

# **GI Engineering Solutions Limited**

**ANNUAL REPORT 2013-14**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

### AUDITORS

M/s. Dixit Dattatray & Associates,  
Chartered Accountants

### REGISTERED OFFICE

73-A, SDF-III  
SEEPZ, Andheri (East)  
Mumbai 400 096  
Telephone: 91-22-4488 4488  
Fascimile: 91-22-2829 0603  
**Web site:** www.giesl.com  
**Email:** investors@giesl.com  
**CIN No.:** L40109MH2006PLC163731

### SUBSIDIARY

Genesys Enterprises Inc., USA  
777 Westchester Ave,  
Suite 101, White Plains,  
NY 10604 USA

### BANKERS

State Bank of India  
HDFC Bank Ltd.

### REGISTRAR AND SHARE TRANSFER AGENT

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

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## MESSAGE FROM THE MANAGING DIRECTOR

Dear Shareholders,

I write this letter with great sense of optimism than a year ago.

Due to the critical global scenario and overall resource crunch, the Company could not venture into the Power Sector and allied activities in the past financial year. The Company, meanwhile, continued its operations in the Engineering Solutions business and is putting in efforts to generate more business. It is expected that the business conditions in this sector may remain inconclusive for some more time due to the depressing environment prevailing over a long period of time.

However, with the stable Government at Center with an overwhelming majority, there are reasons to believe that India will finally see much needed action, reforms and performance across all sectors in time to come.

The prospect of growth in Indian Engineering Industries will open up big opportunities for engineering solutions business. We aim to focus on projects where we can be competitive and obtain fair margins with acceptable levels of contractual risks.

We are still working on strategic alignment in the field of power generation and related activities and hope to reach the desired goal soon.

**SAJID MALIK**  
**MANAGING DIRECTOR**

# NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the Members of GI Engineering Solutions Limited will be held on Monday, September 29, 2014 at 3.15 p.m. at Kohinoor Continental, Andheri Kurla Road, Andheri (East) Mumbai 400 059, Maharashtra to transact the following business:

## ORDINARY BUSINESS:

### 1. Adoption of Accounts, Report of the Auditors & Directors thereon :

To receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 2014 and the Statement of Profit and Loss Account for the year ended on that date, both on Standalone and Consolidated basis together with the Reports of the Auditors and Directors thereon.

### 2. Re-appointment of Directors retiring by rotation:

To appoint a director in place of Mrs. Saroja Malik, who retires by rotation and being eligible, offers herself for re-appointment.

### 3. Re-appointment of Statutory Auditors:

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

**"RESOLVED THAT** pursuant to Section 139 and Section 140 (as applicable) of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. Dixit Dattatray & Associates, Chartered Accountants (ICAI Registration No.102665W), the retiring Auditors of the Company, being eligible for re-appointment, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting, until the conclusion of the Eleventh Annual General Meeting (AGM) of the Company (subject to ratification of the appointment by the members at every AGM held after this AGM) on such remuneration as shall be fixed by the Board of Directors."

## SPECIAL BUSINESS:

### 4. Appointment of Mr. Ganapathy Vishwanathan as an Independent Director:

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Ganapathy Vishwanathan (DIN 00400518), a non-executive Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years."

### 5. Appointment of Mr. Ganesh Acharya as an Independent Director:

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Ganesh Acharya (DIN 00702346), a non-executive Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years."

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

**SAJID MALIK**  
**MANAGING DIRECTOR**

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

Place: Mumbai  
Dated: August 13, 2014

## NOTES:

1. The Explanatory Statement as required under Section 102 of the Companies Act, 2013 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER.**
3. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than 10% of the total share capital of the company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. The instrument appointing a proxy, duly completed, must be deposited with the Company at its Registered Office not less than 48 hours before the time of commencement of the Meeting. A proxy form is enclosed herewith.
5. During the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
6. Members / Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting along with their copy of Annual Report.
7. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote on their behalf at the meeting.
8. The Register of Directors and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company.

The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company.
9. The Register of Members and the Share Transfer Books of the Company will remain closed from September 22, 2014 to September 29, 2014 (both days inclusive) for the purpose of Annual General Meeting.
10. The members are requested to:
  - a) Intimate changes in their registered address, if any, to the Registrars, in respect of their holdings in physical form.
  - b) Notify immediately, any change in their registered address or Bank mandate, to their Depository Participants and not to the Company or Registrars, in respect of their holdings in electronic form.
11. Non-Resident Indian Shareholders are requested to inform the Company immediately:
  - a) Any change in residential status on return to India for permanent settlement
  - b) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
12. Pursuant to Section 72 of the Companies Act, 2013, members are entitled to make a nomination in respect of shares held by them in physical form. Members desirous of making nominations may procure the prescribed Form SH-13 from the Registrar and Transfer Agent of the Company. Members holding shares in electronic form may contact their respective depository participants for availing the said facility.

13. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.
14. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting is provided in the Report on Corporate Governance forming part of Annual Report.
15. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your E-mail Address with your Depository Participant to enable us to communicate with you via E-mail.
16. Copies of the Annual Report 2013-14 are being sent by electronic mode only to all the members whose E-mail Addresses are registered with the Company/ Depository Participant(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their E-mail Addresses, physical copies of the Annual Report 2013-14 are being sent by the permitted mode.
17. Members may also note that the Notice of the Eighth Annual General Meeting and the Annual Report 2013-14 will be available on the Company's website [www.giesl.com](http://www.giesl.com). The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at [investors@giesl.com](mailto:investors@giesl.com).
18. Members desiring any information relating to Annual

Accounts of the Company for the year ended March 31, 2014 are requested to write to the Company atleast 5 days before the date of Annual General Meeting, so as to enable the management to keep information ready.

19. The Company has received Notice(s) under section 141(3)(g) of the Companies Act, 2013 from the Statutory Auditors of the Company, namely, M/s. Dixit Dattatray & Associates, Chartered Accountants (ICAI Registration No.102665W), confirming that their appointment if made, will be within the prescribed limits as per section 141(3)(g) of the Companies Act, 2013.

## 20. VOTING THROUGH ELECTRONIC MEANS

Pursuant to provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, and clause 35B of the Listing Agreement, the Company is pleased to provide to its members, the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and all the business may be transacted through e-voting Services provided by Central Depository Services Limited (CDSL)

### **The instructions for e-voting are as under:**

- A. The shareholders of the Company holding shares either in physical form or in dematerialised form, as on closing hours of business, on August 22, 2014 (Record Date) may cast their vote electronically.
- B. The shareholders shall have one vote per equity share held by them. The facility of e-voting would be provided once for every folio / client ID, irrespective of the number of joint holders.
- C. The Company has appointed Mr. Dattatray B. Dixit, Practicing Chartered Accountant, as the scrutinizer for conducting the e-voting process

in a fair and transparent manner.

- D. The scrutinizer will submit his final report to the Chairman of the Company within three working days after the conclusion of e-voting period.
- E. The results of Annual General Meeting shall be declared by the Chairman or his authorized representative or anyone Director of the Company on/ or after Annual General Meeting within the prescribed time limits.
- F. The result of the e-voting will also be placed at the website of the Company viz. [www.giesl.com](http://www.giesl.com) and also on [www.cdslindia.com](http://www.cdslindia.com).
- G. The scrutinizer's decision on the validity of e-voting will be final.

## Instructions of Voting through electronic mode

### A. In case of members receiving e-mail:

- i. If you are holding shares in demat form and have earlier logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote for Electronic Voting Sequence Number (EVSN) of any Company, then your existing login id and password are to be used.
- ii. If you have forgotten the password then enter the User ID and Captcha Code. Then, click on forgot password & enter the details as prompted by the system.

### Procedure for shareholders casting their vote electronically for the first time:

- i. To initiate the voting process, log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- ii. Click on "Shareholders" tab to cast your votes.
- iii. Thereafter, select the relevant Electronic Voting Sequence Number (EVSN) alongwith "Company Name" from the drop down menu and click on

"SUBMIT" for voting.

- iv. Now, fill up the following details in the appropriate boxes:

|                              | For Members holding shares in Demat Form                                                                                                                                                    | For Members holding shares in Physical Form |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| <b>User ID</b>               | For NSDL: 8 Character DP ID followed by 8 Digits Client ID<br><br>For CDSL: 16 digits beneficiary ID                                                                                        | Folio Number registered with the Company    |
| <b>PAN</b>                   | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders) |                                             |
| <b>Dividend Bank Details</b> | Enter your bank account number for the purpose of dividend as registered with your depository participant in case of electronic shares or with the company in respect of physical shares.   |                                             |
| <b>DOB</b>                   | Enter your date of birth as recorded in your Demat account or in the company records in respect of your shareholding in the Company.                                                        |                                             |

\* Members who have not updated their PAN with the Company/ Depository Participant are requested to use first two characters of the first name and remaining eight digits from the sequence number. If the sequence number is less than eight digit the remaining digits should be padded with the relevant number of zero (0) from the left. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

- v. After entering these details appropriately, click on "SUBMIT" tab.
- vi. Members holding shares in physical form will

then reach directly to the EVSN selection screen. However, members holding shares in Demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & \*). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- vii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- viii. Now select the relevant Electronic Voting Sequence Number (EVSN) alongwith "Company Name" on which you choose to vote.
- ix. On the voting page, you will see "Resolution Description" and against the same the option "YES/NO" for voting. Select the option "YES" or "NO" as desired. The option "YES" implies that you assent to the resolution and option "NO" implies that you dissent to the resolution.
- x. Click on the "Resolutions File Link" if you wish to view the entire resolutions.
- xi. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

xiii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

**B. In case of members receiving the physical copy of notice of the annual general meeting (for members whose e-mail ids are not registered with the company/ depository participant(s) or requesting physical copy)**

xiv. Please follow all steps from sl. no. (i) to sl. no. (xiii) above, to cast vote.

C. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to [www.evotingindia.co.in](http://www.evotingindia.co.in) and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.

D. The voting period begins at 9.00 a.m., Tuesday, September 23, 2014 and ends at 5.30 p.m., Thursday, September 25, 2014. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 22, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

E. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under "Help" section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)



## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 4 and 5:

In compliance with the requirements of Clause 49 of the Listing Agreement, the Company had appointed Mr. Ganapathy Vishwanathan and Mr. Ganesh Acharya as Independent Directors at various times.

Pursuant to the provisions of section 149 of the Companies Act, 2013 which came in to effect from April 1, 2014, every listed public Company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Nomination & Remuneration Committee has recommended the appointment of these directors as Independent Directors for consecutive five years.

All Independent Directors have confirmed to the Board that they qualify to be an Independent Director as per the meaning given in Clause 49(I)(A)(iii) and Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. In the opinion of the Board, each of these directors fulfills the conditions specified in the Act and rules made thereunder for their appointment as an Independent Director of the Company and they are independent of the management.

The Board of Directors is of the view that their continued association with the Company would be of immense benefit to the Company and Company would greatly benefit from the rich and varied experience of each of these Directors. In view thereof, your Board has

recommended them to be appointed as Independent Directors as per the provisions of section 149 read with Schedule IV of the Act and Clause 49 of the Listing Agreement.

The terms and conditions of appointment of the above Directors will be available for inspection by Members at the Registered Office of the Company during normal business hours on any working day (Monday to Friday), up to the date of the Annual General Meeting.

Except respective Director seeking appointment, no other Director and Key Managerial Personnel of the Company and their relatives, is concerned or interested in the Resolutions.

A brief profile of the Independent Directors to be appointed is provided in the Corporate Governance Report forming part of Annual Report.

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

**SAJID MALIK**  
**MANAGING DIRECTOR**

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

Place: Mumbai  
Dated: August 13, 2014

# **DIRECTORS' REPORT**

**Dear Shareholders,**

Your Directors have great pleasure in presenting the Eighth Annual Report of the Company together with the Audited Accounts for the Financial Year ended March 31, 2014.

**FINANCIAL RESULTS**

Summary of the Standalone performance of your Company for the year under review are tabulated below:

**(Rs. in Lakhs)**

| <b>Particulars</b>                                               | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|------------------------------------------------------------------|-----------------------|-----------------------|
| Income                                                           | <b>9.70</b>           | 51.16                 |
| Operating Profit/ (Loss) before Depreciation, Interest and Taxes | <b>(7.12)</b>         | (99.63)               |
| Less: Depreciation/ amortization                                 | <b>0.87</b>           | 0.88                  |
| Profit/(Loss) before tax                                         | <b>(7.99)</b>         | (100.51)              |
| Less: Current Tax                                                | -                     | 6.25                  |
| Profit (Loss) After Tax                                          | <b>(7.99)</b>         | (106.76)              |

**DIVIDEND**

Your Directors do not recommend the payment of dividend for the year ended March 31, 2014.

**BUSINESS REVIEW**

During the year under review, your Company achieved income of ₹ 9.70 lakhs as compared to ₹ 51.16 lakhs in the previous financial year. The Company has incurred a loss of ₹. 7.99 lakhs as compared to the loss of ₹. 106.76 lakhs in the previous year. Management is taking the appropriate steps to mend the financial situation and hopeful of improvement in the current financial year.

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

**CORPORATE GOVERNANCE**

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

The requisite certificate from the Auditors, M/s. Dixit Dattatray & Associates, Chartered Accountants as per requirements of Clause 49 of the Listing Agreement is annexed to this Report.

**SUBSIDIARY COMPANY**

Your Company has one subsidiary, viz. M/s Genesys Enterprises Inc., USA. In accordance with the General Circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary company are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary company and

the related detailed information to any Member of the Company who may be interested in obtaining the same. Further, the Annual Accounts of the subsidiary would also be available for inspection by any Member at the Registered Office of the Company during working hours upto the date of the Annual General Meeting.

## **CONSOLIDATED RESULTS**

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India. The audited Consolidated Financial Statements together with Auditors Report form part of this Annual Report.

## **FIXED DEPOSITS**

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

## **DIRECTORS**

Mrs. Saroja Malik, Director of the Company, retires by rotation and being eligible offers herself for re-appointment at the ensuing Annual General Meeting.

Brief resume of Mrs. Saroja Malik, nature of her expertise in specific functional area and names of Companies in which she is a Director and Member/Chairman of Committees of Board, as stipulated by Clause 49 of the Listing Agreement are provided in the Corporate Governance Report forming part of the Annual Report.

The Independent Directors of the Company viz. Mr. Ganapathy Vishwanathan and Mr. Ganesh Acharya are being proposed to be appointed as Independent Directors of the Company in terms of Section 149, 152 and other

applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, at the ensuing Annual General Meeting of the Company. Details relating to their appointment are mentioned in the statement annexed to the Notice under Section 102 of the Companies Act, 2013. The Brief profile of the Directors proposed to be re-appointed has been included in the Report on Corporate Governance forming part of the Annual Report.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 & under Clause 49 of the Listing Agreement with the Stock Exchange.

## **AUDITORS AND THEIR OBSERVATIONS**

M/s Dixit Dattatray & Associates, Chartered Accountants, the Statutory Auditors of the Company would retire at the ensuing Annual General Meeting. They have confirmed their eligibility under section 139 of the Companies Act, 2013 and willingness for reappointment as statutory auditors of the Company.

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

The Company has obtained a written consent from M/s Dixit Dattatray & Associates, Chartered Accountant that their appointment, if made, would be in accordance with Section 139 (1) & 141 of the Companies Act, 2013 and the rules made there under, as may be applicable.

The observations of the auditors are suitably explained in the Notes on Accounts.

## PARTICULARS OF EMPLOYEES

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules 1975, as amended vide Companies (Particulars of Employees) Amendment Rules, 2011, is not annexed to this report as no employee was in receipt of the remuneration in excess of the prescribed sum during the year under review.

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards had been followed along with proper explanation relating to their material departures, wherever applicable;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of

the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts for the financial year ended March 31, 2014 on a going concern basis.

## ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere thanks to the Investors, Clients, Banks, Regulatory authorities including Stock Exchanges and Government authorities for their invaluable support and co-operation extended to the Company. Your directors look forward for their continued support in future.

**For and on behalf of the Board of Directors**

**SAJID MALIK**

**Managing Director**

**GANAPATHY VISHWANATHAN**

**Director**

Place: Mumbai

Date: May 29, 2014

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

**Particulars of Conservation of Energy, Research & Development, Technology absorption and Foreign Exchange Earnings and Outgo as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2014.**

### **Conservation of Energy**

Energy Conservation measures taken:

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

### **Research and Development**

Your Company is constantly engaged in innovative techniques that can help the Company provide better services to the clients. Your Company plans to update technology as observed from the Global market.

### **Technology absorption, adaptation, and innovation**

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

### **Foreign Exchange Earnings & Outgo**

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

**For and on behalf of the Board of Directors**

**SAJID MALIK**

**Managing Director**

**GANAPATHY VISHWANATHAN**

**Director**

Place: Mumbai

Date: May 29, 2014

# CORPORATE GOVERNANCE REPORT

Corporate Governance is globally recognised as a key component for superior long term performance of every corporate entity. Adaptation to changing times is the key to corporate growth and long term survival. Continuous improvement is necessary in the governance practices as well.

A Report on compliance with the Code of Corporate Governance as prescribed by the Securities and Exchange Board of India ("SEBI") and incorporated in the Listing Agreement of the Stock Exchanges is given below.

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company aims at not only its own growth but also maximization of benefits to its stakeholders. GI Engineering Solutions Limited has always had a strong legacy of fair,

transparent and ethical governance practices. This will lay the foundation for further development of superior governance practices.

## 1. BOARD OF DIRECTORS

The Board comprises 4 Directors; out of which 1 is Executive Director and 3 are Non-executive Directors including 2 Independent Directors. The composition of the Board is in compliance with Clause 49 of the Listing Agreement.

Details pertaining to the composition of Board of Directors with position held, number of other directorships and Committee Memberships, numbers of Equity Shares held as on March 31, 2014, relationship with other Directors etc. are given below:

| Name of the Directors                       | Category                                | No. Of Equity Shares of Face Value of ₹ 10/- each held as on March 31, 2014 | Number of Directorship(s) held in other Public Limited Companies as on March 31, 2014* | Number of Committee(s) position held in other Companies as on March 31, 2014** |          |
|---------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|----------|
|                                             |                                         |                                                                             |                                                                                        | Member                                                                         | Chairman |
| Mr. Sajid Malik<br>DIN: 00400366            | Managing Director - Promoter Group      | 1,25,772                                                                    | 6                                                                                      | NIL                                                                            | NIL      |
| Mrs. Saroja Malik<br>DIN: 00400421          | Non-Executive Director - Promoter Group | 1,20,939                                                                    | 2                                                                                      | NIL                                                                            | NIL      |
| Mr. Ganapathy Vishwanathan<br>DIN: 00400518 | Non-Executive Independent Director      | 293                                                                         | 2                                                                                      | 2                                                                              | 2        |
| Mr. Ganesh Acharya<br>DIN: 00702346         | Non-Executive Independent Director      | 12,493                                                                      | 2                                                                                      | 3                                                                              | 2        |

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

\* Directorships in associations, private, foreign and Section 25 companies have not been considered.

\*\* Represents Chairmanships/Memberships of Audit Committee and Stakeholders' Relationship & Grievance Committee

## 2. BOARD FUNCTIONING & PROCEDURE

The Board meets at least once a quarter to review the quarterly performance and financial results and

other items on the agenda. The Board periodically reviews Compliance reports of all laws applicable to the Company.

Four Board Meetings were held during the year 2013-14 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

1. May 25, 2013
2. August 13, 2013
3. November 14, 2013
4. February 14, 2014.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees (Committees being Audit Committee and Stakeholders' Relationship & Grievance Committee as per Clause 49(C)(ii) of the Listing Agreement) across all the Companies in which he/she is a Director. The necessary disclosures regarding committee positions have been made by all the Directors. None of the Directors hold office in more than 20 companies.

The number of Board Meetings and the attendance of Directors as well as their attendance at the last AGM held on September 20, 2013 are as mentioned below :

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

### 3. AUDIT COMMITTEE

The Company recognises that the Audit Committee is essential for ensuring accountability amongst the Board and the Auditors, who are responsible for sound and transparent financial reporting. The Audit Committee is responsible for overseeing the processes related to the financial reporting and information dissemination.

GI Engineering Solutions Limited has a well constituted Audit Committee comprising of three Non-Executive Directors, two of them being Independent Directors. The Members of the Committee are well versed in finance matters, accounts, company law and general business practices. The Chairman of the Committee, Mr. Ganapathy Vishwanathan, is a highly qualified finance professional with more than 20 years of experience across varied fields.

The primary role of Audit Committee of the Board is to act as a catalyst in monitoring and supervising the management's financial reporting process.

The terms of reference of the Audit Committee cover the matters as contained in Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

The responsibilities of the Audit Committee includes, inter-alia,

- a. Overseeing financial reporting process and disclosure of financial information;
- b. Reviewing quarterly, half yearly and annual financial statements and related party transactions before submission to the Board;
- c. Reviewing the Company's financial and risk management policies;
- d. Reviewing the adequacy of internal control systems;
- e. Reviewing the financial statements of subsidiary company;
- f. Recommending about appointment, re-appointment and removal of the statutory auditors, fixation of their remuneration;

- g. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- h. Reviewing the adequacy of the internal audit function;
- i. Discussing with auditors about nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses, if any, observed by the Statutory Auditors;
- j. Reviewing Management discussion and analysis of financial condition and results of operations;
- k. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee and any other responsibility as may be entrusted by the Board.

Four Audit Committee Meetings were held during the year 2013-14 and the time gap between any two meetings was not more than 4 months. The dates on which the Audit Committee Meetings were held are as follows:

- a. May 25, 2013
- b. August 13, 2013
- c. November 14, 2013
- d. February 14, 2014

The composition of the Audit Committee and details of meetings attended by the members thereof in 2013-14 were as follows:

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

The Chairman of the Audit Committee Mr. Ganapathy Vishwanathan, was present at the Seventh Annual General Meeting of the Company held on September 20, 2013.

The Company Secretary acted as Secretary to the Committee for First three meetings held in a year.

#### 4. STAKEHOLDERS' RELATIONSHIP & GRIEVANCE COMMITTEE (earlier known as Shareholders' / Investors' Grievance Committee)

In compliance with the provisions of Listing Agreement, the Company has constituted Shareholders' / Investors Grievance Committee to look into the redressal of complaints of investors like transfer of shares, non-receipt of notices / annual reports, change of address etc. In order to comply with the provisions of Companies Act, 2013, the same has been renamed as 'Stakeholders' Relationship & Grievance Committee' in its Board Meeting held on May 29, 2014.

The Stakeholders Relationship & Grievance Committee of the Company is comprised of Mr. Ganapathy Vishwanathan as the Chairman, Non-Executive Independent Director and Mr. Ganesh Acharya, Non-Executive Independent Director and Mrs. Saroja Malik, Non-Executive Director, as members of the Committee.

The role of Stakeholders' Relationship & Grievance Committee is as follows:

- considering and resolving the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, issue of Duplicate / Consolidated / Split Share Certificate(s) etc.;
- ensuring expeditious share transfer process;
- evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company;



The Company has always valued its shareholder relationship and has set up a mechanism to ensure that the complaints, if any, received from any shareholder, be resolved effectively and expeditiously. To redress investor grievances, the Company has a dedicated E-mail ID, investors@giesl.com to which shareholders may send complaints / grievances.

Details of the investors' complaints received and redressed during the year 2013-14 are as follows

| <b>Number Of Complaints received during the year</b> | <b>Number Of Complaints solved to the satisfaction of shareholders</b> | <b>Number of Pending Complaints</b> |
|------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------|
| NIL                                                  | NIL                                                                    | NIL                                 |

During the year 2013-14, 6 meetings of the said committee were held which were on May 25, 2013, August 13, 2013, November 14, 2013, November 28, 2013, December 6, 2013 and February 14, 2014.

Attendance records of the members of the Shareholders' / Investors' Grievance Committee for FY 2013-14 were as follows:

| <b>Name of Directors</b>   | <b>Status</b> | <b>No. Of Meetings Attended</b> |
|----------------------------|---------------|---------------------------------|
| Mr. Ganapathy Vishwanathan | Chairman      | 6                               |
| Mrs. Saroja Malik          | Member        | 6                               |
| Mr. Ganesh Acharya         | Member        | 6                               |

The constitution, duties and responsibilities of the Shareholders' / Investors' Grievance Committee (Now Stakeholders' Relationship & Grievance Committee) are in line with Clause 49 of the Listing Agreement with the stock exchanges and the Companies Act, 2013.

There were no outstanding complaints of Shareholders / Investors as on March 31, 2014.

The Company Secretary acted as Secretary to the Committee for first five meetings held in a year.

## **5. NOMINATION & REMUNERATION COMMITTEE (earlier known as Remuneration Committee)**

In order to comply with the provisions of the Companies Act, 2013, the Board of Directors has re-constituted 'Remuneration Committee' as 'Nomination & Remuneration Committee' in its Board Meeting held on May 29, 2014.

The Nomination & Remuneration Committee comprises of 3 members namely Mr. Ganapathy Vishwanathan, as the Chairman and Mr. Ganesh Acharya and Mrs. Saroja Malik as members of the Committee. The Committee comprises of majority of Independent Directors including its Chairman.

The terms of reference of the Nomination and Remuneration Committee are broadly as under:

- Determining / recommending the structure, size and composition of the Board of Directors and Committees;
- Determining / recommending the criteria for qualifications, appointment, positive attributes and independence of Directors;
- Identifying candidates who are qualified to become Directors and who may be appointed in Senior Management and recommending to the Board their appointment and removal;
- Reviewing and determining all elements of remuneration package i.e. salary, benefits, bonus etc.;

- To evaluate every Director's performance and set appropriate performance benchmarks;
- Any other related activities as the Committee or the Board deems necessary or appropriate;

During the year under review, no meeting was held.

## 6. SUBSIDIARY COMPANY

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

## 7. CODE OF CONDUCT

Pursuant to Clause 49 of the Listing Agreement, the Board of Directors has laid down a Code of Conduct for Board Members and Senior Management Personnel of the Company. The aforesaid code has also been posted on the Company's website [www.giesl.com](http://www.giesl.com).

Code of Conduct has been circulated to all the Members of the Board and compliance of the same is affirmed by them.

A declaration to this effect signed by the Managing Director is given in this Report.

## 8. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

In compliance with SEBI's Regulations on Prevention of Insider Trading, the Company has laid down a comprehensive Code of Conduct for prevention of Insider Trading for its Directors and Designated Employees. The Code lays down Guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations. Every Director and Designated Employee of the Company is obligated to make an annual disclosure with regard to transactions, if any, made in respect of shares

held by him in the Company. This Code endeavors to maintain transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

This Code is under the supervision of the Board for implementation and compliance.

## 9. REMUNERATION TO DIRECTORS

Presence of Directors on the Board of the Company is significant to enforce good and healthy governance in the Company and helps in taking decisions in the interest of all the stakeholders. Their role is crucial as they bring in a perspective of stakeholders of the Company and provide leadership and strategic guidance while ensuring objective and wise decision.

However, the Company has not paid remuneration to any of the Directors of the Company.

## 10. DISCLOSURES

### i. Basis of related party transactions

There were no materially significant related party transactions, pecuniary transactions for the financial year ended March 31, 2014 that may have a potential conflict with the interests of the Company at large. Details of related party transactions (as per Accounting Standard (AS18) of the Company in the ordinary course of business during the year ended March 31, 2014 are furnished under Notes to Accounts forming part of the Annual Report.

### ii. Non-compliance / Strictures / Penalties imposed

There were no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market during the last three years.

# GI ENGINEERING SOLUTIONS LIMITED

The Company is yet to appoint the Company Secretary in terms of the Listing Agreement and the Companies Act, 2013.

## iii. Risk Management

Business risk evaluation and management is an ongoing process within the Company. The Board and Audit Committee are apprised periodically on

the risk assessment in the Company.

## iv. Disclosure of accounting treatment

In preparing the Annual Accounts in respect of the Financial Year 2013-14, no accounting treatment was different from Accounting Standards that is prescribed by the Institute of Chartered Accountants of India.

## 11. OTHER DISCLOSURES

### A. Details of General Meetings and Special Resolutions passed

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

| YEAR      | LOCATION                                                                                                          | DATE & TIME                     | SPECIAL RESOLUTION(S) PASSED                                                                                                                                                                                                |
|-----------|-------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2010-2011 | Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai- 400059.                                       | September 22, 2011<br>3.00 p.m. | 1) Offer, Issue and Allotment up to 70,00,000 Redeemable Cumulative Preference shares of face value of ₹.10 each.<br>2) Alteration of Clause 81 of Articles of Association pertaining to serving of Notices of the Company. |
| 2011-2012 | The Mirador Hotel, 131 / B, New Link Road, Opp. Solitare Corporate Park, Chakala, Andheri (East), Mumbai- 400099. | September 28, 2012<br>3.00 p.m. | NIL                                                                                                                                                                                                                         |
| 2012-2013 | Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai- 400059                                        | September 20, 2013<br>3.00 p.m. | NIL                                                                                                                                                                                                                         |

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

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

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

## 12. CEO / CFO CERTIFICATION

Mr. Sajid Malik, Managing Director and Mrs. Saroja Malik, Director of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2014. The same has been attached to this Report.

## **13. Profile of Directors seeking appointment / re-appointment**

Details of the Directors seeking appointment / re-appointment forms part of the Notice convening the Eighth Annual General Meeting of the Company and as required by Clause 49IV(G)(i) of the Listing Agreement. Details of Directors seeking appointment / re-appointment are given at the end of this Report

## **14. STATUS OF COMPLIANCE OF NON-MANDATORY REQUIREMENT**

### **A. Remuneration Committee**

The Company has constituted Remuneration Committee which is non-mandatory requirement under Listing Agreement. In pursuant of the Companies Act, 2013, it has been reconstituted as 'Nomination and Remuneration Committee'. The details of the same have been provided earlier under the section "Nomination and Remuneration Committee".

### **B. Whistle Blower Policy**

The Company has adopted a Whistle Blower Policy to provide appropriate avenues to the employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the fundamental business principles of the Company.

## **15. GENERAL SHAREHOLDER INFORMATION**

### **A. Corporate Identification Number**

Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is L40109MH2006PLC163731 and the Company is registered in the State of Maharashtra, India.

### **B. Registered Office**

73-A, SDF-III, SEEPZ, Andheri (East),  
Mumbai-400096.  
Tel No: 91-22-44884488  
Fax No.: 91-22-28290603  
Website: [www.giesl.com](http://www.giesl.com)

### **C. Registrar & Share Transfer Agent**

Bigshare Services Private Limited  
Unit: GI Engineering Solutions Limited  
E/2, Ansa Industrial Estate, Saki-Vihar Road,  
Saki-Naka, Andheri (East), Mumbai-400072  
Tel No.: 91-22-40430200  
Fax No.: 91-22-28475207  
E-Mail: [info@bigshareonline.com](mailto:info@bigshareonline.com)

### **D. Investors Correspondence**

Stakeholders' Relationship & Grievance  
Committee  
GI Engineering Solutions Limited  
73-A, SDF-III, SEEPZ, Andheri (East),  
Mumbai-400096.  
Tel No: 91-22-44884488  
Fax No.: 91-22-28290603  
E-mail: [investors@giesl.com](mailto:investors@giesl.com)

### **E. Annual General Meeting**

Day & Date: Monday, September 29, 2014  
Time: 3.15 p.m.  
Venue: Kohinoor Continental, Andheri-Kurla Road,  
Andheri (East), Mumbai-400059

### **F. Financial Year**

Financial Year of the company is From April 1,  
2013 to March 31, 2014.

## G. Book Closure

The Register of Members and the Share Transfer Books of the Company shall remain closed from Monday, September 22, 2014 to Monday, September 29, 2014 (both days inclusive) for the purpose of Annual General Meeting.

## H. Audit Qualification

The Company's financial statements do not have any Audit qualifications for the financial year 2013-14.

## I. Means of Communication:

### a) Quarterly / Annual Results

The Company's quarterly financial results, investor updates and other investor related information are posted on the Company's website ([www.giesl.com](http://www.giesl.com)). The quarterly financial results of the Company are generally published in the Free Press Journal (English) and Navshakti (Marathi). Financial results and all material information are also regularly provided to the Stock Exchanges as per the requirements of the Listing Agreement.

### b) Posting of information on the website of the Company

The Quarterly / Annual Results of the Company, shareholding pattern, Corporate Governance, Notices, Annual Reports etc. are regularly posted on Company's website [www.giesl.com](http://www.giesl.com) under the separate dedicated head 'Investors'.

## J. Listing on Stock Exchanges:

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

| Name of Stock Exchanges                                                                                                    | Symbol / Scrip Code | ISIN         |
|----------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|
| National Stock Exchange of India Limited (NSE)<br>Exchange Plaza,<br>Bandra Kurla<br>Complex, Bandra (E),<br>Mumbai-400051 | GISOLUTION          | INE065J01016 |
| BSE Limited (BSE)<br>P.J.Towers, Dalal<br>Street, Fort,<br>Mumbai-400001                                                   | 533048              | INE065J01016 |

## K. Market Price Data:

| Month  | BSE Limited |           |                  | Month  | NSE Limited |      |                 |
|--------|-------------|-----------|------------------|--------|-------------|------|-----------------|
|        | High (Rs.)  | Low (Rs.) | SENSEX (Closing) |        | High        | Low  | Nifty (Closing) |
| Apr-13 | 6.50        | 3.63      | 19504.18         | Apr-13 | 5.15        | 3.90 | 5930.20         |
| May-13 | 5.92        | 4.87      | 19760.30         | May-13 | NA          | NA   | 5985.95         |
| Jun-13 | 6.09        | 5.55      | 19395.81         | Jun-13 | NA          | NA   | 5842.20         |
| Jul-13 | 5.55        | 4.99      | 19345.70         | Jul-13 | NA          | NA   | 5742.00         |
| Aug-13 | 5.85        | 5.02      | 18619.72         | Aug-13 | NA          | NA   | 5471.80         |
| Sep-13 | 6.09        | 5.41      | 19379.77         | Sep-13 | NA          | NA   | 5735.30         |
| Oct-13 | 5.85        | 5.29      | 21164.52         | Oct-13 | NA          | NA   | 6299.15         |
| Nov-13 | 5.87        | 5.58      | 20791.93         | Nov-13 | NA          | NA   | 6176.10         |
| Dec-13 | NA          | NA        | 21170.68         | Dec-13 | NA          | NA   | 6304.00         |
| Jan-14 | 5.31        | 5.31      | 20513.85         | Jan-14 | NA          | NA   | 6089.50         |
| Feb-14 | NA          | NA        | 21120.12         | Feb-14 | NA          | NA   | 6276.95         |
| Mar-14 | 5.05        | 3.35      | 22386.27         | Mar-14 | NA          | NA   | 6704.20         |

## L. Distribution of Shareholding:

Distribution Schedule of the Equity Shares as on March 31, 2014 is given below:-

| No. of Equity Shares held | Shareholders |               | Share Capital      |               |
|---------------------------|--------------|---------------|--------------------|---------------|
|                           | Number       | % to Total    | Amount in ₹        | % to Total    |
| 0001 - 5000               | 3725         | 96.13         | 190,86,900         | 22.16         |
| 5001 - 10000              | 87           | 2.25          | 63,18,010          | 7.34          |
| 10001 - 20000             | 34           | 0.88          | 51,22,110          | 5.95          |
| 20001 - 30000             | 8            | 0.21          | 21,53,550          | 2.50          |
| 30001 - 40000             | 3            | 0.08          | 9,86,920           | 1.15          |
| 40001 - 50000             | 7            | 0.18          | 32,58,950          | 3.78          |
| 50001 - 100000            | 6            | 0.15          | 42,98,180          | 4.99          |
| 100001 & above            | 5            | 0.13          | 4,48,94,160        | 52.13         |
| <b>Total</b>              | <b>3875</b>  | <b>100.00</b> | <b>8,61,18,780</b> | <b>100.00</b> |

## M. Shareholding Pattern:

The shareholding of different categories of the shareholders as on March 31, 2014 is given below

| Description                             | Number of Shares | % to Total |
|-----------------------------------------|------------------|------------|
| Promoters                               | 33,95,177        | 39.42      |
| Mutual Funds                            | 4,050            | 0.05       |
| Bodies Corporate                        | 4,76,717         | 5.53       |
| Individuals                             | 34,45,976        | 40.01      |
| Independent Directors & their relatives | 12,978           | 0.15       |
| Clearing Members                        | 861              | 0.01       |
| Foreign Company                         | 11,00,000        | 12.77      |
| Trusts                                  | 97,109           | 1.13       |
| NRI/Overseas Corporate Bodies           | 79,010           | 0.92       |
| <b>Total</b>                            | <b>86,11,878</b> | <b>100</b> |

## N. Dematerialization of shares:

About 99.69% of the total Equity Share Capital was held in dematerialized form as on March 31, 2014.

## O. Share Transfer System:

The shares in physical form which are lodged for transfer are processed, registered and returned by the Registrar and Share Transfer Agent within the stipulated time of 15 days from the date of lodgement subject to the documents being valid and complete in all respects.

## P. Plant Location:

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

## Q. Financial Calendar 2014-2015 (tentative)

|                                                              |               |
|--------------------------------------------------------------|---------------|
| First quarterly results                                      | August 2014   |
| Second quarterly / Half yearly results                       | November 2014 |
| Third quarterly results                                      | February 2015 |
| Fourth quarterly and Annual results                          | May 2015      |
| Annual General Meeting for the year ending on March 31, 2015 | August 2015   |

# GI ENGINEERING SOLUTIONS LIMITED

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

Brief Resume of Directors seeking appointment/ re-appointment:

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

|                                                                                          |                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name of Director</b>                                                                  | <b>Mrs. Saroja Malik</b>                                                                                                                                                                                               |
| Nature of Resolution                                                                     | Re-appointment as Director                                                                                                                                                                                             |
| Date of Birth                                                                            | September 28, 1937                                                                                                                                                                                                     |
| Date of Appointment                                                                      | 10.08.2006                                                                                                                                                                                                             |
| Director Identification Number                                                           | 00400421                                                                                                                                                                                                               |
| Qualifications                                                                           | B.Com, LLB                                                                                                                                                                                                             |
| Experience in specific functional areas                                                  | Legal Compliance, Income Tax and Customs Regulations                                                                                                                                                                   |
| Directorship held in other Companies (including Foreign Companies and Private Companies) | <ol style="list-style-type: none"> <li>1. Genesys International Corporation Limited</li> <li>2. Genesys Enterprises Inc. (USA)</li> <li>3. Ventura Guaranty Limited</li> <li>4. Valeo Nutra Private Limited</li> </ol> |
| Chairman / Member of Committees of other Companies                                       | NIL                                                                                                                                                                                                                    |
| Number of Equity Shares held in the Company                                              | 1,20,939                                                                                                                                                                                                               |

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| <b>Name of Director</b>                                                                  | <b>Mr. Ganapathy Vishwanathan</b>                                                                                                                                                                                                                                                               | <b>Mr. Ganesh Acharya</b>                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Nature of Resolution                                                                     | Re-appointment as Independent Director                                                                                                                                                                                                                                                          | Re-appointment as Independent Director                                                                                                                                                                                                                                                                                                                                           |
| Date of Birth                                                                            | March 27, 1964                                                                                                                                                                                                                                                                                  | March 14, 1965                                                                                                                                                                                                                                                                                                                                                                   |
| Date of Appointment                                                                      | 10.08.2006                                                                                                                                                                                                                                                                                      | 30.11.2007                                                                                                                                                                                                                                                                                                                                                                       |
| Director Identification Number                                                           | 00400518                                                                                                                                                                                                                                                                                        | 00702346                                                                                                                                                                                                                                                                                                                                                                         |
| Qualifications                                                                           | ACA, ICWA, CS-Final Passed                                                                                                                                                                                                                                                                      | Bachelor of Commerce (Hon.)                                                                                                                                                                                                                                                                                                                                                      |
| Experience in specific functional areas                                                  | Capital Markets, Capital Restructuring, Investment Banking & Finance                                                                                                                                                                                                                            | International Business and Corporate Management                                                                                                                                                                                                                                                                                                                                  |
| Directorship held in other Companies (including Foreign Companies and Private Companies) | <ol style="list-style-type: none"> <li>1. Genesys International Corporation Limited</li> <li>2. Ventura Commodities Limited</li> <li>3. Divine Investment Advisors Private Limited</li> <li>4. Divine Venture Private Limited</li> <li>5. Robinhood Insurance Broker Private Limited</li> </ol> | <ol style="list-style-type: none"> <li>1. Game Securities Private Limited</li> <li>2. Genesys International Corporation Limited</li> <li>3. Ventura Guaranty Limited</li> </ol>                                                                                                                                                                                                  |
| Chairman / Member of Committees of other Companies                                       | <b>Genesys International Corporation Limited</b><br><br>Chairman:<br><ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Nomination &amp; Remuneration Committee</li> <li>- Stakeholders' Relationship &amp; Grievance Committee</li> </ul>                                     | <b>Genesys International Corporation Limited</b><br><br>Member:<br><ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Nomination &amp; Remuneration Committee</li> </ul><br><b>Ventura Guaranty Limited</b><br>Chairman:<br><ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Stakeholders' Relationship &amp; Grievance Committee</li> </ul> |
| Number of Equity Shares held in the Company                                              | 293                                                                                                                                                                                                                                                                                             | 12,493                                                                                                                                                                                                                                                                                                                                                                           |



## CEO/ CFO CERTIFICATION

To

The Board of Directors

**GI Engineering Solutions Limited**

We have reviewed the financial statements, read with the cash flow statement of GI Engineering Solutions Limited for the year ended March 31, 2014 and that to the best of our knowledge and belief, we state that;

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

However, during the financial year ended on March 31, 2014 there were no such changes or instances.

Yours sincerely,

**SAJID MALIK**  
**MANAGING DIRECTOR**

**SAROJA MALIK**  
**DIRECTOR**

Place: Mumbai

Dated: May 29, 2014

## **DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To

The Members of

**GI Engineering Solutions Limited**

**Sub:** Declaration under clause 49 of the Listing Agreement

I hereby declare that all Directors of the Company have confirmed compliance with the Code of Conduct for the financial year ended March 31, 2014.

For **GI ENGINEERING SOLUTIONS LIMITED**

**SAJID MALIK**

**MANAGING DIRECTOR**

Place: Mumbai

Dated: May 29, 2014

## REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE

To,

The Members of

**GI Engineering Solutions Limited**

We have examined the compliance of conditions of Corporate Governance by GI Engineering Solutions Limited for the year ended on 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

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

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

As per the records of the Company there were no investor grievances pending at the end of the year under report.

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

**For DIXIT DATTATRAY & ASSOCIATES,**

**Chartered Accountants**

**Firm Registration No. : 102665W**

**D. B. DIXIT**

Proprietor

Membership No 40032

Mumbai

Dated : May 29, 2014

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

The world economy is slowly bouncing back in its normal state. In the changed scenario, many companies are revising their IT & outsourcing budgets and as a result, the future for IT & outsourcing companies once again look brighter and larger.

The scenario is no different in India. There are news of outsourcing jobs returning to India from countries engaged in outsourcing business, especially Philippines and Thailand. With the increased spending for control and growth, the industry is again getting requisite momentum in India.

## OPPORTUNITIES AND THREATS

Lower cost of production and infrastructural facilities, easier availability of skilled resources, government initiatives, growth on infrastructure, etc., continue to be the main factors for India's growth in the information technology and outsourcing sectors. While the cost advantage that the Indian companies enjoy vis-à-vis those in the other parts of the world is narrowing down, India continues to attract a sizable number of outsourcing contracts from rest of the world.

Volatility in the foreign exchange rate, high rate of attrition, fast change on the technology front, intense competition, etc. are some of the major challenges, faced by the Company. Your Company is, however, confident to handle this situation with ease.

## Risks and Concerns

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

### INTERNAL FACTORS:

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

### External factors:

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

## INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

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

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

## DISCUSSION ON CONSOLIDATED FINANCIAL PERFORMANCE

### LIABILITIES AND ASSETS

#### Share Capital

As on March 31, 2014, Issued, Subscribed and Paid-up Share Capital of the Company, consist of the following:

- 8,611,878 Equity Shares of ₹10 each: Total of ₹ 86,118,780
- 7,000,000 4.5% Redeemable Preference Shares of ₹10 each: Total of ₹ 70,000,000

As on the same day, the Authorised Capital of the Company was as below:

- 8,490,000,000 Equity Shares of ₹10 each: Total of ₹ 84,900,000,000
- 10,000,000 4.5% Redeemable Preference Shares of ₹ 10 each: Total of ₹ 100,000,000

# GI ENGINEERING SOLUTIONS LIMITED

There was no movement in the above during the year 2013-14.

## RESERVES AND SURPLUS

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

Balance in General Reserve Account as on March 31, 2014 stood at ₹ 2,998.48 lacs which was same as the balance at the end of the previous year. As on March 31, 2014, balance in Share Premium Account was ₹ 88 lacs and there was no movement in the balance in 2013-14. Debit balance of Profit & Loss Account as on March 31, 2014, stood at ₹ 891.33 lacs as against ₹877.35 lacs at the end of 2012-13.

## LIABILITIES AND PROVISIONS

Liabilities and Provisions consist of Long term provision towards employee benefits, Trade payables, Other current liabilities and Short Term provisions, including provision for income tax. As on March 31, balance of all liabilities and provisions was at ₹ 402.14 lacs as against ₹ 367.70 lacs as on March 31, 2013.

There was no borrowing by the Company.

## FIXED ASSETS

Gross Block at the end 2013-14 is reported at ₹ 440.94. There was no change in the gross block vis-a vis the end of earlier year as there was no movement in the fixed assets. Net Block at the end of 2013-14 is reported at ₹ 105.31 lacs as against ₹106.19 lacs in the previous year.

Gross Block and Net Block include goodwill arising out of consolidation.

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

## SUNDRY DEBTORS

Sundry Debtors, net of provisions, if any, as on March 31, 2014, was at ₹ 2,512.00 lacs as against ₹2,289.76 lacs at the end of earlier year.

## CASH AND BANK BALANCE

Total cash and bank balance as on March 31, 2014, was at ₹ 124.56 lacs as against ₹ 2.04 lacs in the earlier year. The Company maintains such balances in current, fixed deposit and EEFC accounts with nationalized and other scheduled banks.

## LOANS AND ADVANCES

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

- Deposits
- Prepaid expenses
- Advance to other body corporates

On March 31, 2014, Loans and Advances stood at ₹ 1.970.41 lacs as against ₹ 2,047.55 lacs at the end of 2012-13.

## INCOME & EXPENDITURE

### Income

During 2013-14, the Company recorded a total income of ₹ 9.70 lacs as against ₹ 51.16 lacs in the year 2012-13. As against Loss after tax of ₹ 112.06 lacs in 2012-13, the Company has recorded a loss of ₹13.99 lacs in 2013-14.

### Expenditure

The Company incurred total operating cost of ₹ 18.66 lacs, including depreciation, during 2013-14, as against ₹ 152.33 lacs in the corresponding previous year.

## CAUTIONARY STATEMENT

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

# REPORT OF THE INDEPENDENT AUDITORS

## TO THE SHAREHOLDERS OF GI ENGINEERING SOLUTIONS LIMITED

TO THE MEMBERS OF  
GI ENGINEERING SOLUTIONS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **GI ENGINEERING SOLUTIONS LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

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

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

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

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

### Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Emphasis of Matter

We draw attention to note no. 26 regarding non provision for diminution in the value of investments in subsidiary company for the reasons mentioned therein. Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (the "Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and

- (e) On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

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

Mumbai  
Dated : 29<sup>th</sup> May, 2014

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## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

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

1. In respect of the Company's fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

2. The Company's nature of operations does not require it to hold inventories. Consequently, clause 4 (ii) of the Companies (Auditor's Report) Order, 2003, as amended ('The Order') is not applicable.

3. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Hence the provisions of clauses (iii)(b) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company.

4. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Act, there are no contracts and arrangements referred to in section 301 of the Act and therefore no transaction is required to be entered in the register maintained under section 301 of the Act. Hence the provisions of clauses (v) (a) and (v)(b) of paragraph 4 of the Order are not applicable to the Company.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, the provisions of the clause 4 (vi) of the Order are not applicable to the Company.

7. The Company does not have an internal audit system.
8. As explained no cost records have been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of the activities carried out by the Company.
9. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, applicable to it with the appropriate authorities. There are no arrears of outstanding statutory dues at the year end for a period of more than six months from the date they became payable.
  - (b) According to the records of the Company, the dues outstanding of income tax, sales tax, Service Tax, custom duty, wealth tax, excise duty and cess which have not been deposited as at March 31, 2014 on account of any dispute are given below:

| Name of the Statute  | Nature of Dues | Period                  | Forum where dispute is pending | Amount (₹) |
|----------------------|----------------|-------------------------|--------------------------------|------------|
| Income Tax Act, 1961 | Income Tax     | Assessment year 2009-10 | Assessing Officer              | 378,188    |
| Income Tax Act, 1961 | Income Tax     | Assessment year 2011-12 | Assessing Officer              | 1,437,829  |

10. The Company has accumulated losses at the end of the year. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank. Further, in our opinion and according to information and explanations given to us, the Company did not have any amount outstanding to the bank, financial institutions or debenture holders.
12. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a chit fund, nidhi, mutual benefit fund or a society, the provisions of clause (xiii) of the Order are not applicable.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in shares, securities and debentures. Therefore, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company did not have any term loan outstanding during the year.
17. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have prima facie not been used during the year for long-term investment.
18. According to the information and explanations given to us, during the year covered by our audit, the Company has not made preferential allotment of equity shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. According to the information and explanations given to us, during the year covered by our report, the Company has not issued any debentures.
20. During the year covered by our report, the Company has not raised any money by way of public issue.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

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

Mumbai  
 Dated : 29<sup>th</sup> May, 2014



# GI ENGINEERING SOLUTIONS LIMITED

## BALANCE SHEET

AS AT MARCH 31, 2014

| PARTICULARS                       | Note No. | MARCH 31, 2014<br>₹       | MARCH 31, 2013<br>₹       |
|-----------------------------------|----------|---------------------------|---------------------------|
| <b>EQUITY AND LIABILITIES</b>     |          |                           |                           |
| <b>1) SHAREHOLDERS FUNDS</b>      |          |                           |                           |
| a) Share Capital                  | 3        | 156,118,780               | 156,118,780               |
| b) Reserves & Surplus             | 4        | 256,518,434               | 257,318,088               |
|                                   |          | <u>412,637,214</u>        | <u>413,436,868</u>        |
| <b>2) NON-CURRENT LIABILITIES</b> |          |                           |                           |
| a) Long-Term Provisions           | 5        | 27,816                    | 91,543                    |
|                                   |          | <u>27,816</u>             | <u>91,543</u>             |
| <b>3) CURRENT LIABILITIES</b>     |          |                           |                           |
| a) Trade Payables                 | 6        | 304,314                   | 146,848                   |
| b) Other Current Liabilities      | 7        | 8,977,131                 | 8,857,761                 |
| c) Short-Term Provisions          | 8        | 387,185                   | 679,098                   |
|                                   |          | <u>9,668,630</u>          | <u>9,683,707</u>          |
| <b>Total</b>                      |          | <u><b>422,333,660</b></u> | <u><b>423,212,118</b></u> |
| <b>ASSETS</b>                     |          |                           |                           |
| <b>1) NON-CURRENT ASSETS</b>      |          |                           |                           |
| a) <b>Fixed Assets</b>            | 9        |                           |                           |
| Tangible Assets                   |          | 873,205                   | 960,511                   |
| Intangible Assets                 |          | -                         | -                         |
|                                   |          | <u>873,205</u>            | <u>960,511</u>            |
| b) Non-Current Investments        | 10       | 268,234,232               | 268,234,232               |
| c) Long-Term Loans & Advances     | 11       | 152,210,442               | 143,916,871               |
|                                   |          | <u>421,317,879</u>        | <u>413,111,614</u>        |
| <b>2) CURRENT ASSETS</b>          |          |                           |                           |
| a) Trade Receivables              | 12       | 593,800                   | 707,084                   |
| b) Cash & Cash Equivalents        | 13       | 402,909                   | 190,204                   |
| c) Short-Term Loans & Advances    | 14       | 19,072                    | 9,203,216                 |
|                                   |          | <u>1,015,781</u>          | <u>10,100,504</u>         |
| <b>Total</b>                      |          | <u><b>422,333,660</b></u> | <u><b>423,212,118</b></u> |

Notes forming integral part of financial statements 1 to 28

As per our Report of even date attached

For DIXIT DATTATRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

D. B. DIXIT

PROPRIETOR

Membership No. 40032

Date: May 29, 2014

MUMBAI

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN

DIRECTOR

Date: May 29, 2014

MUMBAI

**STATEMENT OF PROFIT AND LOSS**

FOR THE YEAR ENDED MARCH 31, 2014

| <b>PARTICULARS</b>                      | <b>Note No.</b> | <b>MARCH 31, 2014</b> | <b>MARCH 31, 2013</b> |
|-----------------------------------------|-----------------|-----------------------|-----------------------|
|                                         |                 | ₹                     | ₹                     |
| <b>INCOME</b>                           |                 |                       |                       |
| Revenue from Operations                 |                 | 593,800               | 732,140               |
| Other Income                            | 15              | 376,001               | 4,384,016             |
| <b>Total Revenue</b>                    |                 | <b>969,801</b>        | <b>5,116,156</b>      |
| <b>EXPENSES</b>                         |                 |                       |                       |
| Employee Benefit Expenses               | 16              | 757,663               | 1,131,231             |
| Finance Costs                           | 16              | 102                   | 12,621                |
| Depreciation / Amortization             | 9               | 87,306                | 87,838                |
| Other Costs                             | 16              | 924,384               | 13,935,353            |
| <b>Total Expenses</b>                   |                 | <b>1,769,455</b>      | <b>15,167,043</b>     |
| <b>PROFIT/(LOSS) BEFORE TAX</b>         |                 | <b>(799,654)</b>      | <b>(10,050,887)</b>   |
| <b>Tax Expense:</b>                     | 17              |                       |                       |
| Current Tax                             |                 | -                     | 625,000               |
| <b>PROFIT/(LOSS) AFTER TAX</b>          |                 | <b>(799,654)</b>      | <b>(10,675,887)</b>   |
| <b>EARNINGS PER EQUITY SHARE</b>        |                 |                       |                       |
| Equity Shares of par value of ₹ 10 each |                 |                       |                       |
| Basic & Diluted                         | 22              | (0.09)                | (1.24)                |

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

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

**D. B. DIXIT**

PROPRIETOR

Membership No. 40032

Date: May 29, 2014

MUMBAI

**For and on behalf of the Board of Directors****SAJID MALIK**

MANAGING DIRECTOR

**GANAPATHY VISHWANATHAN**

DIRECTOR

Date: May 29, 2014

MUMBAI

# GI ENGINEERING SOLUTIONS LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2014

| PARTICULARS                                                      | YEAR ENDED<br>MARCH 31, 2014 |             | YEAR ENDED<br>MARCH 31, 2013 |              |
|------------------------------------------------------------------|------------------------------|-------------|------------------------------|--------------|
|                                                                  | ₹                            | ₹           | ₹                            | ₹            |
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                     |                              |             |                              |              |
| Net Profit/(Loss) before tax as per statement of profit and Loss |                              | (799,654)   |                              | (10,050,887) |
| Adjustments for:                                                 |                              |             |                              |              |
| Depreciation and amortisation                                    | 87,306                       |             | 87,838                       |              |
| Interest income                                                  | -                            |             | (4,911,332)                  |              |
| (Profit)/ Loss on sale of fixed assets                           | -                            |             | (8,632)                      |              |
| Provision for Doubtful Debts                                     | 366,420                      |             | 12,376,309                   |              |
| Unrealised Gain                                                  | (738,834)                    |             | (465,911)                    |              |
|                                                                  |                              | (285,108)   |                              | 7,078,272    |
| Operating Profit/(Loss) before working capital changes           |                              | (1,084,762) |                              | (2,972,615)  |
| Adjustments for:                                                 |                              |             |                              |              |
| (Increase)/ Decrease in Trade Receivables                        | (253,136)                    |             | 1,829,046                    |              |
| (Increase)/ Decrease in Loans & Advances                         | 383,491                      |             | (4,631,950)                  |              |
| Increase/ (Decrease) in Current Liabilities and Provisions       | 204,303                      |             | (245,235)                    |              |
|                                                                  |                              | 334,658     |                              | (3,048,139)  |
| <b>CASH GENERATED FROM OPERATIONS</b>                            |                              | (750,104)   |                              | (6,020,754)  |
| Taxes (Paid) / Refund received                                   |                              | (283,107)   |                              | (564,885)    |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                   |                              | (1,033,211) |                              | (6,585,639)  |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                     |                              |             |                              |              |
| Sale of fixed assets                                             | -                            |             | 8,632                        |              |
| Interest income                                                  | -                            |             | 4,911,332                    |              |
| Receipt from Other Body Corporates                               | 1,245,916                    |             | 518,000                      |              |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                     |                              | 1,245,916   |                              | 5,437,964    |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                     |                              |             |                              |              |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                   |                              | -           |                              | -            |
| <b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>               |                              | 212,705     |                              | (1,147,675)  |
| <b>CASH &amp; CASH EQUIVALENTS (OPENING BALANCE)</b>             |                              | 190,204     |                              | 1,337,879    |
| <b>CASH &amp; CASH EQUIVALENTS (CLOSING BALANCE)</b>             |                              | 402,909     |                              | 190,204      |

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

As per our Report of even date attached

For DIXIT DATTATRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

D. B. DIXIT

PROPRIETOR

Membership No. 40032

Date: May 29, 2014

MUMBAI

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN

DIRECTOR

Date: May 29, 2014

MUMBAI

# NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

## 1. Company's Background

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

## 2. Significant Accounting Policies

### A. Basis of preparation of financial statements

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian "GAAP") under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) (which continues to be applicable in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013) and other relevant provisions of the Companies Act, 1956.

### B. Use of estimates

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

### C. Revenue recognition and expenses

Revenues are recognized on accrual basis. Revenue from operations is accounted for on the basis of

services rendered and billed to / accepted by clients. Interest income, if any, is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

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

### D. Fixed Assets

Fixed Assets are stated at cost of acquisition including freight, installation charges, finance charges, duties & taxes & other incidental expenses related to acquisition and installation of the concerned assets.

Advances paid, if any, towards the acquisition of fixed assets are disclosed under the head Long Term Loans & Advances, as capital advance.

### E. Depreciation / Amortization

Depreciation is provided on straight line method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following assets, where rates higher than those prescribed in Schedule XIV are used.

| Particulars                                   | Deprecia-<br>tion Method | Rate                            |
|-----------------------------------------------|--------------------------|---------------------------------|
| <b>(A) Tangible Assets</b>                    |                          |                                 |
| - Computer hardware and data processing units | Straight line            | 3 to 5 year                     |
| - Other assets                                | Straight line            | Rates specified in schedule XIV |
| <b>(B) Intangible Assets</b>                  |                          |                                 |
| - Computer software                           | Straight line            | 3 to 5 year                     |

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

## NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### F. Impairment of assets

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

### G. Borrowing Costs

Borrowing costs, if any, directly attributable to the acquisition of the fixed assets are capitalized for the period until the asset is ready for its intended use.

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

### H. Investments

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

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

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

### I. Leases

#### (i) Finance Lease

Assets taken on finance lease if any, are accounted for as fixed assets in accordance with Accounting Standard 19 on leases,

(AS 19) issued by The Institute of Chartered Accountants of India.

#### (ii) Operating Lease

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

### J. Foreign Currency Transactions

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

Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss of the year. Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year end closing exchange rate and the resultant exchange differences are recognized in the Statement of profit and loss.

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

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

### K. Earning per Share

In accordance with the Accounting Standard 20 (AS – 20) "Earning per Share" issued by the Institute of Chartered Accountants of India, basic and diluted earnings per share are computed using weighted

# NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

average number of shares outstanding during the year.

## L. Taxation

### i. Current Tax

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

### ii. Deferred Tax

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

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

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

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

## M. Employee Benefits :

- (i) Short-term employee benefits – Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognized in the period in which the employee renders the related service.
- (ii) Post employment benefits (defined benefit plans) – The employees' gratuity scheme is a

defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation using the projected unit credit method. Actuarial gains and losses and current plan costs are recognized in the Statement of profit and loss.

- (iii) Post employment benefits (defined contribution plans) – Contributions to the provident fund is defined contribution scheme and is recognized as an expense in the Statement of profit and loss in the period in which the contribution is due.
- (iv) Long-term employee benefits – Long-term employee benefits comprise of compensated absences and other employee incentives. These are measured based on an actuarial valuation carried out by an independent actuary at each Balance Sheet date unless they are insignificant. Actuarial gains and losses and past service costs are recognized immediately in the Statement of profit and loss.

## N. Provisions and Contingent Liabilities

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

Contingent assets are neither recognized nor disclosed in the financial statements.

# GI ENGINEERING SOLUTIONS LIMITED

## NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

### 3. SHARE CAPITAL

(in ₹)

| PARTICULARS                                                                                                          | As at                 |                |
|----------------------------------------------------------------------------------------------------------------------|-----------------------|----------------|
|                                                                                                                      | MARCH 31, 2014        | MARCH 31, 2013 |
| <b>AUTHORIZED</b>                                                                                                    |                       |                |
| <u>Equity Shares of ₹ 10/- each fully paid up</u>                                                                    |                       |                |
| 8,49,00,00,000 Equity Shares of ₹ 10/- each (Previous Year : 8,49,00,00,000)                                         | <b>84,900,000,000</b> | 84,900,000,000 |
| <u>Preference Shares of ₹ 10/- each fully paid up</u>                                                                |                       |                |
| 1,00,00,00,000 Preference Shares of ₹ 10 each (Previous Year : 1,00,00,00,000)                                       | <b>100,000,000</b>    | 100,000,000    |
| <b>Total</b>                                                                                                         | <b>85,000,000,000</b> | 85,000,000,000 |
| <b>ISSUED, SUBSCRIBED &amp; FULLY PAID-UP</b>                                                                        |                       |                |
| <u>Equity Shares of ₹ 10/- each fully paid up</u>                                                                    |                       |                |
| 86,11,878 Equity Shares of ₹ 10/- each fully paid up (Previous Year : 86,11,878)                                     | <b>86,118,780</b>     | 86,118,780     |
| <u>4.5% Redeemable Cumulative Preference Shares of ₹ 10/- each fully paid up</u>                                     | <b>70,000,000</b>     | 70,000,000     |
| 70,00,000 (4.5%) Redeemable Cumulative Preference Shares of ₹ 10/- each fully paid up<br>(Previous Year : 70,00,000) |                       |                |
| <b>Total</b>                                                                                                         | <b>156,118,780</b>    | 156,118,780    |

The reconciliation of the number of Equity Shares outstanding as at March 31, 2014 and March 31, 2013 is given below:

| PARTICULARS                                            | As at            |                |
|--------------------------------------------------------|------------------|----------------|
|                                                        | MARCH 31, 2014   | MARCH 31, 2013 |
| Number of equity shares at the beginning               | <b>8,611,878</b> | 8,611,878      |
| Add/Less: No. of shares issued/reduced during the year | -                | -              |
| Number of equity shares at the end                     | <b>8,611,878</b> | 8,611,878      |

The reconciliation of the number of Preference Shares outstanding as at March 31, 2014 and March 31, 2013 is given below:

| PARTICULARS                                          | As at            |                |
|------------------------------------------------------|------------------|----------------|
|                                                      | MARCH 31, 2014   | MARCH 31, 2013 |
| Number of preference shares at the beginning         | <b>7,000,000</b> | 7,000,000      |
| Add: No. of preference shares issued during the year | -                | -              |
| Number of preference shares at the end               | <b>7,000,000</b> | 7,000,000      |

#### Rights, Preferences and restrictions attached to shares

##### Equity Shares:

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

# NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

## Preference Shares:

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

The details of shareholders holding more than 5% shares as at March 31, 2014 is given below:

| Name of the Shareholder                        | No. of shares | % held as at<br>MARCH 31, 2014 | No. of shares | % held as at<br>MARCH 31, 2013 |
|------------------------------------------------|---------------|--------------------------------|---------------|--------------------------------|
| <b>Equity Shares</b>                           |               |                                |               |                                |
| Mr. Sohel Malik                                | 1,765,000     | 20.49%                         | 1,765,000     | 20.49%                         |
| M/s. Kilam Holdings Limited                    | 1,378,405     | 16.01%                         | 1,378,405     | 16.01%                         |
| M/s. Fortune Private Equity, LLC               | 1,100,000     | 12.77%                         | 1,100,000     | 12.77%                         |
| <b>Preference Shares</b>                       |               |                                |               |                                |
| M/s. Genesys International Corporation Limited | 7,000,000     | 100%                           | 7,000,000     | 100%                           |

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

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

## 4. RESERVES & SURPLUS

(in ₹)

| PARTICULARS                                                           | As at               |                |
|-----------------------------------------------------------------------|---------------------|----------------|
|                                                                       | MARCH 31, 2014      | MARCH 31, 2013 |
| <b>SECURITIES PREMIUM - Opening Balance</b>                           | <b>8,800,000</b>    | 8,800,000      |
| Add: Receipt during the year                                          | -                   | -              |
|                                                                       | <b>8,800,000</b>    | 8,800,000      |
| <b>GENERAL RESERVE - Opening Balance</b>                              | <b>306,079,105</b>  | 306,079,105    |
| Add: Transfer from Surplus                                            | -                   | -              |
|                                                                       | <b>306,079,105</b>  | 306,079,105    |
| <b>SURPLUS/(DEFICIT) - Opening Balance</b>                            | <b>(57,561,017)</b> | (46,885,130)   |
| Add: Net loss after tax transferred from Statement of Profit and Loss | <b>(799,654)</b>    | (10,675,887)   |
|                                                                       | -                   | -              |
| Amount available for appropriation                                    | <b>(58,360,671)</b> | (57,561,017)   |
| Appropriations                                                        | -                   | -              |
| <b>SURPLUS/(DEFICIT) - Closing Balance</b>                            | <b>(58,360,671)</b> | (57,561,017)   |
| <b>Total</b>                                                          | <b>256,518,434</b>  | 257,318,088    |



## NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

### 5. LONG-TERM PROVISIONS

(in ₹)

| PARTICULARS                                         | As at          |                |
|-----------------------------------------------------|----------------|----------------|
|                                                     | MARCH 31, 2014 | MARCH 31, 2013 |
| Provision for Employee Benefits (refer note no. 20) | 27,816         | 91,543         |
| <b>Total</b>                                        | <b>27,816</b>  | <b>91,543</b>  |

### 6. TRADE PAYABLES

(in ₹)

| PARTICULARS    | As at          |                |
|----------------|----------------|----------------|
|                | MARCH 31, 2014 | MARCH 31, 2013 |
| Trade Payables | 304,314        | 146,848        |
| <b>Total</b>   | <b>304,314</b> | <b>146,848</b> |

#### Amount due to Micro, Small and Medium Enterprises :

As at March 31, 2014, no supplier has intimated the Company about its status as Micro or Small Enterprise or its registration with the appropriate authority under the Micro, Small & Medium Enterprises Development Act, 2006 (said Act) and to the best of the Company's knowledge and belief, trade payables as at the year end do not include outstanding dues to parties or entities covered by the said Act.

### 8. OTHER SHORT-TERM PROVISIONS

(in ₹)

| PARTICULARS    | As at            |                  |
|----------------|------------------|------------------|
|                | MARCH 31, 2014   | MARCH 31, 2013   |
| Other payables | 8,977,131        | 8,857,761        |
| <b>Total</b>   | <b>8,977,131</b> | <b>8,857,761</b> |

### 7. OTHER CURRENT LIABILITIES

(in ₹)

| PARTICULARS                                         | As at          |                |
|-----------------------------------------------------|----------------|----------------|
|                                                     | MARCH 31, 2014 | MARCH 31, 2013 |
| Provision for Employee Benefits (refer note no. 20) | 4,228          | 13,034         |
| Provision for Income Taxes (net of advance taxes)   | 382,957        | 666,064        |
| <b>Total</b>                                        | <b>387,185</b> | <b>679,098</b> |

# NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

## 9. FIXED ASSETS

| Particulars              | Original Cost                 |                          |                      |                                | Depreciation / Amortization |              |              |                | Net Book Value |                |
|--------------------------|-------------------------------|--------------------------|----------------------|--------------------------------|-----------------------------|--------------|--------------|----------------|----------------|----------------|
|                          | Opening Balance as at 1.04.13 | Addition during the year | Sale during the year | Closing Balance as at 31.03.14 | Up to 1.04.13               | For the year | On Deduction | Up to 31.03.14 | As at 31.03.14 | As at 31.03.13 |
| <b>Tangible Assets</b>   |                               |                          |                      |                                |                             |              |              |                |                |                |
| Computer Hardware        | 831,351                       | -                        | -                    | 831,351                        | 831,351                     | -            | -            | 831,351        | -              | -              |
| Furniture & Fixtures     | 128,374                       | -                        | -                    | 128,374                        | 79,141                      | 8,128        | -            | 87,269         | 41,105         | 49,233         |
| Office Equipments        | 1,666,905                     | -                        | -                    | 1,666,905                      | 755,627                     | 79,178       | -            | 834,805        | 832,100        | 911,278        |
| <b>Sub Total</b>         | 2,626,630                     | -                        | -                    | 2,626,630                      | 1,666,119                   | 87,306       | -            | 1,753,425      | 873,205        | 960,511        |
|                          |                               |                          |                      |                                |                             |              |              |                |                |                |
| <b>Intangible Assets</b> |                               |                          |                      |                                |                             |              |              |                |                |                |
| Computer Software        | 273,558                       | -                        | -                    | 273,558                        | 273,558                     | -            | -            | 273,558        | -              | -              |
| <b>Sub Total</b>         | 273,558                       | -                        | -                    | 273,558                        | 273,558                     | -            | -            | 273,558        | -              | -              |
|                          |                               |                          |                      |                                |                             |              |              |                |                |                |
| <b>Total</b>             | 2,900,188                     | -                        | -                    | 2,900,188                      | 1,939,677                   | 87,306       | -            | 2,026,983      | 873,205        | 960,511        |
| <b>Previous Year</b>     | 4,009,207                     | -                        | 1,109,019            | 2,900,188                      | 2,960,858                   | 87,838       | 1,109,019    | 1,939,677      | 960,511        | 1,048,349      |

## 10. INVESTMENTS

(in ₹)

### PARTICULARS

As at

MARCH 31, 2014 MARCH 31, 2013

#### Non-Current Investments

##### Long Term Investments - at cost

##### Trade Investments - Unquoted

##### Investment in Equity Instruments

Wholly owned subsidiary -

5,50,650 Common Stock USD 10 par value in Genesys Enterprises Inc., USA

(Previous year: 5,50,650 common stock \$ 10 par value)

268,234,232 268,234,232

268,234,232 268,234,232

## 11. LONG TERM LOANS & ADVANCES

(in ₹)

### PARTICULARS

As at

MARCH 31, 2014 MARCH 31, 2013

#### Unsecured, considered good

Other Loans & Advances

Advance to subsidiary

3,771,671 -

Other Advances

1,347,618 -

Loan to Other Body Corporate

97,091,153 93,916,871

Other Deposits

50,000,000 50,000,000

**Total**

152,210,442 143,916,871

# GI ENGINEERING SOLUTIONS LIMITED

## NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

### 12. TRADE RECEIVABLES

(in ₹)

| PARTICULARS                                                | As at             |                   |
|------------------------------------------------------------|-------------------|-------------------|
|                                                            | MARCH 31, 2014    | MARCH 31, 2013    |
| <b>Debts outstanding for a period exceeding six months</b> |                   |                   |
| <b>Unsecured</b>                                           |                   |                   |
| Considered Good                                            | 295,500           | 335,172           |
| Considered Doubtful                                        | 29,083,658        | 28,717,238        |
|                                                            | <u>29,379,158</u> | <u>29,052,410</u> |
| Less: Provision for Doubtful Debts                         | 29,083,658        | 28,717,238        |
|                                                            | <u>295,500</u>    | <u>335,172</u>    |
| <b>Other Debts</b>                                         |                   |                   |
| <b>Unsecured</b>                                           |                   |                   |
| Considered Good                                            | 298,300           | 371,912           |
| Considered Doubtful                                        | -                 | -                 |
|                                                            | <u>298,300</u>    | <u>371,912</u>    |
| Less: Provision for Doubtful Debts                         | -                 | -                 |
|                                                            | <u>298,300</u>    | <u>371,912</u>    |
| <b>Total</b>                                               | <u>593,800</u>    | <u>707,084</u>    |

### 13. CASH & CASH EQUIVALENTS

(in ₹)

| PARTICULARS         | As at          |                |
|---------------------|----------------|----------------|
|                     | MARCH 31, 2014 | MARCH 31, 2013 |
| Cash in Hand        | -              | -              |
| Balances with Banks |                |                |
| In Current Accounts | 402,909        | 190,204        |
| <b>Total</b>        | <u>402,909</u> | <u>190,204</u> |

### 14. SHORT TERM LOANS & ADVANCES

(in ₹)

| PARTICULARS                       | As at          |                  |
|-----------------------------------|----------------|------------------|
|                                   | MARCH 31, 2014 | MARCH 31, 2013   |
| <b>Unsecured, considered good</b> |                |                  |
| Advance to subsidiary             | -              | 3,430,088        |
| Others                            |                |                  |
| Other Advances                    | 19,072         | 5,773,128        |
| <b>Total</b>                      | <u>19,072</u>  | <u>9,203,216</u> |

# NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

## 15. OTHER INCOME

(in ₹)

| PARTICULARS                             | 2013-2014      | 2012-2013        |
|-----------------------------------------|----------------|------------------|
| Interest income on deposits with others | -              | 4,911,332        |
| Profit on sale of fixed assets          | -              | 8,632            |
| Gain/ (Losses) on foreign currency, net | 376,001        | (535,948)        |
| <b>Total</b>                            | <b>376,001</b> | <b>4,384,016</b> |

## 16. EXPENSES

(in ₹)

| PARTICULARS                                  | 2013-2014      | 2012-2013        |
|----------------------------------------------|----------------|------------------|
| <b>Employee Benefit Expenses</b>             |                |                  |
| Salaries, Allowances and Bonus               | 727,960        | 1,085,208        |
| Staff Welfare                                | 1,500          | 6,315            |
| Contribution to Provident Fund & other funds | 28,203         | 39,708           |
| <b>Total</b>                                 | <b>757,663</b> | <b>1,131,231</b> |

### Finance Costs

|              |            |               |
|--------------|------------|---------------|
| Bank Charges | 102        | 12,621        |
| <b>Total</b> | <b>102</b> | <b>12,621</b> |

### Other Costs

|                              |                  |                   |
|------------------------------|------------------|-------------------|
| Legal & Professional Fees    | 86,000           | 312,724           |
| Printing & Stationery        | 132,405          | 141,610           |
| Communication Expenses       | 30,186           | 30,467            |
| Project Expenses             | 8,000            | 125,000           |
| Bad debts                    | -                | 28,893            |
| Miscellaneous expenses       | 272,308          | 890,756           |
| Remuneration to Auditors     |                  |                   |
| - Statutory Audit            | 21,565           | 22,094            |
| - Tax Audit                  | 7,500            | 7,500             |
| Provision for Doubtful Debts | 366,420          | 12,376,309        |
| <b>Total</b>                 | <b>924,384</b>   | <b>13,935,353</b> |
|                              | <b>1,682,149</b> | <b>15,079,205</b> |

# GI ENGINEERING SOLUTIONS LIMITED

## NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

### 17. TAX EXPENSE

|              |           | (in ₹)    |
|--------------|-----------|-----------|
| PARTICULARS  | 2013-2014 | 2012-2013 |
| Current Tax  |           |           |
| Income Taxes | -         | 625,000   |
|              | -         | 625,000   |

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

### 18. CONTINGENT LIABILITIES:

|                                                                                          |                | (in ₹)         |
|------------------------------------------------------------------------------------------|----------------|----------------|
| PARTICULARS                                                                              | As at          |                |
|                                                                                          | MARCH 31, 2014 | MARCH 31, 2013 |
| Contingent Liabilities                                                                   |                |                |
| Estimated amount of claims against the company not acknowledged as debts in respect of : |                |                |
| Disputed Income Tax Matters                                                              | 18,16,017      | 26,09,120      |

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

List of Related Parties:-

#### A. Wholly owned Subsidiary Company

M/s Genesys Enterprises Inc., USA

#### B. Key Management Personnel

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

#### C. Principal Shareholder

M/s Kilam Holdings Ltd, Mauritius

#### D. Associate Enterprises

M/s Genesys International Corporation Ltd.

M/s. Ventura Securities Limited

# NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Details of Transactions with related parties are as follows:

| PARTICULARS                                                                         | Year ended<br>31st March 2014 | Year ended<br>31st March 2013 |
|-------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
|                                                                                     | ₹                             | ₹                             |
| Transactions during the year -                                                      |                               |                               |
| Services Received –                                                                 |                               |                               |
| Genesys International Corporation Limited                                           | -                             | 1,25,000                      |
| Advance Repaid/ Reimbursement of Expenses to Genesys International Corporation Ltd. | 18,000                        | 30,000                        |
| Advance to Genesys Enterprises Inc., USA                                            | 5,935                         | 6,55,052                      |
| Closing Balance -                                                                   |                               |                               |
| Amount Receivable from Genesys Enterprises Inc., USA                                | 37,71,671                     | 34,30,088                     |

## 20. Employee Benefits :

Post-employment benefits plans

### (a) Defined Contribution Plans –

In respect of the defined contribution plans, an amount of ₹ 25,830 (Previous Year: ₹ 36,348) has been provided in the Profit & Loss account for the year towards employer share of PF contribution.

### (b) Defined Benefit Plans –

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

(ii) Principal actuarial assumptions :

| Particulars                    | FY 2013-14 | FY 2012-13 |
|--------------------------------|------------|------------|
|                                | Gratuity   | Gratuity   |
| Discount Rate                  | 9.30%      | 8.05%      |
| Salary Escalation Current year | 10% p.a    | 12% p.a    |
| Salary Escalation -            |            |            |
| First 5 years                  | 10% p.a    | N. A.      |
| Next 5 years                   | N. A.      | 10% p.a    |
| Thereafter                     | 5% p.a     | 7% p.a     |

# GI ENGINEERING SOLUTIONS LIMITED

## NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

(iii) Reconciliation of Benefit Obligation :

| PARTICULARS                                                                       | FY 2013-14 | FY 2012-13 |
|-----------------------------------------------------------------------------------|------------|------------|
|                                                                                   | Gratuity   | Gratuity   |
|                                                                                   | ₹          | ₹          |
| Liability at the beginning of the year                                            | 36,312     | 18,970     |
| Current Service Cost                                                              | 12,406     | 8,872      |
| Interest Cost                                                                     | 3,868      | 2,406      |
| Actuarial (Gain)/ Loss on Obligations                                             | (36,448)   | 6,064      |
| Amount recognised and disclosed under the head "Provision for Employees Benefits" | 16,138     | 36,312     |

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

| PARTICULARS                                    | FY 2013-14 | FY 2012-13 |
|------------------------------------------------|------------|------------|
|                                                | Gratuity   | Gratuity   |
|                                                | ₹          | ₹          |
| Current Service Cost                           | 12,406     | 8,872      |
| Interest Cost                                  | 3,868      | 2,406      |
| Net Actuarial (Gain)/ Loss recognised          | (36,448)   | 6,064      |
| Expenses recognised in Profit and Loss account | (20,174)   | 17,342     |

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

| PARTICULARS                                      | FY 2013-14 | FY 2012-13 |
|--------------------------------------------------|------------|------------|
|                                                  | Gratuity   | Gratuity   |
|                                                  | ₹          | ₹          |
| Liability at the end of the year                 | 16,138     | 36,312     |
| Fair Value of Plan assets at the end of the year | -          | -          |
| Difference                                       | 16,138     | 36,312     |
| Amount shown in Balance Sheet                    | 16,138     | 36,312     |

# NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

| PARTICULARS                                | As at          |                |
|--------------------------------------------|----------------|----------------|
|                                            | MARCH 31, 2014 | MARCH 31, 2013 |
|                                            | ₹              | ₹              |
| <b>Deferred Tax Assets</b>                 |                |                |
| Fixed Assets (Depreciation/Amortization)   | 4,32,798       | 4,91,723       |
| Provision for Employee Benefits            | 9,902          | 32,314         |
| Provision for Doubtful Debts               | 89,86,850      | 88,73,627      |
| Total                                      | 94,29,550      | 93,97,663      |
| <b>Deferred Tax Liability</b>              | -              | -              |
| <b>Net Deferred Tax (Liability)/Assets</b> | 94,29,550      | 93,97,663      |

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

## 22. EARNINGS PER SHARE:

| PARTICULARS                                                                                                | MARCH 31, 2014 | MARCH 31, 2013  |
|------------------------------------------------------------------------------------------------------------|----------------|-----------------|
| Weighted average number of shares used as denominator for calculating<br><b>Basic earning per share</b>    | 86,11,878      | 86,11,878       |
| Weighted average number of shares used as denominator for calculating<br><b>Dilutive earning per share</b> | 86,11,878      | 86,11,878       |
| <b>Net Profit / ( Loss ) after taxation</b>                                                                | ₹ (7,99,654)   | ₹ (1,06,75,887) |
| Basic EPS                                                                                                  | ₹ (0.09)       | ₹ (1.24)        |
| Diluted EPS                                                                                                | ₹ (0.09)       | ₹ (1.24)        |
| Nominal value of Shares                                                                                    | ₹ 10           | ₹ 10            |



# GI ENGINEERING SOLUTIONS LIMITED

## NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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

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

### SECONDARY SEGMENT (Geographical Segment based on Sales Continent viz)

|                                      | (amount in ₹)                         |                                       |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Segment Revenue                      | For the Year ended<br>31st March 2014 | For the Year ended<br>31st March 2013 |
| Asia                                 | 5,93,800                              | 7,32,140                              |
| <b>Total Revenue from Operations</b> | <b>5,93,800</b>                       | <b>7,32,140</b>                       |

24. Earnings in Foreign Exchange: (At actual)

|                         | (amount in ₹)                         |                                       |
|-------------------------|---------------------------------------|---------------------------------------|
| Segment Revenue         | For the Year ended<br>31st March 2014 | For the Year ended<br>31st March 2013 |
| Revenue from Operations | Nil                                   | Nil                                   |

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

|                 | (amount in ₹)                         |                                       |
|-----------------|---------------------------------------|---------------------------------------|
| Segment Revenue | For the Year ended<br>31st March 2014 | For the Year ended<br>31st March 2013 |
| Capital Goods   | Nil                                   | Nil                                   |

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

## NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 27. Exchange Differences

During the period realized and unrealized exchange gain amounting to ₹ 3,76,001 (Previous Year: exchange loss of ₹ 5,35,948) is included in the profit and loss account.

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

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#### As per our Report of even date attached

##### For DIXIT DATTATRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

##### D. B. DIXIT

PROPRIETOR

Membership No. 40032

Date: May 29, 2014

MUMBAI

#### For and on behalf of the Board of Directors

##### SAJID MALIK

MANAGING DIRECTOR

##### GANAPATHY VISHWANATHAN

DIRECTOR

Date: May 29, 2014

MUMBAI

# GI ENGINEERING SOLUTIONS LIMITED

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

(Amount in USD)

|                                                                                                                                                                        |                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| <b>Name of the Subsidiary</b>                                                                                                                                          | <b>Genesys Enterprises Inc. USA</b> |
| Financial year of the Subsidiary Company ended on                                                                                                                      | 31st March 2014                     |
| Holding Company's Interest                                                                                                                                             |                                     |
| Number of shares                                                                                                                                                       | 550,650 Ordinary Shares             |
| Extent of holding                                                                                                                                                      | 100%                                |
| Net aggregate amount of the subsidiary's profits/(Losses) so far as it concerns members of the holding Company and is not dealt with in the Holding Company's accounts |                                     |
| (i) for the financial year of the subsidiary                                                                                                                           | (9,879)                             |
| (ii) for the previous financial years of the subsidiary since it become the Holding Company's subsidiary                                                               | (820490)                            |
| Net aggregate amount of the profits/(Losses) of the subsidiary dealt with the Company's accounts                                                                       |                                     |
| (i) for the financial year of the subsidiary                                                                                                                           | N I L                               |
| (ii) for the previous financial years of the subsidiary since it become the Holding Company's subsidiary                                                               | N I L                               |

**For and on behalf of the Board of Directors**

**SAJID MALIK**  
MANAGING DIRECTOR

**GANAPATHY VISHWANATHAN**  
DIRECTOR

Mumbai

Dated : 29th May, 2014

## REPORT OF THE AUDITORS ON CONSOLIDATED FINANCIAL STATEMENTS

### TO THE BOARD OF DIRECTORS OF GI ENGINEERING SOLUTIONS LIMITED

We have audited the accompanying consolidated financial statements of **GI ENGINEERING SOLUTIONS LIMITED** (the "Company") and its subsidiary (the Company and its subsidiary constitute the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

### AUDITORS' RESPONSIBILITY

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

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

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

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

### OPINION

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

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Emphasis of Matter

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

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

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

Mumbai  
Dated : 29th May, 2014

# GI ENGINEERING SOLUTIONS LIMITED

## CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2014

| PARTICULARS                              | Note No. | MARCH 31, 2014<br>₹ | MARCH 31, 2013<br>₹ |
|------------------------------------------|----------|---------------------|---------------------|
| <b>EQUITY AND LIABILITIES</b>            |          |                     |                     |
| <b>1) SHAREHOLDERS FUNDS</b>             |          |                     |                     |
| a) Share Capital                         | 2        | 156,118,780         | 156,118,780         |
| b) Reserves & Surplus                    | 3        | 274,896,072         | 251,664,864         |
|                                          |          | <u>431,014,852</u>  | <u>407,783,644</u>  |
| <b>2) NON-CURRENT LIABILITIES</b>        |          |                     |                     |
| a) Long-Term Provisions                  | 4        | 27,816              | 91,543              |
|                                          |          | <u>27,816</u>       | <u>91,543</u>       |
| <b>3) CURRENT LIABILITIES</b>            |          |                     |                     |
| a) Trade Payables                        | 5        | 9,324,433           | 7,688,047           |
| b) Other Current Liabilities             | 6        | 30,474,690          | 28,311,393          |
| c) Short-Term Provisions                 | 7        | 387,185             | 679,098             |
|                                          |          | <u>40,186,308</u>   | <u>36,678,538</u>   |
| Total                                    |          | <u>471,228,976</u>  | <u>444,553,725</u>  |
| <b>ASSETS</b>                            |          |                     |                     |
| <b>1) NON-CURRENT ASSETS</b>             |          |                     |                     |
| a) <b>Fixed Assets</b>                   | 8        |                     |                     |
| Tangible Assets                          |          | 873,205             | 960,511             |
| Intangible Assets                        |          | 9,658,625           | 9,658,625           |
|                                          |          | <u>10,531,830</u>   | <u>10,619,136</u>   |
| b) <b>Long-Term Loans &amp; Advances</b> | 9        | 196,630,971         | 143,916,871         |
|                                          |          | <u>207,162,801</u>  | <u>154,536,007</u>  |
| <b>2) CURRENT ASSETS</b>                 |          |                     |                     |
| a) Trade Receivables                     | 10       | 251,199,847         | 228,976,046         |
| b) Cash & Cash Equivalents               | 11       | 12,456,139          | 203,569             |
| c) Short-Term Loans & Advances           | 12       | 410,189             | 60,838,103          |
|                                          |          | <u>264,066,175</u>  | <u>290,017,718</u>  |
| Total                                    |          | <u>471,228,976</u>  | <u>444,553,725</u>  |

Notes forming integral part of consolidated financial statements

1 to 23

As per our Report of even date attached

For DIXIT DATTATRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

D. B. DIXIT

PROPRIETOR

Membership No. 40032

Date: May 29, 2014

MUMBAI

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN

DIRECTOR

Date: May 29, 2014

MUMBAI

# STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2014

| PARTICULARS                             | Note No. | MARCH 31, 2014<br>₹ | MARCH 31, 2013<br>₹ |
|-----------------------------------------|----------|---------------------|---------------------|
| <b>INCOME</b>                           |          |                     |                     |
| Revenue from Operations                 |          | 593,800             | 732,140             |
| Other Income                            | 13       | 376,001             | 4,384,016           |
| <b>Total Revenue</b>                    |          | <b>969,801</b>      | <b>5,116,156</b>    |
| <b>EXPENSES</b>                         |          |                     |                     |
| Employee Benefit Expenses               | 14       | 757,663             | 1,131,231           |
| Finance Costs                           | 14       | 44,175              | 35,924              |
| Depreciation / Amortization             | 8        | 87,306              | 87,838              |
| Other Costs                             | 14       | 977,024             | 13,977,784          |
| <b>Total Expenses</b>                   |          | <b>1,866,168</b>    | <b>15,232,777</b>   |
| <b>PROFIT/(LOSS) BEFORE TAX</b>         |          | <b>(896,367)</b>    | <b>(10,116,621)</b> |
| Tax Expense                             |          |                     |                     |
| Current Tax                             | 15       | 502,159             | 1,088,915           |
| <b>PROFIT/(LOSS) AFTER TAX</b>          |          | <b>(1,398,526)</b>  | <b>(11,205,536)</b> |
| <b>EARNINGS PER EQUITY SHARE</b>        |          |                     |                     |
| Equity Shares of par value of ₹ 10 each |          |                     |                     |
| Basic & Diluted                         | 19       | (0.16)              | (1.30)              |

Notes forming integral part of consolidated financial statements 1 to 23

As per our Report of even date attached

**For DIXIT DATTATRAY & ASSOCIATES**

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

**D. B. DIXIT**

PROPRIETOR

Membership No. 40032

Date: May 29, 2014

MUMBAI

For and on behalf of the Board of Directors

**SAJID MALIK**

MANAGING DIRECTOR

**GANAPATHY VISHWANATHAN**

DIRECTOR

Date: May 29, 2014

MUMBAI

# GI ENGINEERING SOLUTIONS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2014

| PARTICULARS                                                                | YEAR ENDED     |              | YEAR ENDED     |
|----------------------------------------------------------------------------|----------------|--------------|----------------|
|                                                                            | MARCH 31, 2014 |              | MARCH 31, 2013 |
|                                                                            | ₹              | ₹            | ₹              |
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                               |                |              |                |
| Net Profit/(Loss) before tax as per statement of profit and loss           |                | (896,367)    | (10,116,621)   |
| Adjustments for:                                                           |                |              |                |
| Depreciation & Amortisation                                                | 87,306         |              | 87,838         |
| Interest income                                                            | -              |              | (4,911,332)    |
| Loss on sale of fixed assets                                               | -              |              | (8,632)        |
| Provision for Doubtful Debts                                               | 366,420        |              | 12,376,309     |
| Unrealised Gain                                                            | (738,834)      |              | (465,911)      |
|                                                                            |                | (285,108)    | 7,078,272      |
| <b>Operating Profit/(Loss) before working capital changes</b>              |                | (1,181,475)  | (3,038,349)    |
| Adjustments for:                                                           |                |              |                |
| (Increase)/ Decrease in Trade Receivables                                  | (22,590,221)   |              | (12,316,366)   |
| (Increase)/ Decrease in Loans & Advances                                   | 7,206,732      |              | (7,389,174)    |
| Increase/ (Decrease) in Current Liabilities and Provisions                 | 3,727,150      |              | 1,427,326      |
|                                                                            |                | (11,656,339) | (18,278,214)   |
| <b>CASH GENERATED FROM OPERATIONS</b>                                      |                | (12,837,814) | (21,316,563)   |
| Taxes (Paid) / Refund                                                      |                | (785,266)    | (1,028,800)    |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                             |                | (13,623,080) | (22,345,363)   |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                               |                |              |                |
| Sale of fixed assets                                                       | -              |              | 8,632          |
| Interest income                                                            | -              |              | 4,911,332      |
| Receipt from Other Body Corporates                                         | 1,245,916      |              | 518,000        |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                               |                | 1,245,916    | 5,437,964      |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                               |                |              |                |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                             |                | -            | -              |
| <b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>                         |                | (12,377,164) | (16,907,399)   |
| Exchange difference on translation of foreign currency accounts / deposits |                | 24,629,734   | 15,732,905     |
| <b>CASH &amp; CASH EQUIVALENTS (OPENING BALANCE)</b>                       |                | 203,569      | 1,378,063      |
| <b>CASH &amp; CASH EQUIVALENTS (CLOSING BALANCE)</b>                       |                | 12,456,139   | 203,569        |

Notes forming integral part of consolidated financial statements

1 to 23

For DIXIT DATTATRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

D. B. DIXIT

PROPRIETOR

Membership No. 40032

Date: May 29, 2014

MUMBAI

For and on behalf of the Board of Directors

SAJID MALIK

MANAGING DIRECTOR

GANAPATHY VISHWANATHAN

DIRECTOR

Date: May 29, 2014

MUMBAI

# NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

## 1. Significant Accounting Policies

### a. Basis & Principles of Consolidation

- i. These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian "GAAP") under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) (which continues to be applicable in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013) and other relevant provisions of the Companies Act, 1956.

List of subsidiary considered in the consolidated financial statements:

| Name of the Entity       | Nature of Relationship | Country of Incorporation | Extent of holding as on March 31, 2014 |
|--------------------------|------------------------|--------------------------|----------------------------------------|
| Genesys Enterprises Inc. | Subsidiary             | USA                      | 100%                                   |

- ii. Use of estimates – The Preparation of Consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Any revisions to accounting estimates are recognized prospectively in current and future periods.
- iii. The consolidated financial statements of the group have been prepared based on a line-by-line consolidation of Statement of Profit and Loss for the period ended 31st March, 2014 and Balance Sheet as on that date by adding together the book values of like items of income, expenses, assets and liabilities. All inter-company balances and transactions are eliminated on consolidation. The consolidated financial statements have been prepared in Indian Rupees.

### b. Foreign Currency Translation

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

### c. Other Significant Accounting Policies

These are set out under "Significant Accounting Policies" as given in the respective financial statements of the Company and its subsidiary company.



# GI ENGINEERING SOLUTIONS LIMITED

## NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 2. SHARE CAPITAL

(in ₹)

| PARTICULARS                                                                                                     | As at                 |                       |
|-----------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                 | MARCH 31, 2014        | MARCH 31, 2013        |
| <b>AUTHORIZED</b>                                                                                               |                       |                       |
| Equity Shares of ₹ 10/- each fully paid up                                                                      | 84,900,000,000        | 84,900,000,000        |
| 8,49,00,00,000 Equity Shares of ₹ 10/- each (Previous Year : 8,49,00,00,000)                                    |                       |                       |
| Preference Shares of ₹ 10/- each fully paid up                                                                  | 100,000,000           | 100,000,000           |
| 1,00,00,000 Preference Shares of ₹ 10 each (Previous Year : 1,00,00,000)                                        |                       |                       |
| <b>Total</b>                                                                                                    | <b>85,000,000,000</b> | <b>85,000,000,000</b> |
| <b>ISSUED, SUBSCRIBED &amp; FULLY PAID-UP</b>                                                                   |                       |                       |
| Equity Shares of ₹ 10/- each fully paid up                                                                      | 86,118,780            | 86,118,780            |
| 86,11,878 Equity Shares of ₹ 10/- each fully paid up (Previous Year : 86,11,878)                                |                       |                       |
| 4.5% Redeemable Cumulative Preference Shares of ₹ 10/- each fully paid up                                       | 70,000,000            | 70,000,000            |
| 70,00,000 (4.5%) Redeemable Cumulative Preference Shares of ₹ 10 each fully paid up (Previous Year : 70,00,000) |                       |                       |
| <b>Total</b>                                                                                                    | <b>156,118,780</b>    | <b>156,118,780</b>    |

The reconciliation of the number of Equity Shares outstanding as at March 31, 2014 and March 31, 2013 is set out below:

| PARTICULARS                                            | As at            |                  |
|--------------------------------------------------------|------------------|------------------|
|                                                        | MARCH 31, 2014   | MARCH 31, 2013   |
| Number of equity shares at the beginning               | 8,611,878        | 8,611,878        |
| Add/Less: No. of shares issued/reduced during the year | -                | -                |
| Number of equity shares at the end                     | <b>8,611,878</b> | <b>8,611,878</b> |

The reconciliation of the number of Preference Shares outstanding as at March 31, 2014 and March 31, 2013 is set out below:

| PARTICULARS                                          | As at            |                  |
|------------------------------------------------------|------------------|------------------|
|                                                      | MARCH 31, 2014   | MARCH 31, 2013   |
| Number of preference shares at the beginning         | 7,000,000        | 7,000,000        |
| Add: No. of preference shares issued during the year | -                | -                |
| Number of preference shares at the end               | <b>7,000,000</b> | <b>7,000,000</b> |

### Rights, Preferences and restrictions attached to shares

#### Equity Shares:

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

# NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

## Preference Shares:

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

The details of shareholders holding more than 5% shares as at March 31, 2014 is set out below:

| Name of the Shareholder                        | No. of shares | % held as at<br>MARCH 31, 2014 | No. of shares | % held as at<br>MARCH 31, 2013 |
|------------------------------------------------|---------------|--------------------------------|---------------|--------------------------------|
| <b>Equity Shares</b>                           |               |                                |               |                                |
| Mr. Sohel Malik                                | 1765000       | 20.49%                         | 1765000       | 20.49%                         |
| M/s. Kilam Holdings Limited                    | 1378405       | 16.01%                         | 1378405       | 16.01%                         |
| M/s. Fortune Private Equity, LLC               | 1100000       | 12.77%                         | 1100000       | 12.77%                         |
| <b>Preference Shares</b>                       |               |                                |               |                                |
| M/s. Genesys International Corporation Limited | 7000000       | 100%                           | 7,000,000     | 100%                           |

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

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

## 3. RESERVES & SURPLUS

| PARTICULARS                                                           | As at<br>(in ₹)     |                |
|-----------------------------------------------------------------------|---------------------|----------------|
|                                                                       | MARCH 31, 2014      | MARCH 31, 2013 |
| <b>SECURITIES PREMIUM - Opening Balance</b>                           | <b>8,800,000</b>    | 8,800,000      |
| Add: Receipt during the year                                          | -                   | -              |
|                                                                       | <b>8,800,000</b>    | 8,800,000      |
| <b>GENERAL RESERVE - Opening Balance</b>                              | <b>299,848,078</b>  | 299,848,078    |
| Add: Transfer from Surplus                                            | -                   | -              |
|                                                                       | <b>299,848,078</b>  | 299,848,078    |
| <b>EXCHANGE FLUCTUATION RESERVE - Opening Balance</b>                 | <b>30,751,391</b>   | 15,018,486     |
| Add: Amount for the current year                                      | <b>24,629,734</b>   | 15,732,905     |
|                                                                       | <b>55,381,125</b>   | 30,751,391     |
| <b>SURPLUS/ (DEFICIT) - Opening Balance</b>                           | <b>(87,734,605)</b> | (76,529,069)   |
| Add: Net loss after tax transferred from Statement of Profit and Loss | <b>(1,398,526)</b>  | (11,205,536)   |
| Amount available for appropriation                                    | <b>(89,133,131)</b> | (87,734,605)   |
| Appropriations                                                        | -                   | -              |
| <b>SURPLUS/(DEFICIT) - Closing Balance</b>                            | <b>(89,133,131)</b> | (87,734,605)   |
| <b>Total</b>                                                          | <b>274,896,072</b>  | 251,664,864    |

# GI ENGINEERING SOLUTIONS LIMITED

## NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 4. LONG-TERM PROVISIONS

(in ₹)

| PARTICULARS                     | As at          |                |
|---------------------------------|----------------|----------------|
|                                 | MARCH 31, 2014 | MARCH 31, 2013 |
| Provision for Employee Benefits | 27,816         | 91,543         |
| <b>Total</b>                    | <b>27,816</b>  | <b>91,543</b>  |

### 5. TRADE PAYABLES

(in ₹)

| PARTICULARS    | As at            |                  |
|----------------|------------------|------------------|
|                | MARCH 31, 2014   | MARCH 31, 2013   |
| Trade Payables | 9,324,433        | 7,688,047        |
| <b>Total</b>   | <b>9,324,433</b> | <b>7,688,047</b> |

#### Amount due to Micro, Small and Medium Enterprises :

As at 31st March, 2014 no supplier has intimated the Company about its status as Micro or Small Enterprise or its registration with the appropriate authority under the Micro, Small & Medium Enterprises Development Act, 2006 (said Act) and to the best of the Company's knowledge and belief, trade payables as at the year end do not include outstanding dues to parties or entities covered by the said Act.

### 6. OTHER CURRENT LIABILITIES

(in ₹)

| PARTICULARS       | As at             |                   |
|-------------------|-------------------|-------------------|
|                   | MARCH 31, 2014    | MARCH 31, 2013    |
| Other Liabilities |                   |                   |
| Other payables    | 30,474,690        | 28,311,393        |
| <b>Total</b>      | <b>30,474,690</b> | <b>28,311,393</b> |

### 7. OTHER SHORT-TERM PROVISIONS

(in ₹)

| PARTICULARS                     | As at          |                |
|---------------------------------|----------------|----------------|
|                                 | MARCH 31, 2014 | MARCH 31, 2013 |
| Provision for Employee Benefits | 4,228          | 13,034         |
| Provision for Income Taxes      | 382,957        | 666,064        |
| <b>Total</b>                    | <b>387,185</b> | <b>679,098</b> |

# NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

## 8. FIXED ASSETS

(in ₹)

| PARTICULARS                                           | ORIGINAL COST                 |                          |                      |                                | DEPRECIATION / AMORTIZATION |              |              |                | NET BOOK VALUE |                |
|-------------------------------------------------------|-------------------------------|--------------------------|----------------------|--------------------------------|-----------------------------|--------------|--------------|----------------|----------------|----------------|
|                                                       | Opening Balance as at 1.04.13 | Addition During the year | Sale During the year | Closing Balance as on 31.03.14 | Up to 1.04.13               | For the year | On Deduction | Up to 31.03.14 | As at 31.03.14 | As at 31.03.13 |
| <b>Tangible Assets</b>                                |                               |                          |                      |                                |                             |              |              |                |                |                |
| Computer Hardware                                     | 11,180,888                    | -                        | -                    | 11,180,888                     | 11,180,888                  | -            | -            | 11,180,888     | -              | -              |
| Furniture & Fixtures                                  | 8,206,800                     | -                        | -                    | 8,206,800                      | 8,157,567                   | 8,128        | -            | 8,165,695      | 41,105         | 49,233         |
| Office Equipments                                     | 2,719,896                     | -                        | -                    | 2,719,896                      | 1,808,618                   | 79,178       | -            | 1,887,796      | 832,100        | 911,278        |
| Vehicles                                              | 1,929,806                     | -                        | -                    | 1,929,806                      | 1,929,806                   | -            | -            | 1,929,806      | -              | -              |
| Leasehold improvement                                 | 3,473,111                     | -                        | -                    | 3,473,111                      | 3,473,111                   | -            | -            | 3,473,111      | -              | -              |
| <b>Sub Total</b>                                      | 27,510,501                    | -                        | -                    | 27,510,501                     | 26,549,990                  | 87,306       | -            | 26,637,296     | 873,205        | 960,511        |
| <b>Intangible Assets</b>                              |                               |                          |                      |                                |                             |              |              |                |                |                |
| Computer Software                                     | 273,558                       | -                        | -                    | 273,558                        | 273,558                     | -            | -            | 273,558        | -              | -              |
| Goodwill on consolidation and other intangible assets | 16,310,186                    | -                        | -                    | 16,310,186                     | 6,651,561                   | -            | -            | 6,651,561      | 9,658,625      | 9,658,625      |
| <b>Sub Total</b>                                      | 16,583,744                    | -                        | -                    | 16,583,744                     | 6,925,119                   | -            | -            | 6,925,119      | 9,658,625      | 9,658,625      |
| <b>Total</b>                                          | 44,094,245                    | -                        | -                    | 44,094,245                     | 33,475,109                  | 87,306       | -            | 33,562,415     | 10,531,830     | 10,619,136     |
| Previous Year                                         | 45,203,264                    | -                        | 1,109,019            | 44,094,245                     | 34,496,290                  | 87,838       | 1,109,019    | 33,475,109     | 10,619,136     | 10,706,974     |

## 9. LONG TERM LOANS & ADVANCES

(in ₹)

| PARTICULARS                       | As at              |                    |
|-----------------------------------|--------------------|--------------------|
|                                   | MARCH 31, 2014     | MARCH 31, 2013     |
| <b>Unsecured, considered good</b> |                    |                    |
| Other Loans & Advances            |                    |                    |
| Other Advances                    | 49,539,818         | -                  |
| Loan to Other Body Corporate      | 97,091,153         | 93,916,871         |
| Other Deposits                    | 50,000,000         | 50,000,000         |
| <b>Total</b>                      | <b>196,630,971</b> | <b>143,916,871</b> |

# GI ENGINEERING SOLUTIONS LIMITED

## NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 10. TRADE RECEIVABLES

(in ₹)

| PARTICULARS                                                | As at              |                    |
|------------------------------------------------------------|--------------------|--------------------|
|                                                            | MARCH 31, 2014     | MARCH 31, 2013     |
| <b>Debts outstanding for a period exceeding six months</b> |                    |                    |
| Unsecured                                                  |                    |                    |
| Considered Good                                            | 250,901,547        | 228,604,134        |
| Considered Doubtful                                        | 45,919,762         | 44,052,702         |
|                                                            | 296,821,309        | 272,656,836        |
| Less: Provision for Doubtful Debts                         | 45,919,762         | 44,052,702         |
|                                                            | 250,901,547        | 228,604,134        |
| Other Debts                                                |                    |                    |
| Unsecured                                                  |                    |                    |
| Considered Good                                            | 298,300            | 371,912            |
| Considered Doubtful                                        | -                  | -                  |
|                                                            | 298,300            | 371,912            |
| Less: Provision for Doubtful Debts                         | -                  | -                  |
|                                                            | 298,300            | 371,912            |
| <b>Total</b>                                               | <b>251,199,847</b> | <b>228,976,046</b> |

### 11. CASH & CASH EQUIVALENTS

(in ₹)

| PARTICULARS         | As at             |                |
|---------------------|-------------------|----------------|
|                     | MARCH 31, 2014    | MARCH 31, 2013 |
| Cash in Hand        | -                 | -              |
| Balances with Banks |                   |                |
| In Current Accounts | 12,456,139        | 203,569        |
| <b>Total</b>        | <b>12,456,139</b> | <b>203,569</b> |

### 12. SHORT TERM LOANS & ADVANCES

(in ₹)

| PARTICULARS                       | As at          |                   |
|-----------------------------------|----------------|-------------------|
|                                   | MARCH 31, 2014 | MARCH 31, 2013    |
| <b>Unsecured, considered good</b> |                |                   |
| Others                            |                |                   |
| Other Loans & Advances            | 19,072         | 60,481,848        |
| Prepaid Expenses                  | 186,359        | 169,748           |
| Other Deposits                    | 204,758        | 186,507           |
| <b>Total</b>                      | <b>410,189</b> | <b>60,838,103</b> |

# NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

## 13. OTHER INCOME

(in ₹)

| PARTICULARS                             | 2013-2014      | 2012-2013        |
|-----------------------------------------|----------------|------------------|
| Interest income on deposits with others | -              | 4,911,332        |
| Profit on sale of fixed assets          | -              | 8,632            |
| Gain/ (Losses) on foreign currency, net | 376,001        | (535,948)        |
| <b>Total</b>                            | <b>376,001</b> | <b>4,384,016</b> |

## 14. EXPENSES

(in ₹)

| PARTICULARS                                  | 2013-2014        | 2012-2013         |
|----------------------------------------------|------------------|-------------------|
| <b>Employee Benefit Expenses</b>             |                  |                   |
| Salaries, Allowances and Bonus               | 727,960          | 1,085,208         |
| Staff Welfare                                | 1,500            | 6,315             |
| Contribution to Provident Fund & other funds | 28,203           | 39,708            |
| <b>Total</b>                                 | <b>757,663</b>   | <b>1,131,231</b>  |
| <b>Finance Costs</b>                         |                  |                   |
| Bank Charges                                 | 44,175           | 35,924            |
| <b>Total</b>                                 | <b>44,175</b>    | <b>35,924</b>     |
| <b>Other Costs</b>                           |                  |                   |
| Legal & Professional Fees                    | 86,127           | 312,750           |
| Provision for Loss on Mutual Fund Investment | 132,405          | 141,610           |
| Communication Expenses                       | 30,186           | 30,467            |
| Project Expenses                             | 8,000            | 125,000           |
| Bad debts                                    | -                | 28,893            |
| Miscellaneous expenses                       | 318,886          | 927,755           |
| Remuneration to Auditors                     |                  |                   |
| - Statutory Audit                            | 27,500           | 27,500            |
| - Tax Audit                                  | 7,500            | 7,500             |
| Provision for Doubtful Debts                 | 366,420          | 12,376,309        |
| <b>Total</b>                                 | <b>977,024</b>   | <b>13,977,784</b> |
|                                              | <b>1,778,862</b> | <b>15,144,939</b> |

# GI ENGINEERING SOLUTIONS LIMITED

## NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 15. TAX EXPENSE

|                    |                | (in ₹)           |
|--------------------|----------------|------------------|
| PARTICULARS        | 2013-2014      | 2012-2013        |
| <b>Current Tax</b> |                |                  |
| Income Taxes       | 502,159        | 1,088,915        |
|                    | <u>502,159</u> | <u>1,088,915</u> |

### 16. CONTINGENT LIABILITIES

|                                                                                          |                | (in ₹)         |
|------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                          | As at          |                |
|                                                                                          | March 31, 2014 | March 31, 2013 |
| <b>Contingent Liabilities</b>                                                            |                |                |
| Estimated amount of claims against the company not acknowledged as debts in respect of : |                |                |
| Disputed Income Tax Matters                                                              | 18,16,017      | 26,09,120      |

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

#### A. Key Management Personnel

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

# NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

**B. Principal Shareholder**

- M/s Kilam Holdings Ltd., Mauritius

**C. Associate Enterprises**

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

**Details of Transactions with related parties are as follows:**

| PARTICULARS                                                                         | Year ended      | Year ended      |
|-------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                     | 31st March 2014 | 31st March 2013 |
|                                                                                     | ( ₹ )           | ( ₹ )           |
| <b>Transactions during the year -</b>                                               |                 |                 |
| Services Received –                                                                 |                 |                 |
| Genesys International Corporation Limited                                           | -               | 1,25,000        |
| Advance Repaid/ Reimbursement of Expenses to Genesys International Corporation Ltd. | 18,000          | 30,000          |

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

**SECONDARY SEGMENT (Geographical Segment based on Sales Continent viz)**

(in ₹ )

| Segment Revenue                      | For the Year ended<br>31st March 2014 | For the Year ended<br>31st March 2013 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Asia                                 | 5,93,800                              | 7,32,140                              |
| <b>Total Revenue from Operations</b> | <b>5,93,800</b>                       | <b>7,32,140</b>                       |



## NOTES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

| PARTICULARS                                                                                      | As at          |                 |
|--------------------------------------------------------------------------------------------------|----------------|-----------------|
|                                                                                                  | March 31, 2014 | March 31, 2013  |
| Weighted average number of shares used as denominator for calculating Basic earning per share    | 86,11,878      | 86,11,878       |
| Weighted average number of shares used as denominator for calculating Dilutive earning per share | 86,11,878      | 86,11,878       |
| Net Profit / ( Loss ) after taxation                                                             | ₹ (13,98,526)  | ₹ (1,12,05,536) |
| Basic EPS                                                                                        | ₹ (0.16)       | ₹ (1.30)        |
| Diluted EPS                                                                                      | ₹ (0.16)       | ₹ (1.30)        |
| Nominal value of Shares                                                                          | ₹ 10           | ₹ 10            |

### 20. Current Tax and Deferred Tax

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

(in ₹)

| PARTICULARS                                | As at            |                  |
|--------------------------------------------|------------------|------------------|
|                                            | March 31, 2014   | March 31, 2013   |
| <b>Deferred Tax Assets</b>                 |                  |                  |
| Fixed Assets - Depreciation/Amortization   | 4,32,798         | 4,91,723         |
| Provision for Employee Benefits            | 9,902            | 32,314           |
| Provision for Doubtful Debts               | 89,86,850        | 88,73,626        |
| Total                                      | 94,29,550        | 93,97,663        |
| Deferred Tax Liability                     | -                | -                |
| <b>Net Deferred Tax (Liability)/Assets</b> | <b>94,29,550</b> | <b>93,97,663</b> |

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

21. The subsidiary company has not provided for the Accounts Receivable of USD 42,22,511 and Loans & Advances receivable of USD 8,12,000 since the management is of the view that these amounts will be collectible in the coming years.
22. **Other Notes to Accounts**  
These are set out in the Notes to Accounts for the respective financial statements of the Company and its Subsidiary Company.
23. Figures pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the parent company's financial statements. Figures for the previous year have been re-grouped/re-classified wherever necessary to conform to current year's presentation.

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**As per our Report of even date attached**

**For DIXIT DATTATRAY & ASSOCIATES**

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

**D. B. DIXIT**

PROPRIETOR

Membership No. 40032

Date: May 29, 2014

MUMBAI

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**For and on behalf of the Board of Directors**

**SAJID MALIK**

MANAGING DIRECTOR

**GANAPATHY VISHWANATHAN**

DIRECTOR

Date: May 29, 2014

MUMBAI

# GI ENGINEERING SOLUTIONS LIMITED

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary company for the financial year ended March 31, 2014

| Name of the Subsidiary Company  | Country | Reporting Currency | Exchange Rate | Capital     | Reserves     | Total Assets | Total Liabilities | Investment other than investment in subsidiary | Turnover | Profit/(Loss) before taxation | Provision for taxation | Profit/(Loss) after taxation | Proposed Dividend |
|---------------------------------|---------|--------------------|---------------|-------------|--------------|--------------|-------------------|------------------------------------------------|----------|-------------------------------|------------------------|------------------------------|-------------------|
| <b>Genesys Enterprises Inc.</b> | USA     | USD                | 60.49         | 333,088,185 | (50,229,021) | 317,220,932  | 34,361,768        | -                                              | -        | (96,713)                      | 502,159                | (598,872)                    | -                 |

## NOTES

[illegible]

## NOTES

[illegible]



**GI ENGINEERING SOLUTIONS LIMITED**

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

Ph: 022-44884488; Fax: 022-28290603

Website: www.giesl.com ; E-mail: investors@giesl.com

CIN: L40109MH2006PLC163731

**PROXY FORM**

(pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_

E-mail : \_\_\_\_\_

Folio No. / Client ID : 

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

DP ID : 

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

I / We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail : \_\_\_\_\_

Signature : \_\_\_\_\_

or failing him / her

Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail : \_\_\_\_\_

Signature : \_\_\_\_\_

or failing him / her

Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail : \_\_\_\_\_

Signature : \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Eighth Annual General Meeting of the Company, to be held on the 29th day of September 2014 at 3.15 p.m. at Kohinoor Continental, Andheri Kurla Road, Andheri (East), Mumbai 400 059 and at any adjournment thereof in respect of such resolutions as are indicated below:



| Resolution No.     | Resolution                                                                                                                | Vote |         |         |
|--------------------|---------------------------------------------------------------------------------------------------------------------------|------|---------|---------|
|                    |                                                                                                                           | FOR  | AGAINST | ABSTAIN |
| Ordinary Business: |                                                                                                                           |      |         |         |
| 1                  | Adoption of Accounts both on Standalone and Consolidated basis, Report of the Auditors and Directors thereon              |      |         |         |
| 2                  | Appointment of a director in place of Mrs. Saroja Malik, who retires by rotation and being eligible, seeks re-appointment |      |         |         |
| 3                  | Re-appointment of M/s Dixit Dattatray & Associates, Chartered Accountants, Mumbai as Statutory Auditors of the Company    |      |         |         |
| Special Business:  |                                                                                                                           |      |         |         |
| 4                  | Appointment of Mr. Ganapathy Vishwanathan as an Independent Director                                                      |      |         |         |
| 5                  | Appointment of Mr. Ganesh Acharya as an Independent Director                                                              |      |         |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

\_\_\_\_\_  
Signature of the shareholder

\_\_\_\_\_  
Signature of the Proxy Holder (s)

Affix  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.



**GI ENGINEERING SOLUTIONS LIMITED**

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

Ph: 022-44884488; Fax: 022-28290603

Website: www.giesl.com ; E-mail: investors@giesl.com

CIN: L40109MH2006PLC163731

**ATTENDANCE SLIP**

(For physical holding)

|                      |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|----------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Registered Folio No. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| No. of shares held   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

(For demat holding)

|           |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Client ID |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| D.P. ID   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

I / we certify that I/ we, am/ are a Member / Proxy for the Member of the Company.

I hereby record my presence at the Eighth Annual General Meeting of the Company at Kohinoor Continental, Andheri Kurla Road, Andheri (East), Mumbai 400 059 on September 29 , 2014 at 3.15 p.m.

Members' / Proxy's Name in Block Letters:

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Signature of Shareholder/ Proxy:

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Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual General Report to the meeting.









## **GI Engineering Solutions Limited**

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

Telephone: 91-22-4488 4488

Fascimile: 91-22-28290603

Web site: [www.giengineering.com](http://www.giengineering.com)