

GI Engineering Solutions Limited

Annual Report 2009-10

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. Kishor Talreja

AUDITORS

M/s. Dixit Dattatray & Associates,
Chartered Accountants

REGISTERED OFFICE

73-A, SDF-III
SEEPZ, Andheri (East)
Mumbai 400 096
Telephone: 91-22-4488 4488
Fascimile: 91-22-2829 0603
Web site: www.giesl.com

BANKERS

State Bank of India
HDFC Bank Ltd.

DEVELOPMENT CENTRE

73 A & 75 B, SDF – III
SEEPZ, Andheri (East),
Mumbai – 400 096

SUBSIDIARY

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

REGISTRAR AND SHARE TRANSFER AGENT

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

Contents	Page
Managing Director's Message	2
Notice	3
Directors' Report.....	4
Annexure to the Directors' Report	6
Corporate Governance Report	7
Management Discussion & Analysis.....	15
Auditors' Report.....	17
Balance Sheet	20
Profit and Loss Account.....	21
Schedules	22
Cash Flow Statement	32
Balance Sheet Abstract and Company's General Profile	33
Statement Pursuant to Section 212.....	34
Subsidiary Company Accounts.....	35
Consolidated Accounts	47

GI ENGINEERING SOLUTIONS LIMITED

MESSAGE FROM THE MANAGING DIRECTOR

Dear Shareholders,

The Company has refocused its business models and now has plans to do some thing of a scale and capacity in the power markets.

We believe that the power sector has significant opportunities and you will be glad to know that the Company has taken steps in that direction.

The most significant development for the Company and its shareholders has been the close to 13 percent stake taken by M/s. Fortune Private Equity LLC. This is the family office of the Royal Family of Abu Dhabi, one of the biggest economic power houses in the world.

As we crystalise our plans in that direction, we have increased the authorized capital to Rs. 8500 crores.

We expect in the coming year to detail possibilities in the sector.

Regards,

SAJID MALIK
MANAGING DIRECTOR

NOTICE

Notice is hereby given that Fourth Annual General Meeting of the Company will be held on Thursday, September 30, 2010 at 3.15 p.m. at The Mirador Hotel, New Link Road, Opp. Solitare Corporate Park, Chakala, Andheri (East), Mumbai - 400 099 to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended March 31, 2010 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Ganesh Acharya, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s Dixit Dattatray & Associates, Chartered Accountants, Mumbai, bearing ICAI Registration No. 102665W, the retiring Auditors of the Company, be and are hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company.”

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

KISHOR TALREJA
COMPANY SECRETARY

Place: Mumbai
Dated: August 20, 2010

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from Wednesday, September 8, 2010 to Tuesday, September 14, 2010 (both days inclusive) for the purpose of Annual General Meeting.
3. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Director seeking appointment/re-appointment at the forthcoming Annual General Meeting is provided in the Report on Corporate Governance forming part of Annual Report.
4. Members holding shares in physical form are requested to advise about change of address to M/s. Bigshare Services Private Limited, Company's Registrar and Share Transfer Agent. Members holding shares in electronic form are requested to intimate their respective Depository Participants (DP) about any change of address or Bank mandate and not to the Company or Registrar and Transfer Agents.
5. Members desiring any information relating to Annual Accounts of the Company for the year ended March 31, 2010 are requested to write to the Company at least 5 days before the date of Annual General Meeting, so as to enable the management to keep information ready.
6. Members are requested to bring the Attendance Slip along with their copy of Annual Report to the Meeting.
7. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Numbers in the Attendance Slip for attending the Meeting.
8. Corporate members intending to send their authorized representative to attend the meeting are requested to send to the Company a certified copy of the Board Resolution pursuant to Section 187 of the Companies Act, 1956 authorizing their representative to attend and vote on their behalf at the meeting.
9. Consequent upon the introduction of Section 109A of the Companies Act, 1956, Members are entitled to make a nomination in respect of shares held by them in physical form. Members desirous of making a nomination are requested to send their requests in Form No. 2B (which shall be made available on request) to the Registrar and Share Transfer Agents of the Company.
Members holding shares in electronic form may contact their respective depository participants for availing the said facility.
10. Non- Resident Indian Shareholders are requested to inform the Company immediately:
 - a) The change in residential status on return to India for permanent settlement.
 - b) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.

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

KISHOR TALREJA
COMPANY SECRETARY

Place: Mumbai
Dated: August 20, 2010

GI ENGINEERING SOLUTIONS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure in presenting Fourth Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the financial year ended March 31, 2010.

Financial Highlights

Summary of the Company's Standalone Financial performance for the year ended March 31, 2010 are tabulated below:

(Rs. in Lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Revenue from Operations	151.72	186.13
Operating Profits / (Loss) before Depreciation, Amortization and tax	(30.05)	90.90
Less: Depreciation and amortization	21.35	21.33
Profit / (Loss) before tax	(51.40)	69.57
Less: Current Tax	6.15	3.94
Less: Fringe Benefit Tax	--	0.27
Profit / (Loss) After Tax	(57.55)	65.36

Dividend

Your Directors do not recommend any dividend for the year ended March 31, 2010.

Business Review

During the year under review, turnover of the Company was Rs. 151.72 lakhs as compared to Rs. 186.13 lakhs in the previous year. The Company has incurred a loss of Rs. 57.55 lakhs on account of provisioning against old sundry debtors. Your Company is however, confident to handle this situation with ease in the current financial year.

Management Discussion and Analysis

In terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, Management Discussion and Analysis forms an annexure to this Report.

Share Capital

During the year under review, your Company had increased its Authorised capital from Rs. 8,00,00,000/- (80,00,000 Equity Shares of Rs.10/- each) to Rs. 8500,00,00,000/- (850,00,00,000 Equity Shares of Rs.10/- each). However, paid up Equity Share Capital of your Company as on March 31, 2010 comprises of 86,11,878 Equity Shares of Rs.10/- each aggregating to Rs. 8,61,18,780/-.

Preferential Issue of Equity Shares

During the year under review, the Company has allotted 11,00,000 equity shares of Rs.10/- each at a price of Rs.18/- (including premium of Rs.8/- per equity share) to M/s. Fortune Private Equity LLC, Abu Dhabi, UAE on preferential basis in accordance with the resolution passed by the shareholders of the Company in the Extra Ordinary General Meeting held on December 30, 2009. The Funds raised through issue of the share capital are being utilized for general corporate purposes. Company has obtained Listing and Trading approvals from National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

Subsidiary Company

As required under Section 212 of Companies Act, 1956, the audited statements of accounts, along with the report of Board of Directors, relating to Company's subsidiary, viz. M/s Genesys Enterprises Inc., USA and respective Auditors' Reports thereon for the year ended March 31, 2010, are annexed to this report.

Consolidated Financial Statements

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the consolidated financial statements have been prepared by the Company in accordance with

the applicable accounting standards issued by The Institute of Chartered Accountants of India. The audited consolidated financial statements together with Auditors Report form part of the Annual Report.

Directors

Mr. Ganesh Acharya, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment. Brief resume of Mr. Ganesh Acharya is provided in the report on Corporate Governance, which forms an integral part of this Annual Report.

Auditors

M/s. Dixit Dattatray & Associates, Chartered Accountants, the Statutory Auditors of the Company, bearing ICAI Registration No.102665W will retire at the ensuing Annual General Meeting and are eligible for re-appointment. M/s. Dixit Dattatray & Associates, have confirmed that their re-appointment, if made, shall be within the limits of Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment as Auditors.

Deposits

Company has neither invited nor accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956 and as such, no amount of principle or interest was outstanding on the date of the Balance Sheet.

Particulars of Employees

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules 1975, as amended, is not annexed to this report as no employee was in receipt of the remuneration in excess of the prescribed sum during the year 2009-10.

Particulars of Conservation of Energy, Technology Absorption And Foreign Exchange Earnings And Outgo

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the prescribed format as an annexure to this report.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance along with Auditors' Certificate of its compliance forms part of the Annual Report.

Directors' Responsibility Statement

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

- a) In the preparation of the annual accounts for the financial year ended March 31, 2010, the applicable accounting standards had been followed along with proper explanation relating to their material departures, wherever applicable;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts for the financial year ended March 31, 2010 on a going concern basis.

Acknowledgement

Your Directors once again take this opportunity to thank the Employees, Investors, Clients, Vendors, Banks, Regulatory authorities including Stock Exchanges and Government authorities for the business support, valuable assistance and co-operation continuously extended to the Company. Your directors gratefully acknowledge their trust and confidence and look forward for their continued support in future.

For and on behalf of the Board of Directors of
GI ENGINEERING SOLUTIONS LIMITED

SAJID MALIK
Managing Director
Place: Mumbai
Date: July 31, 2010

SAROJA MALIK
Director

GI ENGINEERING SOLUTIONS LIMITED

ANNEXURE 'A' TO THE DIRECTORS' REPORT

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Particulars of Conservation of Energy, Research & Development, Technology absorption and Foreign Earnings and Outgo as per Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2010.

Conservation of Energy

Your company takes various measures to reduce energy consumption by procuring and implementing latest timer based technology of reputed brand in HVAC systems. The Company has replaced the older units with new energy efficient units to conserve the energy. This helps in optimizing energy conservation in ACs, which is the major source of power consumption. Also, your Company keeps promoting use of IT Techniques to reduce plotting and save paper consumption, which in a small little way contribute towards Global Warming mission.

Research and Development

Your Company with a view of enhancing its existing capacity and providing better services is constantly engaged in the research and development of newer technologies. Your Company keeps on developing newer IT processes and

methodologies, which lead to improved productivity and better accuracy. Similar IT developments are being undertaken for other engineering service areas of estimation to provide best services to our customers.

Technology absorption, adaptation and innovation

Your Company has upgraded all servers to cater to the stringent project and process requirements.

Your Company has an extensive communication infrastructure, which caters to data connectivity between all the offices.

Foreign Exchange Earnings & Outgo

The required information on foreign exchange earnings and outgo is contained in the Notes forming part of Accounts.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF GI ENGINEERING SOLUTIONS LIMITED

SAJID MALIK
Managing Director

SAROJA MALIK
Director

Place: Mumbai
Date: July 31, 2010

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

Company's corporate governance principles are based on the principles of fairness, transparency, accountability, professionalism, complete disclosure of material facts and independence of Board. The Company adheres to good corporate practices and is constantly striving to better them and continuously reviews various investors relationship measures with a view to enhance stakeholders' value. Company endeavors its best to constantly comply with these aspects in letter and spirit, in addition to the statutory compliance as required under clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS

Composition of the Board

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The strength of the Board of Directors is four members, of which two are non-executive independent directors. None of the Directors on the Company's Board is a member of more than ten committees and Chairman of more than five committees across all Companies in which he is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

The details of attendance of each Director at the Board Meetings and at last Annual General Meeting, number of other Directorship and Committee Chairmanship / Membership are given below:

Name of Directors	Position	Meetings held	Meetings attended	Attendance at Last AGM	No. of Directorships held in other Public Companies as on March 31, 2010	No. of Committee Memberships in other Companies #	No. of Committee Chairmanships in other Companies #
Mr. Sajid Malik DIN: 00400366	Managing Director	8	4	YES	5	NIL	NIL
Mrs. Saroja Malik DIN: 00400421	Non-Independent Director	8	6	YES	3	NIL	NIL
Mr. Ganapathy Vishwanathan DIN: 00400518	Independent Director	8	8	YES	2	2	2
Mr. Ganesh Acharya DIN: 00702346	Independent Director	8	6	NO	1	1	NIL
# includes only Audit Committee and Shareholders' / Investors' Grievances Committee in all other Companies Mr. Sajid Malik is son of Mrs. Saroja Malik							

GI ENGINEERING SOLUTIONS LIMITED

Details of Shareholdings

Details of Equity Shares held by Directors as on March 31, 2010

Name	No. of Equity Shares
Mr. Sajid Malik	125772
Mrs. Saroja Malik	120239
Mr. Ganapathy Vishwanathan	193
Mr. Ganesh Acharya	12,493

Board Functioning & Procedures

The Board meets at least once a quarter to review the quarterly performance and financial results. Additional meetings are held when necessary. The Board also reviews periodically the compliance of all applicable laws.

During the year eight board meetings were held on the following dates:

- | | |
|---------------------|----------------------|
| 1) April 28, 2009 | 5) October 31, 2009 |
| 2) July 30, 2009 | 6) December 03, 2009 |
| 3) August 10, 2009 | 7) January 30, 2010 |
| 4) October 28, 2009 | 8) February 22, 2010 |

Brief Resume of Director who is proposed to be re-appointed

Abbreviated resume of the Director of the Company seeking re-appointment

Name of Director	Mr. Ganesh Acharya
Nature of Resolution	Re-appointment as Director
Date of Birth	March 14, 1965
Date of Appointment	November 30, 2007
Director Identification Number	00702346
Qualifications	B. Com
Experience in specific functional areas	Expertise in international business

Directorship held in other Companies (including Foreign Companies and Private Companies)	i) Genesys International Corporation Limited ii) Game Securities Private Limited
Chairman / Member of Committees of other Companies	Genesys International Corporation Limited Member: - Audit Committee Remuneration Committee
Number of Equity Shares held in the Company	12,493

Mr. Ganesh Acharya, Director

Mr. Ganesh Acharya is a Commerce Graduate from the University of Mumbai. He has an international business engaged in exports of textiles, garments and other consumer goods. He has expertise in international business and corporate management.

3. COMMITTEES OF THE BOARD

Company has formulated the following committees of its directors:

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

All these committees are chaired by the Non-Executive/ independent Directors. The Board is responsible for constituting, assigning, co-opting and fixing the terms of service for committee members. The Board of Directors takes note of the minutes of the committee meetings, at their Board meetings.

A. AUDIT COMMITTEE

The Audit Committee comprises of the three Non-Executive Directors, two of them being Independent Directors. During the year, the Audit Committee met 5 times to deliberate on various matters and the details of the attendance by the Committee members are as follows:

Sr. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1	Mr. Ganapathy Vishwanathan	5	5
2	Mr. Ganesh Acharya	5	5
3	Mrs. Saroja Malik	5	4

Mr. Ganapathy Vishwanathan, Chairman of the Audit Committee had attended the Annual General Meeting (AGM) of the Company held on September 29, 2009 to answer the Queries raised by the Shareholders. All the members of the Audit Committee possess sound knowledge of accounts, audit, finance, internal control, etc. The Company Secretary of the Company acts as the Secretary to the Committee.

The role and terms of reference of the Audit Committee, *inter alia*, cover reviewing of the following:

- Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct and sufficient.
- Quarterly/annual financial statements before submission to the Board of Directors for approval.
- Financial and risk management policies.
- Statement of significant related party transactions submitted by the management.
- Recommending the appointment/re-appointment of statutory auditors and fixing their remuneration.
- Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

B. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance Committee comprises

of the three Non-Executive Directors. The Company Secretary of the Company acts as the Secretary to the Committee.

Terms of Reference: Look into the redressing of shareholder and investor complaints like transfer of shares, non-receipt of Annual Report, non-receipt of dividend, if any, etc.

During the year, the Shareholders' / Investors' Grievance Committee met 4 times to deliberate on various matters and the details of the attendance by the Committee members are as follows:

Sr. No.	Name of the Member	No. of Meetings held	No. Meetings attended
1	Mr. Ganapathy Vishwanathan - Chairman	4	4
2	Mr. Ganesh Acharya	4	3
3	Mrs. Saroja Malik	4	3

No investor grievances were pending for redressal as on March 31, 2010.

C. REMUNERATION COMMITTEE

The Remuneration Committee comprises of the three Non-Executive Directors. The Company Secretary of the Company acts as the Secretary to the Committee.

Terms of reference of the Remuneration Committee are as under:

- Approve the appointment and annual remuneration plan, if any, of the Company
- Approve the remuneration and commission / incentives payable to the Directors of the Company
- Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve.

During the year under review, no meeting of the Remuneration Committee was held.

GI ENGINEERING SOLUTIONS LIMITED

4. SUBSIDIARY COMPANY

Your Company does not have any material non-listed Indian Subsidiary Company. The Audit Committee reviews the financial statements of overseas of unlisted subsidiary company.

5. DISCLOSURES

(A) Basis of related party transaction

There are no materially significant related party transactions that might have had potential conflict with the interest of the Company at large. The Company places all the relevant details before the Audit Committee from time to time. Suitable disclosure as required by the Accounting Standard (AS18) has been set out in Notes of Accounts forming part of the Annual Report.

(B) Accounting treatment in preparation of financial statements

The Company has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

(C) Non-compliance /strictures/penalties imposed

No penalties or strictures have been imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority on any matters related to capital markets during the last three years.

(D) Management Discussion & Analysis

Management Discussion and Analysis (MD&A) Report, as required under Listing Agreement forms part of the Annual Report.

(E) Utilization of Proceed from preferential issues

During the year under review, the Company has allotted 11,00,000 equity shares of Rs.10/- each at a price of Rs.18/- (including premium of Rs.8/- per equity share) to M/s. Fortune Private Equity LLC,

Abu Dhabi on preferential basis in accordance with the resolution passed by the shareholders of the Company in the Extra Ordinary General Meeting held on December 30, 2009. The Funds raised through issue of the share capital are being utilized for general corporate purposes.

(F) Communication to shareholders

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These are widely published in the Free Press Journal (English) and Navshakti (Marathi) newspapers. These results are simultaneously posted on the website of the Company at www.giesl.com.

(G) Code of Conduct for Prevention of Insider Trading

The Company has framed a Code of conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This Code is applicable to all Directors/Designated employees. The Code ensures the prevention of dealing in Company's shares by person having access to unpublished price sensitive information. All the Board members and senior management personnel have confirmed compliance with the code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

(H) Compliance

The Company has complied with all the mandatory requirements of clause 49 of the Listing Agreement. As required under clause 49, a Certificate signed by Managing Director and CFO of the Company has been placed before the Board and the same has been provided elsewhere in this report. Further, a Certificate obtained from the Statutory Auditors, certifying compliance with the conditions of Corporate Governance under the said clause, has also been provided elsewhere in this report.

Status of Compliance of non-mandatory requirements:

- **Remuneration Committee:**

The Company has a Remuneration Committee consisting of only Non-Executive Directors. A detailed note on the Remuneration Committee is provided elsewhere in this report.

6. GENERAL SHAREHOLDERS INFORMATION

(i) Annual General Meeting

Date and Time: September 30, 2010 at 3.15 p.m.

Venue: The Mirador Hotel, New Link Road, Opp. Solitare Corporate Park, Chakala, Andheri (East), Mumbai - 400 099

(ii) Financial year

Company follows April 01 to March 31 as its financial year. The results for every quarter are declared in the month following each quarter.

(iii) Date of Book Closure

Wednesday, September 08, 2010 to Tuesday, September 14, 2010 (both days inclusive)

(iv) Listing on Stock Exchanges

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

Name of Stock Exchanges	Symbol / Scrip Code	ISIN
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai -400 051	GISOLUTION	INE065J01016
Bombay Stock Exchange Limited (BSE) P J Towers, Dalal Street, Fort, Mumbai- 400 001	533048	INE065J01016

The Annual Listing fees for the year 2010-11 have been paid within the scheduled time to NSE and BSE

(v) Market Price Data: High, Low during each month in financial year 2009-10

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	5.78	4.90	5.80	4.80
May, 2009	7.79	4.67	7.95	4.90
June, 2009	10.39	6.55	10.75	6.65
July, 2009	7.37	5.83	7.30	5.90
August, 2009	8.46	6.08	8.30	6.00
September, 2009	11.81	8.45	11.50	8.10
October, 2009	16.10	9.06	15.65	9.25
November, 2009	20.43	14.01	20.45	14.00
December, 2009	24.50	14.00	24.25	14.00
January, 2010	26.95	18.40	25.95	18.75
February, 2010	22.90	17.75	21.15	18.00
March, 2010	21.30	17.00	21.40	16.75

(vi) Registrar and Share Transfer Agent

M/s. Bigshare Services Private Limited
E/2, Ansa Industrial Estate,
Saki-Vihar Road, Saki-Naka,
Andheri (East), Mumbai- 400072.
Tel. No.: +91-22-40430200,
Fax No.: +91-22-28475207,
Email: info@bigshareonline.com

(vii) Share Transfer System

The shares lodged in physical form are processed, registered and returned by the Registrar and Share Transfer Agent within a period of 30 days from the date of receipt, if the documents are in order in all respects.

GI ENGINEERING SOLUTIONS LIMITED

(viii) Distribution of Shareholding as on March 31, 2010

Shareholding of Nominal Value of (Rs.)		Shareholders		Share Capital	
		Number	% to Total	Amount in Rs.	% to Total
Upto	5000	3,037	77.63	5107720	5.93
5001	10000	395	10.10	3253020	3.78
10001	20000	215	5.50	3278840	3.81
20001	30000	85	2.17	2153990	2.50
30001	40000	41	1.05	1468310	1.70
40001	50000	36	0.92	1730280	2.01
50001	100000	44	1.12	3332900	3.87
Above	100000	59	1.51	65793720	76.40
Total		3912	100.00	86118780	100.00

(ix) Category wise Shareholding as on March 31, 2010

Description	Folios	Number of Shares	Percentage
Promoters	6	37,59,290	43.65
Independent Directors & their relatives	5	12,978	0.15
Mutual Fund	4	4,050	0.05
Body Corporate	205	6,93,931	8.06
FII's	0	0	0
NRIs	27	272613	3.17
OCBs	1	25	0.00
Individual / Trust	3,648	27,58,409	32.03
Clearing Member	12	10,582	0.12
Foreign Company	1	11,00,000	12.77
Total	3909	86,11,878	100

(x) Dematerialization of shares and liquidity

About 85.17% of the shares were in dematerialized form as on March 31, 2010. The equity shares of the Company are traded on NSE & BSE.

(xi) Address for Correspondence

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address or any other query relating to shares:

Registrar and Share Transfer Agent

M/s. Bigshare Services Private Limited

E/2, Ansa Industrial Estate,
Saki-Vihar Road, Saki-Naka ,
Andheri (East), Mumbai- 400072.

Tel. No.: +91-22-40430200,

Fax No.: +91-22-28475207,

Email: info@bigshareonline.com

GI Engineering Solutions Limited

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

Email: investors@giesl.com

Tel: 91.22.4488 4488 Fax: 91.22.2829 0603

(xii) Location:

Development Centres	Location
Mumbai	73A & 75 B, SDF-III, SEEPZ, Andheri (East), Mumbai-400 096

CEO/ CFO CERTIFICATION UNDER CLAUSE 49 OF LISTING AGREEMENT

The Board of Directors

GI Engineering Solutions Limited

We have reviewed the financial statements, read with the cash flow statement of GI Engineering Solutions Limited for the year ended March 31, 2010 and that to the best of our knowledge and belief, we state that;

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

Yours sincerely,

SAJID MALIK
Managing Director

Place: Mumbai
Date: July 12, 2010

SANJAY VIDWANS
Chief Financial Officer

DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

The Members of
GI Engineering Solutions Limited

Sub: Declaration under clause 49 of the Listing Agreement.

I hereby declare that all Directors and Designated Employees in the Senior Management of the Company have confirmed compliance with the Code of Conduct for the financial year ended March 31, 2010.

For **GI ENGINEERING SOLUTIONS LIMITED**

SAJID MALIK
MANAGING DIRECTOR

Place: Mumbai
Dated: July 12, 2010

GI ENGINEERING SOLUTIONS LIMITED

REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE

To the Members of

GI Engineering Solutions Limited

We have examined the compliance of conditions of Corporate Governance by GI Engineering Solutions Limited for the Financial year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

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

D. B. DIXIT
Proprietor
Membership No 40032
Place : Mumbai
Dated : 12th July, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

With the effects of recession phasing out, the world economy is slowly bouncing back in its normal state barring a few European countries, where the effect is still felt even today. In the changed scenario, most of the company's are revising their IT & outsourcing budgets at least to the level matching with the pre-recession period and consequently the future for IT & outsourcing companies once again look brighter and larger.

The scenario is no different in India. With the increased spending for control and growth, the industry is also getting requisite momentum in India with international players opening shops in the region. With more and more international companies joining the fray along with its Indian counterparts, India is gradually becoming a long established hub for outsourcing for outsourcing of IT and related business.

Opportunities and Threats

Lower cost of production and infrastructure, easier availability of skilled resources, government initiatives, growth on infrastructure, etc., continue to be the main factors for India's phenomenal growth in the information technology sector. While the cost advantage that the Indian companies enjoy vis-à-vis those in the other parts of the world is narrowing down, India still attracts a sizable number of outsourcing contracts from rest of the world, largely on account of other positive factors prevalent in the country. With offshore model in place, our Company is very strongly positioned to take advantage of the current situation.

Volatility in the foreign exchange rate, high rate of attrition, fast change on the technology front, intense competition, etc. are some of the major challenges, which like any other IT & Outsourcing company, we have been grappling with. Your Company is, however, confident to handle this situation with ease as it has always done in the past.

Risks and Concerns

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

Internal factors:

1. Cost of resources

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

External factors:

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

Internal Control System and its adequacy

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

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

Discussion on Consolidated Financial Performance

LIABILITIES AND ASSETS

Share Capital

Effective December 30, 2009, the Authorised Share Capital of the Company stands increased to Rs.8,500 Crores as against Rs.8 Crores earlier.

Issued, Subscribed and Paid-up Share Capital of the Company, comprising of 8,611,878 equity shares of Rs.10/- each, stood at Rs.86,118,780 as on March 31, 2010. It includes fresh issue of 1,100,000 equity shares of Rs.10/- each, issued at a premium of Rs.8/- per equity shares, during the year 2009-10.

GI ENGINEERING SOLUTIONS LIMITED

Reserves and Surplus

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

Balance in General Reserve Account as on March 31, 2010 stood at Rs.2,998.48 lacs which was same as the balance at the end of the previous year. Balance in Share Premium Account increased to Rs.88 lacs, as against nil in the earlier year, on account of 1,100,000 equity shares issued at a premium of Rs.8/- per share, during the year 2009-10.

Debit balance of Profit & Loss Account as on March 31, 2010, stood at Rs.541.07 lacs.

Secured / Unsecured Loans

The Company did not avail any secured loan during the year. Balance of Unsecured Loan at the end of 2009-10 stood at nil as against Rs.3 lacs in the earlier year.

Fixed Assets

Gross Block at the end 2009-10 is reported at Rs.772.03 lacs as against Rs.771.98 lacs reported in the previous year. Net Block at the end of the same period is reported at Rs.265.71 lacs as against Rs.287.02 lacs in the previous year.

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

Sundry Debtors

Sundry Debtors, net of provisions, if any, as on March 31, 2010, was at Rs.2,064.21 lacs as against Rs.2,358.80 lacs at the end of earlier year.

Cash and Bank Balance

Total cash and bank balance as on March 31, 2010, was at Rs.3.95 lacs as against Rs.10.12 lacs in the earlier year. The Company maintains such balances in current, fixed deposit and EEFC accounts with nationalized and other scheduled banks.

Loans and Advances

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

- Deposits for utility services and facilities
 - Advance income tax paid and tax deducted at source
 - Prepaid expenses
 - Advance to subsidiary company /other bodies corporate
- On March 31, 2010, Loans and Advances stood at Rs.1,355.06 lacs as against Rs.1,182.09 lacs at the end of 2008-09.

INCOME & EXPENDITURE

Income

During 2009-10, the Company recorded a total income of Rs175.79 lacs as against Rs.256.31 lacs in the year 2008-09, a fall of 31.42% over previous year. The fall was largely attributable to the recession experienced across the world starting end of 2007-08. As against Profit after tax of Rs.19.55 lacs in 2008-09, the Company has recorded a loss of Rs.65.60 lacs in 2009-10, on account of provisioning against old sundry debtors.

Expenditure

The Company incurred total operating cost of Rs.231.10 lacs, including depreciation, during 2009-10, as against Rs.228.72 lacs in the corresponding pervious year. Net of provision for doubtful debts, our expenditure during the year 2009-10 was at 76.38% of the total income as against 89.24% in the year 2008-09.

CAUTIONARY STATEMENT

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

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF GI ENGINEERING SOLUTIONS LIMITED

1. We have audited the attached Balance Sheet of GI Engineering Solutions Limited as at 31st March, 2010 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report read with our comments in para (f) below comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
 - e) On the basis of written representations received from all the directors of the Company as at 31st March, 2010, and taken on record by the Board of Directors, and the information and explanations as made available to us by the Company, we report that none of the directors of the Company is prima facie, have any disqualifications as referred to in clause (g) of sub section (1) of section 274 of the Companies Act, 1956 on the said date;
 - f) Attention is invited to note no. 13 in Schedule M regarding non provision for diminution in the value of investments in subsidiary company, for reasons mentioned therein.
 - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010;
 - in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For DIXIT DATTATRAY & ASSOCIATES,
Chartered Accountants
Firm Registration Number: 102665W**

D. B. DIXIT
Proprietor
Membership No 40032

Place : Mumbai
Dated : 12th July, 2010

GI ENGINEERING SOLUTIONS LIMITED

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date on the Accounts for the year ended 31st March, 2010 of **GI Engineering Solutions Limited**)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) The fixed assets have been physically verified by the management during the year. As informed to us, no material discrepancies were noticed on such verification. In our opinion, frequency of verification is at reasonable intervals.
c) During the financial year, the Company has not disposed off any substantial part of the fixed assets
- 2 The Company's nature of operations does not require it to hold inventories. Consequently, clause 4 (ii) of the Companies (Auditor's Report) Order, 2003, as amended ('The Order') is not applicable.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Hence the provisions of clauses (iii)(b) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company.
4. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. a) The particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under section 301 of the said Act.
b) The transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices and other relevant factors at the time of transaction.
6. The Company has not accepted any deposits from the public and consequently the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. The Company does not have an internal audit system.
8. As explained no cost records have been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of the activities carried out by the Company.
9. a) The Company has been generally regular in depositing undisputed statutory dues applicable to it, with the appropriate authorities. There are no arrears of outstanding statutory dues as at the year end for a period of more than six months from the date they became payable except an amount of Rs. 18,620/- towards ESIC dues outstanding at the year end for more than six months.
b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has accumulated losses at the end of the year. The Company has incurred cash losses in the current financial year. The Company has not incurred any cash losses in the previous financial year.
11. The Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a chit fund, nidhi, mutual benefit fund or a society, the provisions of clause (xiii) of the Order are not applicable.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.

ANNUAL REPORT 2009-10

15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company did not have any term loans outstanding during the year.
17. On an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
18. During the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company does not have any outstanding debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our audit and as explained to us, no fraud on or by the Company has been noticed or reported during the year to us.

**For DIXIT DATTATRAY & ASSOCIATES,
Chartered Accountants
Firm registration no. : 102665W**

D. B. DIXIT
Proprietor
Membership No 40032

Place: Mumbai
Dated : 12th July, 2010

GI ENGINEERING SOLUTIONS LIMITED

BALANCE SHEET

AS AT 31ST MARCH, 2010

PARTICULARS	SCHEDULE	AS AT 31ST MARCH, 2010		AS AT 31ST
		Rs.	Rs.	MARCH, 2009
				Rs.
SOURCES OF FUNDS				
1) SHAREHOLDERS FUNDS				
a) Share Capital	A	86,118,780		75,118,780
b) Reserves & Surplus	B	<u>314,879,105</u>		306,079,105
			400,997,885	381,197,885
2) LOAN FUNDS	C			
a) Unsecured Loans		-		300,000
			-	<u>300,000</u>
Total			<u>400,997,885</u>	<u>381,497,885</u>
APPLICATION OF FUNDS				
1) FIXED ASSETS				
a) Gross Block	D	36,009,207		36,004,007
b) Less : Depreciation / Amortisation		<u>19,096,392</u>		<u>16,960,920</u>
c) Net Block			16,912,815	<u>19,043,087</u>
2) INVESTMENTS	E		268,234,232	268,234,232
3) CURRENT ASSETS, LOANS & ADVANCES	F			
a) CURRENT ASSETS				
(i) Sundry Debtors		17,801,430		22,225,345
(ii) Cash & Bank Balances		394,695		214,601
(iii) Other Current Assets		-		<u>2,096</u>
			18,196,125	<u>22,442,042</u>
b) LOANS & ADVANCES			91,171,905	67,456,804
			109,368,030	<u>89,898,846</u>
LESS: CURRENT LIABILITIES & PROVISIONS	G			
(i) Current Liabilities		19,353,621		15,623,365
(ii) Provisions		<u>908,672</u>		<u>1,045,036</u>
			20,262,293	<u>16,668,401</u>
Net Current Assets			89,105,737	<u>73,230,445</u>
4) PROFIT & LOSS ACCOUNT			26,745,101	<u>20,990,121</u>
Total			<u>400,997,885</u>	<u>381,497,885</u>
Significant Accounting Policies	L			
Notes forming part of Accounts	M			

The schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date attached

For DIXIT DATTATRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
PROPRIETOR

Membership No. 40032

MUMBAI, 12th July, 2010

SAJID MALIK
MANAGING DIRECTOR

SAROJA MALIK
DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

KISHOR TALREJA
COMPANY SECRETARY

ANNUAL REPORT 2009-10

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED	FOR THE YEAR ENDED
		31ST MARCH, 2010	31ST MARCH, 2009
		Rs.	Rs.
INCOME			
Revenue from Operations		11,270,953	14,792,293
Other Income	H	<u>3,900,609</u>	<u>3,820,577</u>
Total		15,171,562	18,612,870
EXPENDITURE			
Personnel Costs	I	5,645,339	7,871,649
Operating and Other Costs	J	12,487,236	1,642,238
Finance Costs	K	43,495	8,803
Depreciation		<u>2,135,472</u>	<u>2,132,705</u>
Total		20,311,542	11,655,395
Operating Profit / (Loss) Before Tax		(5,139,980)	6,957,475
Current Tax		615,000	393,500
Fringe Benefit Tax		-	26,800
Profit / (Loss) After Tax		(5,754,980)	6,537,175
Add: Opening Balance		(20,990,121)	(27,527,296)
Balance carried to Balance Sheet		<u>(26,745,101)</u>	<u>(20,990,121)</u>
Earning per Share (Equity Share, par value Rs. 10 each)			
Basic		(0.75)	0.92
Number of weighted average shares used in computing earnings per share		7,626,399	7,092,645
Diluted		(0.75)	0.92
Number of weighted average shares used in computing earnings per share		7,626,399	7,092,645
Significant Accounting Policies	L		
Notes forming part of Accounts	M		

The schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date attached

For DIXIT DATTATRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
PROPRIETOR

Membership No. 40032

MUMBAI, 12th July, 2010

SAJID MALIK
MANAGING DIRECTOR

SAROJA MALIK
DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

KISHOR TALREJA
COMPANY SECRETARY

GI ENGINEERING SOLUTIONS LIMITED

SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	AS AT 31ST MARCH, 2010 Rs.	AS AT 31ST MARCH, 2009 Rs.
Schedule A		
SHARE CAPITAL		
AUTHORISED		
8,500,000,000 Equity Shares (Previous Year 8,000,000) of Rs 10/- each	85,000,000,000	80,000,000
Total	<u>85,000,000,000</u>	<u>80,000,000</u>
ISSUED, SUBSCRIBED & PAID-UP		
8,611,878 (Previous Year 7,511,878) Equity Shares of Rs. 10/- Each fully paid up (Out of the above 5,784,378 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 th September, 2007 and 16,77,500 Equity Shares of Rs. 10/- each issued during the year upon conversion of Equity Share Warrants into Equity Shares as per the provisions of scheme of demerger sanctioned by High Court, Mumbai, on 7 th September, 2007.)	86,118,780	75,118,780
Total	<u>86,118,780</u>	<u>75,118,780</u>
Schedule B		
RESERVES & SURPLUS		
GENERAL RESERVE		
As per last Balance Sheet	306,079,105	319,666,855
Less : Equity Shares allotted as fully paid up to the convertible warrant holders as per the provisions of demerger scheme sanctioned by the High Court, Mumbai on 7th September, 2007.	-	13,587,750
	<u>306,079,105</u>	<u>306,079,105</u>
SHARE PREMIUM ACCOUNT		
Received during the year upon allotment of 11,00,000 equity shares of Rs. 10/- each on preferential basis@ premium of Rs. 8/- per share.	8,800,000	-
Total	<u>314,879,105</u>	<u>306,079,105</u>
Schedule C		
UNSECURED LOAN		
from Director	-	300,000
Total	<u>-</u>	<u>300,000</u>

ANNUAL REPORT 2009-10

SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

Schedule D

FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	Opening Balance as at 1.04.09	Addition during the year	Sale during the year	Closing Balance as at 31.03.10	Up to 1.04.09	For the year	On Deduction	Up to 31.03.10	As at 31.03.10	As at 31.03.09
Tangible Assets										
Computer Hardware	1,940,370	-	-	1,940,370	1,901,742	21,366	-	1,923,108	17,262	38,628
Furniture & Fixtures	32,128,374	-	-	32,128,374	14,351,907	2,033,727	-	16,385,634	15,742,740	17,776,467
Office Equipments	1,666,905	-	-	1,666,905	438,913	79,178	-	518,091	1,148,814	1,227,992
Intangible Assets										
Computer Software	268,358	5,200	-	273,558	268,358	1,201	-	269,559	3,999	-
Total	36,004,007	5,200	-	36,009,207	16,960,920	2,135,472	-	19,096,392	16,912,815	19,043,087
Previous Year	35,988,607	15,400	-	36,004,007	14,828,215	2,132,705	-	16,960,920	19,043,087	21,160,392

PARTICULARS

AS AT 31ST
MARCH, 2010

AS AT 31ST
MARCH, 2009

Rs.

Rs.

Schedule E

INVESTMENTS (AT COST)

Long Term, fully paid up

Trade Investments - Unquoted

Investment in Wholly Owned Subsidiary Company

550,650 Common Stock USD 10 par value

268,234,232

268,234,232

in Genesys Enterprises Inc., USA

(Previous year 550,650 common stock \$ 10 par value)

Total

268,234,232

268,234,232

GI ENGINEERING SOLUTIONS LIMITED

SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	AS AT 31ST MARCH, 2010 Rs.	AS AT 31ST MARCH, 2009 Rs.
Schedule F		
CURRENT ASSETS, LOANS & ADVANCES		
(a) CURRENT ASSETS		
(1) Sundry Debtors		
(Unsecured)		
Due for more than six months		
Considered good	11,454,861	15,878,776
Considered doubtful	9,683,726	1,008,971
	<u>21,138,587</u>	<u>16,887,747</u>
Less : Provision for Doubtful Debts	9,683,726	1,008,971
	<u>11,454,861</u>	<u>15,878,776</u>
Others - Considered good	6,346,569	6,346,569
	<u>17,801,430</u>	<u>22,225,345</u>
(2) Cash & Bank Balances		
(i) Cash in Hand	-	-
(ii) Balances with Scheduled banks		
In Current Accounts	394,695	178,089
In Fixed Deposits (Margin Money) Accounts	-	36,512
	<u>394,695</u>	<u>214,601</u>
(3) Other Current Assets		
	-	2,096
Total	<u>18,196,125</u>	<u>22,442,042</u>
(b) LOANS & ADVANCES		
(Unsecured - Considered good)		
(i) Advances recoverable in cash or in kind or for the value to be received	2,513,696	2,069,270
(ii) Prepaid Expenses	16,698	14,157
(iii) Advance Tax (Net of Provisions)	648,452	872,388
(iv) Loan to Other Body Corporates	87,963,059	64,470,989
(v) Facilities Deposits	30,000	30,000
Total	<u>91,171,905</u>	<u>67,456,804</u>
Schedule G		
CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities		
Sundry Creditors	19,289,810	15,544,355
Other Liabilities	63,811	79,010
Total	<u>19,353,621</u>	<u>15,623,365</u>
(b) Provisions		
Provision for Retirement Benefits	908,672	1,045,036
Total	<u>908,672</u>	<u>1,045,036</u>

ANNUAL REPORT 2009-10

SCHEDULES

ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH 2010	FOR THE YEAR ENDED 31ST MARCH 2009
Schedule H		
OTHER INCOME		
Interest income (Tax deducted at source Rs. 388,008 Previous Year Rs. 865,505)	3,883,578	3,820,577
Dividend income from mutual fund investments (Current, Non Trade)	17,031	-
Total	3,900,609	3,820,577
Schedule I		
PERSONNEL COSTS		
Salaries , Allowances & Bonus	5,306,745	7,432,195
Staff Welfare	57,481	103,071
Contribution to Provident Fund & other funds	281,113	336,383
Total	5,645,339	7,871,649
Schedule J		
OPERATING AND OTHER COSTS		
Conveyance & Traveling	18,655	286,133
Legal & Professional Fees	181,300	104,753
Communication Expenses	55,292	28,601
Foreign Exchange Loss /(Gain) - Others	1,687,191	(118,443)
Miscellaneous expenses	840,630	1,316,194
Remuneration to Auditors		
- Statutory Audit	10,442	15,000
- Tax Audit	10,000	10,000
Bad Debts	1,008,971	
Less - Provision for Doubtful Debts	<u>1,008,971</u>	-
Provision for Doubtful Debts	9,683,726	-
Total	12,487,236	1,642,238
Schedule K		
FINANCE COSTS		
Bank Charges	43,495	8,650
Interest	-	153
Total	43,495	8,803

SCHEDULES

Schedule - L

SIGNIFICANT ACCOUNTING POLICY

I. Company's Background

GI Engineering Solutions Ltd. is formed to provide Information Technology, 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.

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

f) Impairment of 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.

g) Borrowing Costs

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

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

h) Investments

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

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

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

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

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

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

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

l) Employee Benefits :

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

GI ENGINEERING SOLUTIONS LIMITED

- (b) Post employment benefits (defined benefit plans) – The employees’ gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation using the projected unit credit method. Actuarial gains and losses are recognized immediately in the Profit and Loss account.
- (c) Post employment benefits (defined contribution plans) – Contributions to the provident fund is defined contribution scheme and is recognized as an expense in the Profit and Loss account in the period in which the contribution is due.
- (d) Long-term employee benefits – Long-term employee benefits comprise of compensated absences and other employee incentives. These are measured based on an actuarial valuation carried out by an independent actuary at each Balance Sheet date unless they are insignificant. Actuarial gains and losses and past service costs are recognized immediately in the Profit and Loss account.

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 - M

Notes forming part of Accounts

1. Share Capital

During the year the Company has increased authorized

share capital from 8,000,000 Equity Shares of Rs. 10/- each amounting to Rs. 8 crores, to 8,500,000,000 Equity Shares of Rs. 10/- each amounting to Rs. 8,500 crore w.e.f. 30th December, 2009 in accordance with the resolution passed by the members in the Extra Ordinary General Meeting held on 30th December, 2009. The Company has paid filing fees (including late fee) and stamp duty amounting to Rs. 25,734,309.

The Company has allotted 1,100,000 Equity Shares of Rs. 10/- each fully paid up at a price of Rs. 18/- per share (including share premium of Rs. 8/- per share) to M/s Fortune Private Equity LLC, Abu Dhabi, UAE on preferential basis in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and resolution passed by the shareholders of the Company in the Extra Ordinary General Meeting held on 30th December, 2009. The funds raised through issue of the share capital are being utilized for general corporate purposes.

2. Contingent Liabilities

Contingent Liabilities Rs. Nil (Previous year Rs. Nil).

3. Disclosure requirements as per the Accounting Standard – 18 (AS – 18) “Related Party Disclosure” issued by The Institute of Chartered Accountants of India.

List of Related Parties:-

A. Wholly owned Subsidiary Company

M/s Genesys Enterprises Inc., USA

B. Key Management Personnel

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

C. Principal Shareholder

M/s Kilam Holdings Ltd, Mauritius

D. Associate Enterprises

M/s Genesys International Corporation Ltd.

ANNUAL REPORT 2009-10

Details of Transactions with related parties are as follows:

Particulars	Year ended 31st March 2010 (Rs.)	Year ended 31st March 2009 (Rs.)
Transactions during the year -		
Advance taken from/ Reimbursement of Expenses by Genesys International Corporation Ltd.	7,155,742	8,094,015
Advance Repaid/ Reimbursement of Expenses to Genesys International Corporation Ltd.	12,583,734	-
Advance to Genesys Enterprises Inc., USA	448,452	604,916
Closing Balance -		
Amount Payable to Genesys International Corporation Ltd.	8,823,885	14,251,877
Amount Receivable from Genesys Enterprises Inc., USA	1,165,978	717,526

4. Details of mutual fund investments purchased and sold during the year -

FY 2009-10								
Name of the Mutual	Opening Balance		Purchase		Sales		Closing Balance	
	No. of Units	Value in Rs.	No. of Units	Value in Rs.	No. of Units	Value in Rs.	No. of Units	Value in Rs.
HDFC Liquid Fund - Dividend - Daily Reinvestment	-	-	1,961,438	20,003,138	1,961,438	20,003,138	-	-
HDFC Floating Rate Income Fund - Dividend Daily Reinvestment	-	-	1,985,639	20,017,031	1,985,639	20,017,031	-	-
Total	-	-	3,947,077	40,020,169	3,947,077	40,020,169	-	-

5. Employee Benefits :

Post-employment benefits plans

(a) Defined Contribution Plans –

In respect of the defined contribution plans, an amount of Rs. 235,044 (Previous Year Rs.290,485) has been provided 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	FY 2009-10	FY 2008-09
	Gratuity	Gratuity
Discount Rate	8.3% p.a	6.5% p.a
Salary Escalation		
For First 5 Years	12% p.a	12% p.a
Next 5 Years	10% p.a	12% p.a
Thereafter	7% p.a	12% p.a

GI ENGINEERING SOLUTIONS LIMITED

(iii) Reconciliation of Benefit Obligation :

Particulars	FY 2009-10	FY 2008-09
	Gratuity Rs.	Gratuity Rs.
Liability at the beginning of the year	545,641	50,473
Interest Cost	40,018	3,281
Current Service Cost	70,019	309,030
Benefit paid	-	-
Actuarial (Gain)/ Loss on Obligations	(452,571)	182,857
Amonunt recognized and disclosed under the head "Provision for Employees benefits"	203,107	545,641

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

Particulars	FY 2009-10	FY 2008-09
	Gratuity Rs.	Gratuity Rs.
Current Service Cost	70,019	309,030
Interest Cost	40,018	3,281
Net Actuarial (Gain) / Loss recognized	(452,571)	182,857
Expenses recognized in Profit and Loss account	(342,534)	495,168

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

Particulars	FY 2009-10	FY 2008-09
	Gratuity Rs.	Gratuity Rs.
Liability at the end of the year	203,107	545,641
Fair value of the plan assets at the end of the year	-	-
Difference	203,107	545,641
Amount recognized in the Balance Sheet	203,107	545,641

6. Provision of Rs. 615,000 (Previous Year – Rs. 393,500) towards Minimum Alternate Tax (MAT) payable under section 115JB of Income Tax Act, 1961 has been made. The MAT payable by the company over and above the normal tax for the current year is allowed to be carried forward for a period up to next 10 years to be adjusted against the normal tax payable, if any, in those years.

7. 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 1st April 2001, and details of deferred tax assets estimated by the Company is given below -

Particulars	As at March 31 2010 Rs.	As at March 31 2009 Rs.
Deferred Tax Assets		
Unabsorbed Losses	1,744,532	4,810,997
Provision for Employee Benefits	301,838	355,208
Provision for Doubtful Debts	3,216,692	342,949
Preliminary Expenses	112,001	173,122
Total	5,375,063	5,682,276
Deferred Tax Liability		
Fixed Assets (Depreciation/Amortization)	167,558	239,169
Net Deferred Tax (Liability)/Assets	5,207,505	5,443,108

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 against which deferred tax assets can be set off.

8. Earnings per share:

	March 31, 2010	March 31, 2009
Weighted average number of shares used as denominator for calculating Basic earning per share	7,626,399	70,92,645
Weighted average number of shares used as denominator for calculating Dilutive earning per share	7,626,399	70,92,645
Net Profit / (Loss) after taxation	Rs. (5,754,980)	Rs. 65,37,175
Basic EPS	Rs. (0.75)	Rs. 0.92
Diluted EPS	Rs. (0.75)	Rs. 0.92
Nominal value of Shares	Rs. 10	Rs. 10

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

SECONDARY SEGMENT

(Geographical Segment based on Sales Continent viz)

Segment Revenue	For the Year ended 31 st March 2010	For the Year ended 31 st March 2009
North America	Rs. 11,270,953	Rs. 14,792,293
Total Revenue from Operations	Rs. 11,270,953	Rs. 14,792,293

10. Earnings in Foreign Exchange: (At actual)

	For the Year ended 31 st March 2010	For the Year ended 31 st March 2009
Revenue from Operations	Rs. 4,397,954	Rs. 396,604

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

	For the Year ended 31 st March 2010	For the Year ended 31 st March 2009
Capital Goods	Nil	Nil

12. Exchange Differences

During the period realized and unrealized exchange loss amounting to Rs. 2,281,883 (Previous Year exchange gain of Rs. 3,307,980) is included in the financial statements.

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 has compiled this information based on current information in its possession. As at 31st March, 2010 no supplier has intimated the Company about its status as Micro or Small Enterprise or its registration with the appropriate authority under the Micro, Small & Medium Enterprises Development Act, 2006 (said Act) and to the best of the Company's knowledge and belief, sundry creditors as at the year end do not include outstanding dues to parties or entities covered by the said Act.
15. 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.
16. Figures for previous year have been re-grouped/re-classified wherever necessary to conform to current year's presentation.

Signatures to Schedule 'A' to 'M'

As per our Report of even date attached

For DIXIT DATTATRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No.: 102665W

D. B. DIXIT
PROPRIETOR

Membership No. 40032

MUMBAI,
12th July, 2010

For and on behalf of the Board of Directors

SAJID MALIK
MANAGING DIRECTOR

SAROJA MALIK
DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

KISHOR TALREJA
COMPANY SECRETARY

GI ENGINEERING SOLUTIONS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	For The Year Ended 31st March 2010		For The Year Ended 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after tax and extraordinary items		(5,754,980)		6,537,175
Adjustments for:				
Depreciation and amortisation	2,135,472		2,132,705	
Interest income	(3,900,609)		(3,820,577)	
Provision for Tax	615,000		420,300	
Interest Paid	-		153	
		<u>(1,150,137)</u>		<u>(1,267,419)</u>
Operating Profit before working capital changes		(6,905,117)		5,269,756
Adjustments for:				
(Increase)/ Decrease in Trade Receivables	4,423,915		(14,395,689)	
(Increase)/ Decrease in Other Current Assets	2,096		(116)	
(Increase)/ Decrease in Loans & Advances	(446,967)		(732,061)	
Increase/ (Decrease) in Current Liabilities and Provisions	3,593,892		9,831,101	
		<u>7,572,936</u>		<u>(5,296,765)</u>
CASH GENERATED FROM OPERATIONS		667,819		(27,009)
Taxes (Paid) / Refund		(391,064)		(894,605)
NET CASH FLOW FROM OPERATING ACTIVITIES		276,755		(921,614)
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (Including Capital Advances)	(5,200)		(15,400)	
Interest income	3,900,609		3,820,577	
Loan to Other Body Corporates	(23,492,070)		(2,954,025)	
NET CASH USED IN INVESTING ACTIVITIES		(19,596,661)		851,152
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Shares	19,800,000		-	
Net Proceeds / (Repayment) from / of Unsecured Loans	(300,000)		-	
Interest Paid	-		(153)	
NET CASH FLOW FROM FINANCING ACTIVITIES		19,500,000		(153)
NET INCREASE IN CASH & CASH EQUIVALENTS		180,094		(70,615)
CASH & CASH EQUIVALENTS (OPENING BALANCE)		214,601		285,216
CASH & CASH EQUIVALENTS (CLOSING BALANCE)		394,695		214,601

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

For DIXIT DATTATRAY & ASSOCIATES
 CHARTERED ACCOUNTANTS
 Firm Registration No. : 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
 PROPRIETOR
 Membership No. 40032

SAJID MALIK
 MANAGING DIRECTOR

SAROJA MALIK
 DIRECTOR

GANAPATHY VISHWANATHAN
 DIRECTOR

MUMBAI, 12th July, 2010

KISHOR TALREJA
 COMPANY SECRETARY

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

AS PER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

Registration Details

Registration No. 1 6 3 7 3 1

Balance Sheet Date 3 1 0 3 2 0 1 0

Date Month Year

State Code

1

1

Capital raised during the year (Amount in Rs. Thousand)

Public Issue N I L Rights Issue N I L

Bonus Issue N I L Private Placement 1 9 8 0 0

Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities 4 0 0 9 9 8 Total Assets 4 0 0 9 9 8

Sources of Funds

Paid-up Capital 8 6 1 1 9 Reserves & Surplus 3 1 4 8 7 9

Equity Share Warrant N I L

Secured Loans N I L

Unsecured Loan N I L

Application of Funds

Net Fixed Assets 1 6 9 1 3 Investments 2 6 8 2 3 4

Net Current Assets 8 9 1 0 6 Accumulated Losses 2 6 7 4 5

Performance of Company (Amount in Rs. Thousand)

Turnover 1 5 1 7 2 Total Expenditure 2 0 3 1 2

Loss before tax 5 1 4 0 Loss after tax 5 7 5 5

Earning per share in Rs. (Negative) Dividend % N I L

--- Basic (0 . 7 5)

--- Dilutive (0 . 7 5)

Generic Names of three Principal Products / Services of Company (as per monetary terms)

Item Code No (ITC Code) : 8 5 2 4 9 9 0 4 . 9 0

Product Description : C O M P U T E R S O F T W A R E

For and on behalf of the Board of Directors

SAJID MALIK SAROJA MALIK GANAPATHY VISHWANATHAN
MANAGING DIRECTOR DIRECTOR DIRECTOR

KISHOR TALREJA
COMPANY SECRETARY

MUMBAI, 12th July, 2010

GENESYS ENTERPRISES INC. (USA)

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

(Amount in USD)

Name of the Subsidiary	Genesys Enterprises Inc. USA
Financial year of the Subsidiary Company ended on	31 st March, 2010
Holding Company's Interest	
Number of shares	550,650 Ordinary Shares
Extent of holding	100%
Net aggregate amount of the subsidiary's profits/(Losses) so far as it concerns members of the holding Company and is not dealt with in the Holding Company's accounts	
(i) for the financial year of the subsidiary	(16,915)
(ii) for the previous financial years of the subsidiary since it become the Holding Company's subsidiary	(744,710)
Net aggregate amount of the profits/(Losses) of the subsidiary dealt with the Company's accounts	
(i) for the financial year of the subsidiary	N I L
(ii) for the previous financial years of the subsidiary since it become the Holding Company's subsidiary	N I L

For and on behalf of the Board of Directors

SAJID MALIK **SAROJA MALIK** **GANAPATHY VISHWANATHAN**
MANAGING DIRECTOR DIRECTOR DIRECTOR

KISHOR TALREJA
COMPANY SECRETARY

MUMBAI, 12th July, 2010

**GENESYS ENTERPRISES INC., USA
TABLE OF CONTENTS**

Contents	Page
Directors' Report.....	36
Auditors' Report.....	37
Financial Statments	
Balance Sheet	38
Profit & Loss Account.....	39
Schedules	40
Cash Flow Statement	45

GENESYS ENTERPRISES INC. (USA)

GENESYS ENTERPRISES INC., USA DIRECTORS' REPORT

To the stockholders of Genesys Enterprises Inc., USA

Your Directors are pleased to present their Report for the year ended March 31, 2010

Financial Results

Particulars	For the year ended March 31, 2010 Amount \$	For the year ended March 31, 2009 Amount \$
Gross Revenue	50,560	152,631
Less: Operating Expenses	58,769	235,517
Operating Profit / (Loss)	(8,209)	(82,886)
Current Tax	8,706	8,328
Net Profit / (Loss)	(16,915)	(91,214)

Dividend

Your Directors do not recommend any dividend for the year.

Performance

During the year under review, the revenue of the Company declined to USD 0.05 million from USD 0.15 million in the previous year. Consequently, the Company has posted the Net Loss of USD 0.02 million for the current financial year.

Acknowledgement

Your Directors appreciate the support extended by all its customers, employees, banks and business associates and look forward their continued support in the coming years.

FOR AND ON BEHALF OF THE BOARD

SOHEL MALIK
PRESIDENT

Mumbai

Dated : 29th June, 2010

AUDITORS REPORT

TO THE SHAREHOLDERS OF GENESYS ENTERPRISES INC., USA

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF GENESYS ENTERPRISES INC. USA

1. We have audited the attached Balance Sheet of Genesys Enterprises Inc. USA as at 31st March, 2010 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Attention is invited to note no 2 & 3 in Schedule H regarding non provision for old accounts receivables and notes receivable.
4. Subject to our comments in the point no. 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as

appears from our examination of those books.

- c) The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Schedule H to the Accounts.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet, of the State of Affairs of the Company as on 31st March, 2010;
 - in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For DIXIT DATTATRAY & ASSOCIATES

Chartered Accountants

Firm Registration No. : 102665W

D B DIXIT

Proprietor

Membership No 40032

Mumbai

Dated : 29th June, 2010

GENESYS ENTERPRISES INC. (USA)

BALANCE SHEET

AS AT 31ST MARCH, 2010

PARTICULARS	SCHEDULE	AS AT 31ST MARCH, 2010		AS AT 31ST
		US \$	US \$	MARCH, 2009
				US \$
SOURCES OF FUNDS				
1) SHAREHOLDERS FUNDS				
a) Common Stock	A		5,506,500	5,506,500
Total			<u>5,506,500</u>	<u>5,506,500</u>
APPLICATION OF FUNDS				
1) FIXED ASSETS				
a) Gross Block	B	669,600		669,600
b) Less : Depreciation / Amortisation		669,600		669,600
c) Net Block			-	-
2) CURRENT ASSETS, LOANS & ADVANCES				
a) CURRENT ASSETS				
(i) Sundry Debtors		4,222,511		4,228,271
(ii) Cash & Bank Balances		-		15,777
			4,222,511	4,244,048
b) LOANS & ADVANCES				
			1,018,590	1,023,070
			5,241,101	5,267,118
LESS: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities & Provisions	D	496,226		505,328
			496,226	505,328
Net Current Assets			4,744,875	4,761,790
3) PROFIT & LOSS ACCOUNT				
			761,625	744,710
Total			<u>5,506,500</u>	<u>5,506,500</u>

Significant Accounting Policies & Notes to Accounts H

Schedules 'A' to 'H' form an integral part of the Accounts

As per our Report of even date attached

For DIXIT DATTATRAY & ASSOCIATES
CHARTERED ACCOUNTANTS
 Firm Registration No. : 102665W

For and on behalf of the Board Of Directors

D. B. DIXIT
 PROPRIETOR
 Membership No. 40032

SOHEL MALIK
 PRESIDENT

SAJID MALIK
 DIRECTOR

MUMBAI, 29th June, 2010

ANNUAL REPORT 2009-10

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED	
		31ST MARCH, 2010 US \$	31ST MARCH, 2009 US \$
INCOME			
Revenue from Operations		50,560	151,525
Other Income		-	1,106
Total		50,560	152,631
EXPENDITURE			
Personnel Costs	E	46,373	221,857
Operating and Other Costs	F	11,533	11,619
Finance Costs	G	863	1,014
Depreciation & Amortization		-	1,027
Total		58,769	235,517
Operating Profit / (Loss) Before Tax		(8,209)	(82,886)
Current Tax		8,706	8,328
Profit/(Loss) After Tax		(16,915)	(91,214)
Balance brought forward from earlier years		(744,710)	(653,496)
Balance carried to Balance Sheet		(761,625)	(744,710)
Earning per Share (Equity Share, par value US \$10 each)			
Basic & Diluted		(0.03)	(0.17)
Number of shares used in computing earnings per share		550,650	550,650

Significant Accounting Policies & Notes to Accounts H

Schedules 'A' to 'H' form an integral part of the Accounts

As per our Report of even date attached

For DIXIT DATTATRAY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. : 102665W

For and on behalf of the Board Of Directors

D. B. DIXIT
PROPRIETOR
Membership No. 40032

SOHEL MALIK
PRESIDENT

SAJID MALIK
DIRECTOR

MUMBAI, 29th June, 2010

GENESYS ENTERPRISES INC. (USA)

SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	AS AT 31ST MARCH, 2010 US \$	AS AT 31ST MARCH, 2009 US \$
Schedule A		
SHARE CAPITAL		
AUTHORISED		
838,050 Shares of \$10 each Common Stock	8,380,500	8,380,500
Total	8,380,500	8,380,500
ISSUED, SUBSCRIBED & PAID-UP		
550,650 (Previous Year 550,650) Shares of \$10 each Common Stock	5,506,500	5,506,500
Total	5,506,500	5,506,500

Schedule B

FIXED ASSETS

(Amount in US \$)

Particulars	Gross Block				Depreciation				Net Block	
	Opening Balance as at 1.04.09	Addition During the year	Sale During the year	Closing Balance as on 31.03.10	Up to 1.04.09	For the year	On Deduction	Up to 31.03.10	As at 31.03.10	As at 31.03.09
Tangible Assets										
Computer Hardware	222,197	-	-	222,197	222,197	-	-	222,197	-	-
Furniture & Fixtures	170,539	-	-	170,539	170,539	-	-	170,539	-	-
Office Equipments	22,229	-	-	22,229	22,229	-	-	22,229	-	-
Vehicles	40,899	-	-	40,899	40,899	-	-	40,899	-	-
Leasehold improvement	73,319	-	-	73,319	73,319	-	-	73,319	-	-
Intangible Assets										
Goodwill and other intangible assets	140,417	-	-	140,417	140,417	-	-	140,417	-	-
Total	669,600	-	-	669,600	669,600	-	-	669,600	-	-
Previous Year	669,600	-	-	669,600	668,573	1,027	-	669,600	-	1,027

ANNUAL REPORT 2009-10

SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	AS AT 31ST MARCH, 2010 US \$	AS AT 31ST MARCH, 2009 US \$
Schedule C		
CURRENT ASSETS, LOANS & ADVANCES		
A) Current Assets		
(i) Sundry Debtors		
(Unsecured)		
Due for more than six months		
Considered good	4,222,511	4,212,911
Considered doubtful	283,675	283,675
	<u>4,506,186</u>	<u>4,496,586</u>
Less : Provision for Doubtful Debts	283,675	283,675
	<u>4,222,511</u>	<u>4,212,911</u>
Others - Considered good	-	15,360
	<u>4,222,511</u>	<u>4,228,271</u>
(ii) Cash & Bank Balances		
(a) Cash in Hand		
	-	-
(b) Balances with Scheduled banks		
In Current Accounts	-	15,777
	<u>-</u>	<u>15,777</u>
Total	<u>4,222,511</u>	<u>4,244,048</u>
(B) Loans & Advances		
(Unsecured - Considered good)		
(i) Advances recoverable in cash or in kind for the value to be received	1,012,000	1,012,000
(ii) Prepaid Expenses	3,140	3,140
(iii) Other Current Assets	-	4,480
(iv) Other Deposits	3,450	3,450
Total	<u>1,018,590</u>	<u>1,023,070</u>
Schedule D		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	487,101	498,335
Bank Overdraft	2,132	-
Other Liabilities	6,993	6,993
Total	<u>496,226</u>	<u>505,328</u>

GENESYS ENTERPRISES INC. (USA)

SCHEDULES

ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	AS AT 31ST MARCH, 2010 US \$	AS AT 31ST MARCH, 2009 US \$
Schedule E		
PERSONNEL COSTS		
Salaries, Allowances & Bonus	46,373	221,857
Total	46,373	221,857
Schedule F		
OPERATING AND OTHER COSTS		
Conveyance & Traveling	11	-
Legal & Professional Fees	4,590	5,872
Communication Expenses	-	841
Miscellaneous Expenses	2,132	106
Rent	4,800	4,800
Total	11,533	11,619
Schedule G		
FINANCE COSTS		
Bank Charges	863	1,014
Total	863	1,014

SCHEDULES

NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2010

Schedule H – Organization and Summary of Significant Accounting Policies

Organization and Operations

Genesys Enterprises Inc. (the "Company"), a wholly owned subsidiary of GI Engineering Solutions Limited (the "Parent"), was established, pursuant to the laws of the State of New York, during 1995. The Company's revenue is derived from computer programming outsourcing services and customized software development services.

1. Summary of Significant Accounting Policies

Revenue Recognition

Revenues from outsourcing services and customized software development are recognized as services are rendered on a monthly basis. Revenue derived under long-term contracts are recognized on the percentage-of-completion method applying the units-of-delivery basis. Under this method, revenue and costs are recognized according to the ratio of units delivered to total units to be delivered.

Use of Estimates in Financial Statements

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are carried at cost. When assets are sold or retired, the cost and related accumulated depreciation are eliminated from the

accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and replacements, which substantially extend the lives of the assets are capitalized.

Furniture, Fixtures and Improvements

Furniture, fixtures and improvements are carried at cost. The cost of maintenance and repairs is charged to expense when incurred; significant renewals and replacements, which substantially extend the useful lives of the assets, are capitalized.

Intangible Assets

Intangible assets (software, trade names and trademarks) are being amortized over its estimated useful life of five years.

Depreciation

Depreciation on all assets is fully provided over the estimated useful lives of assets using straight-line methods and all assets are fully depreciated. No depreciation is charged in the current financial year.

Account Receivable

The Company carries its accounts receivable at cost less allowances for doubtful accounts. The Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a history of past write-offs and collections and current credit conditions. Accounts are written off when deemed uncollectible.

Income Taxes

The Company is being taxed as a C-corporation under the provision of both the Internal Revenue Service Code and State laws.

GENESYS ENTERPRISES INC. (USA)

SCHEDULES

NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2010

2. Accounts receivable, net of allowance for doubtful accounts

The following is the schedule for accounts receivable, net of allowance for doubtful debts at March 31, 2010 and March 31, 2009 :

	March 31, 2010	March 31, 2009
Accounts Receivable	\$ 4,506,186	\$ 4,511,946
Less: Allowance for Doubtful Debts	\$ 283,675	\$ 283,675
Net Accounts Receivable	\$ 4,222,511	\$ 4,228,271

The total accounts receivable \$4,222,511 net of doubtful debt consists of receivable outstanding for 3 years and 1 year of \$4,212,911, and within 1 year: \$9,600

3. Notes Receivable

As of March 31, 2010, notes receivable consist of advances to two associates \$ 500,000 and \$512,000 which is outstanding since 2003.

4. Employee Benefit Plans

The Company has adopted a 401(k) plan for the employee benefits. Contributions to the plan are at the discretion of Management.

5. Related Party Transactions

List of Related Parties :-

Holding Company – GI Engineering Solutions Limited, India
Associate Enterprises – Genesys International Corporation Limited, India

As of March 31, 2010, \$ 26,100 was payable to holding company and \$ 69,440 was payable to associate enterprise.

6. Income Taxes

Federal and state income tax provision for the year ended March 31, 2010 and March 31, 2009 is as follows :

	2010	2009
Current Tax	\$8,706	\$8,328

7. Common Stock

At March 31, 2010 the Company had 838,050 shares of \$10 par value common stock authorized, of which 550,650 shares were issued and outstanding.

8. Previous year's figures have been regrouped /reclassified to conform to the current year's presentation.

Signatures to Schedule 'A' to 'H'
As per our Report of even date attached

**For DIXIT DATTATRAY & AASOCIATES
CHARTERED ACCOUNTANTS**

Firm Registration No.: 102665W

D. B. DIXIT
PROPRIETOR
Membership No. 40032

For and on behalf of the Board of Directors

SOHEL MALIK
PRESIDENT

SAJID MALIK
DIRECTOR

MUMBAI, 29th June, 2010

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH 2010		FOR THE YEAR ENDED 31ST MARCH 2009	
	US \$	US \$	US \$	US \$
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after tax and extraordinary items		(16,915)		(91,214)
Adjustments for:				
Depreciation & Amortisation	-		1,027	
Corporation Taxes	8,706		8,328	
		8,706		9,355
Operating Profit before working capital changes		(8,209)		(81,859)
Adjustments for:				
(Increase)/ Decrease in Trade Receivable	5,760		26,476	
(Increase)/ Decrease in Loans and Advances	4,480		(331)	
Increase/ (Decrease) in Current Liabilities and Provisions	(9,102)		76,139	
		1,138		102,284
CASH GENERATED FROM OPERATIONS		(7,071)		20,425
Taxes (Paid) / Refund		(8,706)		(8,328)
NET CASH FLOW FROM OPERATING ACTIVITIES		(15,777)		12,097
B CASH FLOW FROM INVESTING ACTIVITIES				
NET CASH USED IN INVESTING ACTIVITIES		-		-
C CASH FLOW FROM FINANCING ACTIVITIES				
NET CASH FLOW FROM FINANCING ACTIVITIES		-		-
NET INCREASE IN CASH & CASH EQUIVALENTS		(15,777)		12,097
CASH & CASH EQUIVALENTS (OPENING BALANCE)		15,777		3,680
CASH & CASH EQUIVALENTS (CLOSING BALANCE)		-		15,777

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

For DIXIT DATTATRAY & AASOCIATES
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Firm Registration No.: **102665W**

D. B. DIXIT
PROPRIETOR
Membership No. 40032

SOHEL MALIK
PRESIDENT

SAJID MALIK
DIRECTOR

MUMBAI, 29th June, 2010

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AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors

GI Engineering Solutions Limited

We have audited the attached consolidated Balance Sheet of GI Engineering solutions Limited and its Subsidiary as at March 31, 2010, the Consolidated Profit and Loss Account, and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (AS – 21) 'Consolidated Financial Statements', prescribed in the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of GI Engineering Solutions Limited and its Subsidiary included in the consolidated financial statements.
3. In our opinion and on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of GI Engineering Solutions Limited, and its Subsidiary, we are of the opinion that the Consolidated Financial Statements give a true and fair view,
 - (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of GI Engineering Solutions Limited & its Subsidiary as at 31st March, 2010;
 - (b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of GI Engineering Solutions Limited, & its Subsidiary for the year ended on that date; and
 - (c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of GI Engineering Solutions Limited., & its Subsidiary for the year ended on that date.

**For DIXIT DATTATRAY & ASSOCIATES,
Chartered Accountants
Firm Registration Number: 102665W**

D. B. DIXIT
Proprietor
Membership No 40032
Mumbai
Dated : 12th July, 2010

GI ENGINEERING SOLUTIONS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2010

PARTICULARS	SCHEDULE	AS AT 31ST MARCH, 2010		AS AT 31ST
		Rs.	Rs.	MARCH, 2009
				Rs.
SOURCES OF FUNDS				
1) SHAREHOLDERS FUNDS				
a) Share Capital	A	86,118,780		75,118,780
b) Reserves & Surplus	B	<u>295,190,965</u>		<u>314,221,263</u>
			381,309,745	389,340,043
2) LOAN FUNDS				
a) Unsecured Loans	C	-		<u>300,000</u>
				<u>300,000</u>
Total			<u>381,309,745</u>	<u>389,640,043</u>
APPLICATION OF FUNDS				
1) FIXED ASSETS				
a) Gross Block	D	77,203,264		77,198,064
b) Less : Depreciation / Amortisation		<u>50,631,824</u>		<u>48,496,352</u>
c) Net Block			26,571,440	28,701,712
2) CURRENT ASSETS, LOANS & ADVANCES				
a) CURRENT ASSETS				
(i) Sundry Debtors		206,421,011		235,879,895
(ii) Cash & Bank Balances		394,695		1,011,832
(iii) Other Current Assets		-		<u>228,470</u>
			206,815,706	237,120,197
b) LOANS & ADVANCES				
			135,506,434	118,208,631
			342,322,140	355,328,828
LESS: CURRENT LIABILITIES & PROVISIONS				
F				
(i) Current Liabilities		40,781,987		40,891,906
(ii) Provisions		<u>908,672</u>		<u>1,045,036</u>
			41,690,659	41,936,942
Net Current Assets			300,631,481	313,391,886
3) PROFIT & LOSS ACCOUNT				
			54,106,824	47,546,445
Total			<u>381,309,745</u>	<u>389,640,043</u>

Significant Accounting Policies & Notes to Accounts K

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For DIXIT DATTATRAY & ASSOCIATES
 CHARTERED ACCOUNTANTS
 Firm Registration No. : 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
 PROPRIETOR
 Membership No. 40032

SAJID MALIK
 MANAGING DIRECTOR

SAROJA MALIK
 DIRECTOR

GANAPATHY VISHWANATHAN
 DIRECTOR

MUMBAI, 12th July, 2010

KISHOR TALREJA
 COMPANY SECRETARY

ANNUAL REPORT 2009-10

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED	
		31ST MARCH, 2010	31ST MARCH, 2009
		Rs.	Rs.
INCOME			
Revenue from Operations		13,678,230	21,759,949
Other Income	G	3,900,609	3,871,449
Total		17,578,839	25,631,398
EXPENDITURE			
Personnel Costs	H	7,853,263	18,073,423
Operating and Other Costs	I	13,036,376	2,176,473
Finance Costs	J	84,594	55,451
Depreciation		2,135,472	2,567,363
Total		23,109,705	22,872,710
Operating Profit / (Loss) Before Tax		(5,530,866)	2,758,688
Current Tax		1,029,513	776,451
Fringe Benefit Tax		-	26,800
Profit / (Loss) After Tax		(6,560,379)	1,955,437
Balance brought forward from earlier years		(47,546,445)	(49,501,882)
Balance carried to Balance Sheet		(54,106,824)	(47,546,445)
Earning per Share (Equity Share, par value Rs. 10 each)			
Basic		(0.86)	0.28
Number of weighted average shares used in computing earnings per share		7626399	7,092,645
Diluted		(0.86)	0.28
Number of weighted average shares used in computing earnings per share		7626399	7,092,645

Significant Accounting Policies & Notes to Accounts K

The schedules referred to above form an integral part of the Profit & Loss Account

As per our report of even date attached

For DIXIT DATTATRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. : 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
PROPRIETOR
Membership No. 40032

MUMBAI, 12th July, 2010

SAJID MALIK
MANAGING DIRECTOR

SAROJA MALIK
DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

KISHOR TALREJA
COMPANY SECRETARY

GI ENGINEERING SOLUTIONS LIMITED

SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2010

PARTICULARS	AS AT 31ST MARCH, 2010 Rs.	AS AT 31ST MARCH, 2009 Rs.
Schedule A		
SHARE CAPITAL		
AUTHORISED		
8,500,000,000 Equity Shares (Previous Year 8,000,000) of Rs 10/- each	85,000,000,000	80,000,000
Total	<u>85,000,000,000</u>	<u>80,000,000</u>
ISSUED, SUBSCRIBED & PAID-UP		
8,611,878 (Previous Year 7,511,878) Equity Shares of Rs. 10/- Each fully paid up (Out of the above 5,784,378 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 th September, 2007 and 16,77,500 Equity Shares of Rs. 10/- each issued during the year upon conversion of Equity Share Warrants into Equity Shares as per the provisions of scheme of demerger sanctioned by High Court, Mumbai, on 7 th September, 2007)	86,118,780	75,118,780
Total	<u>86,118,780</u>	<u>75,118,780</u>
Schedule B		
RESERVES & SURPLUS		
GENERAL RESERVE		
As per last Balance Sheet	299,848,078	313,435,828
Less : Equity Shares allotted as fully paid up to the convertible warrant holders as per the provisions of demerger scheme sanctioned by the High Court, Mumbai on 7 th September, 2007.	-	<u>13,587,750</u>
	<u>299,848,078</u>	299,848,078
SHARE PREMIUM ACCOUNT		
Received during the year upon allotment of 11,00,000 equity shares of Rs. 10/- each on preferential basis@ premium of Rs. 8/- per share.	8,800,000	-
EXCHANGE FLUCTUATION RESERVE		
	(13,457,113)	14,373,185
Total	<u>295,190,965</u>	<u>314,221,263</u>
Schedule C		
UNSECURED LOAN		
	-	<u>300,000</u>
Total	<u>-</u>	<u>300,000</u>

ANNUAL REPORT 2009-10

SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2010

Schedule D

FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	Opening Balance as at 1.04.09	Addition during the year	Sale during the year	Closing Balance as on 31.03.10	Up to 1.04.09	For the year	On Deduction	Up to 31.03.10	As at 31.03.10	As at 31.03.09
Tangible Assets										
Computer Hardware	12,289,907	-	-	12,289,907	12,251,279	21,366	-	12,272,645	17,262	38,628
Furniture & Fixtures	40,206,800	-	-	40,206,800	22,430,333	2,033,727	-	24,464,060	15,742,740	17,776,467
Office Equipments	2,719,896	-	-	2,719,896	1,491,904	79,178	-	1,571,082	1,148,814	1,227,992
Vehicles	1,929,806	-	-	1,929,806	1,929,806	-	-	1,929,806	-	-
Leasehold improvement	3,473,111	-	-	3,473,111	3,473,111	-	-	3,473,111	-	-
Intangible Assets										
Computer Software	268,358	5,200	-	273,558	268,358	1,201	-	269,559	3,999	-
GIS Database	-	-	-	-	-	-	-	-	-	-
Goodwill on consolidation and other intangible assets	16,310,186	-	-	16,310,186	6,651,561	-	-	6,651,561	9,658,625	9,658,625
Total	77,198,064	5,200	-	77,203,264	48,496,352	2,135,472	-	50,631,824	26,571,440	28,701,712
Previous Year	77,182,664	15,400	-	77,198,064	45,928,989	2,567,363	-	48,496,352	28,701,712	31,253,675

GI ENGINEERING SOLUTIONS LIMITED

SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2010

PARTICULARS	AS AT 31ST MARCH, 2010 Rs.	AS AT 31ST MARCH, 2009 Rs.
Schedule E		
CURRENT ASSETS, LOANS & ADVANCES		
(A) CURRENT ASSETS		
(i) Sundry Debtors (Unsecured)		
Due for more than six months		
Considered good	200,074,442	227,383,982
Considered doubtful	22,355,483	15,343,063
	<u>222,429,925</u>	<u>242,727,045</u>
Less : Provision for Doubtful Debts	22,355,483	15,343,063
	<u>200,074,442</u>	<u>227,383,982</u>
Others	6,346,569	8,495,913
	<u>206,421,011</u>	<u>235,879,895</u>
(ii) Cash & Bank Balances		
(a) Cash in Hand	-	-
(b) Balances with Scheduled banks		
In Current Accounts	394,695	178,089
In Fixed Deposits (Margin Money) Accounts	-	36,512
	<u>394,695</u>	<u>214,601</u>
(c) Balances with Foreign Banks		
In Current Accounts	-	797,231
	<u>394,695</u>	<u>1,011,832</u>
(iii) Other Current Assets	-	228,470
Total	<u>206,815,706</u>	<u>237,120,197</u>
(B) LOANS & ADVANCES		
(Unsecured - Considered good)		
(i) Advances recoverable in cash or in kind or for the value to be received	46,553,849	52,488,104
(ii) Prepaid Expenses	156,962	172,821
(iii) Advance Tax (Net of Provisions)	648,452	872,388
(iv) Loan to Other Body Corporates	87,963,059	64,470,989
(v) Facility & Other Deposits	184,112	204,329
Total	<u>135,506,434</u>	<u>118,208,631</u>
Schedule F		
CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities		
Sundry Creditors	40,302,253	40,453,106
Bank Overdraft	97,182	-
Other Liabilities	382,552	438,800
Total	<u>40,781,987</u>	<u>40,891,906</u>
(b) Provisions		
Provision for Retirement benefits	908,672	1,045,036
Total	<u>908,672</u>	<u>1,045,036</u>

ANNUAL REPORT 2009-10

SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	FOR THE YEAR ENDED	
	31ST MARCH, 2010	31ST MARCH, 2009
	Rs.	Rs.
Schedule G		
OTHER INCOME		
Interest income (Tax deducted at source Rs. 388,008 (Previous Year Rs. 865,505)	3,883,578	3,820,577
Miscellaneous Income	-	50,872
Dividend income from mutual fund investments (Current, Non Trade)	17,031	-
Total	3,900,609	3,871,449
Schedule H		
PERSONNEL COSTS		
Salaries , Allowances & Bonus	7,514,669	17,633,969
Staff Welfare	57,481	103,071
Contribution to Provident Fund & other funds	281,113	336,383
Total	7,853,263	18,073,423
Schedule I		
OPERATING AND OTHER COSTS		
Conveyance & Traveling	18,655	286,133
Legal & Professional Fees	395,081	374,687
Communication Expenses	55,292	67,290
Foreign Exchange Loss /(Gain) - Others	1,687,191	(118,443)
Miscellaneous Expenses	942,689	1,321,085
Rent	228,539	220,721
Remuneration to Auditors		
- Statutory Audit	15,203	15,000
- Tax Audit	10,000	10,000
Bad Debts	1,008,971	-
Less - Provision for Doubtful Debts	1,008,971	-
Provision for Doubtful Debts	9,683,726	-
Total	13,036,376	2,176,473
Schedule J		
FINANCE COSTS		
Bank Charges	84,594	55,298
Interest	-	153
Total	84,594	55,451

GI ENGINEERING SOLUTIONS LIMITED

SCHEDULES

Schedule K

Significant Accounting Policies and Notes to Accounts to the Consolidated Financial Statements:

I. Significant Accounting Policies

1. Basis & Principles of Consolidation

- i. The consolidation of accounts is done in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and meet the requirements of the Accounting Standard 21 (AS – 21) "Consolidated Financial Statement" issued by The Institute of Chartered Accountants of India.

List of foreign subsidiary considered in the consolidated financial statements

Name of the Entity	Nature of Relationship	Country of Incorporation	Extent of holding as on 31st March 2010
Genesys Enterprises Inc., USA	Subsidiary	USA	100%

- ii. Use of estimates – The Preparation of Consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from these estimates. Any revisions to accounting estimates are recognized prospectively in current and future periods.
- iii. The consolidated financial statements of the group have been prepared based on a line-by-line consolidation of Profit & Loss Account for the period ended 31st March, 2010 and Balance Sheet as on that date by adding together the book values of like items

of income, expenses, assets and liabilities. All inter-company balances and transactions are eliminated on consolidation. The Consolidated financial statements have been prepared in Indian Rupees.

2. Foreign Currency Translation

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

II. Other Significant Accounting Policies

These are set out in the Significant Accounting Policies for the respective financial statements of the Company and its Subsidiary Company.

III. Notes to Accounts

1. Contingent Liabilities : Rs. Nil (Previous year Rs. Nil).
2. Disclosure requirements as per the Accounting Standard – 18 (AS – 18) "Related Party Disclosure" issued by The Institute of Chartered Accountants of India.

List of Related Parties:-

A. Key Management Personnel

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

B. Principal Shareholder -

M/s Kilam Holdings Ltd., Mauritius

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

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

(Amount in Rs.)

SECONDARY SEGMENT (Geographical Segment based on sales continent wise)		
Segment Revenue	For the Year ended 31st March 2010	For the Year ended 31st March 2009
North America	13,678,230	21,759,949
Total Revenue from Operations	13,678,230	2,17,59,949

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

	As at March 31, 2010	As at March 31, 2009
Weighted average number of shares used as denominator for calculating Basic earning per share	7,626,399	70,92,645
Weighted average number of shares used as denominator for calculating Dilutive earning per share	7,626,399	70,92,645
Net Profit / (Loss) after taxation	Rs. (6,560,379)	Rs. 1,955,437
Basic EPS	Rs. (0.86)	Rs. 0.28
Diluted EPS	Rs. (0.86)	Rs. 0.28
Nominal value of Shares	Rs. 10	Rs. 10

5. Current Tax and Deferred Tax

Provision for Current Tax is made as per the local tax laws of respective countries. The Company has estimated deferred tax asset/liability in accordance with the provisions of Accounting Standard – 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India which became mandatory from 1st April 2001. The details of deferred tax asset is given below -

Particulars	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Deferred Tax Assets		
Unabsorbed Losses	1,744,522	48,10,997
Provision for Employee Benefits	301,838	3,55,208
Provision for Doubtful Debts	3,216,692	3,42,949
Preliminary Expenses	112,001	1,73,122
Total	5,375,063	56,82,276
Deferred Tax Liability		
Fixed Assets (Depreciation/Amortization)	167,558	2,39,169
Net Deferred Tax (Liability)/Assets	5,207,505	54,43,108

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 against which deferred tax assets can be set off.

6. Other Notes to Accounts

These are set out in the Notes to Accounts for the respective financial statements of the Company and its Subsidiary Company.

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

GI ENGINEERING SOLUTIONS LIMITED

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

Signatures to Schedules 'A' to 'K'
As per our Report of even date attached
For DIXIT DATTATRAY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm registration no. : 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
PROPRIETOR
Membership No. 40032

MUMBAI, 12th July, 2010

SAJID MALIK
MANAGING DIRECTOR

SAROJA MALIK
DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

KISHOR TALREJA
COMPANY SECRETARY

ANNUAL REPORT 2009-10

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH 2010		FOR THE YEAR ENDED 31ST MARCH 2009
	Rs.	Rs.	Rs.
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit after tax and extraordinary items		(6,560,379)	1,955,437
Adjustments for:			
Depreciation & Amortisation	2,135,472		2,567,363
Interest income	(3,900,609)		(3,871,449)
Provision for Tax	1,029,513		803,251
Interest Paid	-		153
		(735,624)	(500,682)
Operating Profit before working capital changes		(7,296,003)	1,454,755
Adjustments for:			
(Increase)/ Decrease in Trade Receivables	29,458,884		(59,902,664)
(Increase)/ Decrease in Other Current Assets	228,470		(201,197)
(Increase)/ Decrease in Loans & Advances	5,970,331		(11,090,547)
Increase/ (Decrease) in Current Liabilities and Provisions	(246,283)		17,884,890
		35,411,402	(53,309,518)
CASH GENERATED FROM OPERATIONS		28,115,399	(51,854,763)
Taxes (Paid) / Refund		(805,577)	(1,277,556)
		27,309,822	(53,132,319)
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets (Including Capital Advances)	(5,200)		(15,400)
Interest income	3,900,609		3,871,449
Loan to Other Body Corporates	(23,492,070)		(2,954,025)
		(19,596,661)	902,024
C CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Issue of Shares	19,800,000		-
Net Proceeds / (Repayment) from / of Unsecured Loans	(300,000)		-
Interest Paid	-		(153)
		19,500,000	(153)
NET CASH FLOW FROM FINANCING ACTIVITIES		19,500,000	(153)
NET INCREASE IN CASH & CASH EQUIVALENTS		27,213,161	(52,230,448)
Exchange difference on translation of foreign currency accounts / deposits		(27,830,298)	52,811,620
		1,011,832	430,660
CASH & CASH EQUIVALENTS (OPENING BALANCE)		1,011,832	430,660
CASH & CASH EQUIVALENTS (CLOSING BALANCE)		394,695	1,011,832

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

**For DIXIT DATTATRAY & ASSOCIATES
CHARTERED ACCOUNTANTS**

Firm registration no. : 102665W

For and on behalf of the Board of Directors

D. B. DIXIT
PROPRIETOR
Membership No. 40032

MUMBAI, 12th July, 2010

SAJID MALIK
MANAGING DIRECTOR

SAROJA MALIK
DIRECTOR

GANAPATHY VISHWANATHAN
DIRECTOR

KISHOR TALREJA
COMPANY SECRETARY

GI ENGINEERING SOLUTIONS LIMITED

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

ATTENDANCE SLIP

(For physical holding)

(For Demat holding)

Regd. Folio No.
No. of Shares held

Client ID.
D.P. ID.

I Certify that I am a member / Proxy for the member of the Company.

I hereby record my presence at the **Fourth Annual General Meeting** of the Company at The Mirador Hotel, New Link Road, Opp. Solitare Corporate Park, Chakala, Andheri (East), Mumbai - 400 099 on Thursday, September 30, 2010 at 3.15 p.m.

Members' / Proxy's Name in Block Letters _____

_____. Signature _____

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

.....CUT HERE.....

GI ENGINEERING SOLUTIONS LIMITED

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

PROXY FORM

(For physical holding)

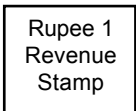
(For Demat holding)

Regd. Folio No.
No. of Shares held

Client ID.
D.P. ID.

I / We _____ of _____ being a member / members of the Company, hereby appoint _____ of _____ or failing him / her _____ of _____ as my/our proxy to vote for me/us on my/our behalf at the **Fourth Annual General Meeting** of the Company to be held at The Mirador Hotel, New Link Road, Opp. Solitare Corporate Park, Chakala, Andheri (East), Mumbai - 400 099 on Thursday, September 30, 2010 at 3.15 p.m. and at any adjournment(s) thereof .

Signed this..... day of September, 2010 Signature _____



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

GI Engineering Solutions Limited

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

Telephone: 91-22-4488 4488

Fascimile: 91-22-2829 0603

Web site: www.giesl.com