members about the Risk Assessment and Minimization procedures to ensure that risk is controlled through the means of a properly defined framework. The Executive Directors are fully aware of the risks involved in the business.
- Presently the Company does not have a whistleblower policy. No employee has been denied access to approach the Audit Committee to report any serious concerns.
- The Company has followed the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 in the preparation of Balance Sheet, Profit & Loss Account and Cash Flow Statement for the year ended March 31, 2012 to the extent applicable.
- The Company complies with all mandatory requirements and has also adopted some of the non-mandatory requirements as detailed below.

## M. General Shareholder Information

1	Registered Office Address	No.1, Dr. Ranga Road Alwarpet, Chennai - 600 018 Tamil Nadu, India
2	17th Annual General Meeting Date Time Venue	September 27, 2012 3.05 P.M. "Obul Reddy Hall", Vani Mahal, No. 103, G.N. Road, T.Nagar, Chennai - 600017
3	Financial Year	April to March
4	Dates of Book Closure	September 24, 2012 to September 27, 2012 (both days inclusive)
5	Approval of Financial Result Proposed Quarter Ending June 30, 2012 Quarter Ending September 30, 2012 Quarter Ending December 31, 2012 Quarter Ending March 31, 2013	Second Week of August 2012 Second Week of November 2012 Second Week of February 2013 Last Week of May 2013

## J. MEANS OF COMMUNICATION

The Company's quarterly financial results, after their approval by the Board of Directors, are promptly issued to all the Stock Exchanges with whom the Company has Listing arrangements. These financial results, in the prescribed format, are published in leading local and national newspapers; viz. "NEWS TODAY" in English and in "MALAI SUDAR" in Tamil and are also posted on the Company's website [www.gcl.in](http://www.gcl.in). Key developments are communicated to the Stock Exchanges, as and when they occur and also posted on the Company's website. The presentations made to institutional investors and analysts are also posted on the Company's website, [www.gcl.in](http://www.gcl.in).

A Management Discussion and Analysis Report, is included in this Annual Report.

## K. CEO CERTIFICATION

As required under Clause 49 of the Listing Agreement, Mr. R. Vijaykumar, Chairman & Managing Director (CEO) has certified to the Board in accordance with Clause 49 of the Listing Agreement for the financial year ended March 31, 2012 which is annexed hereto.

## L. CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

Certificate from Mr. S. Ramanath, Statutory Auditor of the Company, affirming compliance with the conditions of Corporate Governance, is enclosed along with this Annual Report.

6	Listing on Stock Exchanges: The Equity Shares are listed at	<b>National Stock Exchange of India Ltd</b> Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex Bandra(E) Mumbai - 400051. Tel No: (022) 26598100 – 8114 Fax No: (022) 26598120 <b>Bombay Stock Exchange Limited</b> Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 Maharashtra, India Tel: 91-22-22721233, 22721234 Fax: 91-22-22721919 <b>Madras Stock Exchange Limited</b> New No: 30, Second Line Beach Chennai – 600001 Tel: 91-44-25228951 Fax: 91-44-25244897
7	Listing Fees	Listing Fees have been paid for all the above stock exchanges for 2012 – 2013
8	Stock Exchange Security Code and other related information	BSE 532318 NSE GEMINI EQ MSE GNC Depository ISIN No. INE878C01033 CIN L32301TN1995PLC030087
9	Dematerialization of Shares	The Shares of the Company are available for trading in both the depository systems namely Central Depository Services (India) Limited and National Securities Depository Limited
10	No. of Shares Dematerialized as on 31 <sup>st</sup> March 2012	104362909 shares; 97.98% of Total shares of the Company

11. Registrar and Transfer Agents

M/s. Integrated Enterprises India Ltd  
Unit: Gemini Communication Ltd  
2nd Floor, "Kences Towers"  
#1, Ramakrishna Street,  
T. Nagar, Chennai – 600 017.  
Contact Person: Mr. Suresh Babu, Vice President  
Phone : 044 - 28140801  
Fax : 044 - 28142479  
Email: corpserv@integratedindia.in  
Shareholders are requested to correspond with the Registrar and Share Transfer Agent for transfer / transmission of shares, change of address, queries pertaining to their shareholding at their address given above.

## 12. Share Transfer System

Share transfers are processed and approved, subject to receipt of all requisite documents. The Company seeks to ensure that all transfers are approved for registration within the stipulated period. With a view to expediting the approval process, the Board of Directors has authorized the Share Transfer & Investors' Grievance Committee to approve the transfer of shares.

13. Distribution of shareholding as on 31<sup>st</sup> March 2012

Shareholding	No. of Shareholders	% of total shareholders	Number of Shares	% of total shares
Up to 500	6276	69.72	1161074	1.09
501-1000	943	10.48	813279	0.76
1001-2000	714	7.93	1197892	1.12
2001-3000	233	2.59	612206	0.58
3001-4000	159	1.77	601944	0.57
4001-5000	120	1.33	580282	0.54
5001-10000	259	2.87	2046789	1.92
10001 and above	298	3.31	99501321	93.42
<b>TOTAL</b>	<b>9002</b>	<b>100.00</b>	<b>106514787</b>	<b>100.00</b>

14. Shareholding pattern as on 31<sup>st</sup> March 2012

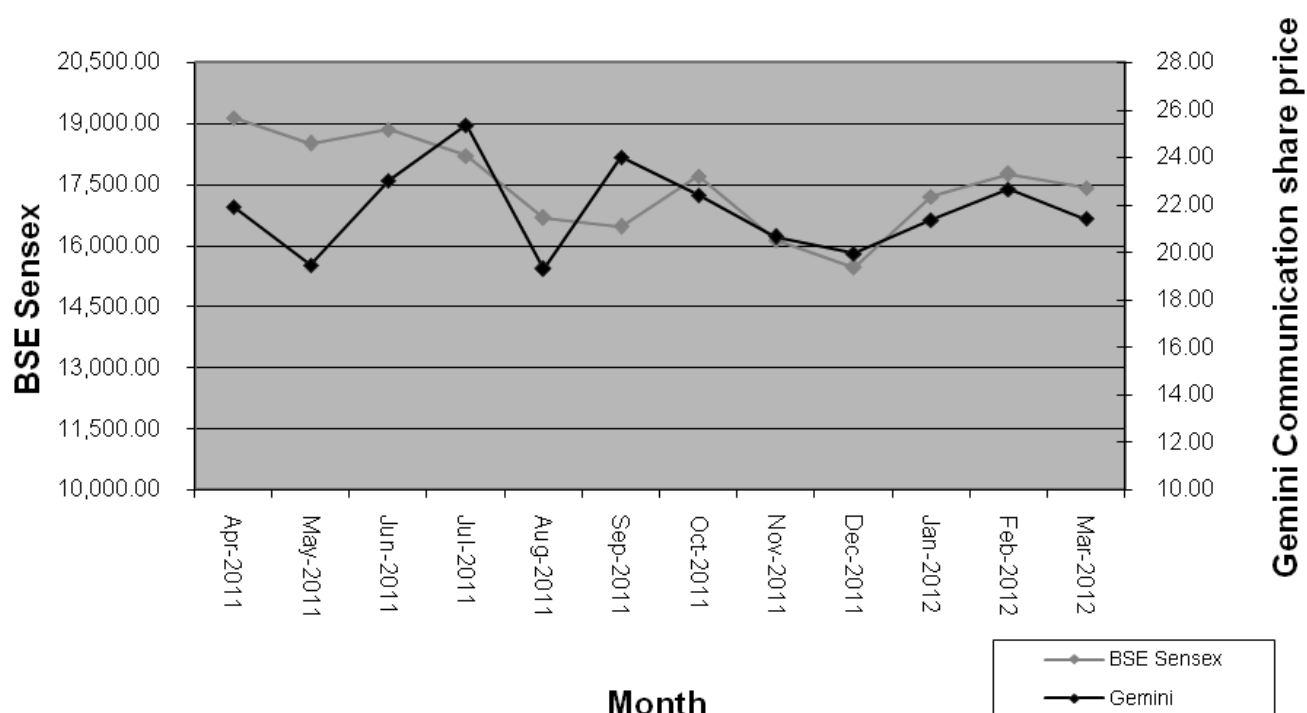
Particulars	Number of Shares holders	Total Shares	% of Share holding
Promoter Group	3	43571053	40.91
Mutual Funds	1	22000	0.02
Insurance Companies	2	2757705	2.59
Foreign Institutional Investors	2	7902025	7.42
Bodies Corporate	240	18321618	17.20
Individuals	8674	33494806	31.45
Trusts	1	2000	0.00
Others	79	443580	0.41
<b>Total</b>	<b>9002</b>	<b>106514787</b>	<b>100.00</b>

## 15. Stock Price Data

The high and low of the share prices of the Company on BSE and NSE is given below:

Month	Bombay Stock Exchange Limited			National Stock Exchange Limited		
	High	Low	Volume	High	Low	Volume
Apr-2011	24.85	19.00	880634	25.60	19.90	1221936
May-2011	24.95	19.10	1044497	24.35	18.70	1772861
Jun-2011	25.05	19.40	719017	25.85	19.15	1189069
Jul-2011	30.00	22.55	1731022	29.90	22.00	2932394
Aug-2011	26.00	17.90	433174	26.30	17.80	642668
Sep-2011	27.00	18.50	607885	26.50	18.90	929568
Oct-2011	23.60	19.15	445813	23.60	19.80	323230
Nov-2011	25.75	18.15	703535	27.40	18.60	1254353
Dec-2011	24.00	18.55	258344	23.65	18.65	443437
Jan-2012	22.00	17.25	258887	21.55	19.35	351204
Feb-2012	28.25	21.30	685307	28.30	21.25	1547371
Mar-2012	26.25	20.20	328659	27.85	20.50	949704

**Gemini Communication Share Price Vs. BSE Sensex**



**17. Address for Investor correspondence**

Mr. Pradhyumna T. Venkat  
Compliance Officer  
Gemini Communication  
Limited  
1, Dr. Ranga Road,  
Alwarpet  
Chennai - 600 018  
Tel : 91 44  
24660570/571  
E-mail: [sharedept@gcl.in](mailto:sharedept@gcl.in)

**N. RECONCILIATION OF SHARE CAPITAL AUDIT**

A Qualified Practising Company Secretary has carried out Secretarial Audit every quarter to reconcile the admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares with NSDL and CDSL.

**O. NON-MANDATORY REQUIREMENTS**

The non mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

***Chairman's office / Board***

The Managing Director is the Chairman of the Company and hence there is no need to maintain a separate chairman's office.

All independent directors are liable to retire by rotation and if eligible, offer themselves for re-appointment. No specific tenure has been fixed for the independent directors.

***Remuneration Committee***

The Company has constituted a Remuneration Committee. The Terms of Reference of the Committee have been described elsewhere in the Corporate Governance Report.

***Shareholders rights***

The quarterly results of the Company are published in newspapers and on the Company's website viz., [www.gcl.in](http://www.gcl.in). These results are not sent to shareholders individually.

***Audit Qualifications***

The auditors have issued an unqualified opinion on the statutory financial statements of the Company.

***Training of Board Members/Mechanism for evaluating non-executive directors***

All the Non-Executive Directors have rich experience and expertise in functional areas and attend various programmes in their personal capacities that keep them abreast of relevant developments. Consequently, in the opinion of the Board, they do not require any other training. There is no formal system of evaluating individual directors.

***Whistle Blower policy***

Presently the Company does not have a whistleblower policy. No employee has been denied access to approach the Audit Committee to report any serious concerns.

For and on behalf of the Board of Directors

Chennai, August 22, 2012

**R. Vijaykumar**

Chairman & Managing Director

**DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING  
AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT**

I, R. Vijaykumar, Managing Director of the Company here by confirm that all the Board members and Senior Management Personnel have affirmed compliance with the code of conduct for the financial year 2011-12 as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges.

For Gemini Communication Limited

Date: August 22, 2012

Place: Chennai

**R. Vijaykumar**  
Managing Director

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**CERTIFICATION TO THE BOARD PURSUANT TO CLAUSE 49(V) OF THE LISTING AGREEMENT**

The Board of Directors  
Gemini Communication Limited

I, R. Vijaykumar, Managing Director and Chief Executive Officer, hereby certify that in respect of the Financial Year ended on March 31, 2012:

- a) I have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d) I 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 I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Gemini Communication Limited

Date: August 10, 2012

Place: Chennai

**R. Vijaykumar**  
Managing Director

**CERTIFICATE ON CORPORATE GOVERNANCE REPORT ON COMPLIANCE OF  
CONDITIONS OF CORPORATE GOVERNANCE**

To  
The Shareholders of Gemini Communication Limited  
Chennai

I have examined the compliance of conditions of Corporate Governance by **Gemini Communication Limited** for the year ended **31<sup>st</sup> March, 2012**, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.

I 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.

Date : 22.08.2012

Place : Chennai

**S. RAMANATH**  
CHARTERED ACCOUNTANT  
M. No: 029416



## Management Discussion and Analysis

### PointRed Telecom

PointRed designs, manufactures and supplies pre- WiMAX, mobile WiMAX, LTE (Long Term Evolution) and 4G (Fourth Generation) products to telecom operators worldwide. PointRed's product suite provides complete end-to-end offerings in the unlicensed and licensed bands for carriers. PointRed has a comprehensive range of products in pre- WiMAX, mobile WiMAX (commercially deployed), LTE and 4G products comprising WiMAX 2 and LTE Advanced (advanced stage of product development). PointRed's range of products includes base stations, ASN Gateways, customer premise equipments. PointRed has its R&D facility in Bangalore and has a presence in Taiwan for manufacturing its products.

PointRed has clients in 45+ countries, serving the needs of 120+ network operators worldwide with some trial deployments. PointRed proposes to increase its market share in key emerging markets like Africa, Latin America, CIS countries, Middle East and BRIC nations.

PointRed is the only Indian company in the 4G space whose products are certified by the WiMAX Forum. Currently, PointRed is the leader in the mobile WiMAX products space with a market position of 40%.

PointRed has an experienced and competent management, R&D and Sales team with members possessing total experience exceeding 350 years in the telecom space. The first line-management predominantly comprises software/hardware engineers and IT specialists with significant experience in the broadband space.

### Key Highlights

- Early mover advantage in 4G products
- Experienced & competent management team
- Robust business growth
- Proven R&D capabilities

- Technology risk mitigation
- Global & Pan-India Presence of Gemini Communication Limited
- Established and certified product portfolio & cost advantage

### Industry Outlook

With the spectrum auction of 700 Mhz for broadband usage expected by the TRAI (Telecom Regulatory Authority of India) in mid of 2013, this is expected to further trigger the 4G roll out as the lower band of frequency perfectly is considered the 'most effective and cost-effective' frequency for delivering wireless broadband or fourth generation (4G) services.

Globally, WiMAX networks have been deployed across 150 countries. According to WiMAX Forum, WiMAX service providers cover more than 823 Mn. people worldwide as of December 2010; this is expected to rise to over 1 Bn. people by December 2011, an annual growth of 20%+. With the reduce in cost of roll out by two-third as compared to the 2.3GHz roll out cost and be a game-changer for the Indian telecom industry.

As per recommendation note on Telecom equipment manufacturing issued by Telecom regulatory authority of India dt April 12th 2011, the demand for 3G equipment is expected to be the order of Rs.10,127 crs and LTE and Wimax about Rs.12659 crs in 2015-16. By 2020, the combined demand is likely to be 26456 crs. For addressing these opportunities, Domestic products, including both the Indian Manufactured Products and Indian products, would have preferential access to procurement by Government (except defence procurement) and Government licensees' (telecom service providers both private a 2012-13, 2014-15, 2016-17 and 2019-20 respectively).

The government is strongly moving to implement this plan and have recommended all mobile operators to source

equipment from Indian manufacturers, to provide the market access to domestic manufactured products to the extent of 30% by the year 2015 and 80% by the year 2020. LTE, a 3rd generation radio access technology is seen as the next major step in the evolution of broadband wireless technology after WiMAX. LTE supports higher performance due to its high data speeds, higher capacity bandwidth and lower latency.

Globally, LTE has been adopted by a few commercial networks on test basis, though large scale deployments of LTE are expected to happen in 2013. The global market size for LTE equipment for FY 2013 is expected to be around US\$ 5 – 6 Bn. The industry views co-existence both WiMAX and LTE appropriate for meeting the growing demand for wireless broadband network. PointRed believes that both these technologies will co-exist in the network ecosystem. As a 4G player, PointRed intends to maintain a presence in both these technologies through its wide array of products. PointRed's technology and architecture, which is built on the strength of its R&D capabilities, are customizable to support both these technologies.

### Research & Development Capabilities

PointRed is currently engaged in advanced research on 4G technologies comprising WiMAX 2 and LTE Advanced, which are viewed by its management as key drivers for future growth and positioning. Simultaneously, the Company is engaged in continuously upgrading its existing suite of WiMAX products in accordance with evolving technology.

PointRed plans to increase its presence in emerging markets such as Middle East, Africa, BRIC nations, CIS countries, Latin America etc. PointRed believes that demand for its products in these markets will continue to grow in accordance with increased penetration of broadband. Increased sales in such countries would enable the Company to achieve economies of scale. PointRed believes that strategic partnerships are crucial towards cementing its footprint as a market leader in the industry. Accordingly, PointRed would diligently evaluate

strategic partnerships and acquisitions which are in line with its vision and culture.

PointRed also believes that there are several companies globally who have innovative products but are unable to make an impression in the fast growing emerging markets. Therefore, PointRed believes that by partnering with such companies, it would be able to introduce unique products in the markets where PointRed has a strong presence.

### Maintain Domestic Leadership in WiMAX Products and become a Leader in 4G space

The Indian enterprise data market has been on a strong growth trajectory, led by increased need for enterprise connectivity from deeper IT penetration. With continued increase in connectivity requirements from enterprises, this demand is expected to be sustained in the future.

PointRed has made substantial investments in R&D to accelerate its ongoing 4G product development program. PointRed expects to establish a new facility to manufacture mobile WiMAX and 4G products

### Telecom Services Group (TSG)

Gemini TSG understands the telecommunication service offering business, with its experience for almost a decade, in India. Gemini TSG had built-up a deep knowledge of the Indian telecommunication market, and information on service providers and equipment manufacturers. Understanding the market along with the "know-who" among the industry key-personnel, we are able to anticipate future market development, and use them to proactively identify opportunities for our customers. Gemini TSG is associated with leading service providers and equipment manufacturers, as a trusted partner and evaluated high on periodic performance measures.

Gemini TSG expertise in planning, deployment and maintenance, had enabled as a preferred partner by the leading services providers and telecom equipment manufacturers in India. The service capabilities also include performance & site quality audit, Energy management and

managed services, driven by its systems and processes. Gemini TSG has rich and successful project implementation experience in WiMAX / MMDS / GSM / CDMA / technologies.

Gemini TSG is valued by its customers for all their service requirements from pre-deployment, deployment and post-deployment phase of network roll-out. As needed, we draw upon a network of associates that complement our core skills and give us higher exposure and experience. Over 90% of our business in telecommunications is referral or repeat business, thus confirming our reputation for excellence, and our ability to deliver valuable business solutions to our clients

We had completed assignments in India, Middle-East, and Africa, covering projects involving bid submission, network design, network optimization, telecom installation services and maintenance services.

As needed, we draw upon a network of associates that complement our core skills and give us higher exposure and experience.

Gemini had undertaken wide range of assignments on demand forecast, network planning and design, implementation and maintenance services, for many leading network operator and equipment manufacturers. The experience and skill set, we are able to apply includes:

- Hands-on experience in the design, development and implementation of fixed and wireless telecommunication networks
- Proven record of expertise in roll out in 150+ cities in India
- Well proven skills from customer perspective
- Wide experience in services for various telecommunication projects
- Extensive information operation technology experience

- Remote project management skills
- Well versed in handling managed services
- Driven by CMM level 3 systems and process
- Pan India Presence

Our team possesses a round depth of experience in engineering business, financial and regulatory areas, thus enabling us to provide our customers with value added suggestions, from every key strategic technical angle.

Gemini has a long experience in offering wireless radio network services for leading service providers in India, and had rolled out projects in Point-to-Point, Point-to-Multipoint, MMDS, Fixed WiMAX, Mobile WiMAX, 2G and 3G networks. The project management teams closely monitor the customer requirement and fulfill the same, with accepted KPI. Gemini works with major equipment manufacturers through service providers or directly, and has enriched expertise on various technologies, across India. Gemini creates environment for the young talent to develop and deliver services to our customers, thereby sustaining our competitive advantage.

#### **Pan-India Presence:**

Gemini TSG had established its presence towards service offering at 194+ locations including 17 regional offices and 4 zonal offices across India, with team strength of 2200+, and a percentage of retention at 96%

#### **Wireless Network Service Offerings:**

1. Engineering
  - a. Network Planning & Optimization
  - b. In-building solution
2. Deployment Services
  - a. Site Engineering
  - b. Installation & Commissioning
  - c. Network Integration
  - d. Network Redeployment

3. Operation & Maintenance
  - a. NOC Monitoring
  - b. Trouble Ticket Management
  - c. Field Maintenance Services
4. Professional Services
5. Performance & Energy Audits
6. Solar enabled Power agreement for telecom infrastructure
7. Passive Telecom Infrastructure Management
8. System Planning and Design services
9. System Integration services

#### Wire-line Network Service Offerings:

The maintenance of the wire-line network had gained significant advancement, due to the network being deployed and maintained by the telecom service providers, predominantly for the BFSI segment.

Through its ability to provide end-to-end integrated services, Gemini TSG had partnered with existing service providers, to offer the following services:

1. Deployment of Leased line / MPLS circuits
2. Field Level Maintenance of Leased line / MPLS circuits
3. Field Level Maintenance of CPE Router and Switches
4. Field Level Maintenance of

#### ATM Consolidation of Account:

Gemini TSG had focused in FY 11-12 towards consolidation of business from existing customers. This had given a positive result, wherein we had gained higher market share, with respect to services, from all our key customers.

Going forward, Gemini TSG will maintain its market- share with its existing customer, and increasing the market-share from new service providers.

Gemini TSG is hopeful of its wire-line business, and will ensure its success as dominance shown, in Wireless arena. Another area of focus will be to build a concrete measure on its brand value, thereby entering into the global market, to offer its services.

#### Gemini TSG Highlights on the services offered in FY 11-12:

##### Customer Evaluation:

The performance evaluation of Gemini TSG, has been rated as high by major telecom service providers and equipment manufacturers, after post-implementation of the below:

1. Dedicated project management team
2. Dedicated account manager
3. Self-assessment of the team on ability to delivery technical assistance
4. External assessment of the team on the ability to deliver technical assistance
5. Periodic report and feedback.

##### Highlights

- Partnered with leading service telecom players in India.
- Rated as preferred partner by all the major customers.
- Ability to offer the whole gamut of Telecom architecture services
- Evaluated with a overall score of 96% by leading global telecom equipment manufacturer
- Evaluated with "Green-Category" by a leading Indian retail broadband service provider
- Focus on revenue streams from consultancy services.

## System Integration Business

The last financial year added value to the consolidation exercise that the SI business has been going through. With the number of customers', who had faith in Gemini's service & solutions capability, Gemini was able to further dig deeper into enriching its commitment to efficient service. There had been very worthwhile investments in certain key technology areas like IT Security, Virtualisation and cloud computing. Gemini set up a 'Centre of Excellence' & equipping itself in skills & infrastructure to conduct very advanced security audits for its customers. One of the most important & a strategic positioning was on the 'Consulting' space, where Gemini positioned itself and won 5 IT & Security, Gap analysis Consulting orders, during the year which gave us significant wayforward in this segment. The Data Centre space has seen large growth in the last few quarters. Gemini established 4 Data Centre's for its banking customers and two more is under process which is well-placed to take further advantage of this booming business prospect in the coming financial year.

The Managed Services business, which has been a key focus area, helped Gemini win new customers' and to remotely manage customers' IT assets. Organizations are facing the heat to physically secure themselves better & due to which, Camera Surveillance has become a necessity for many campuses. Gemini's 18 year expertise on providing solutions on Internet Protocol (IP) enabled Gemini to win large Surveillance projects for Government institutions.

Going forward, the System Integration business of Gemini is reaching a paradigm shift point. We are adopting ourself to the changing technology scenario by educating and consulting with the customers to devise strategies on cloud based operations. The advent of tablet PC's, Cloud Computing & Mobile Broadband is fast accelerating anywhere, anytime secure connectivity to internet for voice, data & video purposes. This is likely to dramatically & disruptively change the very face of several communication oriented industries, challenging it yet again to innovate & work harder, to reap benefits.

Gemini's several innovative initiatives on IT Security, Enterprise Management & its committed services have kept customers' happy & loyal to Gemini. This year, Gemini would launch its 'Cloud' initiatives on Storage, Mail Management, Virtual Desktops etc., expanding its services portfolio to accommodate the cross-section of active IT usage companies.

Remote Infrastructure management services(RIMS); RIMS business is gaining momentum with many good customers acquisition during the year. The RIMS business is managed from our Network operations centre, based out of Tamil Nadu.

Gemini has taken various initiatives to expand its services offerings, globally & expects to acquire some international business, in this financial year.

## Energy & Utilities business

India is one of the fastest growing countries in terms of energy consumption. Currently, it is the fifth largest consumer of energy in the world, and will be the third largest by 2030. At the same time; the country is heavily dependent on fossil sources of energy for most of its demand. This has necessitated the country to start aggressively pursuing alternative energy sources - solar, wind, biofuels, small hydro and more.

The market in India for the RE business is growing at an annual rate of 15%. The scope for private investment in RE is estimated to about \$3 billion. This growth is expected to continue in the coming years as stricter environmental norms and regulatory pressure are placed on Indian industries.

### SolarEnergy:

India has one of the world's largest programmes in solar energy which include R&D, demonstration and utilisation, testing & standardization, industrial and promotional activities. Processed raw material for solar cells, large capacity SPV modules, SPV roof tiles, inverters, charge controllers all have good market potential in India as do

advanced solar water heaters, roof integrated solar air heaters; and solar concentrators for power generation (above 100 KW).

#### KEY FACTORS RESPONSIBLE FOR GROWTH OF THIS SECTOR INCLUDE:

- Large demand-supply gap in electricity
- India is generously endowed with RE resources like solar, wind, bio-mass materials, urban and industrial wastes and small hydro resources
- Low gestation periods for setting up RE projects with quick return
- Conducive government policies
- The large number of financing options available for capital equipment
- Increasing awareness among industry that being environmentally responsible is economically sound.
- The significant resource coupled with continued Government support makes India a very attractive location for renewables development.

#### FOCUS AREAS

- Grid-interactive renewable electricity generation systems;
- Renewable Energy for Urban, Industrial & Commercial Applications;
- Renewable Energy for Rural Applications;
- Research, Design & Development in New & Renewable Energy Generation and Applications

#### Gemini TRAZE RFID

Despite challenging economic conditions, the RFID industry is expected to open up in 2013. Despite continued challenges regarding RFID adoption, new applications are expected to emerge in the commercial and industrial

sectors. Additional growth is expected to derive from expanded RFID use in electronic vehicle registration, electronic IDs, government initiatives, library systems and supply chain management.

Versatility is likely to drive future growth in radio- frequency tracking systems, and as the technology advances into new fields, additional capabilities and design enhancements could push RFID adaptability even further. However, experts also see numerous challenges to RFID adoption under present circumstances.

The key growth drivers are:

- RFID tagging for solar modules
- Adoption and increased spending by Government
- Opportunities in Automobile and retails sector for tagging and tracking
- Declining costs for RFID infrastructure
- Asset management in Govt sectors.

The radio frequency identification (RFID) market is poised to bounce back strongly over the next few years. Although growth in the established sections is leveling off somewhat, new areas are starting to see significant interest. Applications such as electronic vehicle registration, e-ID and e-government documents and library systems are all poised to drive RFID market and Government will continue to be the biggest spender.

Some of the expected industry trends are:

- Convergence of RFID with Wireless technologies, GPS, RTLS
- Lower cost, slimmer and longer battery based Active RFID tags
- Advancements in Printed RFID and semi- passive RFID technology



## Veeras Infotek

The investment made over the past years has led to a splurge in the Virtualization and storage consolidation markets for Veeras Infotek.

- Virtualization
  - Established clearly as a partner of choice in Chennai across server and storage.
- Retaining number one for VMware in Chennai with 60% market share
  - Have grown storage business by 200%
- Become number one for NetApp in Chennai with 55% market share
  - Have won large deals on Desktop virtualization
- Become number one partner for Citrix in Chennai
- Platform
  - Have grown by 35% in Platform and Collaboration space
- Security
  - Have grown security business by 35% with over 50% market share in the endpoint protection space on number of users.
  - Also among the top 5 partners in the country for McAfee
- VMware Best Reseller FY'10
- DQ week's Best Software Reseller (4th year in a row)
- "The DQ Week Best SI-Software" of Chennai 2010
- IDG Channel world Top 100
- The Best Solution Partner for VMware in India National Award-2010

- CRN Xcellence Awards 2010 for the Best Solutions Provider – Infrastructure Software

## Industry Outlook:

The channels and SI's are in a piquant situation right now with the onset of the "Cloud" campaigns. The role and pertinence of the channel model is put to question now. The transformation of the SI from products to services is imperative now more than ever. A professional approach towards services and the ability and mindset to compete against the big consulting companies is the need of the hour. Focus of the companies in this space should be towards building their Brand and provide differentiated service level guarantees which will ensure a progressive future. Companies need to collaborate and re-strategize on the hosting model and align themselves with white label hosted service providers and enhance their service delivery capability.

Towards this Veeras Infotek has been building a practices model that will deliver consulting and professional services in the domains of Cloud computing & Virtualization, Platform and Collaboration, Security and Business continuity planning Services. This will be done across all three modes of delivery onsite, on the cloud and hybrid architecture. This will redefine the way Veeras Infotek will be transformed in the next three years.

## Strategies for the current year:

- Focus on the Enterprise
  - That's where our customers are
- We will focus on the following
  - Private Cloud Will Get a Lot More Attention
  - Market Focus on Virtualization Will Shift from Consolidation to Management
  - Delineation Between Hardware and Software Channels Will Come to an End
  - Virtualization



- Automated Management of IT Infrastructure
- Security
- Geo presence important to address Enterprise requirements
- CORE Organization Initiatives
- Great Focus on VTechPro, the Professional Services Group with additional resources and customer acquisition mindset.
- By 2014 it is predicted that 90% of organizations will support corporate applications on personal devices AndBy 2013, 80% of businesses will support a workforce using tablets.
- IT@HOME, the retail company of Veeras Infotek, will capitalize, extend and focus on this and capture that market.

- Vision set 5 years ago to be the change agent of the Lifestyle transformation to the consumers

### Summary:

Our key growth drivers are as below -

- PointRed – Global 4G and WiMax opportunities
- Telecom managed services - renewed contracts & expansion to new service areas
- System Integration - Cloud Computing, Workplace convergence, Mobile Broadband Energy & Utilities business – Opportunities in Solar based solutions

With the above, we are all set to continue the growth momentum. Each of these key growth areas will catapult our business into newer growth trajectory and we expect to do very well this year as well.

## **Financial Statements**

## Auditors Report

### To the Members

M/s Gemini Communication Ltd,  
Chennai.

1. I have audited the attached Balance Sheet of M/s Gemini Communication Limited (the company) as at March 31, 2012, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto, which I have signed under reference to this report. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I have conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, as amended from time to time, I enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to my comments in the Annexure referred to in paragraph 3 above, I report that:
  - a. I have obtained all the information and explanations which to the best of my knowledge and belief are necessary for the purposes of my audit;
  - b. In my opinion, proper books of account as required by law have been kept by the company so far as appears from my examination of those books; and proper returns adequate for the purposes of my audit have been received from the branches not visited by me. The Branch Auditor's reports have been forwarded to me and have been properly dealt with.
  - c. The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In my opinion, the Balance sheet and the Profit and Loss account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
  - e. On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f. In my opinion and to the best of my information and according to the explanations given to me, the said accounts together with Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - i. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
    - ii. in the case of the Profit and Loss account, of the loss for the year ended on that date, and
    - iii. in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Place: Chennai

Date: 10<sup>th</sup> August 2012

**S.RAMANATH**

Chartered Accountant

M.No: 029416

Prop: M/s Ramanath & Co

Firm No : 013721s

### Annexure to the Auditors' Report:

The Annexure referred to in the Auditors' Report to the Members of M/s Gemini Communication Limited (the Company) for the period ended March 31, 2012. I report that:

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets which needs to be updated.
- b. The company has a regular program of physical verification of its fixed assets. No material discrepancies are noticed on such verification.
- c. Substantial parts of fixed assets have not been disposed off during the year. In my opinion, the frequency of verification is reasonable.
2. a. The procedures of physical verification of inventories followed by the company are reasonable and adequate in relation to the size of the company and the nature of its business.
- b. The Company maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
3. a. The company has granted interest free unsecured loans to subsidiary companies, covered in the register maintained under section 301 of the Companies Act, 1956. The Outstanding balance is Rs. 9315.44 Lakhs. The other clauses are not applicable.
- b. The company has not taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956. The other clause are not applicable.
4. In my opinion and according to the information and explanations given to me, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets, Inventories and the sale of services. The activities of the company do not involve purchase of inventory and the sale of goods. During the course of my audit, I have not observed any continuing failure to correct major weaknesses in the internal control system.
5. a. According to the information and explanations given to me, In my opinion that the particulars of contracts / arrangements referred to the Section 301 of the Act has been entered into the register maintained u/s 301 of the Companies Act, 1956.
- b. In my opinion and according to the information and explanations given to me, the transactions made in pursuance of such contracts or arrangements have been made at prices which are responsible reasonable having regards to the prevailing market prices at the relevant time.
6. In my opinion and according to the information and explanations given to me, the company has not accepted any deposits during the year as defined under section 58A of the Companies Act, 1956.
7. The company has an internal audit system commensurate with the size and nature of its business.
4. As per the information and explanation given to me, the maintenance of cost records has not been prescribed by the Central Government under the clause (d) section 209(1) (d) of the Companies Act, 1956 for any of the services rendered by the company.
9. a. The company is depositing, with some delays, with appropriate authorities undisputed statutory dues including provident fund, Employee State Insurance, Income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, wherever applicable, with the appropriate authorities.
- b. According to the records of the company and the information and explanations given to me, there are no disputed amounts payable in respect of Income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess in arrears, as at 31st March 2012 for a period for more than six months from the date they became payable.
- c. According to the information and explanations given to me, there are no dues of sales tax, wealth tax, service tax, customs duty, excise duty and cess which not have been deposited on

account of any dispute except as under:-

ASSMT YEAR	Amount
2006 - 2007	Rs.55119834
2007 - 2008	Rs.65000000
2008 - 2009	Rs.37500000

10. In my opinion, the company has no accumulated losses as at 31<sup>st</sup> March, 2012 and has not incurred cash losses during the financial year covered under by my audit and preceding financial year.
11. In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of dues to financial institution, banks or issued any debentures.
12. In my opinion and according to the information and explanations given to me, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In my opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
14. In my opinion, the company is not dealing in or trading in shares, securities, debentures, investments and other securities wherever applicable, Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) (Amendment) order, 2004 are not applicable to the company.
15. In my opinion, and according to the information and explanations given to me, the company has given corporate guarantee for loans taken by subsidiary companies from banks, the terms and conditions

are not prima facie prejudicial to the interest of the company.

16. In my opinion and according to the explanations given to me, the term loans have been applied for the purpose for which they are raised.
17. According to the information and explanations given to me and on an overall examination of the balance sheet of the company, I report that no funds raised on short-term basis have been used long-term investment.
18. According to the information and explanations given to me, the company has made any preferential allotment of shares during the year to parties covered in the register maintained under section 301 of the Companies Act, 1956. The price at which the issue is made are not prima facie prejudicial to the interest of the company.
19. According to the information and explanations given to me, the Company has not issued any debentures during the year and security for issue of debentures does not arise.
20. According to the information and explanations given to me, the Company has not raised money by public issue during the financial year and the disclosure of end use of money raised by public issues does not arise.
21. According to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the course of my audit.

For Prop.M/s.Ramanath & Co.,  
Chartered Accountants

**S.RAMANATH**

Chartered Accountant

Place: Chennai

Date: 10<sup>th</sup> August 2012

Membership No: 029416

Firm No: 013721s

<b>BALANCE SHEET AS AT 31st MARCH 2012</b> <span style="float: right;">(₹ in lakhs)</span>			
Particulars	Note	As at 31-03-2012	As at 31-03-2011
<b>I. EQUITY AND LIABILITIES</b>			
Shareholders' Funds			
(a) Share capital	2	1,064.97	1,068.98
(b) Reserves and surplus	3	11,144.14	11,049.55
		<b>12,209.11</b>	<b>12,118.53</b>
<b>Non-Current Liabilities</b>			
(a) Long-term borrowings	4	5,121.40	5,472.80
(b) Deferred tax liabilities (net)	5	1,155.48	1,199.00
(c) Other long-term liabilities		-	-
(d) Long-term provisions		-	-
		<b>6,276.88</b>	<b>6,671.80</b>
<b>Current Liabilities</b>			
(a) Short-term borrowings	6	14,904.82	13,375.84
(b) Trade payables		19,455.23	24,015.21
(c) Other current liabilities	7	1,802.89	1,860.48
(d) Short-term provisions	8	632.05	728.00
		<b>36,794.99</b>	<b>39,979.54</b>
<b>Total</b>		<b>55,280.98</b>	<b>58,769.86</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		3,544.55	4,454.38
(ii) Intangible assets		5,680.62	4,372.86
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
		<b>9,225.17</b>	<b>8,827.24</b>
(b) Non-current investments	10	5,588.85	5,578.85
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances		-	-
(e) Other non-current assets		-	-
		<b>5,588.85</b>	<b>5,578.85</b>
<b>Current assets</b>			
(a) Current investments		-	-
(b) Inventories	11	5,892.83	6,952.44
(c) Trade receivables	12	21,841.59	26,715.45
(d) Cash and bank balances	13	1,296.66	1,642.35
(e) Short-term loans and advances	14	9,315.44	7,981.86
(f) Other current assets	15	2,120.45	1,071.67
		<b>40,466.97</b>	<b>44,363.77</b>
<b>Total</b>		<b>55,280.98</b>	<b>58,769.86</b>

Notes forming part of the financial statements

1 to 35

As per my Report of even date attached

For and on Behalf of the Board

**S. RAMANATH**

Chartered Accountant

Membership No.029416

Prop.M/s. Ramanath & Co.,

Firm No.013721s

Place : Chennai

Date : August 10, 2012

**R. VIJAYKUMAR**  
Chairman & Managing Director

**R. RAMKUMAR**  
Whole-time Director

<b>PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2012</b>			
(₹ in lakhs)			
Particulars	Note	For the year ended 31-03-2012	For the year ended 31-03-2011
I. Revenue from operations	16	28,490.15	31,616.28
II. Other Income (net)	17	114.37	64.71
<b>Total Revenue (I + II)</b>		<b>28,604.52</b>	<b>31,680.99</b>
III. Expenses			
(a) Cost of Materials & Project Expenses		16,568.09	26,061.49
(b) Increase / (Decrease) in Stock		1,059.61	(3,522.52)
(c) Employee benefit expenses	18	2,888.19	2,200.48
(d) Operation and other expenses	19	1,498.05	630.30
(e) Finance costs	20	2,865.98	2,580.61
(f) Depreciation and amortization expense	9	3,545.26	2,445.70
<b>Total Expenses</b>		<b>28,425.17</b>	<b>30,396.06</b>
<b>IV. Profit before tax</b>		<b>179.35</b>	<b>1,284.93</b>
V. Tax expense			
(a) Current tax		35.84	239.78
(b) Deferred tax		(43.52)	65.81
(c) MAT credit entitlement			
		<b>(7.68)</b>	<b>305.58</b>
<b>VI. Profit after tax</b>		<b>187.03</b>	<b>979.35</b>
Earnings per equity share of face value ₹ 1			
Basic and Diluted Earnings per share (₹)		0.18	0.95

Notes forming part of the financial statements

1 - 35

As per my Report of even date attached

For and on Behalf of the Board

**S. RAMANATH**

Chartered Accountant

Membership No.029416

Prop.M/s. Ramanath &amp; Co.,

Firm No.013721s

**R. VIJAYKUMAR**

Chairman &amp; Managing Director

**R. RAMKUMAR**

Whole-time Director

Place : Chennai

Date : August 10, 2012



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012

(₹ in lakhs)

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	179.35	1,284.93
<b>Adjustments for:</b>		
Depreciation and Amortisation	3,545.26	2,445.70
(Profit) / Loss on sale of Fixed assets		
Dividend on Mutual Funds		
Interest Income	(53.26)	(48.28)
Interest Expense	2,865.98	2,580.61
Exchange differences on translation of foreign currency cash and cash equivalents	-	(2.71)
Preliminary Expenses written off		
<b>Operating Cash Flow Before Working Capital Changes</b>	<b>6,537.33</b>	<b>6,260.25</b>
<b>Adjustments for:</b>		
Decrease (increase) in trade receivables	4,873.85	(7,363.93)
Decrease (increase) in inventories	1,059.61	(3,522.52)
Decrease (increase) in Other current assets	(1,048.77)	464.03
Decrease (increase) in loans and advances	(1,333.58)	(3,214.93)
Increase / (Decrease) in Trade and other payables	(4,617.57)	15,577.93
<b>Cash generated from / (used in) Operations</b>	<b>5,470.88</b>	<b>8,200.84</b>
Income Taxes paid during the year	-	-
<b>Net Cash generated from / (used in) Operating Activities during the year - A</b>	<b>5,470.88</b>	<b>8,200.84</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,943.18)	(1,794.20)
Sale of Fixed Assets		
Purchase of long term investments	(10.00)	(1.00)
Dividend on mutual funds		
Interest income	53.26	48.28
<b>Net Cash generated from / (used in) Investing Activities during the year - B</b>	<b>(3,899.93)</b>	<b>(1,746.92)</b>

Table Continued

<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(106.90)	(50.07)
Tax on Dividend Paid	(24.90)	(8.26)
Increase / (Decrease) in Loan Funds	1,177.58	(3,921.28)
Interest Expense	(2,865.98)	(2,580.61)
Issue of Share Capital (including share premium)	(96.45)	909.69
<b>Net Cash generated from Financing Activities during the year - C</b>	<b>(1,916.64)</b>	<b>(5,650.53)</b>
<b>D. EXCHANGE DIFFERENCE</b>		
Exchange difference on translation of foreign currency cash and cash equivalents	-	2.71
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C + D)</b>	<b>(345.69)</b>	<b>806.10</b>
Cash and Bank Balances as at the beginning of the year	1,642.35	836.26
Cash and Bank balances at the end of the year	<b>1,296.66</b>	<b>1,642.35</b>

Note: 1. Cash and Cash Equivalents represent Cash, Balances with Banks in Current Account and Fixed Deposits

2. Figures in brackets indicate Cash outflow,

3. Figures for the previous year have been regrouped / rearranged wherever found necessary

As per my Report of even date attached

For and on Behalf of the Board

**S. RAMANATH**

Chartered Accountant

Membership No.029416

Prop. M/s. Ramanath & Co.,

Firm No.013721s

**R. VIJAYKUMAR**

Chairman & Managing Director

**R. RAMKUMAR**

Whole-time Director

Place : Chennai

Date : August 10, 2012

## Notes Forming Part of the Financial Statements

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A. SYSTEM OF ACCOUNTING

The financial statements are prepared under the historical cost convention in accordance with Indian Generally Accepted Accounting Principles (GAAP), and all income and expenditure having a material bearing on the financial statements are recognized on accrual basis. The financial statements comply with the applicable mandatory Accounting Standards.

#### B. REVENUE RECOGNITION

Revenues, in respect of revenue from network products and projects are recognized on completion of respective works contracts. In respect of fixed price service activities, revenue is recognized on time and materials basis. In respect of other contracts, revenue is recognized on the achievement of the milestones set out in the contracts.

The revenues from Services and Installation Charges are recognized on completion of respective works contract/s.

Income from Investments is recognized when the right to receive the payment is established.

Interest is recognized using the Time-Proportion method, based on the rates implicit in the transaction.

#### C. USE OF ESTIMATES

In preparation of financial statements conforming to GAAP requirements certain estimates and assumptions are essentially required to be made with respect to items such as provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful life period of Fixed Assets. Due care and diligence have been exercised by the Management in arriving at such estimates and assumptions since they may directly affect the reported amounts of income and expenses during the year as well as the balances of Assets and Liabilities including those which are contingent in nature as at the date of reporting of the financial statements.

To comply with GAAP requirements relating to impairment of assets, if any, the Management periodically determines such impairment using

external and internal resources for such assessment. Loss, if any, arising out of such impairment is expensed as stipulated under the GAAP requirements. Contingencies are recorded when a liability is likely to be incurred and the amount can be reasonably estimated. To this extent the results may differ from such estimates.

#### D. FIXED ASSETS

Fixed Assets are stated at cost of acquisition less accumulated depreciation. All costs relating to the acquisition and installation of fixed assets are capitalized and include financing costs relating to borrowed funds attributable to acquisition up to the date the assets are ready for use.

#### E. DEPRECIATION

Depreciation is provided on straight-line method at the rates specified in SCHEDULE XIV to the Companies Act, 1956.

Depreciation is provided on pro-rata basis from the day on which the assets have been put to use and up to the day on which assets have been disposed off.

The software asset is depreciated at the rates higher than that specified in schedule XIV based on useful life of assets, which is estimated by the management as three years.

The project assets are depreciated at rates higher than that specified in schedule XIV based on useful life of assets, which is estimated by the management as five years.

The management estimate useful life for fixed assets as under:

Asset	Estimated useful life of asset
Computer Equipment	5 to 6 years
Plant and Machinery	6 to 21 years
Software Assets	3 years
Furniture and Office equipments	3 to 9 years
IPR / Know-how	3 years
Vehicles and Other assets	9 to 11 years
Project Assets	5 years

**F. INVESTMENTS**

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are carried at cost less provision made, if any, for the decline in the value of such investments.

**G. INVENTORIES**

Stock-in-trade is valued at lower of cost and net realizable value. Cost is determined on FIFO basis.

**H. FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions during the year are translated at the exchange rates prevailing on the respective date of transactions.

Assets and Liabilities outstanding in foreign currency as on the date of the Balance Sheet are translated at exchange rates prevailing as on the last day of the relevant financial year. Differences arising out of such translations are charged to the respective revenue accounts.

The operations of the company's overseas branches are considered integral in nature and the balances/ and transactions of the branches are translated using the aforesaid principle.

**I. PROVISION FOR TAXATION**

Provision for Current Income Tax is made in accordance with the provisions of Income Tax Act, 1961.

Deferred tax assets and liabilities are measured using substantially enacted tax rates as on the Balance Sheet date. Provision for Deferred Tax Liability is provided on timing differences. The effect of deferred tax assets and liabilities of a change in tax rates is recognized in the income statement.

**J. LEASES**

The assets purchased under hire purchase agreements are included in the Fixed Assets block. The value of the asset purchased is capitalized in the books. A liability for the same amount is created at the time of entering into the agreement. The payments are made to the HP vendors as per the EMI's given in the hire purchase agreements. The finance charges are debited to the profit & loss statement and the principal

amount is adjusted against the liability created for the vendor.

Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis over the term of the related lease agreement.

**K. RETIREMENT BENEFITS****Provident Fund:**

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company makes monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The Company has no further obligations under the plan beyond its monthly contributions. The contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due and there are no other obligations other than the contribution payable.

**Gratuity:**

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

**L. BORROWING COSTS**

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets up-to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.

**M. CASH FLOW STATEMENT**

The Cash flow statement is prepared under the indirect method as per Accounting Standard 3 "Cash Flow Statements".

## N. EARNINGS PER SHARE

The company reports basic and diluted earnings per share in accordance with the Accounting Standards – 20-‘Earnings per Share’.

## O. SEGMENT REPORTING

The entire operations of the company related to one segment, i.e., network product and related services and hence segment reporting is not applicable for this year.

## P. IMPAIRMENT OF ASSETS

All assets other than inventories and deferred tax asset, are reviewed for impairment, wherever events

or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

## Q. PROVISION AND CONTINGENCIES

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

## 2. SHARE CAPITAL

Share capital consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
<b>Authorised</b>		
15,00,00,000 Equity share of ₹ 1/- each (31 <sup>st</sup> March 2011: 15,00,00,000 Equity share of ₹ 1/- each)	1,500.00	1,500.00
<b>Issued, Subscribed &amp; paid up</b>		
10,64,97,000 Equity share of ₹ 1/- each (31 <sup>st</sup> March 2011: 10,68,98,000 Equity share of ₹ 1/- each)	1,064.97	1,068.98
	<b>1,064.97</b>	<b>1,068.98</b>

### a. Reconciliation of number of shares

	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No. of shares	Amount (₹ in lakhs)	No. of shares	Amount (₹ in lakhs)
<b>Equity shares</b>				
Opening balance (face value - ₹ 1)	1,068.98	1,068.98	1,001.43	1,001.43
Issue of shares	-	-	67.55	67.55
Buyback of shares	4.01	4.01	-	-
<b>Closing balance</b>	<b>1,064.97</b>	<b>1,064.97</b>	<b>1,068.98</b>	<b>1,068.98</b>

**b. Shares held by holding company, its subsidiaries and associates**

The company does not have any holding company.

**c. Rights, preferences and restrictions attached to equity shares**

The company has one class of equity shares having a face value of ₹ 1/- per share. Each shareholder is eligible for one vote for each share held in the company. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

**d. Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the shareholder	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No of shares	% of share capital	No of shares	% of share capital
Mr. R. VIJAYKUMAR	26968809	25.32%	29910809	27.98%
GPC MAURITIUS II LLC	12,500,000	11.74%	12500000	11.69%
Ms. RADHIKA VIJAYKUMAR	10952304	10.28%	10952304	10.25%
RHODES DIVERSIFIED	7062025	6.63%	7062025	6.61%
Mr. R. RAMKUMAR	5649940	5.30%	2649940	2.48%

**e. Shares allotted as fully paid up by way of bonus shares (during the 5 years preceding 31<sup>st</sup> March 2012)**

(96,68,000 shares were issued as fully paid bonus shares during the year 2007-08 by capitalising Profit & Loss A/c)

### 3. RESERVES AND SURPLUS

Reserves and surplus consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Securities premium account		
Opening balance	4,134.06	2,985.69
Add: Current year receipts	(92.43)	1,148.37
Closing balance	4,041.63	4,134.06
(b) Surplus in statement of profit & loss		
As per Last Year Balance Sheet	6,211.84	5,357.14
Add: Profit for the year	187.02	979.35
	6,398.86	6,336.49
Less: Appropriations		
Proposed dividend on equity shares	-	106.90
Tax on dividend	-	17.75
	-	124.65
Closing balance	6,398.86	6,211.84
(c) Capital Profit		
As per last year balance sheet	204.79	204.79
(d) General Reserve		
As per last year balance sheet	498.86	498.86
	11,144.14	11,049.55

### 4. LONG-TERM BORROWINGS (SECURED)

Long-term borrowings consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) From Bank - Term Loan	4,977.46	5,469.81
(b) From - Others	143.95	2.99
	5,121.40	5,472.80



**5. DEFERRED TAX BALANCES**

Deferred tax balances consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Deferred tax liabilities		
(i) Depreciation and amortisation	1,199.00	1,133.19
(ii) Expenses allowed for tax purpose	(43.52)	65.81
	<b>1,155.48</b>	<b>1,199.00</b>

**6. SHORT-TERM BORROWINGS**

Short-term borrowings consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
Secured		
(a) From Bank - Cash Credit	6,674.32	5,145.34
Unsecured		
(a) 6% Convertible Bonds 2012 (Refer Note 32)	8,230.50	8,230.50
	<b>14,904.82</b>	<b>13,375.84</b>

**7. OTHER CURRENT LIABILITIES**

Other current liabilities consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Trade Payables	19,455.23	24,015.21
(b) Other Liabilities	1,802.89	1,860.48
	<b>21,258.12</b>	<b>25,875.69</b>

**8. SHORT-TERM PROVISIONS**

Short-term provisions consist of the following

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Proposed equity dividend	-	106.90
(b) Tax On proposed equity divided	17.75	26.26
(c) Provision for Income Tax	563.09	543.63
(d) Provision for Gratuity	51.21	51.21
	<b>632.05</b>	<b>728.00</b>

Fixed assets consist of the following:

(₹ in lakhs)

Particulars	Gross Block			Depreciation				Net Block		
	As At 1st April 2011	Additions	Deletions / Adjustments *	As At 31 <sup>st</sup> March 2012	Upto 1st April 2011	For the year 2011-12	Deletions / Adjustments *	Upto 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
LAND & BUILDING :										
Land	352.36			352.36					352.36	352.36
Building	318.77			318.77	23.91	5.20		29.11	289.66	294.85
PLANT & MACHINERY :										
Computer Machinery	1,615.17	92.20		1,707.38	1,029.37	273.13		1,302.50	404.88	585.80
Networking Equipments	1,187.24	72.96		1,260.20	209.78	56.74		266.52	993.68	977.46
FURNITURES & FIXTURES :										
Xerox Machine	1.26			1.26	1.26			1.26		
Telephone	2.21			2.21	1.77	0.16		1.93	0.28	0.44
Furniture & Fixtures	179.26			179.26	68.69	11.35		80.03	99.23	110.57
Electrical Fittings	615.43	33.27		648.70	159.27	43.75		203.01	445.68	456.16
Modems	4.63			4.63	4.63	-		4.63	0.00	0.00
Office Equipments	56.55			56.55	26.01	4.00		30.00	26.55	30.55
UPS	48.10			48.10	25.68	3.40		29.08	19.02	22.42
PROJECT ASSETS:										
Computer Machinery	2,079.63			2,079.63	1,401.53	415.93		1,817.46	262.17	678.09
Electrical Fittings	1,608.34	72.01		1,680.35	1,123.45	323.11		1,446.56	233.79	484.89
Dot Matrix Printers	86.53			86.53	62.29	17.31		79.59	6.94	24.24
Networking Equipments	431.92			431.92	11.51	20.52		32.03	399.90	420.41
VEHICLES, ETC. :										
Vehicles	60.18			60.18	44.04	5.72		49.75	10.43	16.14
Total	8,647.56	270.45	-	8,918.01	4,193.18	1,180.28	-	5,373.47	3,544.55	4,454.38
Previous year	8,092.89	554.67	-	8,647.56	3,063.41	1,129.77	-	4,193.18	4,454.38	5,029.49
(ii) Intangible Assets										
Software	8,574.97	3,672.73	3,863.04	8,384.66	4,202.10	2,364.98	3,863.04	2,704.04	5,680.62	4,372.86
IPR / Know-how	468.87			468.87	468.87			468.87		
				-				-	-	-
Total	9,043.84	3,672.73	3,863.04	8,853.54	4,670.98	2,364.98	3,863.04	3,172.92	5,680.62	4,372.86
Previous year	7,804.31	1,239.53	-	9,043.84	3,355.06	1,315.93	-	4,670.98	4,372.86	4,449.25
Grand Total	17,691.40	3,943.18	3,863.04	17,771.55	8,864.16	3,545.26	3,863.04	8,546.38	9,225.17	8,827.24

**10. NON - CURRENT INVESTMENTS**

Non - current investments consist of the following

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
Non - Current Investments		
(Trade - Unquoted - Fully Paid)		
Gemini Traze RFID Pvt. Ltd. (100% Subsidiary) (56,85,000 Shares of Rs.10 each at par)	568.50	568.50
Point Red Telecom Pvt. Ltd (100% Subsidiary) (1,01,31,100 shares of Rs.10 each at cost)	1,218.33	1,218.33
Gemini Infotech Ltd (100% Subsidiary) (3,60,00,000 shares of HK\$ 1 each at cost)	3,791.02	3,791.02
Investments-Gemini Geoss Energy Pvt Ltd (10,000 Shares of Rs.10 each)	1.00	1.00
Investments-Union Bank of India - Mutual Fund	10.00	-
	<b>5,588.85</b>	<b>5,578.85</b>

**11. INVENTORIES**

Inventories consist of the following

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
Stock in Trade	5,892.83	6,952.44
	<b>5,892.83</b>	<b>6,952.44</b>

**12. TRADE RECEIVABLES**

Trade receivables consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Over six months from the date they were due for payment		
(i) Considered good	18,877.03	14,193.75
(ii) Considered doubtful	-	-
(b) Others		
(i) Considered good	2,964.57	12,521.69
(ii) Considered doubtful		
	<b>21,841.59</b>	<b>26,715.45</b>

### 13. CASH AND BANK BALANCES

Cash and bank balances consist of the following

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
Cash on Hand	1.52	3.25
Balance with Scheduled Bank		
In Current Accounts	207.72	823.70
In Unpaid Dividend A/cs	11.35	10.06
In Margin with Bank Of India	975.05	804.28
In Fixed Deposit Accounts	100.00	-
Balance with Non-Scheduled Banks		
In Current Accounts	1.02	1.06
	<b>1,296.66</b>	<b>1,642.35</b>

### 14. SHORT-TERM LOANS AND ADVANCES (Unsecured)

Short-term loans and advances consist of the following

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Advances recoverable in cash or in kind	9,315.44	5,993.40
(b) Trade Advances	-	1,988.46
	<b>9,315.44</b>	<b>7,981.86</b>

### 15. OTHER CURRENT ASSETS

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Telephone & Rent Deposits	47.00	35.34
(b) EMD & Security Deposits	286.01	340.18
(c) Other Current Assets	504.66	357.66
(d) Prepaid Expenses	737.66	9.32
(e) TDS Receivables	545.11	329.18
	<b>2,120.45</b>	<b>1,071.67</b>

**16. REVENUE FROM OPERATIONS**

Revenue from operations consist of revenues from:

	For the year ended 31 <sup>st</sup> March 2012 (₹ in lakhs)	For the year ended 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Sales income from Network Product & Services	28,490.15	31,616.28
	28,490.15	31,616.28

**17. OTHER INCOME**

Other income consist of the following:

	For the year ended 31 <sup>st</sup> March 2012 (₹ in lakhs)	For the year ended 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Interest received from Banks	53.26	48.28
(b) Commissions & Other Incomes	61.11	13.72
(c) Exchange Rate Difference Gain	-	2.71
	114.37	64.71

**18. EMPLOYEE BENEFIT EXPENSES**

Employee benefit expenses consist of the following:

	For the year ended 31 <sup>st</sup> March 2012 (₹ in lakhs)	For the year ended 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Salaries, Wages & Bonus	2,665.37	2,002.28
(b) PF Contribution, ESI	164.10	135.20
(c) Staff Welfare	10.72	19.60
(d) Directors Remuneration	48.00	37.80
(e) Gratuity	-	5.59
	2,888.19	2,200.48

## 19. OPERATION AND OTHER EXPENSES

Operation and other expenses consist of the following:

	For the year ended 31 <sup>st</sup> March 2012 (₹ in lakhs)	For the year ended 31 <sup>st</sup> March 2011 (₹ in lakhs)
Rent	140.53	86.20
Electricity	18.96	17.18
Travelling & Conveyance	80.38	87.41
Postage & Telephone Charges	233.88	170.01
Repairs & Maintenance - Vehicles	0.57	0.31
Repairs & Maintenance- Others	8.71	2.45
Printing & Stationery	10.76	8.89
Training Expenses	1.05	1.73
Audit Fee	10.80	11.04
Donation	0.10	-
Consultancy Charges	69.41	27.71
Insurance Premium	13.36	15.91
Legal Fees	6.34	11.48
Office Maintenance	38.34	36.01
Secretarial Expenses	9.17	13.50
Rates & Taxes	5.23	2.97
Carriage Expenses	-	0.12
Sundry Expenses	189.50	133.20
Buyback Expenses	15.89	-
Lease Rent	627.13	-
Advertisement Expenses	0.23	1.70
Business Promotion Expenses	9.79	2.49
Commission, Discount, etc	7.93	-
	<b>1,498.05</b>	<b>630.30</b>

**20. FINANCE COSTS**

Finance costs consist of the following:

	For the year ended 31 <sup>st</sup> March 2012 (₹ in lakhs)	For the year ended 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Interest and finance charges	2,865.98	2,580.61
	2,865.98	2,580.61

**21. DEFERRED TAX LIABILITY**

The provision for deferred tax liability for the year ended March 31, 2012 has been made in accordance with Accounting Standard 22 on Accounting for Taxes on Income. The Deferred Tax Liability as at March 31, 2012 is on account of Depreciation of Rs.3545.26 Lakhs and the Deferred Tax Liability as at 31st March, 2012 is 1155.48.

**22. FOREIGN EXCHANGE TRANSACTIONS**

The following are the transactions in Foreign Exchange: -

Particulars	2011-12 (₹ in lakhs)	2010-11 (₹ in lakhs)
F.O.B. Value of imports	4339.42	10733.71
Earnings in Foreign Exchange	NIL	NIL
Expenditure in Foreign Currency on account of Administrative expenses	Nil	3.25
Unsecured Loan –Interest on FCCB	477.93	102.33

**23. LEASE**

All operating leases entered into by the company are cancelable on giving a notice of one to three months.

The lease rentals paid during the year and the future lease obligations of HP EMI's for agreements in vogue as on March 31, 2012 are as follows:

(₹ in lakhs)

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Lease rentals paid (including HP EMI's)		
Lease rentals paid during the year	627.13	86.19

Future lease obligations	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Due within 1 year from the balance sheet date	732.43	86.19
Due between 1 and 5 years	Nil	Nil
Due after 5 years	Nil	Nil

**24. Investment details of plan assets:**

The Plan assets are maintained by Life Insurance Corporation Gratuity Scheme. The details of investment maintained by Life Insurance Corporation are not available with the company and have not been disclosed.

As per the policy of the company employees are not entitled for leave encashment.

PF & ESI expenses are recognized in the accounts at the actual cost to the company which is deposited with the appropriate Government authorities. Apart from this contribution, the company has no other obligation to provide for in the books.



## 25. AUDIT FEES

Particulars	2011-12 (₹ in lakhs)	2010-11 (₹ in lakhs)
Statutory Audit (inclusive of service tax)	9.00	8.27
Tax Audit (inclusive of service tax)	1.80	2.76
<b>Total</b>	<b>10.80</b>	<b>11.03</b>

## 26. SEGMENT REPORTING

The entire operations of the company relates to one segment viz., network product and related services.

## 27. RELATED PARTY DISCLOSURE

### TRANSACTIONS WITH RELATED PARTIES:

#### Key Management Personnel

- Mr. R. Vijaykumar – Chairman & Managing Director
- Mr. R. Ramkumar – Whole-time Director
- Mr. B. Sreekrishna – Whole-time Director
- Mr. B. Srinivasan – Whole-time Director

(₹ in lakhs)

Name of the Key Management Personnel	Relationship	Nature of Payment	Amount	
			2011-12	2010-11
R. Vijaykumar	Chairman & Managing Director	Salary	12.00	12.00
R. Ramkumar	Whole-time Director	Salary	24.00	12.00
B. Sreekrishna	Whole-time Director	Salary	Nil	3.00
B. Srinivasan	Whole-time Director	Salary	5.4	12.00
R. Ramkumar	Chairman	Lease Rent	2.00	2.00
R. Ramkumar	Chairman	Lease Advance Outstanding (as at year end)	26.00	28.00

## Subsidiary & Associate Companies

- Gemini Traze RFID Private Limited (RFID) (100% Subsidiary)
- Point Red Telecom Limited (Pointred) (100% Subsidiary)
- Gemini Infotech Limited, Hong Kong (100% Subsidiary)
- PR Wireless Tech Limited, Hong Kong (100% Subsidiary of Pointred)
- Veeras Infotech Private Limited (51% Subsidiary of Gemini Infotech Limited)
- Gemini Geoss Energy Private Ltd ( 100% Subsidiary)

Summary of Transactions with the above-related parties are as follows

(₹ in lakhs)

Name of Transaction	Transactions for the Period Ended		Balances outstanding as at	
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Loan Given to RFID	Nil	152.12	Nil	95.32
Purchases from RFID	4.07	0.66	8.33	4.01
Sales to RFID	767.86	2452.34	Nil	Nil
Loans Given to Pointred	5080.55	3602.85	5080.55	1477.69
Purchases from Pointred	4238.44	16290.03	20,574.04	2582.71
Sales to Pointred	Nil	7.69	Nil	Nil
Sales to Veeras Infotech Pvt. Ltd	40.63	1075.84	9.68	Nil
Purchases from Veeras Infotech Pvt. Ltd	Nil	262.79	33.84	132.99
Advance to Veeras Infotech Pvt Ltd	Nil	Nil	Nil	1.40
Purchases from PR Wireless Tech Ltd	Nil	Nil	Nil	1059.91
Advance to PR Wireless Tech Ltd	Nil	Nil	Nil	247.63
Advance to Gemini Infotech Ltd	Nil	Nil	Nil	0.20
Advance from Gemini Infotech Ltd	Nil	Nil	Nil	Nil
Loan Given to Gemini Geoss Energy Private Ltd.	141.25	117.84	141.25	117.84

28. The estimated amount of contracts remaining to be executed on account of Capital account as at 31<sup>st</sup> March 2012: Nil

29. Bank Guarantees outstanding as on 31.03.2012 is ₹ 5022.48 Lakhs (P.Y. ₹ 506.45 Lakhs) and the company has extended corporate guarantee to the banks for loans obtained by subsidiary companies. The Bank Guarantee are secured by properties of subsidiary company.

### 30. Earnings Per Share

Particulars	As at 31st March 2012	As at 31st March 2011
Profit available to Equity Share holders used as Numerator - (A) In Rs.	1,87,02,553	9,79,34,899
Number of Shares outstanding	10,64,96,776	10,68,98,000
Weighted Average Number of shares outstanding - (B)	10,68,66,258	10,31,78,068
Effect of dilution on issue of share warrants and 6% Convertible Bonds - (C)	Refer note- a below	Refer note- a below
Weighted Average No. of Equity Shares including potential shares - (D)	10,68,66,258	10,31,78,068
Adjusted PAT for Dilution of Convertible Bonds (E) (₹)	1,87,02,553	9,39,29,995
Earnings per share (Basic) - (A/ B) (₹)	0.18	0.91
Earnings per share (Diluted) - (E / D) (₹)	0.18	0.91

Note :-

- The FCCB's outstanding as at 31<sup>st</sup> March, 2012 are anti dilutive and hence ignored for the purpose of computing diluted earning per share.

### 31. INVESTMENTS

Considering Long Term nature of Investments in shares of subsidiary companies, the investments are carried at cost. No provision has been made for any temporary diminution in value of such investments.

#### Investment in Subsidiaries (Non-trade, unquoted and valued at cost, Long term)

Sl. No	Name of the Company	Particulars	No. of shares held	Cost per Share (₹)	Market value (₹)
1	Point Red Telecom Pvt. Ltd.	Equity shares of ₹ 10/- each	1,01,31,100	12.03	N.A
2	Gemini Traze RFID Pvt. Ltd	Equity shares of ₹ 10/- each	56,85,000	10.00	N.A
3	Gemini InfoTech Limited, Hong Kong	Equity Shares of HK\$1 each	3,60,00,000	6.31	N.A
4	Gemini Geoss Energy Private Ltd.	Equity Shares of ₹ 10/- each	10000	10	N.A

32. The company raised money by issue of 6% Unsecured Convertible Bonds due in 2012 (FCCB) amounting to ₹ 15,000,000 during July 2007. The terms of the issues as per the offer document includes:

- Issue date 17.07.2007 and maturity date is 18.10.2012
- Conversion price is Rs. 51.31/- (of Re 1/- each) (subject to adjustment to conversion price) with a fixed rate of exchange of conversion of Rs.54.87 per ₹ 1. As per this the conversion price has been reset to 41.68 (of Re 1/- each).
- Conversion price is subject to suitable adjustment for the issue of bonus, subdivision and capitalization of reserves etc. The maximum adjustment to conversion price is subject to SEBI approved minimum conversion price, i.e., floor price of Rs.5/- Paid up or Rs. 41.68 for Rs. 1/- Paid up.
- The bonds can be converted at the option of the company at any time on or after 3 years from the issue date.
- Up to the year ended 31.03.2012, the bond holders have not exercised conversion option or not opted for early redemption and the company has met the interest commitment till date.

vi. The bond holders have the option to redeem the bonds, subject to other conditions as under

Early redemption period on or before	Early redemption amount for each ₹ 1,00,000
17.07.2007	1,00,000.00
17.01.2008	1,00,436.94
17.07.2008	1,00,888.89
17.01.2009	1,01,356.38
17.07.2009	1,01,839.94
17.01.2010	1,02,340.11
17.07.2010	1,02,857.48
17.01.2011	1,03,392.62
17.07.2011	1,03,946.16
17.01.2012	1,04,518.73
17.07.2012	1,05,110.97
18.07.2012	1,05,131.04

- Sundry Debtors include amount due from subsidiary companies amounting to Rs.9.68 lakhs (P.Y Rs. Nil).
- Sundry Creditors include an amount of Rs. 20,626.17 Lakhs (P.Y Rs.19455.23 Lakhs) due to subsidiary Companies.
- Figures for the previous year have been regrouped wherever necessary to conform to the current year's classification.

As per my Report of even date attached

For and on Behalf of the Board

**S. RAMANATH**  
Chartered Accountant  
Membership No.029416  
Prop.M/s. Ramanath & Co.,  
Firm No.013721s

**R. VIJAYKUMAR**  
Chairman & Managing Director

**R. RAMKUMAR**  
Whole-time Director

Place : Chennai  
Date : August 10, 2012

## Auditors Report on Consolidated Financial Statements

To the Board of Directors of M/s. Gemini Communication Limited on the consolidated financial statements of Gemini Communication Limited and its subsidiaries:

1. I have audited the attached Consolidated Balance Sheet of Gemini Communication Limited as at 31<sup>st</sup> March 2012, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I have conducted my audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides reasonable basis for my opinion.
3. The financial statements and other financial information of some of the Subsidiaries have been audited by other auditors whose reports have been furnished to me. My opinion, in respect thereof is based solely on the reports of such other auditors.
4. I report that, the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standards (AS) – 21, on Consolidated Financial Statements, and on the basis of the separate audited financial statements of Gemini Communication Ltd and its subsidiaries included in Consolidated Financial Statements.
5. On the basis of information and explanations given to me and on the consideration of the separate audit reports on individual audited financial statements of Gemini Communication Ltd and its subsidiaries, in my opinion that the attached 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 Consolidated state of affairs Gemini Communication Ltd and its subsidiaries as at 31<sup>st</sup> March 2012;
  - b. In the case of the consolidated Profit and Loss Account, of the PROFIT for the year ended on that date; and
  - c. In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For S.RAMANATH  
Chartered Accountant

Prop. M/s. RAMANATH & Co,

Date: 10<sup>th</sup> August' 2012

Place: Chennai

Membership No: 029416

Firm No : 013721s

<b>CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2012</b> ( <i>₹ in lakhs</i> )			
Particulars	Note	As at 31-03-2012	As at 31-03-2011
<b>I. EQUITY AND LIABILITIES</b>			
Shareholders' Funds			
(a) Share capital	2	1,064.97	1,068.98
(b) Reserves and surplus	3	23,411.33	20,149.75
		<b>24,476.29</b>	<b>21,218.73</b>
Minority Interest		256.05	214.05
Non-Current Liabilities			
(a) Long-term borrowings	4	18,947.90	10,093.50
(b) Deferred tax liabilities (net)	5	1,274.34	1,751.58
(c) Other long-term liabilities		-	-
(d) Long-term provisions		-	-
		<b>20,222.24</b>	<b>11,845.08</b>
Current Liabilities			
(a) Short-term borrowings	6	19,703.44	29,692.02
(b) Trade payables		5,930.70	9,100.07
(c) Other current liabilities	7	2,473.91	2,780.18
(d) Short-term provisions	8	1,473.19	1,068.69
		<b>29,581.24</b>	<b>42,640.97</b>
<b>Total</b>		<b>74,535.82</b>	<b>75,918.83</b>
<b>II. ASSETS</b>			
Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		4,797.45	5,731.30
(ii) Intangible assets		8,790.35	9,244.21
(iii) Capital work-in-progress			46.07
(iv) Intangible assets under development			
		<b>13,587.81</b>	<b>15,021.58</b>
(b) Non-current investments	10	10.00	-
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances		-	-
(e) Other non-current assets		-	-
(f) Goodwill (on Consolidation)		470.65	470.65
		<b>480.65</b>	<b>470.65</b>
Current assets			
(a) Current investments		-	-
(b) Inventories	11	7,127.34	9,222.82
(c) Trade receivables	12	34,888.90	38,765.63
(d) Cash and bank balances	13	2,314.75	3,667.94
(e) Short-term loans and advances	14	5,838.89	5,575.49
(f) Other current assets	15	10,297.49	3,194.72
		<b>60,467.37</b>	<b>60,426.61</b>
<b>Total</b>		<b>74,535.82</b>	<b>75,918.83</b>

Notes forming part of the consolidated financial statements 1-30

As per my Report of even date attached

For and on Behalf of the Board

S. RAMANATH

Chartered Accountant

Membership No.029416

Prop. M/s. Ramanath &amp; Co.,

Firm No.013721s

R. VIJAYKUMAR

Chairman &amp; Managing Director

R. RAMKUMAR

Whole-time Director

Place : Chennai

Date : August 10, 2012

**Statement of PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2012**

(₹ in lakhs)

Particulars	Note	For the year ended 31-03-2012	For the year ended 31-03-2011
I. Revenue from operations	16	54,102.08	55,065.89
II. Other Income (net)	17	408.28	547.30
<b>Total Revenue (I + II)</b>		<b>54,510.36</b>	<b>55,613.18</b>
III. Expenses			
(a) Cost of Materials & Project expenditure		32,505.56	41,379.30
(b) Increase / (Decrease) in Stock		2,095.48	(5,382.58)
(c) Employee benefit expenses	18	3,988.30	3,073.27
(d) Operation and other expenses	19	2,067.03	1,178.65
(e) Finance costs	20	5,157.90	4,112.82
(f) Depreciation and amortization expense	9	5,439.44	3,735.82
<b>Total Expenses</b>		<b>51,253.72</b>	<b>48,097.28</b>
IV. Profit before tax		3,256.64	7,515.90
V. Tax expense			
(a) Current tax		74.91	561.35
(b) Deferred tax		(481.12)	537.43
(c) MAT credit entitlement		(406.21)	1,098.77
<b>VI. Profit after tax</b>		<b>3,662.85</b>	<b>6,417.13</b>
VII. Minority Interest		(44.26)	(39.35)
<b>VIII. Profit for the year</b>		<b>3,618.58</b>	<b>6,377.78</b>
Earnings per equity share of face value ₹ 1			
Basic and Diluted Earning per share (₹)		3.40	6.22

Notes forming part of the consolidated financial statements 1-30

As per my Report of even date attached

For and on Behalf of the Board

**S. RAMANATH**

 Chartered Accountant  
 Membership No.029416  
 Prop. M/s. Ramanath & Co.,  
 Firm No.013721s

**R. VIJAYKUMAR**

Chairman &amp; Managing Director

**R. RAMKUMAR**

Whole-time Director

Place : Chennai

Date : August 10, 2012

<b>CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012</b>		
Particulars	Year ended 31-03-2012 (₹ in lakhs)	Year ended 31-03-2011 (₹ in lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	3,256.64	7,515.90
<b>Adjustments for:</b>		
Depreciation and Amortisation	5,439.44	3,735.82
(Profit) / Loss on sale of Fixed assets	(0.08)	(0.26)
Interest Income	(176.37)	(127.89)
Interest Expense	5,157.90	4,112.82
Exchange differences on translation of foreign currency cash and cash equivalents	(4.83)	(317.01)
Preliminary Expenses written off	-	0.03
<b>Operating Cash Flow Before Working Capital Changes</b>	<b>13,672.71</b>	<b>14,919.41</b>
<b>Adjustments for:</b>		
Decrease (increase) in trade receivables	3,876.73	(12,763.95)
Decrease (increase) in inventories	2,095.48	(5,382.58)
Decrease (increase) in Other current assets	(7,102.77)	(620.53)
Decrease (increase) in loans and advances	(263.40)	(1,533.12)
Increase / (Decrease) in Trade and other payables	(3,050.74)	1,662.32
<b>Cash generated from / (used in) Operations</b>	<b>9,228.01</b>	<b>(3,718.45)</b>
Income Taxes paid during the year	174.38	(6.61)
<b>Net Cash generated from / (used in) Operating Activities during the year - A</b>	<b>9,402.39</b>	<b>(3,725.06)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(4,341.52)	(6,236.04)
Sale of Fixed Assets	(289.78)	0.57
Sale of mutual funds		
Dividend on mutual funds		
Interest income	176.37	127.89
<b>Net Cash generated from / (used in) Investing Activities during the year - B</b>	<b>(4,454.93)</b>	<b>(6,107.58)</b>

Table Continued



<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid	63.90	(58.61)
Tax on Dividend Paid	19.15	(8.26)
Increase / (Decrease) in Loan Funds	(1,134.18)	14,962.99
Interest Expense	(5,157.90)	(4,112.82)
Issue of Share Capital (including share premium)	(96.45)	909.69
<b>Net Cash generated from Financing Activities during the year - C</b>	<b>(6,305.47)</b>	<b>11,692.98</b>
<b>D. EXCHANGE DIFFERENCE</b>		
Exchange difference on translation of foreign currency cash and cash equivalents	4.83	317.01
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C + D)</b>	<b>(1,353.19)</b>	<b>2,177.36</b>
Cash and Bank Balances as at the beginning of the year	3,667.94	1,490.58
Cash and Bank balances at the end of the year	<b>2,314.75</b>	<b>3,667.94</b>

Note: 1. Cash and Cash Equivalents represent Cash, Balances with Banks in Current Account and Fixed Deposits  
 2. Figures in brackets indicate Cash flow  
 3. Figures for the previous year have been regrouped / rearranged wherever found necessary

As per my Report of even date attached

For and on Behalf of the Board

**S. RAMANATH**
 Chartered Accountant  
 Membership No.029416  
 Prop. M/s. Ramanath & Co.,  
 Firm No.013721s
**R. VIJAYKUMAR**

Chairman &amp; Managing Director

**R. RAMKUMAR**

Whole-time Director

Place : Chennai

Date : August 10, 2012

## Notes Forming part of the Consolidated Financial Statements

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention in accordance with Indian Generally Accepted Accounting Principles (GAAP), and all income and expenditure having a material bearing on the financial statements are recognized on accrual basis. The financial statements comply with the applicable mandatory Accounting Standards.

#### B. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements ('the CFS') have been prepared on the following basis:

- a. The Financial Statements of the Company and its subsidiary companies have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expense. The intra-group balances, intra group transactions and unrealized profits or losses have been eliminated fully.
- b. Share of profit/loss, assets and liabilities in the jointly controlled entities have been consolidated on a line by line basis by adding together the book values of like

items of assets, liabilities, incomes and expenses on a proportionate basis to the extent of the Company's equity interest in such entity. The intra-group balances, intra-group transactions and unrealized profits or losses have been eliminated to the extent of the Company's share in the entity.

- c. The excess of cost to the Company of its investments in the subsidiary companies over its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognized as 'Goodwill', being an asset in the CFS. Where the share of the equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves & Surplus'.
- d. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

### Information on Subsidiary Companies, Associates

Sl. No	Name of the Entity	Country of Incorporation	Ownership at March,31,2012 held by	Status	% of ownership held either directly or through subsidiaries as at March,31,2012	Date on which become subsidiary
1.0	Gemini Traze RFID Pvt. Ltd	India	Gemini Communications Ltd	Subsidiary	100%	April 01,2006
2.0	Pointred Telecom Pvt. Ltd	India	Gemini Communications Ltd	Subsidiary	100%	June 21,2006
3.0	PR Wireless Tech Limited	Hong Kong	Pointred Telecom Ltd	Subsidiary	100%	November 25,2008
4.0	Gemini Infotech Limited	Hong Kong	Gemini Communications Ltd	Subsidiary	100%	April 01,2008
5.0	Gemini Geoss Energy Pvt. Ltd	India	Gemini Communications Ltd	Subsidiary	100%	January 27,2011
6.0	Veeras Infotech Pvt. Ltd	India	Gemini Infotech Limited	Subsidiary	51 %	June 20, 2008

### C. REVENUE RECOGNITION

Revenues, in respect of revenue from network products and projects are recognized on completion of respective works contracts. In respect of fixed price service activities, revenue is recognized on time and materials basis. In respect of other contracts, revenue is recognized on the achievement of the milestones set out in the contracts.

The revenues from Services and Installation Charges are recognized on completion of respective works contract/s.

Income from Investments is recognized when the right to receive the payment is established.

Interest is recognized using the Time-Proportion method, based on the rates implicit in the transaction.

### D. USE OF ESTIMATES

In preparation of financial statements conforming to GAAP requirements certain estimates and assumptions are essentially required to be made with respect to items such as provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful life period of Fixed Assets. Due care and diligence have been exercised by the Management in arriving at such estimates and assumptions since they may directly affect the reported amounts of income and expenses during the year as well as the balances of Assets and Liabilities including those which are contingent in nature as at the date of reporting of the financial statements.

To comply with GAAP requirements relating to impairment of assets, if any, the Management

periodically determines such impairment using external and internal resources for such assessment. Loss, if any, arising out of such impairment is expensed as stipulated under the GAAP requirements. Contingencies are recorded when a liability is likely to be incurred and the amount can be reasonably estimated. To this extent the results may differ from such estimates.

### E. FIXED ASSETS

Fixed Assets are stated at cost of acquisition less accumulated depreciation. All costs relating to the acquisition and installation of fixed assets are capitalized and include financing costs relating to borrowed funds attributable to acquisition up to the date the assets are ready for use.

### F. DEPRECIATION

Depreciation is provided on straight-line method at the rates specified in SCHEDULE XIV to the Companies Act, 1956.

Depreciation is provided on pro-rata basis from the day on which the assets have been put to use and up to the day on which assets have been disposed off.

The software asset is depreciated at rates higher than that specified in schedule XIV based on useful life of assets, which is estimated as three years by the management.

The project assets are depreciated at rates higher than that specified in schedule XIV based on useful life of assets, which is estimated as five years by the management.

The management estimate useful life for fixed assets as under;

Asset	Estimated useful life of asset
Computer Equipment	5 to 6 years
Plant and Machinery	6 to 21 years
Software Assets	3 years
Furniture and Office equipments	3 to 9 years
IPR / Know-how	3 years
Vehicles and Other assets	9 to 11 years
Project Assets	5 years

## G. INVESTMENTS

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are carried at cost less provision made, if any, for the decline in the value of such investments.

## H. INVENTORIES

Stock-in-trade is valued at lower of cost and net realizable value. Cost is determined on FIFO basis.

## I. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions during the year are translated at the exchange rates prevailing on the respective date of transactions.

Assets and Liabilities outstanding in foreign currency as on the date of the Balance Sheet are translated at exchange rates prevailing as on the last day of the relevant financial year. Differences arising out of such translations are charged to the respective revenue accounts.

The net gain / loss arising on revenue account during the year in respect of foreign exchange transactions are reckoned in the Profit and Loss Account.

## J. PROVISION FOR TAXATION

- Provision for Current Income Tax is made in accordance with the provisions of Income Tax Act, 1961.
- Provision for Wealth Tax is made in accordance with the provisions of Wealth Tax Act, 1957.
- Deferred tax assets and liabilities are measured using substantially enacted tax rates as on the Balance Sheet date. Provision for Deferred Tax Liability is provided on timing differences. The effect of deferred tax assets and liabilities of a change in tax rates is recognized in the income statement.

## K. LEASES

The assets purchased under hire purchase agreements are included in the Fixed Assets block. The value of the asset purchased is capitalized in the books. A liability for the same amount is created at the time

of entering into the agreement. The payments are made to the HP vendors as per the EMI's given in the hire purchase agreements. The finance charges are debited to the profit & loss statement and the principal amount is adjusted against the liability created for the vendor.

Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis over the term of the related lease agreement.

## L. RETIREMENT BENEFITS

### Provident Fund:

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The Company has no further obligations under the plan beyond its monthly contributions. The contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due and there are no other obligations other than the contribution payable.

### Gratuity:

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

## M. BORROWING COSTS

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets up-to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.

**N. CASH FLOW STATEMENT**

The Cash flow statement is prepared under the indirect method as per Accounting Standard 3 "Cash Flow Statements".

**O. EARNINGS PER SHARE**

The company reports basic and diluted earnings per share in accordance with the Accounting Standards – 20- 'Earnings per Share'.

**P. SEGMENT REPORTING**

The entire operations of the company relates to one segment, i.e., network product and related services and hence segment reporting is not applicable for this year.

**Q. IMPAIRMENT OF ASSETS**

All assets other than inventories and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

**R. PROVISION AND CONTINGENCIES**

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

**2. SHARE CAPITAL**

Share capital consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
<b>Authorised</b>		
15,00,00,000 Equity share of ₹ 1/- each (31 <sup>st</sup> March 2011: 15,00,00,000 Equity share of ₹ 1/- each)	1,500.00	1,500.00
<b>Issued, Subscribed &amp; paid up</b>		
10,64,97,000 Equity share of ₹ 1/- each (31 <sup>st</sup> March 2011: 10,68,98,000 Equity share of ₹ 1/- each)	1,064.97	1,068.98
	<b>1,064.97</b>	<b>1,068.98</b>

**a. Reconciliation of number of shares**

	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No. of shares	Amount (₹ in lakhs)	No. of shares	Amount (₹ in lakhs)
Equity shares				
Opening balance (face value - ₹ 1)	1,068.98	1,068.98	1,001.43	1,001.43
Issue of shares	-	-	67.55	67.55
Buyback of shares	4.01	4.01	-	-
Closing balance	<b>1,064.97</b>	<b>1,064.97</b>	<b>1,068.98</b>	<b>1,068.98</b>

**b. Shares held by holding company, its subsidiaries and associates**

The company does not have any holding company.

**c. Rights, preferences and restrictions attached to equity shares**

The company has one class of equity shares having a face value of ₹ 1/- per share. Each shareholder is eligible for one vote for each share held in the company. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

**d. Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the shareholder	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No of shares	% of share capital	No of shares	% of share capital
Mr. R. VIJAYKUMAR	26968809	25.32%	29910809	27.98%
GPC MAURITIUS II LLC	12,500,000	11.74%	12500000	11.69%
Ms. RADHIKA VIJAYKUMAR	10952304	10.28%	10952304	10.25%
RHODES DIVERSIFIED	7062025	6.63%	7062025	6.61%
Mr. R. RAMKUMAR	5649940	5.30%	2649940	2.48%

**e. Shares allotted as fully paid up by way of bonus shares (during the 5 years preceding 31<sup>st</sup> March 2012)**

(96,68,000 shares were issued as fully paid bonus shares during the year 2007-08 by capitalising Profit & Loss A/c)

**3. RESERVES AND SURPLUS**

Reserves and surplus consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Securities premium account		
Opening balance	4,134.06	2,985.69
Add: Current year receipts	(92.43)	1,148.37
Closing balance	<b>4,041.63</b>	<b>4,134.06</b>
(b) Surplus in statement of profit & loss		
As per Last Year Balance Sheet	15,312.03	9,067.44
Add: Profit for the year	3,404.17	6,377.78
	18,716.19	15,445.22
Less: Appropriations		
Proposed dividend on equity shares	43.00	106.90
Tax on dividend	7.14	26.30
	50.14	133.20
Closing balance	<b>18,666.05</b>	<b>15,312.02</b>
(c) Capital Profit		
As per Last Year Balance Sheet	204.79	204.79
(d) General Reserve		
As per Last Year Balance Sheet	498.86	498.86
	<b>23,411.33</b>	<b>20,149.75</b>

**4. LONG-TERM BORROWINGS (SECURED)**

Long-term borrowings consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) From Bank - Term Loan	18,197.89	9,879.72
(b) From - Others	750.01	213.78
	<b>18,947.90</b>	<b>10,093.50</b>

**5. DEFERRED TAX BALANCES**

Deferred tax balances consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Deferred tax liabilities		
(i) Depreciation and amortisation	1,755.46	1,214.16
(ii) Expenses allowed for tax purpose	(481.12)	537.43
	<b>1,274.34</b>	<b>1,751.58</b>



## 6. SHORT-TERM BORROWINGS

Short-term borrowings consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
Secured		
(a) From Bank - Cash Credit - LC	11,472.94	11,623.28
	-	9,838.25
Unsecured		
(a) 6% Convertible Bonds 2012 (Refer Note 29)	8,230.50	8,230.50
	19,703.44	29,692.02

## 7. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Trade Payables	5,930.70	9,100.07
(b) Other Liabilities	2,379.66	2,129.79
(c) Advance Received from Customers	94.24	650.40
	8,404.61	11,880.25

## 8. SHORT-TERM PROVISIONS

Short-term provisions consist of the following

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Proposed equity dividend	475.04	106.90
(b) Tax On proposed equity divided	17.75	26.26
(c) Provision for Income Tax & Wealth Tax	915.68	870.82
(d) Provision for Fringe Benefit Tax	0.99	0.99
(e) Provision for Gratuity	63.72	63.72
	1,473.19	1,068.69

## 9 . FIXED ASSETS

Fixed assets consist of the following:

Particulars	Gross Block			Depreciation			Net Block	
	As At 1 <sup>st</sup> April 2011	Additions	Deletions / Adjustments *	As At 31 <sup>st</sup> March 2012	Upto 1 <sup>st</sup> April 2011	For the year 2011-12	Deletions / Adjustments *	Upto 31 <sup>st</sup> March 2012
(i) Tangible Assets								
LAND & BUILDING :								
Land	674.20	-	-	674.20	-	-	-	674.20
Land - Lease hold	508.16	-	-	508.16	33.27	0.41	-	474.49
Building	40.12	-	-	40.12	1.45	8.29	-	30.38
PLANT & MACHINERY :								
Computer Machinery	1,746.25	111.99	-	1,858.23	1,103.13	294.34	-	460.76
Networking Equipments	1,827.47	72.96	-	1,900.43	327.91	87.17	-	1,485.34
FURNITURES & FIXTURES :								
Xerox Machine	1.26	-	-	1.26	1.26	-	-	0.00
Telephone	2.21	-	-	2.21	1.77	0.16	-	0.28
Furniture & Fixtures	302.84	2.54	0.37	305.00	98.85	21.22	0.03	184.96
Electrical Fittings	624.67	34.53	-	659.20	160.78	44.27	-	454.15
Modems	4.63	-	-	4.63	4.63	-	-	0.00
Office Equipments	71.68	5.30	3.64	73.34	36.62	9.53	1.30	28.48
UPS	48.10	-	-	48.10	25.68	3.40	-	19.02
PROJECT ASSETS:								
Computer Machinery	2,079.63	-	-	2,079.63	1,401.53	415.93	-	262.17
Electrical Fittings	1,608.34	72.01	-	1,680.35	1,123.45	323.11	-	233.79
Dot Matrix Printers	86.53	-	-	86.53	62.29	17.31	-	6.94
Networking Equipments	431.92	-	-	431.92	11.51	20.52	-	399.90
VEHICLES, ETC. :								
Vehicles	116.47	56.76	27.68	145.55	49.03	31.02	17.08	82.59
Total	10,174.47	356.09	31.69	10,498.87	4,443.17	1,276.67	18.42	5,701.42
Previous year	9,588.52	587.32	1.37	10,174.47	3,222.94	1,221.32	1.08	4,443.17
(ii) Intangible Assets								
Software	14,320.02	3,985.43	3,863.04	14,442.41	6,368.72	3,771.14	3,586.53	6,553.33
IPR / Know-how	1,860.94	-	-	1,860.94	568.04	391.64	-	901.27
Total	16,180.96	3,985.43	3,863.04	16,303.36	6,936.75	4,162.78	3,586.53	7,513.00
Previous year	10,578.32	5,602.65	-	16,180.96	4,274.24	2,662.51	-	6,936.75
Grand Total	26,355.43	4,341.52	3,894.73	26,802.23	11,379.92	5,439.44	3,604.95	13,214.42
								14,975.51

#### 10. NON - CURRENT INVESTMENTS

Non - current assets consist of the following

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
Investments-Union Bank of India - Mutual Fund	10.00	-
	10.00	-

#### 11. INVENTORIES

Inventories consist of the following

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
Stock in Trade	7,127.34	9,222.82
	7,127.34	9,222.82

#### 12. TRADE RECEIVABLES

Trade receivables consist of the following:

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Over six months from the date they were due for payment		
(i) Considered good	23,324.47	23,282.23
(ii) Considered doubtful	-	-
(b) Others		
(i) Considered good	11,564.43	15,483.40
(ii) Considered doubtful		
	34,888.90	38,765.63

**13. CASH AND BANK BALANCES**

Cash and bank balances consist of the following

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
Cash on Hand	3.42	3.92
<b>Balance with Scheduled Bank</b>		
In Current Accounts	435.19	1,156.19
In Unpaid Dividend A/cs	11.35	10.06
In Margin with Bank Of India	1,448.46	2,484.57
In Fixed Deposit Accounts	411.47	-
<b>Balance with Non-Scheduled Banks</b>		
In Current Accounts	4.86	13.21
	<b>2,314.75</b>	<b>3,667.94</b>

**14. SHORT-TERM LOANS AND ADVANCES (Unsecured)**

Short-term loans and advances consist of the following

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Advances recoverable in cash or in kind	5,548.89	1,017.89
(b) Trade Advances	290.00	4,557.60
	<b>5,838.89</b>	<b>5,575.49</b>

**15. OTHER CURRENT ASSETS**

	As at 31 <sup>st</sup> March 2012 (₹ in lakhs)	As at 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Telephone & Rent Deposits	67.60	60.71
(b) EMD & Security Deposits	361.33	460.72
(c) Other Current Assets	8,054.55	1,904.24
(d) Prepaid Expenses	906.78	169.39
(e) TDS Receivables	907.22	599.66
	<b>10,297.49</b>	<b>3,194.72</b>

#### 16. REVENUE FROM OPERATIONS

Revenue from operations consist of revenues from:

	For the year ended 31 <sup>st</sup> March 2012 (₹ in lakhs)	For the year ended 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Sales income from Network Product & Services	54,102.08	55,065.89
	<b>54,102.08</b>	<b>55,065.89</b>

#### 17. OTHER INCOME (net)

Other income consist of the following:

	For the year ended 31 <sup>st</sup> March 2012 (₹ in lakhs)	For the year ended 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Interest received from Banks	176.37	127.89
(b) Commissions & Other Incomes	236.66	101.94
(c) Exchange Rate Difference Gain	(4.83)	317.18
(d) Profit On Sale Of asset	0.08	0.29
	<b>408.28</b>	<b>547.30</b>

#### 18. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses consist of the following:

	For the year ended 31 <sup>st</sup> March 2012 (₹ in lakhs)	For the year ended 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Salaries, Wages & Bonus	3,645.82	2,766.60
(b) Contribution to PF, ESI, etc	180.39	158.67
(c) Incentive	2.98	-
(d) Staff Welfare	34.53	41.62
(e) Directors Remuneration	121.38	98.93
(f) Gratuity	0.57	5.59
(g) Leave Encashment	2.65	1.86
	<b>3,988.30</b>	<b>3,073.27</b>

**19. OPERATION AND OTHER EXPENSES**

Operation and other expenses consist of the following:

	For the year ended 31 <sup>st</sup> March 2012 (₹ in lakhs)	For the year ended 31 <sup>st</sup> March 2011 (₹ in lakhs)
Rent	212.66	136.99
Electricity	39.98	36.74
Travelling & Conveyance	192.35	168.20
Postage & Telephone	268.30	202.65
Repairs & Maintenance - Vehicles	3.60	6.39
Repairs & Maintenance- Others	19.19	7.49
Books & Periodicals	0.91	0.04
Product Certification Charges	90.35	-
Printing & Stationery	17.53	11.71
Training Expenses	7.92	11.31
Audit Fee	12.42	21.06
Donation	0.10	0.05
Consultancy Charges	97.40	168.11
Insurance Premium	18.92	22.14
Legal Fees	6.34	11.54
Office Maintenance	56.11	50.56
Secretarial Expenses	9.29	15.76
Rates & Taxes	9.93	28.33
Carriage Expenses	35.66	23.66
Sundry Expenses	239.32	207.09
Product Certification Charges	15.89	4.48
Provision for Doubtful debts	627.13	-
Exchange Rate Difference Loss	11.69	0.17
Bad Debts Write off	20.19	3.76
Loss on sale of fixed asset	0.04	0.03
Preliminary Expenses Written off	0.05	0.03
Advertisement Expenses	0.97	3.25
Business Promotion Expenses	33.24	29.94
Commission, Discount, etc	19.52	7.17
	<b>2,067.03</b>	<b>1,178.65</b>

## 20. FINANCE COSTS

Finance costs consist of the following:

	For the year ended 31 <sup>st</sup> March 2012 (₹ in lakhs)	For the year ended 31 <sup>st</sup> March 2011 (₹ in lakhs)
(a) Interest and finance charges	5,157.90	4,112.82
	<b>5,157.90</b>	<b>4,112.82</b>

## 21. DEFERRED TAX LIABILITY

The provision for deferred tax liability for the year ended March 31, 2012 has been made in accordance with Accounting Standard 22 on Accounting for Taxes on Income. The Deferred Tax Liability as at March 31, 2012 is on account of Depreciation of Rs.5439.44 Lakhs and the Deferred Tax Liability as at 31st March, 2012 is Rs.1274.34 Lakhs.

## 22. LEASE

All operating leases entered into by the company are cancelable on giving a notice of one to three months.

The lease rentals paid during the year and the future lease obligations of HP EMI's for agreements in vogue as on March 31, 2012 are as follows:

(₹ in lakhs)

Lease rentals paid (including HP EMI's)	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
Lease rentals paid during the year	627.13	86.19

Future lease obligations	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Due within 1 year from the balance sheet date	732.43	86.19
Due between 1 and 5 years	Nil	Nil
Due after 5 years	Nil	Nil

## 23. INVESTMENT DETAILS OF PLAN ASSETS:

The Plan assets are maintained by Life Insurance Corporation Gratuity Scheme. The details of investment maintained by Life Insurance Corporation are not available with the company and have not been disclosed.

As per the policy of the company employees are not entitled for leave encashment.

PF & ESI expenses are recognized in the accounts at the actual cost to the company which is deposited with the appropriate Government authorities. Apart from this contribution, the company has no other obligation to provide for in the books.

## 24. SEGMENT REPORTING

The entire operations of the company relates to one segment viz., network product and services.

## 25. RELATED PARTY DISCLOSURE

### TRANSACTIONS WITH RELATED PARTIES:

#### Key Management Personnel

- Mr. R. Vijaykumar – Chairman & Managing Director
- Mr. R. Ramkumar – Whole-time Director
- Mr. B. Sreekrishna – Whole-time Director
- Mr. B. Srinivasan – Whole-time Director



Name of the Key Management Personnel	Relationship	Nature of Payment	Amount (₹ in lakhs)	
			2011-12	2010-11
Mr. R. Vijaykumar	Chairman & Managing Director	Salary	12.00	12.00
Mr. R. Ramkumar	Whole-time Director	Salary	24.00	12.00
Mr. B. Sreekrishna	Whole-time Director	Salary	3.00	12.00
Mr. B. Srinivasan	Whole-time Director	Salary	5.40	10.80
Mr. R. Ramkumar	Whole-time Director	Lease Rent	2.00	2.00
Mr. R. Ramkumar	Whole-time Director	Lease Advance Outstanding (as at year end)	26.00	28.00

26. There are no Impairment losses to be provided for in the books as on 31.03.2012

27. Bank Guarantees outstanding as on 31.03.2012 is Rs.506.45 Lakhs (P.Y Rs.506.45 Lakhs)

## 28. EARNINGS PER SHARE

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Profit available to Equity Share holders used as Numerator - (A) (₹)	361,858,214	63,37,73,701
Number of Shares outstanding	106496776	10,68,98,000
Weighted Average Number of shares outstanding - (B)	106866257	10,31,78,068
Effect of dilution on issue of share warrants and 6% Convertible Bonds - (C)	Refer note below	Refer note below
Weighted Average No. of Equity Shares including potential shares - (D)	106866257	10,31,78,068
Adjusted PAT for Dilution of Convertible Bonds (E) (₹)	361,858,214	63,37,73,701
Earnings per share (Basic) - (A / B) ₹	3.40	6.14
Earnings per share (Diluted) - (E / D) ₹	3.39	6.14

The FCCB's outstanding as at 31<sup>st</sup> March, 2012 are anti dilutive and hence ignored for the purpose of computing diluted earning per share.

29. The company raised money by issue of 6% Unsecured Convertible Bonds due in 2012 (FCCB) amounting to ₹ 15,000,000 during July 2007. The terms of the issues as per the offer document includes:

- Issue date 17.07.2007 and maturity date 18.10.2012
- Conversion price is Rs. 51.31/- (of Re 1/- each) (subject to adjustment to conversion price) with a fixed rate of exchange of conversion of Rs.54.87 per ₹ 1. As per this the conversion price has been reset to 41.68 (of Re 1/- each).

- Conversion price is subject to suitable adjustment for the issue of bonus, subdivision and capitalization of reserves etc. The maximum adjustment to conversion price is subject to SEBI approved minimum conversion price, i.e., floor price of Rs.5/- Paid up or Rs. 41.68 for Rs. 1/- Paid up.
- The bonds can be converted at the option of the company at any time on or after 3 years from the issue date.
- Up to the year ended 31.03.2012, the bond holders have not exercised conversion option or not opted for early redemption and the company has met the interest commitment till date.

vi. The bond holders have the option to redeem the bonds, subject to other conditions as under

Early redemption period on or before	Early redemption amount for each € 1,00,000
17.07.2007	1,00,000.00
17.01.2008	1,00,436.94
17.07.2008	1,00,888.89
17.01.2009	1,01,356.38
17.07.2009	1,01,839.94
17.01.2010	1,02,340.11
17.07.2010	1,02,857.48
17.01.2011	1,03,392.62
17.07.2011	1,03,946.16
17.01.2012	1,04,518.73
17.07.2012	1,05,110.97
18.07.2012	1,05,131.04

Up to the year ended 31.03.2011, the bond holders have not exercised conversion option or not opted for early redemption and the company has met the interest commitment till date.

30. Figures for the previous year have been regrouped wherever necessary to conform to the current year's classification.

As per my Report of even date attached

For and on Behalf of the Board

**S. RAMANATH**  
Chartered Accountant  
Membership No.029416  
Prop. M/s. Ramanath & Co.,  
Firm No.013721s

**R. VIJAYKUMAR**  
Chairman & Managing Director

**R. RAMKUMAR**  
Whole-time Director

Place : Chennai  
Date : August 10, 2012

**Gemini Communication Limited**  
Regd. Office: No. 1, Dr Ranga Road, Alwarpet, Chennai - 600018

**ANNUAL GENERAL MEETING**

**ADMISSION SLIP**

Please hand over this admission slip at the entrance of meeting hall

I/We, hereby record my / our presence at the Annual General Meeting of the Company held at OBUL REDDY HALL, Vani Mahal, No. 103, G.N. Road, T.Nagar, Chennai - 600017 on Thursday, September 27, 2012 at 3.05 P.M.

Name of the Member (in block letters): \_\_\_\_\_

Name of the Proxy: \_\_\_\_\_  
(To be filled in if the proxy attends instead of the member)

Folio No. / DP ID & Client ID: \_\_\_\_\_

No of Shares held: \_\_\_\_\_

Signature of the Member / Proxy

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**Gemini Communication LIMITED**  
Regd. Office: No. 1, Dr Ranga Road, Alwarpet, Chennai - 600018

**ANNUAL GENERAL MEETING**

**PROXY FORM**

I/We.....of.....  
in the district of .....being a Member of GEMINI COMMUNICATION  
LIMITED hereby appoint .....of..... in the district of  
.....or failing him .....  
of.....in the district of .....as my / our Proxy to  
vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on Thursday,  
September 27, 2012 and at any adjournment thereof.

Signed this.....day of.....

Folio No / DP Id & Client ID .....

Number of shares held .....

Affix 15 paise  
revenue stamp

Signature





## GREEN INITIATIVE

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies and has issued circulars stating that service of notice / other documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to provide their e-mail id to the Company at the following e-mail id or to the Registrar at the following address, quoting their folio reference.

[ir@gcl.in](mailto:ir@gcl.in)

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