

# INFORMATION MEMORANDUM

## GI ENGINEERING SOLUTIONS LIMITED

(A Public Company incorporated on 10<sup>th</sup> August 2006 under the Companies Act, 1956)

### Registered Office

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

Tel. 022 28290303 Fax. 022 28290603

**Contact Person: Mr. Kishor Talreja, Company Secretary**

### INFORMATION MEMORANDUM FOR LISTING OF 75, 11, 878 EQUITY SHARES OF Rs. 10 EACH FULLY PAID UP

General Risks	Issuers absolute responsibility
<p>Investment in equity and equity related securities involve a degree of risk and investors should not invest in the equity of GI Engineering Solutions Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the shares of the Company. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document</p> <p>Specific attention of the investors is invited to the statement of Risk Factors on page 6 of this Information Memorandum</p>	<p>The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to the Company, which is material, that the information contained in this Information Memorandum is true and correct in all material respects, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect</p>

### LISTING

The Equity Shares of the Company are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

The Company has submitted this Information Memorandum with BSE and NSE and the same has been made available on the Company's website viz. [www.giengineering.com](http://www.giengineering.com). The Information Memorandum would also be made available in the website of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)).

### SHARE TRANSFER AGENT

Bigshare Services Pvt Ltd  
E-2 / 3 Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai-72  
Tel. 022 28470652  
Fax. 022 28475207  
Email: [info@bigshareonline.com](mailto:info@bigshareonline.com)  
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**I. DEFINITIONS, ABBREVIATIONS AND INDUSTRY RELATED TERMS**

Act	The Companies Act, 1956
Articles	Articles of Association of GI Engineering Solutions Limited
Board	Board of Directors of GI Engineering Solutions Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Company	GI Engineering Solutions Ltd, a Public Limited Company incorporated under the Companies Act, 1956
MCA	Ministry of Corporate Affairs
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participants) Regulations, 1996 as amended from time to time
Directors	Directors on the Board of GI Engineering Solutions Limited
DP	Depository Participant
Equity Shares	Fully paid-up shares of Rs. 10/- each of the Company
Equity Shareholders	Equity Shareholders of the Company
Information Memorandum	This Information Memorandum
IT Act	Income Tax Act, 1961 and subsequent amendments thereto
MOA	Memorandum of Association of GI Engineering Solutions Limited
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
RBI	Reserve Bank of India
Registrar and Share Transfer Agent / Registrars / Big Share	Bigshare Services Pvt Ltd, E-2 / 3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai-400 072 Tel. 022-28470652, Fax. 022-28475207 Email: <a href="mailto:info@bigshareonline.com">info@bigshareonline.com</a> Website: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a>
ROC	Registrar of Companies, Maharashtra, Mumbai
Scheme / Scheme of Arrangement	Scheme of Arrangement between Genesys International Corporation Ltd and GI Engineering Solutions Ltd and their respective shareholders, creditors for Demerger of Engineering and Information Technology business undertaking of Genesys International Corporation Ltd in favour of GI Engineering Solutions Ltd. Aforesaid Scheme was approved by the Hon'ble High Court of judicature at Mumbai on September 7, 2007 and became effective from October 1, 2007, on filing the Certified copy of the High Court Order with the Registrar of Companies,

SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Guidelines	Extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.

In the Information Memorandum all reference to 'Rs' refer to Rupees, the lawful currency of India, reference to one gender also refers to another gender and the word 'Lakh' or 'Lac' means 'one hundred thousand' and the word 'million' means 'ten lacs' and the word 'crore' means 'ten million'

#### **CERTAIN CONVENTIONS; USE OF MARKET DATA**

Unless stated otherwise, the financial data in this Information Memorandum is derived from our restated financial statements. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding.

All references to "India" contained in this Information Memorandum are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India.

For additional definitions, please see the section titled "Definitions, Abbreviations and Industry Related Terms" of this Information Memorandum.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from the published data and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified.

The information included in this Information Memorandum about various other Companies is based on their respective Annual Reports and information made available by the respective companies.

#### **FORWARD-LOOKING STATEMENTS**

We have included statements in this Information Memorandum which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions, that are

"forward looking statements". Similarly, statements that describe our objectives, plans or goals also are forward-looking statements, actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to:

- > General economic and business conditions in India and other countries;
- > Regulatory changes and our ability to respond to them;
- > Our ability to successfully implement our strategy, our growth and expansion plans;
- > Technological changes;
- > Our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments;
- > The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally;
- > Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see the section titled "Risk Factors" of this Information Memorandum. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not materialize.

## II. RISK FACTORS AND MANAGEMENT PERCEPTIONS THEREOF

An investment in equity securities involves a high degree of risk. Investors should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in our Equity Shares. Occurrence of any of the following risks as well as the other risks and uncertainties discussed in this Information Memorandum could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss to the investor.

### INTERNAL RISK FACTORS

**Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share price to change**

Our revenues may vary significantly in the future from period to period. Therefore, we believe that period to period comparisons of our results of operations may not be necessarily meaningful and may not be relied upon as an indication of our future performance.

Some of the factors which may affect the fluctuation of our operating results are:

- the size, timing and profitability of the customers' projects
- change in our pricing policies for it to fall in line with the requirement of our customers
- the effect of wage pressure, seasonal hiring patterns, time required to train and productively utilize the new resources
- unanticipated cancellations, contract termination or deferrals of projects; and
- unanticipated variations in the duration, size and scope of the projects

In addition, a significant portion of our revenues is dependent upon the timely completion of various project milestones, which is dependent not only on our capabilities but also on the readiness and capability of the project teams of our clients. Delays in meeting project milestones resulting from the deficiencies in our client's project team will cause cost overruns and adversely affect our working capital.

A significant part of our total operating expenses, particularly expenses related to personnel and facilities, are fixed in advance for any particular period. As a result, unanticipated variations in the number and timing of our projects or employee utilization rates, or the accuracy of our estimates of the resources required to complete our projects, may cause significant variations in our operating results in any particular period.

There are also a number of factors, other than our performance, that are not within our control that could cause variation in our operating results from period to period. These are:

- the availability and duration of tax holidays and other government incentives
- exchange rate fluctuations, particularly when the Rupee appreciates in value against foreign currencies, such as the US Dollar, etc.

changes in Indian law relating to foreign exchange management : and,

the economies of India, [he United States and our other principal international markets, as well as other general economic factors

Intense competition in the market in the area of similar services could affect our cost advantage, which could reduce our share of business from clients and may adversely impact our revenues and profitability

Markets are highly competitive and include large consulting firms, national and multinational technology companies, etc.

The industry is experiencing rapid changes that are affecting the competitive landscape, including divestitures and acquisitions that have resulted in consolidation within the industry. These changes may result in larger competitors with significant resources. Many of our competitors are significantly larger than us and have significant experience in international operations and therefore, we may face competition from them in countries in which we currently While we have- historically been able to provide our services in our principal markets at a competitive prices and on a cost-efficient basis, there can be no assurance that we will be able to do so in the future, as our competitors may be able to offer services using offshore and onshore models that are more effective than ours.

Growing competition may force us to reduce the prices of our services, which may reduce are revenues and margin and/or decrease our market share. Many of our competitors have significantly greater financial, technical and marketing resources and thereby generate greater revenues and have greater name recognition than we do. We cannot be certain that we will be able to compete successfully against such competitors or that we will not lose clients to such competitors. Additionally, we believe that our ability to compete also depends in part on factors outside our control, such as the price at which our competitors offer comparable services, and the extent of our competitors' responsiveness to their clients' needs.

Our business and profitability will suffer if we fail to anticipate and expand our service offerings in order to keep pace with rapid changes in technology and the industries on which we focus

The industries we offer our services to are characterized by rapid technological change, evolving industry standards, changing client preference and new service introductions. Our future success will depend on our ability to anticipate these advances and develop new service offerings to meet client needs. We may not be successful in anticipating or adequately responding to these advances on a timely basis or if we do respond, the service offerings we develop may not be successful in the marketplace. Further, services or technologies that are developed by our competitors may render our offerings non-competitive, obsolete or force us to reduce prices thereby adversely reducing our margins.

We may face difficulties in providing services to our clients, which could lead to client discontinuing their work with us, which in turn could harm our business and profitability

The success of our service offerings is dependent, in part; upon continued demand by our existing and new clients and our ability to meet this demand in a cost-competitive manner. In addition, our ability to effectively offer a wider breadth of business solution depends on our ability to attract existing and new clients to these offerings. To obtain engagements for such business solutions, we will need to successfully compete with large, well-established international consultancy firms, resulting in increased competition and marketing costs. Accordingly we cannot be certain that our new service offerings will effectively meet clients' needs or that we will be able to attract existing and new clients to these offerings,

Further, the increased breadth of our service offerings may result in larger and more complex projects with our clients. This will require us to establish close relationship with our clients and a thorough understanding of their operations. Our ability to establish such relationship will depend on a number of factors including the ability of our marketing / relationship professionals and our management personnel. Larger projects may involve multiple engagements or stages and there is a risk that a client may choose not to retain us for additional stages or may cancel or delay additional planned engagements. Such terminations or delay or cancellation could result from the business or financial condition of our clients or the economy generally, as opposed to factors related to the quality of our services. Such cancellations or delays make it difficult to plan for project resource requirement, which could have a negative impact on our profitability, although we attempt to mitigate the effect of an unanticipated termination by staffing projects with a mix of our resources and resources hired from outside agencies.

We could become liable to customer, suffer adverse publicity and incur substantial costs as a result of defects in our services, which in turn may adversely affect our results of operations

Many of our contracts involve providing services that are critical to the operations of our customers' business. Any failure or defect in our services may result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defects. Although we attempt to limit our contractual liability for all our damages, including consequential damages, in rendering our services, we cannot be assured that the limitation of liability we provide for in our service contracts will be enforceable in all cases, or that will be sufficient to protect us from liability for damages. A successful assertion of one or more large claims against us could adversely affect our results of operations.

We derive a significant portion of our revenues from exports and accordingly face exchange rate risks

We derive a significant portion of our revenues in foreign currencies, and a significant portion of our expenses are incurred in Rupees. While depreciation of the Rupee against foreign currencies, increases the Rupee value of such revenues and so helps mitigate the negative effect of a depreciation of the Rupee, an appreciation of the Rupee, decreases the



Rupee value of our such revenues. Further, we may import certain hardware and software for future expansion. An adverse change in currency exchange rates will increase the cost of these imports. We have not identified the amount of hardware and software that we will need to import for future expansion.

We may be unable to attract and retain professionals in the competitive job market

Our ability to execute current and future projects and to obtain new customers depends in large part, on our ability to attract, train, motivate and retain highly skilled personnel, particularly project managers, project leaders and domain experts. We believe that there is significant demand for personnel who possess the skills needed to perform the services we offer. Our inability to hire and retain additional qualified personnel will impair our ability to bid for or obtain new project and to continue to expand our business. We cannot assume that we will be successful in recruiting and retaining sufficient number of technical personnel with requisite skill to replace those technical personnel who leave. Further, we cannot assure you that we will be able to re-deploy and re-train our technical personnel to keep pace with continuing changes in the industry, evolving technologies and changing customer preferences. Finally, while we have never experienced a work stoppage due to labour disagreements or otherwise and we believe our relationship with our employees is generally good, we cannot guarantee that our employees will not unionize or that we will not experience any strike, work stoppage or other industrial action in the future.

Increases in wages for our professional could reduce our cash flows and profit margins

Historically wage costs in the Indian industry have been significantly lower than wage costs in the developed countries for comparable skilled technical personnel. However, in recent years wage costs in the Indian service industry have been increasing at a faster rate than those in certain developed countries. In the long term, wage increases may make us less competitive unless we are able to continue increasing the efficiency and productivity of our professional and the price we charge for our services.

Future strategic investments, partnerships and acquisitions are important to our strategy, but they may harm our business, dilute your ownership interests and causes us to incur debt

As part of our growth strategy, we may make strategic investments, establish partnerships and/or make acquisitions relating to complementary business, technology and services. If we identify similar opportunities, we may be unable to negotiate terms commercially acceptable to us or complete those transactions at all. If we acquire a company or enter into a partnership agreement or form a joint venture, we could have difficulty in integrating that company's business, including personnel, operations and technology with our business. In addition, the key personnel of the acquired company may decide not to work for us. Further, in the event we decide to acquire a company, we may be required to prior approval of various regulators and there can be no assurance that such approval will be obtained in a timely manner or at all.

We may finance future investments, partnerships or acquisitions with cash generated from operations as well as debt financing, issuance of additional Equity Shares or combination of these. Investment, partnership or acquisition financed by the issuance of Equity Shares would dilute the ownership interest of our shareholders. As of date, we do not have any definitive commitment or agreement for any material investment, partnership or acquisition.

We have accumulated loss in our books.

We have accumulated loss of Rs.30.91 million in our books as on March 31, 2007. We have loss making subsidiary, which may adversely affect our results of operations

Our subsidiary, Genesys Enterprises Inc. in the United States, was incorporated to facilitate our entry in the US market. However, due to sheer competition in the US market, it was unable to compete with larger and well established service providers. As of December 31, 2007, Genesys Enterprises Inc. had accumulated losses of USD 6,03,809. If the subsidiary company continues to incur losses, we will need to continue to provide funding for its capital expenditure and working capital requirements through loans and/or equity infusions.

Our failure to complete fixed-price contracts within budget and on time will negatively affect our profitability.

As an element of our business strategy, a significant portion of our contracts for services are on a fixed-price basis, rather than on a time-and-materials basis. Fixed-price contracts are those contracts where the aggregate amount to be billed is specified in the contract. We expect to continue to derive a significant proportion of our services revenues from fixed price contracts. Although we use our software engineering methodologies and processes and past project experience to reduce the risks associated with estimating, planning and performing fixed-price, fixed-timeframe projects, we bear the risk of cost overruns, completion delays and wage inflation in connection with these projects. If we fail to estimate accurately the resources and time required for a project, future wage inflation rates, or currency exchange rates, or if we fail to complete our contractual obligations within the contracted time frame, our profitability may suffer.

Our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.

Our clients typically retain us on a non-exclusive, project-by-project basis. Most of our client contracts, including those that are on a fixed-price basis, can be terminated with or without cause, with between 30 and 60 days' notice and without termination-related penalties. Additionally, our contracts with clients are typically limited to discrete projects without any commitment to a specific volume of business or future work. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside our control that might result in the termination of a project or the loss of a client, including:

financial difficulties for a client;

a change in strategic priorities, resulting in a reduced level of spending;

a demand for price reductions;

a change in outsourcing strategy by moving more work to client in-house departments or to our competitors; and

the replacement by our clients of existing services with packaged services supported by licensors.

Our client contracts are often conditioned upon our performance, which, if unsatisfactory, could result in less revenue generated than anticipated. Our failure to achieve the performance level as per clients' expectations in such performance-based contracts may result in a less profitable or an unprofitable engagement.

Disruptions in telecommunications and basic infrastructure could harm our service delivery model, which could result in client dissatisfaction and a reduction of our revenues.

We currently have development centre located in Seepz, Mumbai. Any disruption in basic infrastructure could negatively impact our business since we may not be able to provide timely or adequate services to our clients. Such disruptions may also cause harm to our clients' business. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure or telecommunications lines is disrupted. This may result in the loss of clients and claims for damages against us, impose additional costs on us and have an adverse effect on our business, results of operations and financial condition.

If we are unable to successfully protect our computer systems from security risks, our business could suffer.

Our client contracts require us to comply with certain security obligations, including maintenance of network security, back-up of data, ensuring our network is virus-free and ensuring the credentials of those employees who work with our clients. We cannot assure you that we will be able to comply with all these obligations and not incur any liability. Further, while we have implemented industry-standard security measures, our network may still be vulnerable to unauthorized access, computer viruses and other disruptive problems. A party that is able to circumvent security measures could misappropriate proprietary information and cause interruptions in our operations. We may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. There can be no assurance that any measures implemented will not be circumvented in the future.

Our future success depends to a significant extent on key technical and managerial personnel

We are highly dependent on the senior members of our technical and

management team and other members of senior management. Our future performance may be affected by any disruptions in the continued service of these persons. We do not maintain any key person insurance for any of our key personnel. Competition for senior management in our industry is intense, and we may not be able to retain such senior technical and management personnel or attract and retain new senior technical and management personnel in the future. The loss of any members of our senior management or other key personnel may have a material adverse effect on our business, results of operations and financial condition. For details of the key managerial personnel, please refer to page 57 of this Information Memorandum.

High days of sales outstanding may increase our collection risk, which could adversely affect our results of operations

We normally allow customers up to 90 days from the invoice date within which they are to pay the amounts due. For fiscal 2006 and for the first nine months of fiscal 2007, our days of sales outstanding (which is the ratio of sundry debtors to total sales in a particular period multiplied by the number of days in that period) was approximately 192 days and 280 days, respectively. Our provisions for bad debts for the fiscal 2006 were Rs.1.01 million. Our inability in future to accelerate the realization of receivables could adversely impact our operations.

Any future equity offerings or issue of options under our employee stock option scheme may lead to dilution of your shareholding in us.

Shareholders may experience dilution of their shareholding to the extent we make future equity offerings and to the extent additional options are issued under employee stock option scheme.

We require certain registrations and permits from government and regulatory authorities in the ordinary course of business and the failure to obtain them in a timely manner or at all may adversely affect our operations

We require certain regulatory clearances for operating our business. If we fail to obtain approval of any of these registrations and permits in a timely manner or at all, our business may be adversely affected and our directors and officers may be subjected to criminal proceedings.

We may have contingent liabilities and our profitability could be adversely affected if any of these contingent liabilities materializes. In the event we have any contingent liabilities and if any of these contingent liabilities materializes, our profitability may be adversely affected.

## **EXTERNAL RISK FACTORS**

Our operations subject us to risks that could adversely affect our business.

Our future revenue growth depends upon the successful continued expansion of our sales, marketing, support and service teams for our operations outside India. Such expansion will require that we establish new offices, hire new personnel and manage offices in widely disparate locations with different

economies, legal systems, languages and cultures and will require significant management attention and financial resources. Due to the global nature of our operations, we are affected by various factors inherent in international business activities, including:

coordinating and managing global operations;

political instability and related uncertainties;

different economic and business conditions;

difficulties in staffing and managing foreign operations, including coordinating and interacting with our local representatives and partners to fully understand local business and regulatory requirements;

immigration and labour laws of various countries may prevent us from deploying or retaining an adequate number of employees in foreign countries;

foreign currency exchange rate fluctuations;

restrictions on repatriation of earnings;

tariffs and other restrictions on trade and differing import and export licensing and other legal requirements;

multiple and possibly overlapping tax structures;

exposure to varying legal standards;

unexpected regulatory, economic or political changes; and

travel restrictions.

Any of these risks could have a material adverse effect on our business, financial condition and results of operations.

Restrictions on immigration may affect our ability to compete for and provide services to clients in other countries, which could hamper our growth and cause our revenues to decline.

Majority of our employees are Indian nationals. The ability of our professionals to work in the United States, Europe and in other countries depends on the ability to obtain the necessary visas and work permits. However, there is a limit to the aggregate number of new H-1 B visas that may be approved in any fiscal year by the United States government. We believe that the demand for H-1B visas will continue to be high, and therefore we may not be able to obtain as many H-1B visas as we may need. It is also possible that proposed legislation in the United States will impose stricter requirements on the granting and renewal of H1-B and L-1 visas. It is difficult to predict the political and economic events that could affect immigration, laws, or the restrictive impact they could have on obtaining or monitoring work visas for our professionals. Our reliance on work visas for our professionals makes us vulnerable to such changes and variations as it affects our ability to staff projects with professionals who are not citizens of

the country where the work is to be performed. As a result, we may not be able to obtain a sufficient number of visas for our professionals or may encounter delays or additional costs in obtaining or maintaining the condition of such visas. Any inability to obtain such visas in the future could have an impact on our business, financial condition and results of operations.

Political opposition to offshore outsourcing in the United States, and other countries, could adversely affect our business.

Recently, offshore outsourcing has been the subject of intense political debate, including in the campaign for the ensuing U.S. presidential elections, and has come under increased government scrutiny within the United States due to its perceived association with loss of jobs in the United States. Several U.S. state governments have recently implemented or are actively considering implementing restrictions on outsourcing by U.S. state government entities to offshore services providers. Any changes to existing laws in the United States or in other countries where we operate or the enactment of new legislation restricting offshore outsourcing, particularly by private companies, may adversely impact our business and profitability.

Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular

The Indian Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

The incumbent Government is pursuing its general intention to continue India's economic and financial sector liberalization and deregulation of policies. However, there can be no assurance that such policies will be continued and a significant change in the Government's policies in the future could affect business and economic conditions in India and could also adversely affect our financial condition and results of operations.

Terrorist attacks and other acts of violence or war involving India, the United States and other countries could adversely affect the financial markets, result in loss of customer confidence and adversely affect our business

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001 and New Delhi on December 13, 2001, as well as the bomb blasts in Mumbai, Hyderabad, Bali, Indonesia and Spain, as well as other acts of violence or war, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Travel restrictions as a result of such attacks may have an adverse impact on our ability to operate effectively. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. In addition, any deterioration in

relations between India and Pakistan might result in investor concern about stability in the region. Further, since 2002 there have been military hostilities and continuing civil unrest and instability in Iraq and Afghanistan. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

Any loss of certain tax exemptions will increase our tax liability and decrease any profits we might have in the future

The statutory corporate income tax rate in India is currently 30.0%. This tax rate is presently subject to a 10% surcharge and an education and higher education cess of 3%, resulting in an effective tax rate of 33.99%. We cannot assure you that the tax rate or the surcharge will not be increased in future. Presently, we benefit from the tax holidays given by the Government of India for the export of IT services from specially designated software technology parks and special economic zones in India. As a result of these incentives, which include a 10 year tax holiday from Indian corporate income taxes for the operation of most of our Indian facilities, our operations have been subject to relatively low tax liabilities as of now. The Finance Act, 2000, phases out the 10-year tax holiday over a ten-year period from March 31, 2000 through March 31, 2009. Further, once the tax holiday expires, we will be subject to the statutory corporate income tax rate of 30% (plus the 10% surcharge and the education and higher education cess of 3%). There can be no assurance that similar or greater reductions in tax benefits would not be introduced in future. When our tax benefits expire or terminate, our tax expense could materially increase, reducing our profitability.

The price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after as a result of several factors, including:

volatility in the Indian and global securities market;

our results of operations and performance;

performance of our competitors,

change in the government

perception in the market about investments in the sector we belong to;

adverse media reports on the Company or the Indian IT industry;

changes in the estimates of our performance or recommendations by financial analysts;

significant developments in India's economic liberalisation and deregulation policies; and

significant developments in India's fiscal and environmental regulations.

**After listing, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.**

The prices of our Equity Shares may fluctuate after listing due to a wide variety of factors, including volatility in the Indian and global securities markets; our operational performance, financial results and capacity expansion; developments in India's economic liberalization and deregulation policies, particularly in the Information Technology sector; and changes in India's laws and regulations impacting our business. There is no assurance that an active trading market for our Equity Shares will develop or be sustained after listing.

## Industry and Business Overview

### **ENGINEERING INDUSTRY IN GENERAL**

#### **INDIAN MARKET OVERVIEW**

The engineering sector is the largest segment of the overall Indian industrial sector. India has a strong engineering and capital goods base. The Indian engineering industry has emerged as a dynamic sector in the country's industrial economy and has made the country self reliant in key areas.

The performance of the engineering sector is linked to the performance of the end user industries for this sector.

The user industries for engineering include power utilities, industrial majors (refining, automotive and textiles), government (public investment) and retail consumers (pumps and motors).

The engineering sector has been growing, driven by growth in end user industries and the new projects being taken up in the power, railways, infrastructure development, private sector investment fields etc.

The key growth drivers are:-

- The growth of the key end user sectors in India.
- Government's emphasis on power and construction sector has increased for the past few years and thus increasing the demand for capital goods.
- Further, India is being preferred by global manufacturing companies as an outsourcing destination due to its lower labour cost and better designing capabilities. Engineering companies thus have a huge potential for direct exports and outsourcing.

The intense competition has led to Indian players developing improved capabilities that have made them more competitive. Companies have become more quality conscious and upgraded their technology base, besides diversifying their manufacturing range in tune



with global market requirements.

This has resulted in MNCs increasingly leveraging their Indian arms to support their global operations.

### **Growing demand**

The user industries of engineering products and services include power utilities, industrial majors (refining, automotive and textiles), government (public investment) and retail consumers (pumps and motors). Thus, the performance of the engineering sector is linked to the industry which in turns depends on the overall economy. Capacity creation in sectors like infrastructure, power, mining, oil & gas, refinery, steel, automotive, consumer durables drives the engineering industry.

### **Related and supporting industries**

The presence of supporting industries provides a conducive environment for the engineering sector to grow and prosper. India's engineering industry has significant support from India's well-established IT sector, as well as institutions of higher education

### **FUTURE OUTLOOK**

The engineering sector's future outlook is promising. Drivers like infrastructure development, industrial growth and favourable policy regulations will ensure growth in manufacturing. Emerging trends such as outsourcing of engineering services can provide new opportunities for quantum growth. Engineering and design services such as new product designing, product improvement, maintenance and designing manufacturing systems are increasingly getting outsourced to countries like India. It has been estimated that the present market potential for outsourced engineering services is between US\$ 7 billion and US\$ 12 billion, while the value of work currently undertaken by vendors in India is estimated between US\$ 400 million and US\$ 500 million. India's engineering sector has a significant potential for future growth, both in manufacturing as well as services.

### **ENGINEERING SERVICES - THE EYE OF OPPORTUNITY**

Indian IT industry is evolving –from a low-cost, back office, destination into a preferred supplier of high-end engineering services. And firing the imagination of the Indian IT industry is the huge market opportunity that makes a compelling business case for companies to seriously evaluate the engineering services domain. With the market potential for outsourced engineering services estimated at between \$ 7 and 12 billion, Indian vendors have barely scratched the surface. The value of work currently undertaken by these players is estimated to be a mere \$ 400-500 million, according to Nasscom.

In simple terms, engineering services augment or manage processes associated with the creation of a product or service, as well as those associated with a product or asset.

This not only includes design elements of the product or services itself, but also infrastructure, equipment and processes engaged in manufacturing or delivering them. Engineering services outsourcing is the practice of sourcing some or all of a engineering services applications in verticals such as automotive, aerospace, minerals and metals, F&B, plastics and paper.

Engineering services is not just design. Engineering services offers end-to-end services, including conversion, drafting, modelling for product definition, modelling for analysis, product design, analysis, prototyping, testing and validation, tooling and even limited manufacturing of prototypes.

Industry estimates peg the market potential for process engineering, asset management and industrial embedded systems at over \$5 billion, taking the total outsourced / offshore market potential to a whopping \$ 12 billion.

India is a significant player in the overall offshorable outsourcing market for engineering services in the Asia-Pacific region today, China and Taiwan could emerge as formidable rivals in coming years.

India’s advantage lies in its reputation and ability to deliver technology services to global customers at great value and high speed. India also has a tremendous pool of engineering and scientific talent, which can be tapped for the sector. Access to cutting – edge technology through global alliances with product companies, availability of prototyping and testing facilities, and sourcing domain skills through collaboration with the domestic industry are some of the advantages Indian vendors will have.

Engineering services involves significant investments in software and design tools, making more investment intensive than vanilla IT services

<b>Some areas of application</b>	
Product Engineering	The services offered extend from the early stages of idea generation, through engineering analysis and design, virtual simulation, documentation and conversion, prototyping and production, testing, knowledge based engineering and PLM solutions.
Process Engineering	Process engineering entails the use of computational tools and techniques at the plant design stage to optimise expenditures – Capital or Operational – and achieve efficient production of products and services.
Plant automation	Plant automation broadly comprises engineering design and development of automation systems that facilitate the management and execution of day-to-day production activities and their associated information to be shared across the organisation in real-time for analysis and decision purposes.  Specific services offered include Control System Integration; Process and Production Optimisation; Manufacturing Execution Systems.

<p>Enterprise Asset Management (EAM)</p>	<p>Traditionally asset management services have been restricted to managing the life-cycle cost of assets. However, technology now enables integration of maintenance activities and functions with plant control systems, MES, CAD/CAM, ERP and SCM.</p>
<p>Enterprise Asset Management (EAM)</p>	<p>Today, EAM services comprise product implementation, monitoring and maintenance, process assessment and re-engineering, interface development and system integration. EAM helps companies manage physical assets – production plants, capital equipment, vehicle fleets, and facilities complexes – over the complete asset life cycle.</p> <p>In conjunction with powerful reporting and analysis, EAM capabilities enable you to reduce operating costs, better manage capital expenditure, and improve asset utilisation.</p>

**Conclusion**

Engineering industry thus is making substantial contribution to the national development by way of value addition, employment and export. Not only the share of engineering exports has jumped, but also there has been a marked shift in commodity composition and direction in the engineering exports.

### III. GENERAL INFORMATION

#### GI ENGINEERING SOLUTIONS LIMITED

(A Public Company incorporated on 10<sup>th</sup> August 2006 under the Companies Act, 1956)

#### Registered Office

73A SDF-III, SEEPZ, Andheri (East), Mumbai-400 096  
**Tel. 022 28290303 Fax. 022 28290603**

The Company was incorporated on 10<sup>th</sup> August 2006 under the Companies Act, 1956 under CIN No. U72900MH2006PLC163731 and obtained the certificate of commencement of business on 16<sup>th</sup> November 2006.

#### Authority for listing:

The Hon'ble High Court of judicature at Mumbai, vide its Order dated September 7, 2007 has approved the Scheme of Arrangement between Genesys International Corporation Ltd and GI Engineering Solutions Ltd and their respective shareholders, creditors for De-merger of Engineering and Information Technology business undertaking of Genesys International Corporation Ltd in favour of GI Engineering Solutions Ltd. In accordance with the Scheme, the Engineering and Information Technology business of Genesys International Corporation Ltd shall stand transferred to and vested with the Company w.e.f. April 1, 2006 (the appointed date under the Scheme) pursuant to Section 391 to 394 of the Companies Act, 1956. In accordance with the said Scheme, the Equity shares of the Company to be issued pursuant to the Scheme as well as its existing Equity Shares shall be listed and admitted to trading on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by the Company seeking listing.

#### Eligibility Criterion

There being no initial public offering or rights issue, the eligibility criteria in terms of Clause 2.2.1 of SEBI (DIP) Guidelines, 2000 does not become applicable. However, SEBI has vide its letter CFD/DIL/NB/VB/140448/2008 dated October 10, 2008 relaxed the applicability of provisions of Regulation 19(2)(b) of the Securities Contract (Regulations) Rules, 1957, under Clause 8.3.5 of SEBI (DIP) Guidelines, 2000. The Company has submitted its Information Memorandum, containing information about itself, making disclosure in line with the disclosure requirement for public issues, as

applicable to BSE and NSE for making the said Information Memorandum available to public through their websites viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

The Company has made the said Information Memorandum available on its website viz. [www.giengineering.com](http://www.giengineering.com)

The Company will publish an advertisement in the news papers containing its details in line with the details required as in terms of Clause 8.3.5.4 of SEBI (DIP) Guidelines. The advertisement will draw specific reference to the availability of this Information Memorandum on its website.

### **Prohibition by SEBI**

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

### **General Disclaimer from the Company**

The Company accepts no responsibility for statement made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Clause 8.3.5.4 of SEBI (DIP) Guidelines, 2000 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

### **Disclaimer – BSE**

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has vide its letter dated April 16, 2007 approved the Scheme of Arrangement under clause 24 (f) of the Listing Agreement and by virtue of that approval the BSE's name in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or Take any responsibility for the financial or other soundness of this Company; and It should not for any reason be deemed or

construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such

subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer – NSE**

As required, a copy of this Information Memorandum has been submitted to NSE. NSE has vide its letter dated April 16, 2007, approved the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of the said approval NSE's name in this Information memorandum as one of the stock exchanges on which this Company's securities are proposed to be listed. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Information Memorandum has been cleared or approved by NSE; nor does NSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that the Company's securities will be listed or continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which maybe suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Filing**

This Information Memorandum has been filed with BSE.

#### **Listing**

Applications will be made to BSE and NSE for permission to deal and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the shares. The Company has taken steps for completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above.

**Demat Credit**

The Company has executed Tripartite Agreements with the Registrar and the Depositories i.e. NSDL and CDSL for admitting its securities in demat form and has been allotted ISIN – INE 065J 01016

**Auditors****M/s Dixit Dattatray & Associates, Chartered Accountants**

264 Maru Sadan,  
N C Kelkar Road Dadar,  
Mumbai 400028

**Share Transfer Agent****Bigshare Services Pvt Ltd**

E-2 / 3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East),  
Mumbai-400 072  
Tel. 022-28470652, Fax. 022-28475207  
Email: [info@bigshareonline.com](mailto:info@bigshareonline.com)

Website: [www.bigshareonline.com](http://www.bigshareonline.com)

**Banker to the Company**

HDFC Bank Ltd  
State Bank of India

**Compliance Officer**

Mr. Kishor Talreja, Company Secretary is the Compliance Officer of the Company.

**IV. CAPITAL STRUCTURE**

PRE DEMERGER			POST DEMERGER		
Particulars	No. of Shares	Value (in Rs.)	Particulars	No. of Shares	Value (in Rs.)
(A) Authorized Share Capital			(A) Authorized Share Capital		
Equity Shares of Rs.10/- each	50,000	5,00,000	Equity Shares of Rs.10/- each	80,00,000	8,00,00,000
Total	50,000	5,00,000	Total	80,00,000	8,00,00,000
(B) Issued Share Capital			(B) Issued Share Capital		
Equity Share of Rs.10/- each	50,000	5,00,000	Equity Share of Rs.10/- each	75,11,878	7,51,18,780
Total	50,000	5,00,000	Total	75,11,878	7,51,18,780
Subscribed & Paid Up Share Capital			Subscribed & Paid Up Share Capital		
Equity Share of Rs.10/- each	50,000	5,00,000	Equity Share of Rs.10/- each	75,11,878	7,51,18,780
<b>Total</b>	50,000	5,00,000	<b>Total</b>	75,11,878	7,51,18,780

**Note:**

1. The authorized share capital of the Company at the time of incorporation was Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10 each.
2. Authorized share capital of the Company has been increased to Rs. 8,00,00,000 divided into 80,00,000 equity shares of Rs. 10 each in terms of clause 17.3 of the Scheme vide extra ordinary general meeting dated 5<sup>th</sup> June, 2007.
3. Prior to the Allotment of shares pursuant to the Scheme, the issued, subscribed and paid up share capital of the Company was Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10 each.
4. As per the clause 17.1 of the Scheme, the Company has issued and allotted 57,84,378 equity shares and 16,77,500 warrants to the members and warrant holders of the company respectively.
5. The said 16,77,500 warrants have been converted into equivalent number of Equity shares.



## SHAREHOLDING PATTERN

## Statement showing Shareholding Pattern (Pre Allotment)

Category code	Category of shareholder	Number of shareholder	Total number of shares	Number of shares held in demateri	Total shareholding as % of total number of shares	
					As % of (A+B)	As % of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>(1)</b>	Indian					
<b>(a)</b>	Individuals/ Hindu Undivided Family	Nil	Nil	Nil	Nil	Nil
<b>(b)</b>	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil
<b>(c)</b>	Bodies Corporate	Nil	Nil	Nil	Nil	Nil
<b>(d)</b>	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil
<b>(e)</b>	Any Other Directors & their Relatives	2	49500	Nil	99.00	99.00
	<b>Sub-Total (A)(1)</b>	<b>2</b>	<b>49500</b>	<b>Nil</b>	<b>99.00</b>	<b>99.00</b>
<b>(2)</b>	Foreign					
<b>(a)</b>	Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil
<b>(b)</b>	Bodies Corporate	Nil	Nil	Nil	Nil	Nil
<b>(c)</b>	Institutions	Nil	Nil	Nil	Nil	Nil
<b>(d)</b>	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total (A)(2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>2</b>	<b>49500</b>	<b>Nil</b>	<b>99.00</b>	<b>99.00</b>

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as % of total number of shares	
					As % of (A+B)	As % of (A+B+C)
<b>(B)</b>	<b>Public holding</b>					
<b>(1)</b>	<b>Institutions</b>					
<b>(a)</b>	Mutual Funds/ UTI	Nil	Nil	Nil	Nil	Nil

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(b)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil
(c)	Central Govt/ State	Nil	Nil	Nil	Nil	Nil
	Govt(s)					
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Co's	Nil	Nil	Nil	Nil	Nil
(f)	FII	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil
(h)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B)(1)	Nil	Nil	Nil	Nil	Nil
(2)	Non-institutions					
(a)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil
(b)	Individuals -i. Shareholders holding nominal share up to 1 lac ii. Shareholders holding share in excess of 1 lac.	3	300	Nil	0.60	0.60
(c)	Any Other-Independent Director and their relatives	2	200	Nil	0.40	0.40
	Sub-Total (B)(2)	5	500	Nil	1.00	1.00
	Total Public Shareholding (B)= (B)(1)+(B)(2)	5	500	Nil	1.00	1.00
	<b>TOTAL (A)+(B)</b>	<b>7</b>	<b>50000</b>	<b>Nil</b>	<b>100.00</b>	<b>100.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil	Nil
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>7</b>	<b>50000</b>	<b>Nil</b>	<b>100.00</b>	<b>100.00</b>

<sup>1</sup> For determining public shareholding for the purpose of Clause 40A.

<sup>2</sup> For definitions of "Promoter" and "Promoter Group", refer to Clause 40A.

<sup>3</sup> For definitions of "Public Shareholding", refer to Clause 40A.

(I)(b) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	Mr. Sajid Malik	25000	50.00
2	Mrs. Saroja Malik	24500	49.00
	<b>TOTAL</b>	<b>49500</b>	<b>99.00</b>

(I)(c) **Statement showing Shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of shares**

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	NIL		
TOTAL			

(I)(d) **Statement showing details of locked-in shares**

Sr. No.	Name of the shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	NIL		
TOTAL			

(II)(a) **Statement showing details of Depository Receipts (DRs)**

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	NIL			
TOTAL				

(II)(b) **Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares**

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	NIL			
TOTAL				

**Shareholding pattern of GI Engineering Solutions Ltd as on December 31,  
2008 (Post Scheme of Arrangement)**

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as % of total no of shares	
					As % of (A+B)	As % of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>1</b>	<b>Indian</b>					
(a)	Individuals/ HUF	Nil	Nil	Nil	Nil	Nil
(b)	Central Govt/ State Govt(s)	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil
(d)	FIs/ Banks	Nil	Nil	Nil	Nil	Nil
(e)	Any Other- Directors & their Relatives	3	246711	196511	3.28	3.28
	<b>Sub-Total (A)(1)</b>	<b>3</b>	<b>246711</b>	<b>196511</b>	<b>3.28</b>	<b>3.28</b>
<b>2</b>	<b>Foreign</b>					
(a)	Individuals (NRI/ Foreign Individuals)	1	1765000	1765000	23.50	23.50
(b)	Bodies Corporate	2	2429622	2429622	32.34	32.34
(c)	Institutions	Nil	Nil	Nil	Nil	Nil
(d)	Any Other – Relatives of Directors (Non Resident Indian)	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total (A)(2)</b>	<b>3</b>	<b>4194622</b>	<b>4194622</b>	<b>55.84</b>	<b>55.84</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>6</b>	<b>4441333</b>	<b>4391133</b>	<b>59.12</b>	<b>59.12</b>

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total holding as % of total no of shares	
					As % of (A+B)	As % of (A+B+C)
<b>(B)</b>	<b>Public shareholding</b>					
<b>1</b>	<b>Institutions</b>					
(a)	Mutual Funds/ UTI	4	4050	Nil	0.05	0.05
(b)	FIs/ Banks	Nil	Nil	Nil	Nil	Nil
(c)	Central Govet/ State Govet(s)	Nil	Nil	Nil	Nil	Nil
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Co	Nil	Nil	Nil	Nil	Nil
(9)	FIs	1	267388	267388	3.56	3.56

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(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil
(h)	Foreign Bodies/ Banks/OCBs/ Entities	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total (B)(1)</b>	<b>5</b>	<b>271438</b>	<b>267388</b>	<b>3.61</b>	<b>3.61</b>
<b>2</b>	<b>Non-institutions</b>					
(a)	Bodies Corporate	160	265525	261812	3.54	3.54
(b)	Individuals - i. shareholders holding nominal share up to Rs 1 lac ii. shareholders holding nominal share in excess of Rs. 1 lac	2671 23	805221 786238	794198 489276	10.72 10.47	10.72 10.47
(c)	Any Other Directors & their relatives (independent) Genesys Technologies Employees Welfare Trust GI Engineering Shareholders' Trust NRI's OCB's Clearing Members	5 1 1 17 1 2	13160 96962 147 831629 25 200	12977 0 0 831629 0 200	0.18 1.29 0 11.07 0.00 0	0.18 1.29 0 11.07 0.00 0
	<b>Sub-Total (B)(2)</b>	<b>2881</b>	<b>2799107</b>	<b>2390092</b>	<b>37.27</b>	<b>37.27</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2886</b>	3070545	<b>2657480</b>	<b>40.88</b>	<b>40.88</b>
	<b>TOTAL (A)+(B)</b>	<b>2892</b>	<b>7511878</b>	7048613	<b>100.00</b>	<b>100.00</b>
(C)	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>2892</b>	<b>7511878</b>	7048613	<b>100.00</b>	<b>100.00</b>

<b>(1) (b) Statement showing shareholding of persons belonging to the category "Promoter and Promoter Group"</b>			
<b>Sr.No</b>	<b>NAME OF THE SHAREHOLDERS</b>	<b>Shares</b>	<b>%age</b>
1.	Mr. Sohel Malik	1765000	23.50
2.	Kilam Holdings Ltd	1596947	21.26
3.	Kadam Holding Ltd	832675	11.08
4.	Mr. Sajid Malik	125772	1.67
5.	Mrs. Saroja Malik	120239	1.60
6.	Ms. T. S. Lakshmiammal	700	0.01
<b>TOTAL</b>		<b>4441333</b>	<b>59.12</b>



<b>(II) (a) Statement showing details of Depository Receipts (DRS)</b>				
Sr. No.	Type of outstanding Dr(ADRs, GDRs, SDRs, etc)	No. of shares	No. of shares underlying	
1	NA			
<b>TOTAL</b>				

<b>(II) (a) Statement showing details of Depository Receipts (DRS)</b>				
Sr. No.	Type of outstanding Dr(ADRs, GDRs, SDRs, etc)	No. of shares	No. of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total no. of shares {I.e. Grand Total (A)+(B)+C) indicated in Statement at para (1)(a)above}
NA				
<b>TOTAL</b>				

<b>(II) (b) Statement showing holding of Depository Receipts (DRs) where underlying shares are in excess of 1% of the total no.of shares</b>				
Sr. No.	Name of the DR Holder	Type of outstanding DR(ADRs, GDRs, SDRs, etc.)	No. of shares underlying outstanding DRs.	Shares underlying outstanding DRs as a percentage of total no. of shares {I.e. Grand Total (A)+(B)+C) indicated in Statement at para (1)(a)above}
1	NA			
<b>TOTAL</b>				

1) As on date of this Information Memorandum, there are 16,77,500 Warrants convertible into 16,77,500 Equity Shares of Rs. 10/- each issued / allotted to warrant holders of Genesys International Corporation Ltd in accordance with the Scheme of Arrangement approved by Bombay High Court.

2) There will be no further issue of capital by the Company whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the High Court till listing of the Equity Shares to be allotted as per the Scheme.

3) The face value of the Equity Shares is Rs. 10/- and there shall be only one denomination for the Equity Shares of the Company, subject to applicable regulations and the Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.

4) The Company has 2884 members as on the date of filing of this Information Memorandum.

## **V. Background and rationale for the Scheme of Arrangement:**

Genesys International Corporation Limited (GICL), prior to demerger has been a Company engaged in various businesses of Geospatial, Engineering and Information Technology Solutions, providing services to the Commercial, Utility and Government sectors.

The primary business of GICL is comprised in its Geospatial business undertaking, a core business activity, which does not have synergies of operation with Engineering and Information Technology Solutions and the two have independent business dynamics, require different strategies for growth and different focus for alliance / consolidation.

Segregation of these two distinct business undertakings enables GICL to focus on its primary business i.e. Geospatial Business.

With a view to achieve greater management focus and keeping in mind the interest of the Shareholders, the Board of Directors of GICL considered that a Scheme of Arrangement would be the appropriate method, as it is transparent and no Shareholder suffers any detriment. Further such a structure, unlocks the value to the Shareholders.

Hence it was proposed that the Engineering and Information Technology business division of GICL be segregated and demerged, pursuant to Scheme of Arrangement under Section 391 to 394 of the Act, and transferred to the Company for achieving independent focus on the said business.

### **Brief Profile of Demerged / Transferor Company**

Genesys International Corporation Ltd was incorporated on 28<sup>th</sup> January 1983 in the State of Maharashtra under the Companies Act, 1956, under the name and style of “Aeke Trading & Investments Limited”. Subsequently the name was changed to “Aeke Corporation Limited” as approved by the Registrar of Companies, Maharashtra, vide a fresh Certificate of Incorporation consequent on change of name dated 12<sup>th</sup> October 1999 having Registration No. 11-29197. The name was further changed to Genesys International Corporation Limited and obtained a fresh Certificate of Incorporation consequent on change of name dated 13<sup>th</sup> January, 2000 having Registration No. 11- 29197 from the office of Registrar of Companies, Maharashtra, Mumbai. The objects were changed to carry on the business of Information Technology and Engineering services.

Genesys International Corporation Ltd was founded by Mr. Sohel Malik, an Engineering Graduate in the United States of America in the year 1995. Genesys International Corporation Limited, an Indian Company acquired Genesys, USA in 1999 and made it 100% Subsidiary as a Corporate Plan. Mr. Sohel Malik is assisted by Mr. Sajid Malik, Managing Director of Genesys International Corporation Limited, who looks after the Indian Operations and is responsible for the Company’s Corporate Strategy internationally.



Brief financials of Genesys International Corporation Ltd (consolidated), is as under:

(Rs in '000 except for per share data)

<b>Particulars</b>	<b>Post Demerger</b>		<b>Pre – Demerger</b>		
	<b>2008 Audited</b>	<b>2007 Audited</b>	<b>2006 Audited</b>	<b>2005 Audited</b>	<b>2004 Audited</b>
Total Income	476507	193827	185363	248947	307684
Profits Before Tax and Exceptional Items	156265	22604	(4819)	(8268)	17558
Net Profits After Tax & Exceptional item	149865	21355	(7551)	(8268)	17558
Equity Share Capital	115688	115688	109938	109938	109938
EPS ( Basic / Dilutive )	12.95 / 10.80	1.68 / 1.33	(0.69)	(0.75)	1.66
Return on Capital Employed	37.79%	8.67 %	(1.26 %)	( 0.93 %)	3.49 %

## **VI. SALIENT FEATURES OF THE SCHEME PERTAINING TO DEMERGER OF ENGINEERING AND INFORMATION TECHNOLOGY BUSINESS UNDERTAKING**

### **The Main Features of the Scheme**

Part II of the Scheme of Arrangement sets out provisions relation to the Demerger and envisages that:

- a) Upon the coming into effect of this Scheme of Arrangement, the Engineering and the Information Technology Business (hereinafter referred to as Demerged Undertaking) of GICL shall, with effect from the Appointed Date i.e. 1<sup>st</sup> day of April 2006 or such other date as may be fixed by the Bombay High Court or such other Authority having jurisdiction under law, subject to the terms and conditions of this Scheme and without any further act or deed, be transferred to and vested in and shall be deemed to have been transferred to and vested in the Resulting Company pursuant to Section 394(2) of the Companies Act, 1956, as a going concern, free from all encumbrances so as to become as and from the Appointed Date, the undertaking of the Resulting Company.
- b) The transfer and vesting of the Demerged Undertaking of the Demerged Company as aforesaid, shall be subject to the existing securities, charges and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof of the Demerged Company.
- c) The benefits and liabilities, duties and obligation of GICL pertaining to the Demerged Undertaking as on the Appointed Date shall also without any further act, instrument or deed be and stand transferred to and vested in and / or deemed to be transferred to and vested in GIESL pursuant to the provisions of Section 391 to 394 of the Companies Act, 1956 so as to become as and from the Appointed Date, debts, liabilities, duties and obligations of GIESL and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such benefits and liabilities, duties and obligation have arisen in order to give effect to the provisions of this clause.
- d) Subject to the other provisions of this Scheme, all contracts, deeds, bonds, licenses, agreements, schemes and other instruments, if any, of whatsoever nature in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- e) With effect from the Appointed Date and upto and including the Effective Date, the Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking for and on account of and in trust for the Resulting Company.

For the purpose of this Scheme GICL shall make a statement of accounts as on the Appointed Date in respect of the assets and the ascertained liabilities of the Demerged Undertaking to be transferred as per this Scheme. The Said Statement of Accounts shall be drawn up on the basis of the Books of Account of GICL relating to the Demerged Undertaking as on the Appointed Date. GICL shall record the entries in its books relating to transfer of de-merged undertaking accordingly.

- f) Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the liabilities transferred and the Demerged Company shall not have any obligations in respect of the liabilities transferred and the Resulting Company shall indemnify the Demerged Company in this behalf.
- g) All profits accruing to the Demerged Company or losses including tax losses, arising or incurred by the Demerged Company in relation to the Demerged Undertaking for the period commencing from the Appointed Date shall, for all purposes, be treated as the profits or losses, as the case may be of the Resulting Company.
- h) Upon the coming into effect of this Scheme, all legal, taxation or other proceedings of whatsoever nature, under any statute, by or against the Demerged Company relating to the Demerged Undertaking (“Proceedings”), shall be continued and enforced by or against the Resulting Company.
- i) All the employees of the Demerged Company who are part of the Demerged Undertaking shall stand transferred to the Resulting Company on the same terms and conditions on which they are engaged by the Demerged Company, (including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident Fund plans and any other retirement benefits) without any interruption in service as a result of transfer of the Demerged Undertaking of the Demerged Company to the Resulting Company.
- j) The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong, to and be vested in and be managed by the Demerged Company.

### **Share Entitlement Ratio**

- k) Upon this scheme coming into effect, in consideration of the transfer of the Demerged Undertaking by the Demerged Company to the Resulting Company, in terms of this scheme, the Resulting Company shall, without any further act or deed, issue and allot to every Member and Warrant holder of the Demerged company holding fully paid up Equity Shares and Warrants in the Demerged company and whose names appear in the Register of Members of the Demerged company on the Record Date, Equity Shares of the face value of Rs. 10 /- each at par of the Resulting Company (GIESL) (hereinafter called the New Equity Shares) credited as fully paid up.
- In respect of every Two (2) Equity Shares of the face value of Rs. 10 /- each fully paid up held by him / her / it in GICL, One (1) new Equity Share of GIESL. (Share Entitlement Ratio)
- l) The Scheme also provides that the Warrant holders of the Demerged Company are also eligible to receive Warrants of GIESL as per the share entitlement ratio and its treatment on conversion of Warrants in to Equity Shares of GICL and GIESL respectively.
- m) The Scheme also provides certain other provisions applicable to issue of Shares which include issue of Shares by the Resulting Company in dematerialized form, pending share transfers, listing of the shares, obtaining approval for issue of shares from Relevant Authorities, shares kept in abeyance and treatment of fractional shares. The Scheme also provides for the increase of share capital of the Resulting Company.
- n) The Equity Shares to be issued and allotted by the Resulting Company shall rank *pari passu* in all respects with the existing Equity Shares of the Resulting Company.

- o) Unless otherwise determined by the Board of Directors or any Committee thereof of the Demerged and Resulting Company, allotment of shares in terms of the Scheme shall be done within 120 days from the Effective Date.
- p) The Scheme also clarifies that the Demerged and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective Shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date provided that the Shareholders of the Demerged Company shall not be entitled to dividend, if any, declared and paid by a Resulting Company to its Shareholders for the accounting period prior to the Appointed Date.
- q) The holders of the Shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- r) All costs, charges, taxes including duties (including the stamp duty, if any, applicable in relation to this Scheme), levies and all other expenses, if any (save expressly otherwise agreed) in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be borne and paid by GICL.

**Particulars of Assets and Liabilities transferred on Demerger of Engineering and Information Business Undertaking to the Company.**

	(Rs. In Lacs)	
<b><u>SOURCES OF FUNDS</u></b>		
<b>Shareholders' Funds</b>		
a) Share Capital	N.A.	
b) Reserves and Surplus	3565.37	<b>3565.37</b>
<b>Loan Funds</b>		<b>Nil</b>
<b>TOTAL</b>		<b>3565.37</b>
<b><u>APPLICATION OF FUNDS</u></b>		
<b>Fixed Assets</b>		
Net Block		<b>255.24</b>
<b>Investments</b>		<b>2677.86</b>
<b>Current Assets, Loans and Advances</b>		
a) Sundry Debtors	17.88	
b) Cash and Bank balances	587.62	
c) Loans and Advances	33.89	
	639.39	
<b>Less: Current Liabilities and Provisions</b>	10.19	
Net Current Assets		<b>629.20</b>
<b>Miscellaneous Expenditure</b>		<b>3.07</b>
<b>TOTAL</b>		<b>3565.37</b>

**Approval with respect to the Scheme**

The Honorable High Court of judicature at Mumbai, vide its Order dated September 7, 2007 has approved the Scheme of Arrangement between Genesys International Corporation Ltd and GI Engineering Solutions Ltd and their respective shareholders and creditors made under the provisions of Sections 391 to 394 of the Companies Act, 1956, for the De-merger of Engineering and Information Technology Business undertaking of the Genesys International Corporation Ltd in favor of GI Engineering Solutions Ltd to be transferred and vested in GI Engineering Solutions Ltd w.e.f April 1, 2006 (i.e. the Appointed Date under the Scheme).

In accordance with the said Scheme, the Equity Shares of GI Engineering Solutions Ltd (including new equity shares to be issued pursuant to the Scheme), subject to the applicable regulations are proposed to be listed and admitted to trading on BSE and NSE.

The aforesaid Order of the Honorable High Court of Bombay was filed by GI Engineering Solutions Ltd with ROC, Maharashtra, Mumbai on October 1, 2007

## VII. STATEMENT OF POSSIBLE TAX BENEFITS

Based on our understanding of Current laws applicable, the following tax benefits shall be available to the Company and the shareholders/prospective shareholders under the current Direct Tax Laws.

A. Under the Income Tax Act, 1961 ("the Act")

### I. Benefits available to the company

1. The Company will be entitled to claim depreciation at the prescribed rates on specified tangible and intangible assets under section 32 of the I-Tax Act, 1961.

Unabsorbed depreciation, if any, for an Assessment Year can be carried forward & set off against any source of income in subsequent Assessment Years as per section 32 subject to the provisions of sub-section (2) of section 72 and sub-section (3) of section 73 of the Act.

2. As per section 10(33) of the Act, any income arising from a transfer of a capital asset, being a unit of the Unit Scheme, 1964 referred to in Schedule I to the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002) is not liable to tax where transfer of such asset takes place on or after the 1st Day of April, 2002.

3. As per section 10(34) of the Act, dividend (both interim and final) income, if any, received by the Company on its investment in shares of another domestic company shall be exempt from tax in terms of section 115-O of the Act.

4. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:

a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or

b. Income received in respect of units from the Administrator of the specified undertaking; or

c. Income received in respect of units from the specified company. Provided this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

For this purpose (i) "Administrator" means the Administrator as referred to in section 2 (a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) "Specified Company" means a Company as referred to in section 2(h) of the said Act.

5. As per section 10(38) of the Act, Long term capital gains arising to the company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund on or after October 01, 2004, where such transaction is chargeable to securities transaction tax will be exempt in the hands of the Company.

For this purpose, "Equity Oriented Fund" means a fund -

(i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and

(ii) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

6. Business Losses, if any, for any Assessment Year can be carried forward and set off against business profits for eight subsequent Assessment Years.

7. As per section 115JAA(IA), the Company is eligible to claim credit for Minimum Alternate Tax (MAT) paid for any assessment year commencing on or after April 01, 2006, against normal income tax payable in subsequent assessment years. MAT credit shall be allowed for any assessment year to the extent of difference between the tax computed as per normal provisions of the Act for that assessment year and the MAT which would be payable for that assessment year. Such MAT credit will be available for set off upto 7 years succeeding the assessment year in which the MAT credit initially arose.

8. As per section 35D, the Company shall be entitled for amortization of preliminary expenditure as specified in the section, being expenditure on public issue of shares, if any, subject to meeting the condition and limits specified in that section.

9. As per section 35DD of the Act, if the Company incurs any expenditure for amalgamation or demerger of an undertaking, then the Company shall be allowed a deduction of an amount equal to one fifth of such expenses for each of the five consecutive previous years beginning with the previous year in which the amalgamation or demerger takes place.

10. As per section 54EC of the Act and subject to the conditions specified therein, capital gains arising to an assessee on transfer of a long-term capital asset to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. Provided that investment made on or after April 01, 2007, in the said bonds does not exceed Rs.50 lacs.

11. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

12. As per section 111A of the Act, short term capital gains arising to the Company from the transfer of a short term capital assets being equity share in a company or a unit of an equity oriented fund on or after October 01, 2004, where such transaction is chargeable to securities transaction tax, would be subject to tax only at a rate of \*10 per cent plus applicable surcharge and education cess.

(\* as per Finance Bill 2008, it has been raised to 15 per cent plus applicable surcharge and education cess)

11. As per section 112 of the Act, long-term capital gains, on sale of listed securities or units or zero coupon bonds will be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is lower. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.



For this purpose, Indexation Benefit would mean the substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

12. As per section 88E\* of the Act, a rebate is allowed to a Company on fulfilling certain conditions, where its total income includes any income which is chargeable under the head 'Profits and Gains of business or profession' arising from taxable securities transactions, of an amount equal to the securities transaction tax (STT) paid by it.

(\* As per Finance Bill 2008, the above rebate has been withdrawn. Instead, STT paid will be allowable as deduction from business income)

## **II. Benefits available to Resident Shareholders**

1. As per section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempt from tax to the extent of Rs.1500 per minor child.

2. In accordance with section 10(23D) of the Income Tax Act, all Mutual Funds registered under the Securities and Exchange Board of India Act or set up by public sector banks or a public financial institution or authorised by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax all their income, including income from investment in the shares of the Company.

3. As per section 10(34) of the Act, any income by way of dividends, declared, distributed or paid by a domestic company, referred to in section 115-O is exempt from tax in the hands of the shareholders.

4. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

5. As per section 54EC of the Act and subject to the conditions specified therein, capital gains arising to an assessee on transfer of a long-term capital asset to the extent such capital gains are invested certain notified bonds within six months from the date of transfer. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. Provided that investment made on or after April 01, 2007, in the said bonds does not exceed Rs.50 lacs

6. As per section 54F of the Act, and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (HUF), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

7. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried

forward for eight years for claiming set-off against subsequent years' long-term capital gains.

8. As per section 111A of the Act,, any short term capital gain arising from the transfer of a short term capital asset being an equity share in a company or unit of an equity oriented fund on or after 1<sup>st</sup> October 2004, where such transaction is chargeable to securities transaction tax, would be subject to tax only at a rate of \*10 per cent (plus applicable surcharge and Education Cess)

(\* as per Finance Bill 2008, it has been raised to 15 per cent plus applicable surcharge and education cess)

9. As per the provisions of Section 112 (1)(a) of the Act, long-term capital gains would *be* subject to tax at a rate of 20 percent (plus applicable surcharge / educational cess). However as per the proviso to Section 112(1) if the long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a lower rate of 10 percent (Plus applicable surcharge / educational cess). For this purpose, Indexation Benefit would mean the substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

10. As per section 88E\* of the Act, a rebate is allowed to a Company on fulfilling certain conditions, where its total income includes any income which is chargeable under the head 'Profits and Gains of business or profession' arising from taxable securities transactions, of an amount equal to the securities transaction tax (STT) paid by it.

(\* As per Finance Bill 2008, the above rebate has been withdrawn. Instead, STT paid will be allowable as deduction from business income)

### **III. Benefits available to Non-Resident Indian Shareholders**

1. As per section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempt from tax to the extent of Rs.1500 per minor child.

2 As per section 10(34) of the Act, any income by way of dividends, declared, distributed or paid by a domestic company, referred to in section 115-O is exempt from tax in the hands of the shareholders.

3. Capital gains tax - Options available under the Act

Where shares have been subscribed in convertible foreign exchange - Option of taxation under Chapter XII-A of the Act.

- Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange.
- As per the provision of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares will be subject to tax at the rate of \*10 percent (plus applicable surcharge & Education Cess), without indexation benefit.

(\* as per Finance Bill 2008, it has been raised to 15 per cent)

- As per the provisions of Section 115F of the Act and subject to the conditions specified

therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of, six months in any specified asset or savings certificates referred to in Section 10 (4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, **net** consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

- Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three year from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
- As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 a the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and, subsequent assessment years until such assets are converted into money.
- As per the provisions of Section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

#### 4. Where the shares have been subscribed in Indian Rupees

As per the provisions of Section 112(1)(b) of the Act, long-term gains as computed above would be subject to tax at rate of 20 percent (Plus applicable surcharge & Education Cess). However, as per the proviso to Section 112(1), if the long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge & Education Cess).

#### 5. Exemption of capital gain from income tax

- Long-term capital gains arising from transfer of a long-term capital asset, being an equity share in a company is exempt from tax under Section 10 (38) of the Act, provided such a transaction is chargeable to Securities Transaction Tax.
- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to an assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Provided that investments made on or after 1st April 2007 in the

said bonds should not exceed fifty lakh rupees.

- As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gain tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

#### 6. Provisions of the Act vis-a-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

### **IV. Benefits available to other Non-residents**

#### a) Income of a minor exempt up to certain limit

Under Section 10(32) of the Income Tax Act, any income of minor children clubbed in the total income of the parent under Section 64(IA) of the Income Tax Act will be exempt from tax to the extent of Rs.1,500/- per minor child.

#### b) Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

#### c) Exemption of capital gains from Income tax

Long-term capital gains arising from transfer of a long-term capital asset, being an equity share in a company is exempt from tax under Section 10 (38) of the Act, provided such a transaction is chargeable to Securities Transaction Tax.

As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to an assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Provided that investments made on or after 1st April 2007 in the said bonds should not exceed fifty lakh rupees.

As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on

a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer

Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

d) Provisions of the Act vis-a-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

## **V. Benefits available to Foreign Institutional Investors ('FIIs')**

a) Taxability of capital gains

As per the provisions of Section 115AD of the Act, FIIs will be taxed on the capital gains income at the following rates:

Sr. No.	Nature of Income	Rate of Tax
1	Long Term Capital Gain	Nil
2	Short Term Capital Gain	*10%

(\* as per Finance Bill 2008, it has been raised to 15 per cent plus applicable surcharge and education cess)

The above tax rates would apply in cases where Securities Transaction Tax is paid. Short-term capital gains are taxed at 30%, and Long Term capital gains are taxed at 10% if such a transaction is not chargeable to Securities Transaction Tax.

The above tax rates would be increased by the applicable surcharge. The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to a FII.

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident

b) Exemption of capital gain from Income tax

Long-term capital gains arising from transfer of a long-term capital asset, being an equity share in a company is exempt from tax under Section 10 (38) of the Act, provided such a transaction is chargeable to Securities Transaction Tax.

As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to an assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Provided that investments made on or after 1st April 2007 in the said bonds should not exceed fifty lakh rupees.

## c) Dividend

Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act

F. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds setup by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to the Conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

C. Benefits available to Venture Capital Companies & Funds

As per the provisions of section 10(23FB) of the Act, income of Venture Capital Company or fund registered under the Securities and Exchange Board of India Act, 1992 and fulfilling such conditions as may be notified in the Official Gazette, set up for raising funds for investment in a Venture Capital Undertaking, is exempt from income tax, However the exemption is restricted to the Venture Capital Company & Venture Capital Fund set up to raise funds for investment in a Venture Capital Undertaking which is engaged in the business as specified u/s, 10(23FB)(c) of the Income-tax Act.

**UNDER THE WEALTH TAX ACT, 1957**

Shares in a company held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of Wealth tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

**UNDER THE GIFT TAX ACT, 1958**

Gift of shares of the company made on or after October 1, 1998 are not liable to Gift tax.

## NOTES:

All the above benefits are as per the current tax law and will be available only to the *sole / first* named holder in case the shares are held by joint holders.

In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement (DT AA), if any, between India and the country in which the non-resident has fiscal domicile.

In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his /her participation in the scheme.

### **VIII. COMPANY HISTORY & MANAGEMENT**

The Company was incorporated on 10<sup>th</sup> August 2006 under the Companies Act, 1956 under CIN No. U72900MH2006PLC163731 and obtained the certificate of commencement of business on 16<sup>th</sup> November 2006.

The Registered Office of the Company is at 73A SDF-III, SEEPZ, Andheri (East), Mumbai-400 096

#### **MAIN OBJECTS OF THE COMPANY**

1. To carry on the business of consultancy, advisors, technicians, manufacturers and agents in any part of India and outside India for development of software, software programmes for development or manufacture of remote monitoring programmes, software and programmes for engineering services, innovative software, computers, computer spares and parts or similar related products, to set up data processing centres and provide engineering services of all kind and render all management and professional services in these fields.
2. To carry on the business of manufacturers of computer programmes on owned or hired computers and to set up a Data Processing Centre using computer systems and for its purpose to acquire, purchase or take on lease or on hire computer systems including computer accessories, computing and management service equipments and to carry on business of data processing, aerial mapping and geographical information systems services, data analysing and selling computer time and to render professional and other services connected with the activities of a computer centre and to rent out computer systems, computing and management service equipments and to provide services in respect of data processing, information processing, data preparation and other data processing, management information and consultancy services.

#### **CHANGES IN MEMORANDUM OF ASSOCIATION**

##### **Change in Authorised Capital**

The Company was incorporated with authorized capital of Rs. 5 lacs divided into 50,000 Equity Shares of Rs. 10/- each.

The authorized capital of the Company was then increased from Rs. 5 lacs to Rs. 8 crore divided into 80,00,000 Equity Shares of Rs. 10/- each by an Ordinary Resolution passed on 05<sup>th</sup> June 2007.

#### **SUBSIDIARIES OF THE COMPANY**

In terms of the Scheme of Arrangement, Genesys Enterprises Inc, USA has become Wholly Owned Subsidiary of the Company.

**SHAREHOLDERS AGREEMENT**

There is no separate agreement executed between any shareholder and the Company.

**STRATEGIC / FINANCIAL PARTNERS AND OTHER MATERIAL CONTRACTS**

The Company does not have any strategic/financial partners or has not entered any material contracts other than in ordinary course of business.

**MANAGEMENT**

The overall management is vested in the Board of Directors, comprised of qualified and experienced persons.

**Board of Directors as on the date of the Information Memorandum**

<b>Name Address Designation and Occupation of Directors</b>	<b>Other Directorships Held</b>
Mr. Sajid Malik Managing Director 702, 7 <sup>th</sup> Floor, Vastu, Bandstand, B J Road, Bandra (West), Mumbai-400 050 Occ: Corporate Executive	1. Genesys International Corporation Ltd 2. Genesys International (UK) Ltd 3. Genesys Enterprises Inc, USA 4. Image Intelligence Inc, USA 5. Multi-Flex Lami-print Ltd 6. Ventura Guaranty Ltd 7. Ventura Securities Ltd 8. Ventura Institutional Equities Pvt Ltd
Mrs. Saroja Malik Director 701, 7 <sup>th</sup> Floor, Vastu, Bandstand, B J Road, Bandra (West), Mumbai-400 050 Occ: Corporate Executive	1. Genesys International Corporation Ltd 2. Genesys Enterprises Inc, USA 3. Ventura Guaranty Ltd

Mr. Ganapathy Vishwanathan Director Vriddhi, 18C / 2, Model Town, Balrajeshwar Road, Mulund (West), Mumbai-400 080 Occ: Corporate Executive	1. Genesys International Corporation Ltd 2. Ventura Commodities Pvt Ltd 3. Ventura Institutional Equities Pvt Ltd 4. Divine Investment Advisors Pvt Ltd 5. Divine Venture Pvt Ltd 6. Jasper Holdings Pvt Ltd 7. Viceroy Industries Pvt Ltd 8. Robinhood Insurance Broking Service Pvt Ltd
Mr. Ganesh Acharya Director 3 <sup>rd</sup> Floor, Murli Mahal, Cross Bhaudaji Road, Matunga CR, Mumbai Occ: Corporate Executive	1. Genesys International Corporation Ltd 2. Game Securities Pvt Ltd



**Brief Profile of Directors****Mr. Sajid Malik** **Managing Director**

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

**Mrs. Saroja Malik** **Director**

Mrs. Saroja Malik is a Law Graduate and has more than 30 years exhaustive experience in legal and Income tax matters. She also has flair in office administration. She supervises legal compliance, Custom regulations and all tax related issues.

**Mr. Ganapathy Vishwanathan** **Director**

Mr. Ganapathy Vishwanathan is a Member of the Institute of Chartered Accountants of India, the Institute of Cost and Works Accountants of India and has passed Final Examination of Company Secretaryship of the Institute of Company Secretaries of India. He has more than 10 years of experience in investment banking with a focus on capital market, the thrust areas being capital structuring, syndication and issue management. He had worked with Canbank Financial Services Ltd., which was leading investment bank and thereafter with Ind Global Financial Trust Ltd., a lead Merchant Banker.

**Mr. Ganesh Acharya** **Director**

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

**Interest of Director**

Other than their respective shareholding in the Company and reimbursement of expenses incurred and normal remuneration/sitting fee from the Company, all Directors of the Company have no interest in the Company.

**Compensation of Managing Director**

In accordance with the provisions of Section III of Schedule XIII to the Companies Act, 1956, Mr. Sajid Malik, Managing Director of Genesys International Corporation Ltd and GI Engineering Solutions Ltd is entitled to draw remuneration from one or both Companies, provided the total remuneration drawn the said Companies does not exceed the higher maximum limit admissible from any one of the Companies of which he is a Managerial Person.

Accordingly, Mr. Sajid Malik, Managing Director of the Company does not draw any remuneration from the Company.

### Shareholding of Directors

The shareholding of Directors as on December 31, 2008 is as under:

Sr. No	Name of Director	No of Shares held	%age
1	Mr. Sajid Malik	125772	1.67
2	Mrs. Saroja Malik	120239	1.60
3	Mr. Ganapathy Vishwanathan	193	0.00
4	Mr. Ganesh Acharya	12493	0.17

### Corporate Governance

The Company is fully compliant with the provisions of Clause 49 of the Listing Agreement and the details are as follows:

The Board of Directors of the Company consists of 4 Members and the Company has 1 Executive and 3 'Non-Executive' Directors of which 2 are Independent and 2 are Promoter Directors. Mr. Sajid Malik, Managing Director and Mrs. Saroja Malik, Director are the Promoter Directors.

The Independent Directors of the Company includes Mr. Ganapathy Vishwanathan and Mr. Ganesh Acharya.

The Board has vide resolution dated November 30, 2007, constituted Audit Committee, Shareholders/Investor's Committee and Remuneration Committee as required under Clause 49 of the Listing Agreement as under:

COMMITTEE	NAME OF DIRECTOR	CATEGORY
Audit Committee	Mr. Ganapathy Vishwanathan Mrs. Saroja Malik Mr. Ganesh Acharya	Non-Executive, Independent Non-Executive, Non-Independent Non-Executive, Independent
Shareholders/ Investor's Committee	Mr. Ganapathy Vishwanathan Mrs. Saroja Malik Mr. Ganesh Acharya	Non-Executive, Independent Non-Executive, Non-Independent Non-Executive, Independent
Remuneration Committee	Mr. Ganapathy Vishwanathan Mrs. Saroja Malik Mr. Ganesh Acharya	Non-Executive, Independent Non-Executive, Non-Independent Non-Executive, Independent

The role, powers, scope of functions and duties of the Audit Committee, Shareholders/Investor's Committee and Remuneration Committee of the Board are as per the applicable provisions of the Companies Act, 1956, Clause 49 of the Listing Agreement.

The Board of Director has at its Meeting held on November 30, 2007, approved Code of Conduct for the Members of the Board and Senior Management. Same will be uploaded on Company's website [www.giengineering.com](http://www.giengineering.com) immediately after listing of Company's Shares on Stock Exchanges.

### **Compliance Report on Corporate Governance**

Particulars	Clause of Listing Agreement	Compliance Status Yes/No	Remarks
<b>I Board of Directors</b>	49 I		
(A) Composition of Board	49(IA)	Yes	
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes	Shall be disclosed in next Annual Report
(C) Other provisions as to Board and Committees	49 (IC)	Yes	
D) Code of Conduct	(49 (ID)	Yes	
<b>II. Audit Committee</b>	49 (II)		
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	
(B) Meeting of Audit Committee	49 (IIB)	Yes	
(C) Powers of Audit Committee	49 (IIC)	Yes	
(D) Role of Audit Committee	49 II(D)	Yes	
(E) Review of Information by Audit Committee	49 (IIE)	Yes	Shall be complied with in forthcoming meetings
<b>III. Subsidiary Co's</b>	49 (III)	Yes	
<b>V. Disclosures</b>	49 (IV)		
(A) Basis of related party transactions	49 (IV A)	Yes	Will be disclosed in next Annual Report
(B)Board Disclosures	49 (IV C)	Yes	Will be disclosed in next Annual Report
(C)Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	Yes	Will be complied with as and when situation arises.
(D)Remuneration of Directors	49 (IV E)	Yes	Will be disclosed in next Annual Report

(E)Management	49 (IV F)	Yes	Will be disclosed in next Annual Report
(F)Shareholders	49 (IV G)	Yes	Will be disclosed in next Annual Report
<b>V.CEO/CFO Certification</b>	49 (V)	Yes	Will be complied during the current financial year
<b>VI. Report on Corporate Governance</b>	49 (VI)	Yes	Will be disclosed in next Annual Report
<b>VII. Compliance</b>	49 (VII)	Yes	Will be disclosed in next Annual Report

### **Change in Board of Directors since the Company's inception**

<b>Name of the Director</b>	<b>Date of Appointment</b>	<b>Date of Resignation</b>	<b>Reason</b>
Mr. Ganesh Acharya	30.11.2007	-	Additional Director

## **IX. OVERVIEW OF ORGANISATION STRUCTURE & SENIOR MANAGEMENT PERSONNEL**

### **Key Managerial Personnel**

Mr. Sajid Malik, Managing Director shall be responsible for day to day operations of the Company and as such he is the key managerial personnel. He shall be assisted in the day to day to management by a team of professionals who shall head respective business area.

The profile of other Key managerial personnel of the Company are as under:

Mr. Syban Joseph  
Project Manager, Civil

#### ***Current Responsibilities***

Mr. Syban is responsible for project execution at the company's Mumbai operations. His role involves establishing techniques for tracking project progress and deliveries. He also is responsible for production scheduling, establishing internal project requirements, and project monitoring.

#### ***Total Experience***

Mr. Syban has Ten years experience in various management functions, including Civil Engineering and Land Developments.

Mr. Kamlesh Guwalani  
SENIOR MANAGER – Mechanical Engineering Group (MEG)

#### ***Current Responsibilities***

Mr. Kamlesh heads the Mechanical Engineering Group of at the company's Mumbai facilities. He is responsible for all Mechanical Engineering Design services-Mainly in HVAC field. He manages several HVAC services like PMS-Proposal Management Service, ESO-Equipment Selection and optimization, PID-Projects Identification service, TOS-Take Off Service, Energy Analysis services and HVAC product design service for multiple international clients. He is also responsible for training and online software development for the group.

#### ***Total Experience***

Mr. Kamlesh has got over 12 years of Design experience in the field of HVAC (Heating Ventilation & Air Conditioning).

## X. PROMOTER AND SUBSIDIARY COMPANIES

### Promoters

Before the Scheme becoming effective, the shareholding of the promoters of the Company was as under:

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares
1	Kilam Holdings Ltd	Nil	Nil
2	Kadam Holding Ltd	Nil	Nil
3	Mr. Sohel Malik	Nil	Nil
4	Mr. Sajid Malik	25000	50.00
5	Mrs. Saroja Malik	24500	49.00
6	Ms. T. S. Lakshmiammal	Nil	Nil
<b>Total</b>		<b>49500</b>	<b>99.00</b>

After the Scheme has become effective, the shareholding of the Promoters of the Company is as follows:

Sr.No	NAME OF THE SHAREHOLDER	Shares	%age
1.	Kilam Holdings Ltd	1596947	21.26
2.	Kadam Holding Ltd	832675	11.08
3.	Mr. Sajid Malik	125772	1.67
4.	Mrs. Saroja Malik	120239	1.60
5.	Mr. Sohel Malik	1765000	23.50
6.	Ms. T. S. Lakshmiammal	700	0.01
	<b>TOTAL</b>	<b>4441333</b>	<b>59.12</b>

### Subsidiary Companies

In terms of the Scheme of Arrangement approved by the Bombay High Court for demerger and transfer of the Engineering and Information Technology business undertaking of Genesys International Corporation Ltd in favour of the Company, investments in Genesys Enterprises Inc, USA has been transferred in favour of the Company and it has become Wholly Owned Subsidiary of the Company.

**XI. FINANCIAL STATEMENT****FINANCIAL INFORMATION FOR THE PREVIOUS 3 YEARS PRIOR TO THE DATE OF LISTING**

The Company has been incorporated in the year 2006 and the audited financial information relating to period ended March 31, 2007, year ended March 31, 2008 and for the period ended on 30<sup>th</sup> September, 2008 is available and stated below:

**Summary of Balance Sheets as at 31<sup>st</sup> March 2007, 31<sup>st</sup> March 2008 and 30<sup>th</sup> September,2008 is as under :**

( Rs. In Lacs)

	<b>Particulars</b>	<b>As at 30.09.2008 Audited</b>	<b>As at 31.03.2008 Audited</b>	<b>As at 31.03.2007 Audited</b>
<b>A</b>	<b>Assets</b>			
	i) Gross Block	360.04	359.89	359.40
	Less: Depreciation	158.97	148.28	126.74
	Net Block	<b>201.07</b>	<b>211.61</b>	<b>232.66</b>
<b>B</b>	<b>Investments</b>			
	Investment	<b>2682.34</b>	<b>2682.34</b>	<b>2682.34</b>
<b>C</b>	<b>Current Assets, Loans and Advances</b>			
	Debtors	145.86	78.30	9.39
	Cash and Bank balances	1.86	2.85	569.77
	Loans and Advances	640.28	632.96	13.87
	Other Current Assets	19.17	0.02	-
	<b>Total Assets (A+B+C)</b>	<b>3690.58</b>	<b>3608.08</b>	<b>3508.03</b>
<b>D</b>	<b>Liabilities and Provisions</b>			

## GI ENGINEERING

## INFORMATION MEMORANDUM

	Loan Funds			
	Unsecured Loans	3.00	3.00	---
	Current Liabilities & Provisions			
	Current Liabilities	113.52	67.39	4.57
	Provisions	3.00	0.98	0.58
	Total Liabilities and Provisions	119.80	71.37	5.15
	<b>Net Worth (A+B+C-D)</b>	<b>3570.78</b>	<b>3536.71</b>	<b>3502.88</b>
	<b>Represented by</b>			
A	Share Capital	751.19	583.44	5.00
B	Share Capital Suspense a/c	-	-	578.44
C	Equity Share Warrants	-	31.87	-
D	Equity Share Warrants Suspense	-	-	31.87
E	Reserve and Surplus	3060.79	3196.67	3196.67
F	Less Debit Balance of Profit & Loss Account.	241.20	275.27	309.10
	<b>Total ( A+B+C+D+E-F)</b>	<b>3570.78</b>	<b>3536.71</b>	<b>3502.88</b>

Summary of Profit & Loss account for the period ended on 31<sup>st</sup> March 2007,, for the year ended on 31<sup>st</sup> March,2008 and for the period ended on 30<sup>th</sup> September,2008 is as under.

( Rs. In Lacs)

Particulars	For the period 6 months ended on 30.09.2008 Audited	For the year ended on 31.03.2008 Audited	For the period ended on 31.03.2007 Audited
Income			
Revenue from Operations	71.53	82.12	17.84
Other Income	19.15	35.64	0.02



## GI ENGINEERING

## INFORMATION MEMORANDUM

Total	90.68	117.76	17.86
Expenditure			
Personnel Costs	34.53	44.48	15.37
Operating and Other Costs	9.07	13.90	35.33
Finance Costs	0.05	0.64	0.14
Depreciation / Amortization	10.68	21.55	22.58
<b>Total</b>	54.23	80.57	73.42
Operating Profit / (Loss) Before Tax	36.35	37.19	(55.56)
Less: Prior period adjustments	0.00	(0.88)	-
Profit / (Loss) Before Tax	36.35	38.07	(55.56)
Current Tax	2.17	4.04	-
Fringe Benefit Tax	0.11	0.21	0.11
Profit / (Loss) After Tax	34.07	33.82	(55.67)
Add Opening Balance	(275.27)	(309.09)	(253.42)
Balance carried to Balance Sheet	(241.20)	(275.27)	(309.09)
Earning per Share (Equity Share, par value Rs. 10 each)			
Basic	0.51	1.70	(379.82)
Weighted Average Number of shares used in computing earnings per share	6675703	1993930	14658
Diluted	0.51	1.32	(379.82)
Weighted Average Number of shares used in computing earnings per share	6675703	2557680	14658

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS  
( 31.03.2008)**

**I. Company's Background**

GI Engineering Solutions Ltd. is engaged in providing Information Technology and Engineering Services and other related services.

**II. Significant Accounting Policies**

**a) Basis of preparation of financial statements**

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

**b) Use of estimates**

The 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.

**c) Method of accounting**

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

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

**d) Fixed Assets**

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

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

Assets transferred under the Scheme of Demerger are stated at the values specified in the Scheme.

**e) Borrowing Costs**

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

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

**f) Depreciation / Amortisation****Tangible Assets**

Depreciation is provided using the straight line method, at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except on computer hardware on which depreciation has been provided based on the useful lives as estimated by the management being 3 to 5 years.

**Intangible Assets**

Depreciation is provided on computer software using the straight line method based on the useful lives as estimated by the management being 3 to 5 years.

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

**g) Impairment of Fixed assets**

In accordance with AS-28 on 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, where there is an indication of impairment of the Group's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the Profit & Loss account whenever the carrying amount of such assets exceeds its recoverable amount. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the assets is restated to the extent of the carrying value of the asset that would have been determined (net of amortization/depreciation) had no impairment loss been recognized.

**h) Investments**

Long Term Investments are stated at cost. Provision for diminution is made, if in the opinion of the management such a diminution is other than temporary.

**i) Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rates existing at the time of the transactions and exchange differences

arising from foreign currency transactions are dealt with in the Profit and Loss Account. Foreign exchange gains or losses relating to the acquisition of fixed assets are charged off to the Profit & Loss Account pursuant to the notification issued by ICAI.

Current assets and current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is accounted for in the Profit & Loss Account.

Investments in overseas Subsidiary / other entities are recognized at the relevant exchange rates prevailing on the dates of allotment of the Investments.

**j) Earning per Share**

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

**k) 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 asset or liability is recognized only for those timing differences that originate during the tax holiday period but reverse after the tax holiday period.

Deferred tax assets 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.

**iii. Fringe Benefit Tax**

Provision for Fringe Benefit Tax (FBT) is made on the basis of expenses incurred on employees / other expenses as prescribed under the Income Tax Act, 1961.

**l) Employee Benefits :**

- (i) Provident Fund – The Company makes defined monthly contribution to Provident Fund administered and managed by the Government of India which is recognized in the Profit & Loss Account on accrual basis.
- (ii) Gratuity & Leave Encashment – Gratuity & Leave Encashment are defined benefits covering all employees. The liability as at the Balance Sheet date has been provided based on the actuarial valuation carried out in accordance with the Accounting Standard (AS) – 15 “Employee Benefits” (revised 2005).
- (iii) Short term employment benefits - The undiscounted amount of all short term employee benefits expected to be paid in exchange for services rendered by employees are recognized as an expense in the profit & loss account during the period when the employee renders the services

**m) Provisions and Contingent Liabilities**

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

**Schedule O****Notes forming part of Accounts**

1. **By way of Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956, the business of Engineering and Information Technology Division has been transferred from M/s Genesys International Corporation Ltd., the Demerged Company. The appointed date under the Scheme of Arrangement was 01<sup>st</sup> April, 2006 for giving necessary effect to the demerger of the Engineering and Information Technology Division.**

**Pursuant to the scheme of demerger as sanctioned by the Hon'ble High Court, Mumbai, with effect from 1<sup>st</sup> April 2006, the appointed date, following assets and liabilities have been transferred from the Demerged Company M/s Genesys International Corporation Ltd.**

Particulars	Amount in Rs. Lacs	
<b>Fixed Assets (Net Block)</b>	<b>255.24</b>	
<b>Investments</b>	<b>2677.86</b>	
<b>Sundry Debtors</b>	<b>17.88</b>	

<b>Cash &amp; Bank Balances</b>	<b>587.62</b>	
<b>Loans &amp; Advances</b>	<b>33.89</b>	
<b>Total Assets</b>		<b>3572.49</b>
<b>Current Liabilities and Provisions</b>		<b>10.19</b>
<b>Miscellaneous Expenditure</b>		<b>3.07</b>
<b>Excess of Assets over Liabilities to be adjusted against Reserves and Surplus</b>		<b>3565.37</b>

## 2. Share Capital

During the FY 2006-2007, the Company was incorporated with the Paid up Equity Share Capital of Rs. 5,00,000/- comprising of 50,000 Equity Shares of Rs. 10/- each.

Further, in consideration of the demerger and transfer of the Engineering and Information Technology business by M/s Genesys International Corporation Limited ('the Demerged Company') to the Company and in terms of the Scheme of Arrangement sanctioned by the High Court, Mumbai, the Company was required to issue and allot fully paid up Equity Shares to those Equity Shareholders of the Demerged Company, whose names appeared in the Register of Members of the Demerged Company as on October 19, 2007, the Record Date fixed in this regard, as per the Share Entitlement Ratio, mentioned herein below:

In respect of every Two (2) Equity Shares of Rs. 10/- each held by the Equity Shareholder in the Demerged Company, One (1) New Equity Share of Rs. 10/- of the Company.

Accordingly, the Company has issued and allotted 57,84,378 Equity Shares of Rs. 10/- each credited as fully paid up to the Equity Shareholders of the Demerged Company on November 30, 2007.

### Equity Share Warrants

Pursuant to the Scheme of Demerger, the Company was required to issue and allot Warrants convertible into Equity Shares in accordance with the Share Entitlement Ratio, mentioned herein above, to those Warrant holders of the Demerged Company, who have not exercised their option of conversion of Warrants into Equity Shares on or before October 19, 2007, the Record Date fixed in this regard.

Accordingly, the Company has issued and allotted 16,77,500 Warrants convertible into 16,77,500 Equity Shares of the Company to the Warrant holders of the Demerged Company on November 30, 2007.

## 3. Contingent Liabilities

Guarantees given by Bank on behalf of the Company are Rs. 1,15,000/- (Previous year Rs. 1,15,000/-). The guarantees are secured by Fixed

Deposits worth Rs. 35,946/- (Previous year Rs. 35,946/-).

4. 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. Subsidiary Company**

M/s Genesys Enterprises Inc., USA

**B. Key Management Personnel**

<b>Name of Personnel</b>	<b>Designation</b>
Mr. Sajid Malik	Managing Director
Mrs. Saroja Malik	Director
Mr. Ganapathy Vishwanathan	Director
Mr. Ganesh Acharya	Director

**C. Principal Shareholder**

M/s Kilam Holdings Ltd

**D. Associate Enterprises**

M/s Genesys International Corporation Ltd.

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

<b>Transactions during the period and Closing balances</b>	<b>Period ended 31<sup>st</sup> March 2008 (Rs.)</b>	<b>Period ended 31<sup>st</sup> March. 2007. (Rs.)</b>
Equity Contribution In Wholly Owned Subsidiary - Genesys Enterprises, Inc	Nil	448,300
Expenses Incurred By Genesys International Corporation Ltd. (Associate Enterprises)	3,454,836	Nil
Amount Payable to Genesys International Corporation Ltd.(Associate Enterprises)	6,157,862	Nil

**5. Employee Benefits :**

## (I) Post-employment benefits plans

## (a) Defined Contribution Plans –

In respect of the defined contribution plans, an amount of Rs. 172,698/- has been recognized in the Profit & Loss account for the year.

## (b) Defined Benefit Plans –

(i) The liability in respect of gratuity and leave encashment 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	Gratuity	Leave Encashment
Discount rate Current year	8% p.a	8% p.a
Rate of Return on Plan Assets Current year	8% p.a	8% p.a
Salary Escalation Current year	8% p.a	8% p.a

(iii) Reconciliation of Benefit Obligation :

Particulars	Gratuity	Leave Encashment
	Rs.	Rs.
Liability at the beginning of the year	20889	37567
Interest Cost	1671	3005
Current Service Cost	36829	25066
Benefit Paid	0	24625
Actuarial (Gain)/ Loss on Obligations	(8916)	6745
Amount recognised and disclosed under the head "Provision for employees benefits"	50473	47758

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

Particulars	Gratuity	Leave Encashment
	Rs.	Rs.
Current Service Cost	36829	25066



Interest Cost	1671	3005
Net Actuarial (Gain)/ Loss recognized	(8916)	6745
Expenses recognised in Profit and Loss account	29584	34816

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

Particulars	Gratuity	Leave Encashment
	Rs.	Rs.
Liability at the end of the year	50473	47758
Fair value of the plan assets at the end of the year	-	-
Difference	50473	47758
Amount recognized in the Balance Sheet	50473	47758

This being the first year of disclosure, previous years figures have not been furnished.

6. (a) Provision of Rs. 403900/- (Previous Year -Nil) towards Minimum Alternate Tax (MAT) payable under section 115JB of Income Tax Act, 1961 has been made. The MAT paid by the company for the current year is allowed to be carried forward for a period upto next 7 years to be adjusted against the normal tax payable, if any, in those years.

(b) In accordance with the Accounting Standard – 22 (AS – 22) “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India which became mandatory from 1<sup>st</sup> April 2001, the Company has considered the effect of timing differences and accordingly accounted for Deferred Tax.

The Company’s operations are entitled to a tax holiday under Section 10 A. Deferred Tax Assets and Liabilities as at the balance sheet date resulting from timing differences between book profit and tax profit are not considered to the extent they are expected to get reversed within the tax holiday period.

Particulars	As at March 31, 2008	As at March 31, 2007
	Rs.	Rs.
<b>Deferred Tax Assets</b>		
Unabsorbed Losses	61,09,255	85,33,901
Provision for Employee Benefits	33,389	19,676
Provision for Doubtful Debts	3,42,949	3,39,620
Preliminary Expenses	2,31,638	7,210
<b>Total</b>	<b>67,17,231</b>	<b>89,00,407</b>
<b>Deferred Tax Liability</b>		
Fixed Assets (Depreciation/Amortization)	2,35,875	2,31,904
<b>Net Deferred Tax (Liability)/Assets</b>	<b>64,81,356</b>	<b>86,68,503</b>

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

**7. Earnings per share:**

	<b>March 31, 2008</b>	<b>March 31, 2007</b>
Weighted average number of shares used as denominator for calculating <b>Basic earning per share</b>	19,93,930	14,658
Weighted average number of shares used as denominator for calculating <b>Dilutive earning</b>	25,57,680	14,658
<b>Net Profit / ( Loss ) after taxation</b>	<b>33,82,221</b>	<b>(55,67,468)</b>
Basic EPS	Rs. 1.70	Rs. (379.82)
Diluted EPS	Rs. 1.32	Rs. (379.82 )
Nominal value of Shares	Rs. 10	Rs. 10

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

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

(Amount in Rs.)

<b>SECONDARY SEGMENT (Geographical Segment based on Sales Continent</b>		
<b>Segment Revenue</b>	<b>For the Period ended 31<sup>st</sup> March 2008</b>	<b>For the Period ended 31<sup>st</sup> March 2007</b>
North America	82,11,987	11,57,528
Asia	-	6,26,416
<b>Total Revenue from Operations</b>	<b>82,11,987</b>	<b>17,83,944</b>

**9. Earnings in Foreign Exchange: (At actual)**

	<b>For the Period ended 31<sup>st</sup> March 2008</b>	<b>For the Period ended 31<sup>st</sup> March 2007</b>
Revenue from Operations	Rs. 14,19,808	Rs. 9,00,127

**10. Value of Imports (CIF basis): (At actual)**

	<b>For the year</b>	<b>For the year</b>
	<b>31<sup>st</sup> March 2008</b>	<b>31<sup>st</sup> March 2007</b>
Capital Goods	Rs. 35,135	Rs. Nil

**11. Exchange Differences**

During the period realized and unrealized exchange loss amounting to Rs. 137,412/- (PY: Rs.54,961) is included in the financial statements.

- 12.** The Company has not received any intimation from suppliers regarding their status under the Micro, Small & Medium Enterprises Development Act, 2006 and hence, disclosures, if any, relating to Amounts unpaid as at the period end have not been given.
- 13.** 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.
- 14.** The Company is engaged in the business of rendering Engineering & IT based services. The development and sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act 1956.

## XII. DETAILS & FINANCIAL HIGHLIGHTS OF COMPANIES UNDER SAME MANAGEMENT

### DETAILS OF OTHER LISTED COMPANY IN THE GROUP

Genesys International Corporation Limited (GICL)

GENESYS INTERNATIONAL CORPORATION LIMITED (hereinafter referred to as the "GICL") was originally incorporated in the State of Maharashtra under the Companies Act, 1956, under the name and style of "Aeke Trading & Investments Limited". Subsequently the name was changed to "Aeke Corporation Limited" as approved by the Registrar of Companies, Maharashtra, vide a fresh Certificate of Incorporation consequent on change of name having Registration No. 11-29197 from the Office of Registrar of Companies, Maharashtra, Mumbai. The name was further changed to Genesys International Corporation Limited and obtained a fresh Certificate of Incorporation consequent on change of name having Registration No. 11-29197 from the Office of Registrar of Companies, Maharashtra, Mumbai.

The primary business of GICL is Geospatical.

Shareholding Pattern of GICL ( 30.09.2008)

Sr.No.	Category	No. of Shares held	% of Shareholding
1.	Promoters Holding	7283667	48.81
2.	Public Shareholding	7640089	51.19
	<b>Total</b>	<b>14923756</b>	<b>100.00</b>

#### Board of Directors

Mr. Sajid Malik	Managing Director
Mrs. Saroja Malik	Whole Time Director
Mr. Sohel Malik	Executive Director
Mr. Ganapathy Vishwanathan	Director
Mr. Hemant Majethia	Director
Mr. Ganesh Acharya	Director

Capital Structure of GICL

	As at March 31, 2008
<b>Authorised Share Capital</b>	
1,50,00,000 Equity Shares of Rs. 10/- each	15,00,00,000/-
<b>Issued, Subscribed and Paid Up Capital</b>	
1,49,23,756 Equity Shares of Rs. 10/- each fully paid up.	14,92,37,560/-

## Financial Performance.

(Rs in Lacs)

Particulars	* 2008 Audited	*2007 Audited	2006 Audited	2005 Audited	2004 Audited
Total Income	4752.81	1932.65	1404.43	1772.57	2064.13
Profits Before Tax and Exceptional Items	1519.87	218.87	30.63	(48.20)	204.56
Net Profits After Tax & Exceptional item	1455.87	206.38	16.44	(48.20)	204.42
Equity Share Capital	1156.88	1156.88	1099.38	1099.38	1099.38
EPS ( Basic / Diluted )( Rs.)	12.58 / 10.49	1.62 / 1.28	0.15/0.15	(0.44)/(0.44)	1.86/ 1.86
Return on Capital Employed	36.56 %	8.48 %	(0.08 %)	(0.40 %)	3.79 %

\* Post Demerger

**DETAILS OF OTHER GROUP COMPANY****Subsidiary Company**

In terms of the Scheme of Arrangement approved by the Bombay High Court for demerger and transfer of the Engineering and Information Technology business undertaking of Genesys International Corporation Ltd in favour of the Company, investments in Genesys Enterprises Inc, USA has been transferred in favour of the Company and it has become Wholly Owned Subsidiary of the Company.

**Financial Performance**

Brief financials of Genesys Enterprises Inc., USA , since it became a wholly owned subsidiary of the Company is as under:

(Figures in US \$)

Particulars	March 2008 Audited	March 2007 Audited
Total Income	440994	617990
Profits Before Tax and Exceptional Items	(186682)	(298573)
Net Profits After Tax & Exceptional item	(188051)	(311505)
Equity Share Capital	5506500	5506500
EPS ( Basic / Dilutive )	(0.34)	(0.80)

### **OUTSTANDING LITIGATION OF THE COMPANY, PROMOTER, DIRECTORS OR ANY OF THE GROUP COMPANIES**

As per the Scheme, all suits, actions and proceedings of whatever nature by or against the Transferor Company pending and/ or arising on or before the Effective Date of the Scheme shall not abate, or be discontinued or be in any way prejudicially affected by reason of the transfer of the business of the Transferor Companies pursuant to the Scheme but be continued, prosecuted and enforced by or against the Transferee Company, viz. GI Engineering Solutions Ltd as effectually as if the same had been pending and/or arising against GI Engineering Solutions Ltd.

Save as stated herein, there are no outstanding or pending material litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part 1 of Schedule XIII of the Companies Act) or litigation for tax liabilities against the Company, its Promoters, directors or Promoter Group companies and there are no material defaults, non payments or overdue of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company, its Promoters or Promoter Group Companies.

### **PARTICULARS OF HIGH, LOW AND AVERAGE PRICES OF THE SHARES OF THE LISTED COMPANY DURING THE THREE PRECEDING 3 YEARS.**

Particulars of High, Low and Average share prices of GICL

Year	BSE			NSE		
	HIGH	LOW	AVERAGE	HIGH	LOW	AVERAGE
2006	34.40	12.80	23.60	33.75	12.65	23.20
2007	29.85	12.50	21.18	29.70	12.25	20.98
2008	97.40	17.60	57.50	95.70	18.00	56.85

Source: (Website of BSE and NSE)

### **ANY MATERIAL DEVELOPMENT AFTER THE DATE OF BALANCE SHEET**

The equity shares of the Company will be listed on BSE and NSE. The Company has received in-principle approval from BSE vide their letter no. DCS/AMAL/SKS/IP/383/2008-09 dated 30<sup>th</sup> June 2008 and from NSE vide their letter no. NSE/LIST/79033-W dated 18<sup>th</sup> July 2008 for the listing of Equity Shares of the Company.

Note: The detailed Information Memorandum of the Company will be made available on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) and website of NSE ([www.nseindia.com](http://www.nseindia.com))

### **XIII. MANAGEMENT DISCUSSION AND ANALYSIS**

#### **Industry Structure & Developments:**

Indian Companies after success in IT software and services are in position to gain a strong foothold in outsourced product design and engineering. The Engineering Services market is a huge one. Global spend on Engineering Services in 2004 was US \$ 750 billion and is projected to increase to US \$ 1.1 trillion by 2020. The value of work currently undertaken by India-based vendors in this market is too small and thereby offering tremendous untapped potential.

The scope of outsourced engineering services expand beyond product design and R & D services to include industrial services such as process engineering, plant automation and enterprise asset management (EAM).

The board areas of engineering services are product design engineering, process engineering, plant automation and EAM across verticals, especially automotive, aerospace, construction & equipment and manufacturing.

#### **Opportunities and Threats:**

Engineering services is a huge market and key sectors that dominate global engineering spends include high-technology / telecom, automotive and aerospace – accounting for over 55 percent of the total. Other sectors include industrial, defense, utilities and construction. The very nature of service offer tremendous opportunities but at the same time as in any other industry the competition is becoming the main force. The presence of consulting firms, national and multinational technology companies, etc makes it very intense. The industry is experiencing rapid changes that are affecting the competitive landscape, including divestitures and acquisitions that have resulted in consolidation within the industry.

#### **Risks and Concerns**

The company's business faces risks and concerns common to other Information Technology businesses. Principal among them are:

1. Fast changing technology,
2. Attracting and retaining talented human resources,
3. Intense competition,
4. Success in adding new customers and expanding the areas of work with existing customers
5. Uncertainties in outsourcing
6. Foreign Exchange Risk with Rupee strengthening

#### ***Internal Control Systems & Their Adequacy***

The company has in place systems and processes to effectively control and monitor the business operations on an on going basis. The systems encompass all areas of the operations with formal procedures and processes laid down for authorizing Expenditure

– both capital and revenue, Sales, Human Resources development and management, Production and Delivery etc. These are reviewed on an ongoing basis by the top management and changes wherever required are incorporated.

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

*Discussion on Financial Performance with respect to Operational Performance*

**LIABILITIES AND ASSETS**

*Share Capital*

The company's share capital comprises of only one class of shares – equity shares - having a face value of Rs 10 each. As on 31<sup>st</sup> March 2008 subscribed and paid up share capital was Rs 5,83,43,780 comprising 58,34,378 equity shares of Rs. 10/- each fully paid up (Out of the which 57,84,378 equity shares of Rs. 10/- each are allotted as fully paid up to the shareholders of Genesys International Corporation Ltd. Pursuant to the Scheme of Demerger sanctioned by the High Court, Mumbai on 7<sup>th</sup> September, 2007). The company's shares are proposed to be listed on the Mumbai Stock Exchange and National Stock Exchange.

*Reserves and Surplus*

Reserves and Surplus comprise balances in Share Premium Account, undistributed profits retained in General Reserves and in the Profit and Loss Account.

During the year a sum of Rs Nil was transferred to General Reserves and the amount standing to the credit of General Reserves at the end of 31<sup>st</sup> March, 2008 was Rs 31,96,66,855/-

During the relevant period Profit of Rs 33,82,221/- was transferred to opening Debit balance in Profit and loss account of Rs 3,09,09,517/-. The total amount standing to the debit of the Profit & Loss account at the end of the period was Rs 2,75,27,296/-

*Secured / Unsecured Loans*

There have been no secured borrowings by the company. During the relevant period the company has however taken unsecured loan from its Director and the amount outstanding at the end of 31<sup>st</sup> March, 2008 is Rs 3 Lacs.

*Fixed Assets*

The company's Fixed Assets comprise Computer Hardware & Software, Furniture and Fixtures, and Office Equipments. Total Gross Fixed Assets as on



31<sup>st</sup> March, 2008 was Rs 3,59,88,607/- and after reducing accumulated depreciation of Rs 1,48,28,215/- the Net Block stood at Rs 2,11,60,392/-

The company follows a straight line method of depreciation and rates adopted for various categories of its assets are as per the provisions of Schedule XIV of the Companies Act, 1956 and with regard to the estimated useful life of the assets. While Computer Equipment is written off over a period ranging from 3 to 5 years – depending on their nature – other assets are depreciated as per the rates specified in the Companies Act, 1956.

### ***Investment***

There has been no fresh investment in the Subsidiary of the Company which at the end of the period was Rs 26.82.34 Lacs

### ***Sundry Debtors***

Sundry Debtors as on 31<sup>st</sup> March, 2008 were Rs 78,29,656/- increase of Rs 68,90,405/- as compared to balance o/s at 31<sup>st</sup> March 2007. All the debtors are considered good and realizable in the normal course of business.

### ***Cash and Bank Balance***

Total cash and bank balances as on 31<sup>st</sup> March, 2008 were Rs 2,85,216/- as against Rs 5,69,77,589/- in the previous year. These balances are maintained in EEFC account, Current and Fixed Deposit account with the banks.

### ***Loans and Advances***

These represent cash outlays against which benefits / values are expected in the future and include

- Deposits for utility services like telephones, water and electricity and other sundry nature
- Advance Income taxes, including Income Tax deducted at source and refunds due for past years
- Prepaid expenses

The company invests its surplus funds in Fixed Deposits of Banks and Debt funds managed by Mutual Funds carrying very high safety ratings. Intermittently it also invests, small amounts of money for brief periods of time, in inter corporate deposits with bodies corporate that it considers completely safe and reliable. Interest on all such deposits has been classified under other income.

**Current Liabilities** include amounts due to

- Vendors for the supply of goods and services
- Amounts accrued and due for operational expenses

- Dues to employees including accrued salaries and benefits like LTA
- Unclaimed Dividends to the extent not en-cashed by shareholders
- Advances received from customers

Provisions include Liability on account of Leave Encashment and gratuity of employees as per actuarial valuation.

The company's operation at Mumbai is in SEEPZ – an Export Promotion Zone. As such its entire Export Profits are exempt from Income Tax u/s 10A and 10B of the Income Tax Act.

## **INCOME & EXPENDITURE**

### ***Income***

During the year our revenues from Engineering business has grown significantly from 17,83,944/- to Rs. 82,11,987/-

During the year ended 31<sup>st</sup> March, 2008 Profit after Tax of Rs 33,82,221/- as against previous year Loss of Rs 55,67,467/-

Entire sales of the company comprise of Exports revenues.

Other income includes interest on fixed deposits with banks, income from mutual funds and interest on inter corporate deposits.

### ***Expenditure***

Total Operating Costs, before Depreciation, amounted to Rs 59,02,973/- while Depreciation was Rs. 21,54,701/-

Profits attributable to other income comprising Interest on Bank and other Deposits are subject to Income Tax.

### ***Material Developments in Human Resources***

The company's human resource policy is aimed at attracting and retaining skilled and professional manpower. It has regular training programs to upgrade employee skill sets and knowledge. Leadership programs are being conducted to promote leadership qualities.

#### **XIV. OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS**

As per the Scheme, all suits, actions and proceedings of whatever nature by or against the Transferor Company pending and/ or arising on or before the Effective Date of the Scheme shall not abate, or be discontinued or be in any way prejudicially affected by reason of the transfer of the business of the Transferor Companies pursuant to the Scheme but be continued, prosecuted and enforced by or against the Transferee Company, viz. GI Engineering Solutions Ltd as effectually as if the same had been pending and/or arising against GI Engineering Solutions Ltd.

Save as stated herein, there are no outstanding or pending material litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part 1 of Schedule XIII of the Companies Act) or litigation for tax liabilities against the Company, its Promoters, directors or Promoter Group companies and there are no material defaults, non payments or overdue of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company, its Promoters or Promoter Group Companies.

#### **Previous Public/Rights Issues by the Company in the last 5 years**

There were no Public/ Rights issues by the Company in the last 5 years.

#### **Revaluation of Assets**

The Company has not revalued its assets during the last five years.

## XV. ARTICLES OF ASSOCIATION

The main provisions of the Articles of Association of the Company are as under:

### **SHARE CAPITAL**

#### ***Share Capital under the control of the Directors***

Subject to the provisions of section 81 of the Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased Capital of the Company) shall be under the control of the Board who may allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par (Subject to compliance with the provisions of Section 78 of the Act) or at a discount (subject to compliance with the provisions of Section 79 of the Act) and at such times as they may think fit and proper, and with the sanction of the Company in General Meeting to give to any person or persons the option or right to call for any shares consideration as the Directors think fit, and may issue and allot shares in the Capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

#### **Further Issue of Share Capital:**

Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed by the Company to issue any new or additional shares, whether out of unissued share capital or out of increased share capital then:

- (a) Such further shares shall be offered to the Members who, on the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the capital paid up on those shares at that date.
- (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, shall be deemed to have not been declined.

- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub – clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
- (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person (s) as they may think, in their sole discretion, fit.

Notwithstanding anything contained in clause (9) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of clause (9) hereof in any manner whatsoever.

- (i) If a special resolution to that effect is passed by the company in General Meeting, or
- (ii) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person or proxy, exceeds the votes, if any, cast against the proposal by members, so entitled and voting and the central government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

Nothing in clause (c) of (1) hereof shall be deemed;

- (iii) To extend the time within which the offer should be accepted; or
- (iv) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

- (v) To convert such debentures or loans into shares in the Company; or

- (vi) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- (ii) In this case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.
- (iii) Subject to the provisions of the Act, the Company may issue shares with differential voting rights as to dividend, voting or otherwise.

***New shares to rank equally with existing shares***

Except as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installment, transfer and transmission, forfeiture, surrender, lien, voting and otherwise

**Subdivision, consolidation and cancellation of shares**

The Company in General Meeting may alter the conditions of its Articles for the following purposes:

- a. To consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- b. To subdivide the existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association and these Articles, subject to the provisions of Act, and
- c. To cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

## **SHARES AND SHARE CERTIFICATES**

### **Right to Share Certificates**

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his

name, or if the Directors so approve (upon paying such fees as the Board may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid – up thereon and shall be in such form as the Board may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

### **Duplicate Share Certificate**

The Certificates of title to shares and duplicates thereof shall be issued under the Seal of the Company and signed by two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney, and the Secretary of the Company or such other person appointed by the Board for the purpose, provided that at least one of the aforesaid two Directors shall be a persons other than a managing or whole-time Directors. A Director may sign a share certificate by affixing his signature thereon by any machine, equipment or other mechanical device.

### **Issue of New Certificate in place of one Defaced, Lost or Destroyed:**

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, an a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificates under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Board shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

### **Issue of new certificates**

If any certificate of any share or shares be surrendered to the Company for subdivision or consolidation or if any certificate be defaced torn, decrepit or worn out, then upon surrender thereof to the Company, and if any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Directors may order such certificate to be cancelled and issue a new certificate in lieu thereof to the registered holder of such shares. For every certificate issued under this Articles, there shall be paid to the Company a fee not exceeding such amount as the Board may prescribe from time to time. The Company may also, on any issue of shares or debentures pay such brokerage as may be lawful.

### **CALLS**

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the sanction of the members in a general meeting and to the provisions of Section 91 of the Act, make such calls as they thinks fit upon the Members in respect of any money unpaid on the shares held by them. A call may be made payable by installment and may be revoked or postponed as the Board may determine.

### **Date of call**

A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passes and may be made payable by the Members on a subsequent date to be specified by the Directors.

### **Notice of call**

Not less than 30 days' notice shall be given in respect of any call and the notice shall specify the place and the time of payment, the amount called on the shares and the person to which such sum shall be paid.

### **Extension of time for making the payment of call**

The Board may, from time to time, at discretion, extend the time fixed for the payment of any call, and may extend such time as to all payments of any call for any of the Member/Debenture holder shall be entitled to such extension save as a matter of grace and favor.



**Interest payable on call or installment**

If any Member/Debenture holder fails to pay any call due from him on the date appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall, from time to time be fixed by the Board.

The Board shall be at liberty to waive payment of any such interest wholly or in part.

**Suit for recovery of calls**

On the trial or hearing of any action or suit brought by the Company against any member or their representative to recover any money due to the Company in respect of their share, it shall be sufficient to show:

- a. That the name of the defendant is, or was, when the claim arose, in the Register as a holder or one of the several holders of the shares in respect of which such claim is made,
- b. That the amount claimed is not entered as paid in the books of the Company, that the resolution making the call is duly recorded in the minute Book, and it shall not be necessary to prove the appointment of the Board who made such call, nor that a quorum was present at the Board Meeting at which any call was made, that the meeting at which any call made was duly convened or constituted, nor any other matter whatsoever, but the proof of matters aforesaid shall be conclusive evidence of the debt.

**Payment in Anticipation of call may carry interest:**

The Board may, if they think fit, subject to the provisions of section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

**Liability of joint holder**

The Joint holder of a share shall severally, as well as jointly, be liable for the payment of all installments and calls due in respect thereof.

**Sums deemed to be calls**

Any sum which, by the terms of issue of shares becomes payable on allotment or at fixed date whether on account of the nominal value of the shares or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made and payable on or before the day fixed for the payment of the same. In case of non-payment of any such sum all the relevant provisions of these Articles shall apply as to payment of interest, expenses, forfeiture, or otherwise as if such sum had become payable by virtue of a call duly made and notified.

**FORFEITURE AND LIEN****Notice for payment of call**

If any Member or their legal representative as the case may be fails to pay any call or installment of a call or any money due in respect of any shares on or before the day appointed for the payment thereof, the Board may at any time thereafter, while the call, installment or other money remains unpaid, serve a notice on such Member or their legal representative as the case may be requiring them to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

**Form of notice**

The notice shall name a day (not earlier than the expiration of 14 days from the date of notice) and a place on which such call, installment or money due and interest there on at such rate as the Board may determine from the date on which such call or installment or money due ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the appointed time and place, the share in respect of which the call was made will be liable to be forfeited.

**Share to be forfeited in case of default**

If the requirement of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares, and not actually paid before the forfeiture.

**Notice of forfeiture to Member**

When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in

the Register of Members, but no forfeiture shall be in any manner invalid by any omission or neglect to give such notice or to make such entry as aforesaid.

**Forfeited share to become property of the Company.**

Any share so forfeited shall thereupon become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board may think fit. Upon any sale, re-allotment or other disposal, the certificates stand cancelled and Directors shall be entitled to issue duplicate certificates in respect of the said shares to the person entitled thereto.

**Power to annul forfeiture**

Until any shares so forfeited shall be sold, re-allotted or otherwise dealt with as aforesaid, the forfeiture thereof may, at discretion and by a resolution of the Board, be remitted as a matter of grace and favour, and not as of right, on payment of the monies owing thereon to the Company at the time of forfeiture thereof with interest up to the time of actual payment thereof if the Board shall think fit to receive the same, or on any other terms which the Board may deem fit.

**Member's liability after forfeiture**

Any Member whose shares have been forfeited shall, notwithstanding, be liable to pay the Company all calls, installments, interest expenses or other monies owing upon or in respect of such shares on the date of forfeiture together with interest thereon from the date of forfeiture until payment, at such rate as the Board may determine.

***Effect of forfeiture***

The Forfeiture of a share shall involve the extinction of all interest in, and of all claims and demands against the Company in respect of the forfeited share, and all other right incidental to the share, except only such rights as are expressly provided by these Articles.

**Evidence of forfeiture**

A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, and that certain share in the Company have been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title too

such shares and the purchaser shall not be bound to see to the application of the purchase money, nor shall such purchaser's title to such shares be affected any irregularity in the proceedings in reference to such forfeiture, sale, reallocation or other disposition of the share

### **Company's lien on shares**

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except upon the footing and condition that

this Article shall have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Provided that, the Board may at any time, declare any share / debenture to be wholly or in part to be exempt from the provisions of this clause.

### **Enforcing lien**

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they may think fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and notice in writing of the intention to sell the shares shall have been served on such Member, or such Member's heirs, executors or administrators, or committee, or other legal representatives, as the case may be, and default shall have been made by them or such Member in the payment of the sum payable in respect of any forfeited shares. For the purpose of such sale, the Board may cause to be issued a duplicate certificate in respect of such shares and may authorize one if their number to execute a transfer thereof on behalf of and in the name of the Member.

The net proceeds of any such sale (after deduction of the cost of such sale) shall be applied towards satisfaction of the amount in respect of which the lien exists and the residue, if any, shall be paid to the person entitled to the shares on the date of the sale.

The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debenture on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims

### **Validity of sale**

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an

instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceeding or to the application of the purchase money, and after such purchaser's name has been entered in the Register of Members in respect of such shares, the validity of the sale shall be not be impeached by any person, and the remedy of any person aggrieved by the sale shall not be damages only and solely against the Company. Where any shares are sold according to the provisions herein contained and the certificate thereof has not been delivered up to the Company by the former holder of said shares, the Board may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

## **TRANSFER AND TRANSMISSION OF SHARES**

### **Board may refuse to register transfers**

Subject to the provision of Section 111 of the Act and Section 22 A of the Securities Contract (Regulation) Act, 1956, and the Listing Agreement the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

### **Transfer Register**

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

### **Form of Transfer etc**

The instrument of transfer of any share shall be in writing in the prescribed form and all the provisions of Section 108 of the Act shall be duly complied, with in respect of all transfer of shares and registration thereof.

No fee shall be charged for registration of the transfer or transmission, probate, succession certificate and Letter of administration, certificate of Death or Marriage, Power of Attorney or similar other document.

Every instrument of transfer shall be executed both by the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the certificate or certificates of the share or shares proposed to be transferred or such evidence as the Board may required to prove the title of the transferor. The transferor's right to transfer the shares, and generally under and subject to such conditions and regulations as the Board may from time to time prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

No share shall under any circumstances be transferred to a minor, insolvent or person of unsound mind.

Where in the case of partly paid share, an application for registration of transfer of shares is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

#### **Death of joint holder of share**

In case of the death of any one or more of the persons named in the Register of Members as the joint holder of any share, the first holder or survivor shall be the only person recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder held by such joint holder jointly with any other person.

#### **Title to share of deceased Member**

The executors or administrators or holders of a Succession Certificate or the legal representative in respect of the shares of a deceased Member not being one of two or more joint holder shall be the only person recognized by the Company as having any title to the shares registered in the name of such Member, and the Company shall not be bound to recognize such executors, or administrators or legal representative shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of probate or Letter of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and register any person who claims to be absolutely entitled to the shares standing in the name of a deceased Member, as a Member.

**Transmission of Shares**

Any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy, insolvency, dissolution, winding up or liquidation of any Member or by any lawful means other than by a transfer in accordance with these Articles shall be required to transfer his shares in accordance with the provisions of these Articles.

**Right to receive dividends**

Subject to the right of the Board to retain such dividends or money as hereinafter provided, a person entitled to a share by transmission shall be entitled to receive, and may give a discharge for any dividends or other monies payable in respect of the share.

**Notice prohibiting registration of an transfer**

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and the Company shall not be bound or required to give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing neglecting to do so although it may have been entered to in any book of the Company.

**BORROWING POWERS****Power to borrow**

Subject to the provisions of Section 292 and 293 of the Act and these Articles, the Board may, from time to time, at their discretion, by a resolution passed at a meeting of the Board, accept deposits from Members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of monies for the purposes of the company, not exceeding the aggregate of the paid-up-capital of the Company and its free reserves set apart for any specific purpose, provided however, where the monies to be borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's lender in the ordinary course of business) exceed the aforesaid aggregate, the Board shall not borrow such monies without the consent of the Company by Ordinary Resolution in General Meeting. The payment or repayment of any monies borrowed may be secured in such manner and upon such terms and conditions in

all respects as the Board may think fit and, in particular, by the issue of bonds or debentures of the Company, or any mortgage, charge, or other security on all or any part of the undertaking or property of the Company (both present and future).

## **GENERAL MEETING**

### **Annual General Meetings**

The Company shall, in addition to any other meetings in each year, hold a General Meeting as its Annual General Meeting in accordance with the provisions of Section 166 of the Act, at such time and place as may be determined by the Board, and shall specify the meeting as such in the notice concerning the same. All General Meeting other than the Annual General Meetings shall be called be Extraordinary General Meeting.

### **Extraordinary General Meetings**

The Board may, whenever they think fit, call an Extraordinary General Meeting at such time and at such place as they may determine.

### **Calling of Extraordinary General Meeting**

The Board shall, on the requisition of such number of Members as is specified in sub-section (4) of Section 169 of the Act, forthwith proceed to call an Extraordinary General Meeting of the Company, and the provisions of Section 169 of the Act shall apply to any such requisition or to any meeting called pursuant thereto.

### **Notice of General Meetings**

A General Meeting of the Company may be convened by giving not less than 21 days notice in writing. A General Meeting may be convened by giving shorter notice with the consent in writing of each Shareholder or as permitted by the Act.

Notice of every General Meeting shall be given, in the case of any Member incorporated outside India, by registered post, courier delivery and fax transmission to the address and facsimile number last provided to the Company for such purpose. The notice shall be exclusive of the day on which it is given and the day on which the meeting as aforesaid is held. The provisions of section 53(2) of the Act shall not apply to a Member incorporated outside India. Notices to other Members and to the Auditors for time being of the Company shall be given by post or personal delivery.

Notice may be given to members by advertisement in a newspaper in accordance with the provisions of the Act. If notice is given to the members by advertisement in a newspaper, it will be advertised in at least one leading Mumbai daily newspaper.”



**Contents of notice**

Every notice of a General Meeting shall specify the place, date and time of the meeting and the proposed form of the resolutions to be passed. Where any business to be transacted at the meeting consists of "special business" as defined hereunder, there shall be annexed to the notice of the meeting an explanatory statement setting out all material facts concerning such items of business as provided in section 173(2) and (3) of the Act.

**Special business**

All business to be transacted at an Annual General Meeting shall be deemed to be special with the exception of business:

- a. Relating to the consideration of Accounts, Balance Sheet and Profit and Loss Statement, and the Reports of the Board and the Auditors.
- b. declaration of dividend
- c. appointment of Directors in place of those retiring
- d. appointment and fixation of remuneration of Directors

In the case of any other meeting, all business shall be deemed special and there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of special business,

including, in particular, the nature of the concern or interest, if any, therein of every Director and the Manager, if any.

**PROCEEDINGS AT GENERAL MEETINGS****Quorum**

Five members personally present shall be the quorum for a meeting of the company

A body corporate, being a Member, shall be deemed to be personally present if represented in accordance with Section 187 of the Act.

**Resolutions at Meeting**

All resolutions of Members shall, except as otherwise required by the Act or these Articles and without prejudice to any legal requirement for Board approval of any resolutions to be put to Members, be passed by a simple majority of the votes cast.

**Chairman**

The Chairman of the Board shall be entitled to take the chair at every General Meeting, or if there be no such Chairman, or if at any meeting the chairman of

the Board is not present within 15 minutes after the time appointed for holding such meeting, or is unwilling to take the chair, the Directors present may choose one of their number to be the Chairman and if no Director be present, or if all the Directors present decline to take the chair, then the Members present shall choose one of their number to be the Chairman. No business shall be discussed at any General Meeting except the election of a Chairman while the Chair is vacant.

### **Meeting to be adjourned**

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall stand dissolved but, in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or to such other day, time and place as the Board may determine, and if at such adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting, those Members who are personally present shall constitute a quorum and may transact the business for which the meeting was called.

### **Votes by show of hands**

Every question submitted to a General Meeting shall be decided in the first instance by a show of hands. Members present personally or representative of a Member company or a body corporate appointed under the provisions of these Articles shall alone be entitled to vote on a show of hands.

### **Chairman's declaration to be conclusive**

A declaration by the Chairman that on a show of hands a resolution has or has not been, passes either unanimously or by a particular majority, and an entry made to that effect in the Minutes Book of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

### **Demand for Poll**

Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of the Chairman's own motion, and shall be ordered to be taken by the Chairman on a demand made in that behalf:

- a. By any Member or Members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution, or
- b. By any Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote on a resolution, being shares on which an aggregate sum of Rs. 50,000 or more has been paid up.

**Taking of Poll**

If a poll is demanded on a question of adjournment or election of a Chairman, the poll shall be taken forthwith. A poll demanded on any other question shall be taken at such time, not being later than 48 hours from the time when the demand was made, and in such manner and at such place as the Chairman of the meeting may direct.

The demanded for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which a poll has been demanded

Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the vote given on the poll and to report thereon to the Chairman of the meeting, at least one of whom shall be a Member (not being an officer or an employee of the Company) present at the meeting, provided that such Member is willing to scrutinize the votes.

**Right of member to use votes differently**

On a poll taken at a meeting of the company, a Member entitled to more than one vote or that Member's proxy or other person entitled to vote for him as the case may be, need not, if such Member vote, use or cast all his votes in the same way.

**Power to adjourn General Meeting**

The Chairman, with the consent of the Members at any General Meeting, may adjourn the same, from time to time and from place to place in the city in which the Office of the Company is situated. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Except as aforesaid, it shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

**Notice of Adjourned Meeting**

If a General Meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in case of an original meeting.

**Passing of Resolutions**

Any act or resolution, which under these Articles or the Act is permitted or required to be done or passes by the Company in General Meeting, shall be sufficiently done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or the Articles specifically require such act or resolution to be done or passed by Special Resolution as defined in Section 189(2) of the Act.

**Resolutions passed at adjourned meetings.**

Where a resolution is passed at an adjourned meeting of the Company or by the holders of any class of shares in the Company, the resolution shall, for all

purposes, be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

### **Minutes of General Meeting and inspection of Minute Book**

The Company shall cause minutes of proceeding of General Meeting to be entered in a Minute Book, and the minutes shall contain and include the matters specified in Section 193 of the Act. No report of the proceeding of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it contains the matters required by Section 193 of the Act.

The Minutes Book shall be kept at the Office and shall be open to inspection of any Member without charge as provided in Section 196 of the Act and the Members shall be furnished with a copy of any Minutes in accordance with the provisions of that Section.

### **VOTES OF MEMBERS**

#### **Votes by Members**

Subject to the provisions of the Act, votes may be given by Members either personally or by proxy or in the case of a Member company or body corporate, by a representative duly appointed under Section 187 of the Act and Articles 97 of these Articles.

#### **No right to vote unless calls are paid up**

No Member shall be entitled to vote, either personally or by proxy, at any General Meeting or Meeting of a class of shareholders, either upon a show of hands or upon poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has, and has exercised, any right of lien.

#### **Voting rights**

Save as hereinafter provided, on a show of hands every Member present in person and being a holder of equity shares, shall have one vote on every resolution or question placed before the meeting, and on a poll that Member's share of the paid-up equity capital of the Company.

No Member of the Company holding any preference share capital shall be entitled to vote at General Meeting of the Company except as provided by Section 87(2) of the Act.

Where the Company accepts from a Member all or any part of the money due in respect of the shares held by that Member beyond the sums actually called for, the Member shall not be entitled to any voting in respect of the monies so paid.

#### **Vote by Member Companies**

Any company or body corporate which is Member of the Company (hereinafter referred to as a Member Company) shall be entitled, through a resolution of its

Board of Directors, to authorized such person as it thinks fit to act as its representative at any meeting of the company held in pursuance of the Act. A representative duly appointed and authorized as aforesaid shall be entitled to exercise the same rights and powers, including the right to vote by proxy, which such Member Company could exercise if it were an individual Member of the Company.

#### **Votes in respect of share of deceased Members**

Any person entitled to transfer any shares by virtue of Article 62 of these articles may vote at a General Meeting in respect thereof in the same manner as if they were the registered holder of such shares, provided that at least 48 hours before the time of holding the meeting at which he proposes to vote, he satisfies the Board or any person authorized by the Board in that behalf of his right to such shares and furnishes such indemnity as the Board may require.

#### **Votes by Joint Holders**

Where there are joint registered holders of any given share, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if that person was solely entitled thereto; and if more than one of such joint holders be present at any meeting, personally or by proxy, that one of the said persons so present whose name stands first in the Register in respect of such share shall alone be entitled to vote or speak in respect thereof.

#### **Vote by proxy**

On a poll votes may be given either personally or by proxy, or, in the case of a Member Company by a representative duly authorized as aforesaid. Every notice convening a meeting of the Company shall state that a Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the Member and that a proxy need not be a Member of the Company.

#### **Instrument appointing a proxy**

Subject to the provisions of the Act, the instrument appointing a proxy shall be in writing under the hand of the appointee or of his Attorney duly authorized in writing or, if such appointer is a corporation, under its common seal or the hand of its officer or an attorney duly authorized by it, a person may be appointed a proxy though he is not a Member of the Company. A proxy appointed, as aforesaid, shall not have any right to speak at any meeting.

The Company will send out proxy forms to members and debenture-holders in all cases, and such proxy forms shall be so worded that each Member or Debenture-holder may vote either for or against each resolution.

#### **Instrument to be deposited at the Office**

The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a naturally certified copy of that power of authority

shall be deposited at the Office not less than 48 hours before the time of holding the meeting at which the person named in the instrument proposes to vote, and in default, the instrument of proxy shall be treated as invalid, The proxy shall be in the form set out in Schedule IX of the Act.

#### **Vote valid though authority revoked**

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the appointer, or revocation of the proxy, or any power or authority under which such proxy is signed or a transfer of the shares in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation, or transfer shall have been received at the Office of the Company before the commencement of the meeting at which the proxy is used or vote is given.

#### **Inspection of proxies**

Every Member entitled to vote at a meeting of the Company on any resolution to be moved there at, shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged, at any time during the business hours of the Company provided not less than three days' notice in writing of the inspect the proxies given to the Company.

#### **Objections regarding validity of votes**

No objection shall be made as to validity of any vote on a show of hands or on a poll except at the meeting at which such vote shall be tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting, shall be deemed valid for all purposes.

#### **Determination by Chairman to be conclusive**

The Chairman of a Meeting shall be the sole judge of the validity of every vote tendered on a show of hands or on poll. The Chairman shall forthwith determine the same and such determination made in good faith shall be final and conclusive.

### **MANAGEMENT OF THE COMPANY**

#### **Appointment of Managing Director / Whole Time Director / Manager**

The Board may, from time to time, in accordance with the provisions of the Act appoint any person as Managing Director or appoint any person as Whole-time Director or Manager, who shall be in whole time employment of the Company on such terms and conditions as to duration of Office and remuneration as may be mutually agreed between the Board and any person appointed as Managing Director / Whole Time Director / Manager, which may be by way of salary, commission or participation in profits or partly in other, as they may think fit,

and remove or dismiss him or them from office and appoint another or others in his or their place or places.

**Amended vide Special Resolution passed at the Extra Ordinary General Meeting of Shareholders of the Company held on 05<sup>th</sup> June 2007**

**Chief Technical officer**

The Chief Technical Officer shall be appointed by the Board and shall be an employee of the Company. Such Technical Officer shall only report directly to the CEO and shall have authority to construct a high quality cellular mobile telephone network.

**Powers of Managing Director / Whole Time Director / Manager**

Subject to the provisions of the Act and to the restrictions contained in these Articles the Board may, from time to time, entrust to and confer upon a Managing Director / Whole Time Director / Manager for the time being such powers exercisable by the Board under these Articles as it may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it think expedient and it may confer such powers either collaterally with or without exclusion of or in substitution for all or any of the powers of the Board in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

**Amended vide Special Resolution passed at the Extra Ordinary General**

**Meeting of Shareholders of the Company held on 05<sup>th</sup> June 2007**

**Common Seal**

The Board shall provide a Common Seal for the purposes of the Company, and shall have from time to time, power to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being.

The Company shall also have liberty to have an official seal in accordance with Section 50 of the Act to use in any territory, district or place outside India.

The seal shall not be affixed to any instrument except by the authority of a Resolution of the Board of Directors or a committee of the Board authorised by it in that behalf and except in the presence of at least one Director and of the Secretary or such other person as the Board may appoint for the purpose, and such one Director and Secretary or other person as aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.

Provide further that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the companies (issue of Share Certificates), Rules, 1960, and any statutory modifications thereof, for the time being in force.

### **DIVIDENDS**

#### **Dividends in proportion to amount paid up**

Subject to the provision of Section 205 of the Act, the proper and prudent management of the business of the Company and tax considerations, all monies reasonably available for distribution to share holder shall be distributed by way of dividend.

The profit of the Company shall, subject to any special right relating thereto created or authorized to be created by these Articles and subject to the provisions of these Articles, be divisible among the members in proportion to the amount of capital paid up or credited as paid up with respect to the shares held by them. Where a dividend has been so declared, the warrant in respect thereof shall be posted within thirty days from the date of declaration to the member entitled thereto.

#### **Dividend to be paid only out of profits**

No dividend shall be declared or paid except out of the profits of the Company determined in accordance with the provisions of Section 205 of the Act or out of monies provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no

dividends shall carry interest as against the Company. The recommendation of Board as to the amount of dividends of the Company shall be conclusive.

#### **Declaration of dividends**

The Company in General Meeting may declare dividends to be paid to Members not exceeding the amount recommended by the Board

#### **Interim Dividend**

The Board may, from time to time, pay to the Members interim dividends as appear to the Board to be justified by the profits of the Company.



**Dividend to be paid in cash**

No dividend shall be payable except in cash provided that nothing contained in this Article shall be deemed to prohibit the capitalization of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the Members of the Company.

**Payment of interest out of capital**

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or building or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on such of that share capital as is for the time being paid up for the period, at the rate, and subject to the conditions and restrictions provided by Section 208 of the Act.

**Set off of dividend against call**

Any General Meeting declaring a dividend may, on the recommendation of the board of Directors make a call on the Members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable and the dividend may, if so arranged between the Company and the Members be set off against the call.

**Capital paid up in advance not to earn dividend**

Where capital is paid in advance of calls the same may carry interest, but such capital while carrying interest shall not confer a right to participate in profits.

**Retention of dividends**

The Board may hold in abeyance the dividends or other monies payable upon shares in respect of which any person is under this Articles hereof, entitled to become a Member or to transfer the shares, until such person shall become a Member in respect of such shares or shall duly transfer the same.

**Restrictions payment of dividends**

No Member shall be entitled to receive payment of any interest or dividend respect of his share or shares or otherwise, either alone or jointly with any other person or persons, and the Board may deduct from the dividend payable to any Member all sums of money presently payable to the Company on account of calls or otherwise in relation to the Shares of the Company.

**No right to dividends**

A transfer of shares shall not confer the right to any dividend declared thereon before the registration of the transfer.

**Dividend to joint holders**

Any one of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.

**Dividend warrant**

Any dividend payment in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the holder or in the case of joint holders to the registered address of the holder who is first named in the register and every cheque or warrant shall be made payable to the order of the person to whom it is sent.

**Unpaid or Unclaimed dividends**

Where the Company has declared a dividends but which has not been paid or the dividend warrant in respect thereof have not been posted within 30 days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall, within 7 days from the date of expiry of the said period of 30 days, transfer the amount of dividend which remains unpaid or in relation to which no dividend warrant have been posted within the said period of 30 days to a special account called the Unpaid Dividend Account to be opened by the Company on its behalf in any Scheduled Bank according to the provisions of Section 205A of the Act.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date they became due for payment, shall be transferred by the Company to Investor

Education and Protection Fund. No claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

The Company will not forfeit unclaimed dividends before the claim becomes barred by law and that such forfeiture, when effected, will be annulled in appropriate cases.

No unclaimed or unpaid dividend shall be forfeited by the Board.

**XVI. DOCUMENTS FOR INSPECTION**

Copies of following documents are available at our registered office 73A SDF-III, SEEPZ, Andheri (East), Mumbai-400 096, for inspection on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) from 2.00 p.m. to 5.00 p.m.

1. Memorandum and Articles of Association of the Company along with Certificate of Incorporation and Certificate of Commencement of Business issued by Registrar of Companies, Maharashtra, Mumbai
2. The Order of Hon'ble High Court of judicature at Mumbai dated September 07, 2007 sanctioning the Scheme of Arrangement for demerger of Engineering and Information Technology business Undertaking of Genesys International Corporation Ltd into the Company.
3. Letters issued by BSE and NSE and CSE dated April 16, 2007 respectively according their no objection to the Scheme
4. Return of Allotment filed by the Company for allotment of Shares pursuant to the Scheme
5. Copy of Tripartite Agreement with National Securities Depository Ltd and Central Depository Services (India) Ltd
6. Memorandum of Understanding with the Registrar and Share Transfer Agent
7. Annual Report containing the Audited Accounts of the Company and its subsidiary as on 31<sup>st</sup> March 2008.
8. Audited Accounts of the company for the period ended on 30<sup>th</sup> September, 2008.
9. Resolution for appointment of Managing Director
10. SEBI Letter CFD/DIL/NB/VB/140448/2008 dated October 10, 2008 granting relaxation from the applicability of Rule 19(2)(b) of the Securities Contract Regulation (Rules) 1975 for listing of Shares of the Company.

**XVII. DECLARATION**

No statement made in this Information Memorandum contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the said issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

All the information contained in this document is true and correct.

**On behalf of the Board of Directors**

**GI ENGINEERING SOLUTIONS LTD**

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

**Place:** Mumbai

**Date:** 6<sup>th</sup> January 2009