



GEI INDUSTRIAL SYSTEMS LTD

Growth through innovation



ANNUAL REPORT 2011-12

Corporate Information

BOARD OF DIRECTORS

Mr. C E Fernandes
Mr. Bernard John
Mr. Pannalal Mundhra
Mr. D. Laxminarayan
Mr. Robinson Fernandez
Mr. S. C. Duggal
Mr. Vijay Khanna
Dr. Sudarshan Singhal
Mr. K. Nandakumar
Mr. Sanjiv Singhal
Mr. Bharat Banka

Chairman & Managing Director
Joint Managing Director
Whole Time Director
Executive Director
Additional Director
Independent- Non Executive Director
Independent- Non Executive Director
Independent- Non Executive Director
Independent- Non Executive Director
Independent- Non Executive Director
Independent- Non Executive Director

COMPANY SECRETARY

Mr. Sudeep Jain

AUDITORS

A.K. Khabya & Co.
Chartered Accountants
Bhopal – 462011 (M.P.)

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt Ltd.
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W), Mumbai - 400 078

BANKERS

Axis Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.
Kotak Mahindra Bank Ltd
Standard Chartered Bank
State Bank of India
Yes Bank Ltd.

REGISTERED OFFICE

26/A, Industrial Area,
Govindpura, Bhopal - 462 023 (M.P.)

CORPORATE OFFICE

G-3, Central Plaza, Ground Floor,
166, CST Road, Kalina,
Santacruz (East), Mumbai - 400 098

Directors' Report

Dear Shareholders,

The Directors have pleasure in submitting the 19th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2012.

(₹ in Lacs)

Particulars	Year ended	Year ended
	31.03.2012	31.03.2011
Gross Turnover	36449.64	41608.31
EBIDTA	4221.41	5782.92
Profit After Tax (PAT)	8.41	2439.60

Financial Analysis / Review FY 2011-12

FY 11-12 had been a very difficult year for the engineering and capital goods industry in India on account of adverse factors such as:

- Overall Economic slowdown
- Lack of policy initiatives / clearances from the Government.
- Delay / deferment of projects, especially in the power sector; consequent drying up of new orders.
- Frequent revisions in monetary policy/ interest rates by RBI.
- Increase in the prices of key raw materials and other inputs.
- Lack of adequate bank credit.

The Company has initiated various measures to increase the order book as well as to reduce the overall cost of operations:

Measures to Increase the Order Book:

- More focus on the Oil and Gas sector, both in domestic and export markets, especially Middle East and Far East. (Skid Assembly, Compressor packages etc.).
- Continued emphasis on the equipment packages for nuclear power projects.
- Explore a new market segment for ACSC - conversion of existing Water Cooled Systems into Air Cooled Systems (Target – NTPC).
- Continued marketing efforts for ACSC packages for higher megawatt (300/660 MW) projects.

Measures to reduce Cost of operations:

- Standardise design to reduce inventory / procurement lead-time.
- Buy or hedge maximum annual requirement when the prices are on the softer side (subject to cost/benefit analysis on inventory holding).
- Explore the possibilities of importing select raw materials and bought outs from China / Korea.
- Reduction / Rationalisation of work force across locations.
- Reduction in Administration & selling expenses.

Dividend

Due to inadequacy of profit, your Directors regret their inability to recommend any dividend on Equity Shares for the financial year 2011-12.

Accomplishments

Air Cooled Heat Exchangers:

- ❖ Secured order from BHEL, Hyderabad for supply of process gas coolers to Brahmaputra Cracker Polymer Ltd at Dhuliajan, Assam.
- ❖ Secured order from Numaligarh Refinery Limited, Assam for Naptha Splitter Unit at Numaligarh Refinery, Assam.
- ❖ Secured order from Bharat Pumps and Compressors Ltd, Naini, Allahabad for Rich Gas Compressor at Lepetkata site, Assam for Brahmaputra Cracker Polymer Ltd.
- ❖ Secured order from Larsen & Toubro Limited, Mumbai for Deen Dayal West Field Development project-Process cum Living Quarter Platform of Gujarat State Petroleum Corporation, Gujarat.
- ❖ Secured order from HPCL, Mumbai for the project of PDA Revamp at Mumbai Refinery.

Air Cooled Vacuum Steam Condensers (ACSC):

- ❖ Secured orders for Air Cooled Vacuum Steam Condensers totalling 277 MW during the year.
- ❖ Secured order from OPG Power Generation, Chennai for the third project of 80 MW (Unit # 3) at Gummidipoondi, Tamilnadu.
- ❖ Secured order from Super Smelters Limited, Kolkata for the project of 35 MW captive power plant at Jamuria, West Bengal.
- ❖ Successfully commissioned ACSC for 150 MW Unit-II of Shree Mega Power at Beawar, Rajashtan.
- ❖ Successfully commissioned 20 ACSCs at different locations totaling 767 MW during the year.

Engineering, Procurement and Construction (EPC)

Secured an order from NPC for Heavy Water Upgrading and Waste Management Plants (2x700MW RAPP-7&8)

Export House Status

The Company continues its "Export House" status as recognised by the Ministry of Commerce & Industry, Government of India.

Fixed Deposits

The Company has not accepted deposits from the public during the year under review. There were no overdue deposits for repayment on the date of this report.

Directors

Mrs. Everlyn Fernandes resigned from the Board on 03.02.2012. The Directors place on record their appreciation of the valuable services rendered by Mrs. Everlyn Fernandes during her tenure.

Mr. Robinson Fernandez was inducted into the Board of Directors of the Company as an Additional Director on 10.11.2011 and holds office up to the date of the ensuing Annual General Meeting. A notice has been received from a member of the Company proposing his candidature for the office of Director of the Company.

Mr. Vijay Khanna, Mr. D. Laxminarayan and Dr. Sudarshan Syngal retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

GEI Power Limited (Wholly Owned Subsidiary Company)

Phase I of the capital expansion (₹ 21.10 Cr) as well as majority work of Phase II of the capital expansion (₹ 34.40 Cr) have been completed and are in operation. Due to the current economic slowdown, further investment / expansion is kept on hold.

As on date, the total manufacturing capacity of GEI and GEI Power is approx. 3000-3500 MW of Air Cooled Vacuum Steam Condensers or equivalent equipments.

In view of the general exemption granted by the Ministry of Corporate Affairs, Government of India, under Section 212(8) of the Companies Act, 1956, the Audited Statements of Accounts, Directors' Report etc. of the wholly owned subsidiary company - GEI Power Limited, are not annexed to this report. However the same will be made available to members of the Company on request and can also be inspected at the Registered Office of the Company as well as the subsidiary. Pursuant to the condition of the general exemption, a statement of the summarised financials of the subsidiary is attached along with the Consolidated Financial Statements. Pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of its subsidiary.

Acquisition of Compulsorily Convertible Debentures (CCDs) of GEI Power Limited

The Company has acquired 1000, 5% Compulsorily Convertible Debentures (CCDs) of face value of ₹ 100000 each (₹ 10 Crores) of GEI Power Limited (Wholly Owned Subsidiary) from BanyanTree Growth Capital LLC, Mauritius. The said CCDs have been converted into 14,18,440 Equity Shares of face value of ₹ 10 each of GEI Power Limited.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' responsibility statement, it is hereby confirmed that :

- i) In the preparation of the accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were 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 of the Company for the year under review;
- iii) The Directors have 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; and
- iv) The Directors have prepared the accounts for the financial year ended on 31st March, 2012 on a going concern basis.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure-A, forming part of this report.

Particulars of Employees

Disclosure requirement in accordance with Companies (Particulars of Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956 regarding salary particulars of employees is not applicable as they are within the threshold limits.

Corporate Governance

As required under the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges, the Company adheres to the principles of Corporate Governance and continues to focus on adopting the best Corporate Governance practices. A detailed report duly certified by the Practising Company Secretary forms part of this report.

Secretarial Audit Report

As a measure of good Corporate Governance, Secretarial Audit of the Company was conducted by V. Sundaram & Co. and their report is attached. The Secretarial Audit Report confirms that the Company has complied with the requirements of Companies Act, 1956, Listing Agreement with the Stock Exchanges and other applicable laws.

Auditors

The members are requested to appoint the Auditors for the period from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

A.K. Khabya & Co., Chartered Accountants, the Statutory Auditors of your Company, hold office until conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

Health, Safety & Environment

The Company continues to maintain the highest standards of health, safety and environment. It emphasises preventive philosophy in respect of these matters and recognises significance of creating awareness through training & development on a continuous basis. Eliminating potential risks in all the areas of operations is carried out with the aim of total safety.

As a responsible corporate citizen, your Company believes in being environment friendly that manifests in all the areas of its working & operations. Not only its technology helps environment protection but adopts the culture of sustainability in every sphere of its activities.

Industrial Relations

During the year under review, industrial relations continued to remain harmonious. The Company had conducted various training programmes for the development of the employees.

Acknowledgement

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central and State Government Authorities, Regulatory Authorities, Stock Exchanges and other Stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the committed services rendered by the Executives, Staff and Workmen of the Company.

For and on behalf of the Board

Place : Bhopal
Date : 03.09.2012

C E Fernandes
Chairman & Managing Director

ANNEXURE A

Annexure to Directors' Report for the year ended 31st March, 2012

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY :

a. Measures Taken :

Consumption of power in the year 2011-12 increased due to increased load for Heat Treatment, Shop Run Test etc. However, consumption of electricity per M.T. of Heat Exchangers decreased significantly to 77.91 kwh as compared to 99.85 kwh in the previous year. Company has undertaken following measures to reduce consumption of power :

- i) Installation of transparent poly carbonate sheets on roofs.
 - ii) Optimizing load in Heat Treatment furnace.
 - iii) Reduction in use of material handling equipments and saving of fuel by improving over all plant layout.
 - iv) Strict vigil on Power, Light and Air conditioning load.
 - v) Induction of energy efficient flux baking ovens.
 - vi) Induction of energy efficient welding machines in place of conventional welding machines.
 - vii) Installation of automation system in water tanks.
 - viii) Replacement of incandescent lamps with LED lamps on shop floor.
 - ix) Optimizing power factor by introducing additional capacitors.
 - x) Reduction in daily running time of ACs alongwith switching off lights and ACs during lunch break.
- b. Additional Investments and proposals, if any for reduction in consumption of energy - No additional investment proposed.
- c. Impact of a & b - Saving in Light & Power Load
- d. Total energy consumption - As per Form – A below

FORM- A

POWER & FUEL CONSUMPTION

	Year Ended 31.03.2012	Year Ended 31.03.2011
(a) Purchased		
Unit-Kwh	2010580	1990380
Total Amount(₹)	12732832	11145326
Rate/Unit(₹)	6.33	5.60
(b) Own Generation		
Through Diesel Unit-Kwh	17040	16068
Cost/Unit (variable) ₹	21.91	16.97
Consumption per M.T. of Heat Exchangers		
Electricity – Kwh	77.91	99.85

FORM- B**RESEARCH AND DEVELOPMENT****1. Expenditure on R&D ***

(a) Capital	Nil	Nil
(b) Recurring	Nil	Nil
(c) Total	Nil	Nil
(d) Total R&D Expenditure as a percentage of total turnover	Nil	Nil

* Project specific R&D expenses were accounted in the respective projects/intangible assets under development.

2. Foreign Exchange Earnings & Outgo

Details of foreign exchange earnings and outgo for the year are given under Notes 24.3 and 24.4.

Management discussion and analysis report

1. Economic overview

The post-2009 recovery in the world economy was hampered by the Eurozone crisis. Growth rates were lower than anticipated across most regions - USA 1.7%, Eurozone 0.7%, Japan 0.2% and emerging/ developing economies 5.6%.

Indian economy was also impacted, exports were badly hit and domestic demand also declined. The country's growth rate slowed down (around 6.9%), but remained above the world average. The economy is expected to revive and grow in the coming years.

2. Industry Structure and Developments

The industrial production is an important indication of GDP growth in a developing economy like India. The core sector comprising six major industries - crude oil, petroleum refinery products, coal, electricity, cement and steel and having 26.68 percentage weight in the Index of Industrial Production (IIP), represents the industries we cater to. In the year 2011-12, the core sector posted a growth of 2.8% as compared to 5.9% in the previous year. The long term outlook for the engineering and capital goods industry in which the Company operates continues to remain positive.

3. Opportunities

Infrastructure investment has grown rapidly in India over the past few years and the government plans to double the outlay on this sector from USD 500 billion in the five years ending 2011-12 to USD 1 trillion in the next five years. Private participation is expected to be around half of the total investment.

India is the world's fifth biggest energy consumer and KPMG's Oil & Natural Gas Overview, 2010 predicts rising demand. At present, the country accounts for only 4% of global energy consumption though it has over 17% of global population. The resultant increased demand for power is expected to be met by a combination of Thermal, Nuclear, Solar and other plants as well as increased activity in the Oil & Gas sector.

Oil & Gas sector

Public and private sectors have aggressive exploration plans. ONGC aims to spend ₹ 2.65 trillion during the 12th Plan period; Oil India Ltd around ₹ 190 billion over the next five years and Cairn India Ltd plans to spend about ₹ 110 billion over the next two years for expanding its oil and gas exploration business. In addition, refinery capacity is expected to grow from around 193.5 mtpa to 310.9 mtpa by 2016-17.

Nuclear Energy sector

During the 12th Plan period (2012-17), the aim is to add approximately 5,300 MW of nuclear power capacity, to reach an overall level of just under 10,000 MW. Nuclear Power Corporation of India Ltd (NPCIL) is expected to launch 16 reactors at an outlay of \$40 billion.

Power sector

As per the Planning Commission "Robust and consistent investments in the power sector are expected to guide the target of \$1 trillion investment in infrastructure for 2012-17. Power sector investments will guide the entire target. The total investment in the power sector itself, including generation work in progress, will be around \$300 billion."

GEI, through its innovative offerings is well positioned to benefit from the emerging opportunities in the energy sector as mentioned above. The Company has enhanced its product and service offerings through technology tie up with Innospin AG of Switzerland and will continue to target specific industrial segments having high growth potential as well as pursue opportunities in key global markets.

4. Threats / Challenges

Business prospects from infrastructure, Oil & Gas, Power sectors etc. are to a large extent linked to the Government policy initiatives and major policy shift, if any, may impact the Company. Competition from overseas players and absence of level playing field may pose challenges for the Company. Also rising commodity prices and general inflation may have bearing on the operations of the Company.

However, the Company backed by its technological and operational capabilities is fully geared to navigate through these challenges successfully.

5. Risks and Concerns

Your Company is aware of the risks and concerns likely to affect its operations such as political and economic disturbances in the form of structural changes, policies and procedures or unexpected economic down turn etc.

In order to be in a state of constant preparedness to face risks, the Company has identified key risks and the remedial actions to be initiated on their emergence through a well documented procedure. The risk management system is critically evaluated on a continuous basis and changes are made considering the dynamics of the industry, markets and the prevailing economic situation.

6. Internal Control Systems

Your Company has a separate internal audit department headed by a qualified professional that is responsible for internal control systems and their adequacy. The Company has well researched and documented system to ensure adherence to standard policies and procedures of the Company in all its operations and functional areas.

Internal audits are conducted at regular intervals across the organisation and the reports are placed before the Audit Committee of the Board of Directors. Significant findings are discussed and appropriate action taken thereon, with a focus on continuous improvement.

7. Human Resources

The most important aspect of the Company's business is its emphasis on human resources as the core of its operations. The emphasis on employees' pivotal position in the organisation manifests itself in various forms such as employee engagement, evaluation, training & development, rewards, welfare schemes etc. This harmonious integration of management thinking and employee response has ensured that the industrial relations remained cordial throughout the Company's existence, an achievement the management is quite proud of.

8. Cautionary Statement

Statements in the 'Management Discussion and Analysis' describing Company's projections, estimates, expectations or predictions may be viewed as 'forward looking statements' within the meaning of applicable security laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand & supply conditions, raw material prices, changes in Government regulations, tax regimes, economic developments within the country and abroad, and similar other factors.

C E Fernandes

Chairman & Managing Director

Report On Corporate Governance for the Year Ended 31st March, 2012

(In compliance with clause 49 of the Listing Agreement with the Stock Exchanges)

1. Company's Philosophy on Corporate Governance

GEI Industrial Systems Ltd (GEI or the Company) is committed to the espousal of best governance practices and its adherence in true spirit across the Company. Corporate Governance is the ideology of transparency and openness in the effective working of the Management and the Board. The essence of Corporate Governance is not merely in drafting a code of conduct but following the code in practice. GEI believes in conducting its affairs in a manner, which is transparent, open and evident to those having dealings with or having a stake in the Company viz., shareholders, lenders, creditors and employees.

2. Board of Directors (Board)

2.1 Composition of Board

As on 31st March, 2012 the Board consists of 11 Directors, of whom 6 are Independent. The Chairman of the Board is an Executive Director.

The present composition and category of Directors are as under:

Name	Category	No. of Board Meetings held	No. of Board Meetings Attended	No. of Directorships in other Public Ltd. Companies	No. of Chairmanship of Committees	No. of Committee Memberships	Whether attended the last AGM
Mr. C E Fernandes	Promoter & Executive	5	5	1	2	3	Yes
Mr. Bernard John	Promoter & Executive	5	5	–	–	3	Yes
Mr. Pannalal Mundhra	Promoter & Executive	5	–	1	–	–	No
Mrs. Everlyn Fernandes*	Promoter & Executive	5	3	2	–	2	No
Mr. D. Laxminarayan	Executive	5	5	–	–	2	Yes
Mr. Robinson Fernandez**	Executive	1	1	1	–	–	-
Mr. S.C. Duggal	NEID	5	4	2	2	4	Yes
Mr. Vijay Khanna	NEID	5	5	–	1	3	Yes
Dr. Sudarshan Synghal	NEID	5	3	–	–	4	Yes
Mr. K. Nandakumar	NEID	5	2	1	–	–	No
Mr. Sanjiv Singhal	NEID	5	2	1	–	–	Yes
Mr. Bharat Banka	NEID	5	3	3	–	–	No

* Resigned w.e.f. 03.02.2012.

** Inducted w.e.f 10.11.2011 as Additional Director

NEID: Non-Executive Independent Director

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees, across all the Companies in which he/she is a Director.

The necessary disclosures regarding Committee positions have been made by the Directors.

2.2 Code of Conduct

The Board has laid down a Code of Conduct for all the Board members and senior management of the Company. All the Board Members and senior management have affirmed compliance with the code.

2.3 Board Meetings / Board Procedure

The Board met 5 times during the year on 12th May 2011, 20th July 2011, 20th August 2011, 10th November 2011 and 3rd February 2012 and the gap between two Board meetings did not exceed four months. The meetings are usually held at Mumbai or Bhopal. The agenda for the Board meetings is generally circulated 7-10 days before the meeting containing relevant information so as to enable the Directors to be well prepared and contribute effectively in taking considered decisions. The Board periodically reviews compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, if any. The following information is made available to the Board:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the Company and its operating divisions or business segments.
4. Minutes of meetings of Audit Committee and other committees of the Board.
5. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the Company, or substantial nonpayment for goods sold by the Company.
9. Any issue, which involves possible public or product liability, claims of substantial nature, including any judgment or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Details of any joint venture or collaboration agreements.
11. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in human resources/ industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.
13. Sale of material nature of investments, subsidiaries, assets which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risk of adverse exchange rate movement, if any.
15. Non compliance of any regulatory, statutory or listing requirement and shareholders service such as non-payment of dividend, delay in share transfer etc.

3. Audit Committee

3.1. Composition of Audit Committee

The Audit Committee comprises of 4 Directors out of which 3 are Non-Executive Independent Directors. The Chairman of the Committee is an Independent Director and was present at the last Annual General Meeting.

All the members of this Committee have knowledge in finance and accounts. The Company Secretary acts as Secretary to the Committee. The Audit Committee also invites such other Executives of the Company as it considers appropriate to be present at its meetings. During the year, the Audit Committee met 5 times on 11th May 2011, 20th July 2011, 20th August 2011, 10th November 2011 and 3rd February 2012 and not more than four months elapsed between two meetings. The particulars of members and their attendance at the meetings are given below:

Name of Director	Category	No. of Meetings held	No. of Meetings attended
Mr. S C Duggal, Chairman	Non Executive Independent Director	5	4
Mr. Vijay Khanna, Member	Non Executive Independent Director	5	5
Dr. Sudarshan Syngal, Member	Non Executive Independent Director	5	3
Mr. C E Fernandes, Member	Chairman & Managing Director	5	5

3.2 Powers of Audit Committee

The Audit Committee shall have powers including the following :

- investigate any activity within its terms of reference .
- seek any information from any employee.
- obtain outside legal or other professional advice.
- secure attendance of outsiders with relevant expertise, if it is considered necessary.

3.3 Role of Audit Committee

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing with the Management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - a. Matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of clause (2A) & (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by Management.
 - d. Significant adjustment made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualification in the draft audit report.
5. Reviewing with the Management, the quarterly financial statement before submission to the Board for approval.
6. Reviewing with the Management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
8. Discussion with the internal auditors on any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

3.4 Review of information by Audit Committee

The Audit Committee reviews the following information:

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions, submitted by the Management;
- c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) Internal Audit Reports relating to internal control weaknesses; and
- e) The appointment, removal and terms of remuneration of the Internal Auditor.

4. Shareholders' / Investors' Grievance Committee

4.1 Composition, Meetings and Attendance

The Committee comprises of 2 Non-Executive Independent Directors. The Committee met four times on 12th May 2011, 20th July 2011, 10th November 2011 and 3rd February 2012 during the year. The particulars of members and their attendance at the meeting are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. S C Duggal, Chairman	Non Executive Independent Director	4	4
Mr. Vijay Khanna, Member	Non Executive Independent Director	4	4

The Company Secretary acts as the Compliance officer and regularly interacts with the Registrar and Share Transfer Agents (RTA) to ensure that the complaints / grievances of the shareholders / investors are attended to without delay and where deemed expedient, the complaints are referred to the Chairman of the Committee or discussed at its meetings for resolution.

4.2 Broad Terms of Reference

The Committee examines and redresses the complaints and grievances of the shareholders / investors of the Company such as transfer of shares, transmission, dematerialization of shares, loss or issuance of duplicate share certificates, non receipt of annual report, dividend warrant etc.

The Committee looks into matters which can facilitate / smoothen investor services and relations. It also examines and recommends to the Board about the appointment / removal of RTA and fees payable to them.

4.3 Details of Shareholder Complaints

The Complaints received during the year are summarized as follows:

Nature of Complaint	Received	Resolved	Pending as on 31.03.2012
Non receipt of share certificate duly transferred / Dividend Warrants	15	15	Nil
Miscellaneous	2	2	Nil
Letters from SEBI/Stock Exchanges/Ministry of Corporate Affairs	1	1	Nil

4.4 Compliance Officer

Name of the Compliance Officer	Mr. Sudeep Jain Company Secretary
Address	26/A, Industrial Area, Govindpura, Bhopal – 462 023 (M.P.)
Telephone	0755-2586691
E-mail	cs@geiind.com
Fax	0755-2587678
Designated E-mail Id for investor grievances	cs@geiind.com

5. Remuneration Committee

5.1 Composition, Meetings and Attendance

The Remuneration Committee comprises of 4 Directors of whom 3 are Non Executive Independent Directors. Mr. Vijay Khanna, a Non Executive Independent Director, is the Chairman of this Committee. The other members are Mr. S.C. Duggal, Dr. Sudarshan Syngal and Mr. Bernard John. During the year, the Committee met on 10.11.2011 which was attended by all the members of the Committee.

5.2 Remuneration Policy

The Committee has the powers to determine and recommend to the Board the amount of remuneration, including performance linked bonus, commission and perquisites, payable to the Executive Directors of the Company. The recommendations of the Committee are based on the evaluation of the performance of Executive Directors on certain parameters laid down by Board of Directors as part of the Company policy. The Company ensures that the remuneration payable to the Executive Directors by way of salary including other allowances and monetary value of perquisites should be within the overall limit as specified under the Companies Act, 1956 / Central Government Approval and approved by the Shareholders.

5.3 Terms of Reference

1. To review, assess and recommend the appointment of Whole Time Directors.
2. To periodically review the remuneration package of Whole Time Directors and recommend suitable revision(s) to the Board.

6. Remuneration to Directors

6.1 Remuneration paid to Executive Directors

The details of remuneration paid to the Executive Directors for the financial year 2011-12 are as follows:

(₹ in Lacs)

Name of the Directors	Salary	Perquisites	Leave Encashment	Total
Mr. C E Fernandes	47.16	0.84	–	48.00
Mr. P. L. Mundhra	24.00	0.40	–	24.40
Mr. Bernard John	46.88	1.12	–	48.00
Mrs. Everlyn Fernandes	35.39	0.54	–	35.93
Mr. D. Laxminarayan	42.00	0.38	6.33	48.71
Mr. Robinson Fernandez	12.50	2.91	0.33	15.74
Total	207.93	6.19	6.66	220.78

6.2 Remuneration paid to Non-Executive Independent Directors

The Non-Executive Independent Directors are paid sitting fees for attending each meeting of Board of Directors and Committee(s) thereof. The details of sitting fees paid for the financial year ended 31st March 2012 are as follows:

(₹ in Lacs)

Name of the Non Executive Independent Director	Sitting Fees
Mr. S C Duggal	0.32
Mr. Vijay Khanna	0.40
Dr. Sudarshan Syngal	0.24
Mr. K. Nandakumar	0.16
Mr. Bharat Banka	0.24
Total	1.36

7. General Body Meetings

The details of Annual General Meetings and Extra Ordinary General Meetings held during the last three years are given below:

Year	Date	Venue	Time	Meeting
2008-09	30th September 2009	26/A, Industrial Area, Govindpura, Bhopal - 462 023 (M.P.)	04.00 P.M.	AGM
2009-10	14th July 2009		04.30 P.M.	EGM
	30th September 2010		04.00 P.M.	AGM
2010-11	28th February 2011		04.00 P.M.	EGM
	30th September 2011		04.00 P.M.	AGM

Special Resolutions passed in the previous 3 AGMs / EGMs

Meeting	Resolution
Extra-ordinary General Meeting on 14.07.2009	<ul style="list-style-type: none"> • Issue of 14,50,000 Equity Shares on preferential basis at a price of ₹ 75 each to BanyanTree Growth Capital LLC, Mauritius.
Annual General Meeting on 30.09.2009	<ul style="list-style-type: none"> • Appointment of Mr. Pannalal Mundhra, Whole Time Director, for a period of three years w.e.f 21.10.2008 and increase in salary.
	<ul style="list-style-type: none"> • Increase in salary of Mr. D. Laxminarayan, Executive Director, w.e.f 01.04.2009.
	<ul style="list-style-type: none"> • Increase in rate of dividend on 30,00,000 Cumulative Redeemable Preference Shares of ₹ 10 each from 5% p.a. to 9% p.a. w.e.f 01.04.2008
Annual General Meeting on 30.09.2010	<ul style="list-style-type: none"> • Amendment in Articles of Association.
	<ul style="list-style-type: none"> • Authority for raising resources under section 81(1A).
Extra-ordinary General Meeting on 28.02.2011	<ul style="list-style-type: none"> • Increase in authorised share capital from ₹ 23 Crores to ₹ 90 Crores and related amendments to be made in Memorandum of Association and Articles of Association.
	<ul style="list-style-type: none"> • Consent for issue and allotment of 25,54,668, 5% Cumulative Convertible Preference Shares of ₹ 250 each to Aditya Birla Private Equity – Fund I (25,00,000 CCPS) and BanyanTree Growth Capital LLC (54,668 CCPS) on Preferential basis and allotment of 5,00,000 warrants of ₹ 250 each to Mr. C E Fernandes (Promoter)
Annual General Meeting on 30.09.2011	<ul style="list-style-type: none"> • Reappointment of Mr. C E Fernandes, Chairman & Managing Director, for a period of three years w.e.f 01.04.2011.
	<ul style="list-style-type: none"> • Reappointment of Mr. Bernard John, Joint Managing Director, for a period of three years w.e.f 01.04.2011.
	<ul style="list-style-type: none"> • Reappointment of Mr. D. Laxminarayan, Executive Director, for a period of three years w.e.f 01.04.2011.
	<ul style="list-style-type: none"> • Reappointment of Mrs. Evelyn Fernandes, Whole Time Director, for a period of three years w.e.f 01.04.2011.
	<ul style="list-style-type: none"> • Reappointment of Mr. Pannalal Mundhra, Whole Time Director, for a period of three years w.e.f 01.04.2011.
	<ul style="list-style-type: none"> • Authority for raising resources under section 81(1A).

8. Postal Ballot

During the year, the Company passed the following Resolutions through a Postal Ballot vide its Notice dated 08.02.2012, the results of which were declared on 15.03.2012 :

- Increase in the Borrowing Limits upto ₹ 1000 Crores, under section 293(1)(d) of the Companies Act 1956 (Ordinary Resolution).
- Increase in the Limits upto ₹ 1000 Crores, for Loans/Investments/Corporate Guarantees under section 372A of the Companies Act 1956 (Special Resolution).

9. Disclosures

9.1 Disclosure on materially significant related party transactions

There were no materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, Directors or the Management or relatives, their Subsidiaries, Associates etc. that conflict with the interests of the Company. Transactions with related parties are disclosed under Note 27 - Related Party Transactions.

9.2 Disclosure of non-compliance by the Company

No penalty or strictures have been imposed on the Company by the Stock Exchanges.

9.3 Whistle Blower Policy

The Company has adopted a Whistle Blower Policy and has established necessary mechanism for employees to report concerns about unethical behavior. No person was denied access to the Audit Committee.

9.4 Details of Compliance with mandatory requirements and Adoption of non-mandatory requirements

A. Mandatory Requirements

The Company has complied with all the applicable provisions of Clause 49 of the Listing Agreement with the Stock Exchanges.

B. Non Mandatory Requirements

The status of compliance with non mandatory requirements is as follows :

a) Non Executive Chairman's Office

The Company has Executive Chairman and hence the above requirement is not applicable to the Company.

b) Remuneration Committee

The Company has constituted a Remuneration Committee and the necessary details have been mentioned in para 5 of this report.

c) Shareholder's rights

At present half yearly declaration of financial performance is not being sent to the shareholders; however the same is published in newspapers in English and Hindi, circulated from Mumbai/ Bhopal and also uploaded on the Company's website.

d) Audit Qualifications

The Company has adopted measures to move towards regime of unqualified financial statements.

e) Training of Board Members

The Board of Directors of the Company comprises of eminent professionals having wide experience in the industry, economy, banking, finance, engineering etc. During the Board meetings, they are briefed about the business model of the Company, their responsibilities as Directors etc.

f) Mechanism for evaluating Non Executive Board Members

Considering the rich experience of the Board members and their in depth knowledge on various issues, the Company has not found it necessary to implement any mechanism for evaluating Non Executive Board members.

10. Means of Communication

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are also published in the prescribed pro-forma as per the listing agreement in leading news papers viz. The Economic Times, Nav Bharat Times, Business Bhaskar, Free Press Journal, The Hindu Business Line, Mumbai Lakshdeep etc. The Company displays the financial results and material information on its website – www.geiind.com. The Company also has an exclusive e-mail - cs@geiind.com, for investors to contact the Company for any information/ grievances.

11. General Shareholder Information

Annual General Meeting

Date & Time	:	29th September, 2012 at 4.00 P.M.
Venue	:	Registered office of the Company at 26/A, Industrial Area, Govindpura, Bhopal - 462 023 (M.P.)
Book Closure	:	23rd Sept. 2012 to 29th Sept. 2012 (Both days inclusive)
Financial Calendar (Tentative)	:	1st April, 2012 to 31st March, 2013
First Quarter Result	:	14th August, 2012
Second Quarter Result	:	Last week of October, 2012
Third Quarter Result	:	Last week of January, 2013
Fourth Quarter Result	:	Second week of May, 2013

Listing on Stock Exchanges

- i. Bombay Stock Exchange Limited, Mumbai
- ii. National Stock Exchange of India Ltd, Mumbai

Equity

Stock Code / Symbol	:	BSE - 530743 NSE - GEINDSYS
ISIN No.	:	INE599B01011

The Company has paid the listing fees for the year 2012 - 13 to the Stock Exchanges.

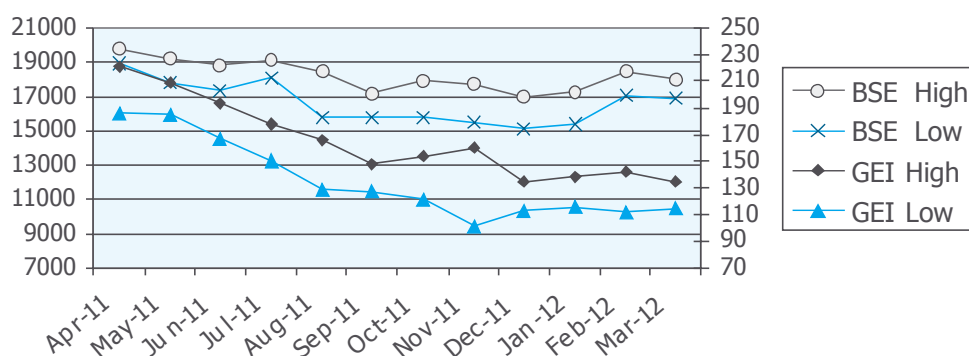
Market Price Data

The monthly high and low market price of the shares with volume at the Stock Exchanges during the financial year 2011-12 is as under:

(A) BOMBAY STOCK EXCHANGE LTD

Period (2011-2012)	High	Low	Volume of Shares Traded
Apr-11	221.00	187.00	408185
May-11	209.00	185.00	280294
Jun-11	193.80	167.40	97155
July-11	177.90	150.00	274711
Aug-11	166.00	129.05	201791
Sep-11	148.60	128.00	230179
Oct-11	154.50	122.00	148987
Nov-11	159.45	101.10	367853
Dec-11	134.50	113.50	236915
Jan-12	137.80	116.00	68398
Feb-12	141.95	112.00	306235
Mar-12	134.70	115.00	127951

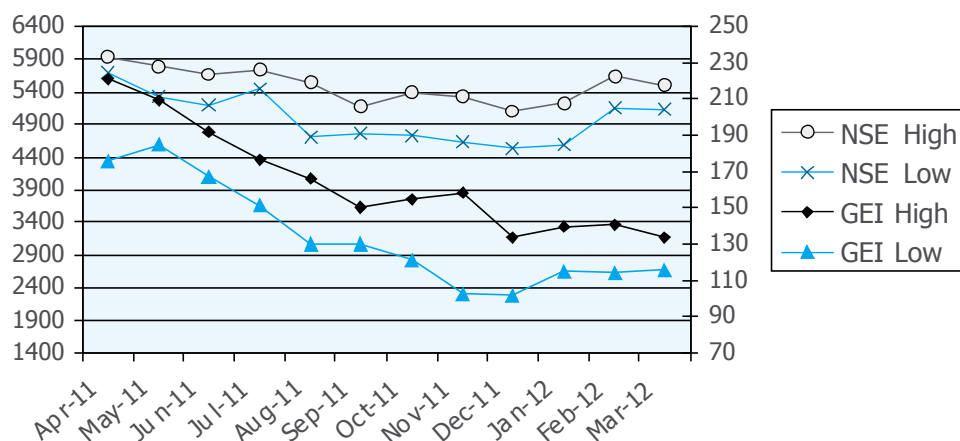
Comparative Price Chart – GEI v/s BSE Sensex



(B) NATIONAL STOCK EXCHANGE OF INDIA LTD

Period (2011-2012)	High	Low	Volume of Shares Traded
Apr-11	221.00	175.60	441456
May-11	209.45	185.10	222715
Jun-11	191.95	166.65	138082
July-11	176.90	151.00	346239
Aug-11	166.00	129.80	209864
Sep-11	150.00	130.00	83477
Oct-11	154.40	121.15	662067
Nov-11	158.45	102.25	345788
Dec-11	133.20	101.75	181646
Jan-12	139.55	115.20	85017
Feb-12	140.95	114.00	377885
Mar-12	133.90	116.00	91937

Comparative Price Chart – GEI v/s NSE Nifty



Registrar and Share Transfer Agents

Link Intime India Pvt Ltd.,
 (Unit :- GEI Industrial Systems Ltd)
 C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (West),
 Mumbai 400 078
 Tel. No. 022-2596 3838
 Fax No. 022-2594 6969
 Email ID : rnt.helpdesk@linkintime.co.in

Share Transfer System

Share Transfers are registered and returned in the normal course within a period of 15 days from the date of receipt, if the documents are in order in all respects.

Any query relating to share transfers, transmission and nomination facilities, duplicate share certificates, change of address, non-receipt of dividend/Annual Report, dematerialization of shares etc. are handled by the Registrar and Share Transfer Agents.

Shareholding Pattern as on 31.03.2012

Category	No. of Shares	Percentage
Indian Promoters	6884525	41.41
Mutual Funds/UTI/Banks/FIs	40592	0.24
Bodies Corporate	1244433	7.49
Indian Public	4812595	28.95
Non-Resident Indians, OCBs and Others	232602	1.40
Foreign Bodies Corporate	1661362	9.99
Foreign Institutional Investors	1703900	10.25
Clearing Members	44571	0.27
Total	16624580	100.00

Distribution of Shareholding as on 31.03.2012

Shareholding of Nominal Value of ₹		No. of Shareholders	% of Total	No. of Shares held	% of Total
From	To				
1	5000	6963	85.99	1078859	6.49
5001	10000	537	6.63	445987	2.68
10001	20000	236	2.92	373541	2.25
20001	30000	96	1.19	250771	1.51
30001	40000	65	0.80	235370	1.41
40001	50000	52	0.64	250934	1.51
50001	100000	67	0.83	501364	3.02
100001	Above	81	1.00	13487754	81.13
	Total	8097	100.00	16624580	100.00

Dematerialization of shares as on 31.03.2012 and liquidity

95.49% of the Company's total paid up share capital representing 15874672 shares is held in dematerialized form. The Company's shares are traded on the Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Ltd, Mumbai.

The trading in Equity shares of the Company is permitted only in dematerialized form. The shareholders holding shares in physical form are advised to get their shares dematerialized taking into account the number of advantages of dematerialization. In case any assistance is required in this regard the shareholders are requested to approach the Registrar and Transfer Agent or the Company Secretary.

Outstanding GDRs/ADRs

The Company has not issued any GDRs/ADRs.

Plant Locations

Company's plant is located at Govindpura, Bhopal, (M.P.). The plant of its wholly owned subsidiary – GEI Power Limited is located at Mandideep, District - Raisen, near Bhopal.

Address for Correspondence

The Registered Office / Correspondence Address of the Company is given below:

GEI Industrial Systems Ltd
26/A, Industrial Area, Govindpura,
Bhopal – 462 023 (M.P.)
Tel No. : 0755-2586691
Fax No.: 0755-2587678
Email : cs@geiind.com

Contact person : Mr. Sudeep Jain, Company Secretary

The Management Discussion and Analysis Report forms part of the Annual Report. There were no material financial & commercial transactions where senior management had personal interest.

In respect of Directors being appointed or reappointed necessary information relating to them is being provided separately.

Details of Directors proposed to be appointed / reappointed

Name of Director	Date of Birth	No. of Shares held as on 31.03.2012	Date of First Appointment	Qualification	Experience & Expertise	Other Directorships
Mr. Vijay Khanna	25.01.1946	157661	29.01.2004	B.Com.	35 year Experience in Business & Corporate Sector	–
Mr. D Laxminarayan	30.03.1948	0	18.10.1997	B.E. (Mechanical)	42 years Experience in Corporate Sector	–
Dr. Sudarshan Synghal	24.12.1953	23606	18.05.2007	Doctrate in Economics	Served in IAS for more than 26 years. Worked as CEO of MPFC.	–
Mr. Robinson Fernandez	12.11.1960	4000	10.11.2011	Post Graduate in Thermal Engineering and Business Administration	26 years Experience in Process Design, Product Development	GEI Foods Limited

CEO/CFO Certification

We, C E Fernandes - Chairman & Managing Director and P.V. Sundaram – President (Corporate Management) of GEI Industrial Systems Ltd certify :

- (a) That we have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2012 and that to the best of our knowledge and belief :
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) That we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

P V Sundaram

President (Corporate Management)

Place : Bhopal

Date : 03.09.2012

C E Fernandes

Chairman & Managing Director

Declaration

To,
The Members,

GEI Industrial Systems Ltd

Sub : Declaration under Clause 49 of the Listing Agreement

I hereby declare that all the Directors and the Senior Management personnel have affirmed the compliance with the Code of Conduct for the year ended 31st March, 2012.

For GEI Industrial Systems Ltd

Place : Bhopal
Date : 03.09.2012

C E Fernandes
Chairman & Managing Director

Certificate of Corporate Governance

Certificate from Practising Company Secretary on compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreement(s)

I have examined the compliance of conditions of Corporate Governance by GEI Industrial Systems Ltd for the year ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. I state that generally no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' / Investors' Grievance Committee.

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

For V. Sundaram & Co.
Company Secretaries

V. Sundaram
Partner
CP No. 3373

Place: Mumbai
Dated: 03.09.2012

Secretarial Compliance Certificate

CIN: L28112MP1993PLC008029

Nominal Capital: ₹ 90 Crores

**The Board of Directors,
GEI Industrial Systems Ltd,
26/A, Industrial Area, Govindpura,
Bhopal – 462023 (M.P.).**

We have examined the registers, records and documents of GEI Industrial Systems Ltd., (“the Company”) for the financial year ended on March 31, 2012 according to the provisions of-

- The Companies Act, 1956 and the Rules made under that Act;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA'), the Rules made under that Act;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- The Equity Listing Agreements with BSE Limited and National Stock Exchange of India Limited and Debt Listing Agreement with BSE Limited.
- The Regulations and Guidelines prescribed under Securities & Exchange Board of India (SEBI Act, 1992):
- The Foreign Exchange Management Act 1999 and the Rules and Regulations made under the Act to the extent applicable to overseas Direct Investment (ODI), Foreign Direct Investment, (FDI) and External Commercial Borrowings (ECB):

Based on our examination as well as information and explanation furnished by the Company and its officers and the records made available to us, we hereby report that:

1. The requisite statutory registers and other records required under the Act and the rules made thereunder have been maintained in accordance with the Act either in physical or electronic mode as applicable.
2. The requisite forms, returns and documents required under the Act and the rules made thereunder to be filed with the Registrar of Companies and other authorities have been duly filed.
3. The Board of Directors constituted by the Company consists of 11 members. During the year under review, the Board had met 5 times and the minutes have been recorded properly in the Minutes Book maintained for the purpose. During the year under review, the Company had appointed one Director Mr. Robinson Fernandez, at its Board Meeting held on 10.11.2011. Mrs. Evelyn Fernandes resigned from the Board on 03.02.2012. The reappointment of other directors who retired by rotation during the period under review at the Annual General Meeting has been made in accordance with the requirement of the Act.
4. The Annual General Meeting for the year 2010-11 was held on 30th September, 2011. The minutes have been entered in the minutes book maintained for the purpose.
5. The Company has passed resolutions through Postal Ballot during the year under review and the relevant provisions in this regard have been complied with.
6. As required under the Listing Agreement and the Companies Act, 1956, the Company has the following Committees:

- Audit Committee: The Committee met 5 times during the year under review.
 - Shareholders' / Investors' Grievance Committee: The Committee held 4 meetings during the year under review.
 - Remuneration Committee: The Committee held 1 meeting during the year under review. The meeting held on 10.11.2011 considered the appointment and salary of Mr. Robinson Fernandez, Director w.e.f. 10.11.2011. Minutes of the above meeting was properly recorded.
7. The Company has complied with the requirements of the Depositories Act, 1996 pertaining to dematerialization of shares and wherever required, share certificates have been issued and delivered to shareholders within the statutory period and the transfers/ transmissions thereof have been carried out and registered as per the requirements.
 8. Declaration and payment of dividend for the previous financial year was made during the year under review. During the year, no amount of unpaid / unclaimed dividends and other amounts is due for transfer to IEPF. The Company had also closed the Register of Members and Transfer Books and complied with the relevant provisions.
 9. Charges created, modified or satisfied by the Company were duly filed and noted and entered in the Register maintained for the purpose during the financial year ended 31st March, 2012.
 10. The Company has complied with the provisions of Section 372A and other provisions of the Act in respect of guarantees given, loans granted to Companies and investments made by way of equity shares in other Companies during the financial year ended 31st March, 2012. The Company had, wherever required, obtained the necessary approvals as per the requirements of the Act. The necessary entries have been made in the Register kept for the purpose.
 11. The Company has not accepted any Fixed Deposits nor issued any debentures. The Annual Return and Annual Accounts have been filed as required under the Act. The Company has, therefore not defaulted in any of the provisions of Section 274(1) (g) of the Act, which may otherwise disqualify the Directors of the Company from acting as a Director of any other Company under the said section.
 12. Due disclosures under the requirements of the statutes have been made by the Company. The Company has complied with the requirements in pursuance to the Listing Agreements with the Stock Exchanges.
 13. The Company has complied with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as amended from time to time including Regulation 8A(4).
 14. The Company has complied with the Listing Agreement with Stock Exchanges pertaining to submissions of the statements, documents, disclosure requirements, publication in newspapers, press releases, Corporate Governance standards as prescribed in clause 49, within time limit specified in the Listing Agreement.
 15. The Company has complied with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time and has within the time limit specified submitted the information received from the shareholders with regard to any purchase or sale in excess of requisite percentage of the paid up share capital to the respective stock exchanges.
 16. The Company has instituted and complied with the Code of Conduct for Directors and other senior executives as required under Clause 49 of the Listing Agreement.

For V. Sundaram & Co.
Company Secretaries

V. Sundaram
Partner
CP No. 3373

Place: Mumbai
Dated: 03.09.2012

Auditor's Report

The Members,

GEI Industrial Systems Ltd

1. We have audited the attached Balance Sheet of GEI Industrial Systems Ltd as at 31st March 2012, the Profit and Loss Account and also the Cash Flow Statement 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 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure 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 above, we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ;
 - (v) On the basis of written representations received from the Directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date ; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For A. K. Khabya & Co.
Chartered Accountants

Place : Bhopal
Date : 03.09.2012

CA. M.N.G. PILLAI
Partner
Membership No.74051
FRN 001994C

Annexure to the Auditor's Report

Annexure as referred to in paragraph 3 of our report of even date of GEI Industrial Systems Ltd on the accounts for the year ended on 31st March, 2012

- (i) (a) On the basis of available information the Company has properly maintained records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us the fixed assets have been physically verified by the management as per a program of verification in a periodical manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, the Company has not disposed off a substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) (a) As explained to us the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories. As explained to us, no material discrepancies were noticed on physical verification as compared to the book records.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii)(b), (c) and (d) of the Order are not applicable.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii)(f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and service. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in the internal control systems.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that section.
- (b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 500000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the purview of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, during the year. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for the products manufactured by the Company.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2012 for a period more than six months from the date they become payable.
- (b) According to the information and explanations given to us, the following are the particulars of statutory dues as at 31st March, 2012 not deposited on account of a dispute pending:

Name of the Statute	Nature of Dues	Amount (₹)	Period to which amount relates F.Y.	Forum where the dispute is pending
Sales Tax Law	Central Sales Tax	1747280	2006-2007	Board of Revenue, Bhopal
Sales Tax Law	Central Sales Tax	839541	2007-2008	Board of Revenue, Bhopal
Sales Tax Law	Central Sales Tax	4135024	2008-09	Board of Revenue, Bhopal
Income Tax Act	Income Tax Demand	1085865	2005-2006	ITAT
Income Tax Act	Income Tax Demand	2287677	2006-2007	ITAT
Income Tax Act	Income Tax Demand	21723813	2007-08	Commissioner of Income Tax
Income Tax Act	Income Tax Demand	118147090	2009-10	Commissioner of Income Tax

- (x) The Company has no accumulated losses as at 31st March, 2012 and it has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, 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.
- (xv) The Company has given corporate guarantee for loans taken by its subsidiary Company from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the term loans raised by the Company have been applied for the purposes for which they were obtained.

- (xvii) According to the cash flow statement and on overall examination of the Balance Sheet, we are of the opinion that no funds raised on short-term basis have, prima facie, been used for long-term investment.
- (xviii) According to the information and explanations given to us the Company has made preferential allotment of shares/warrants to parties covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares/warrants have been offered is according to SEBI guidelines and not prejudicial to the interest of the Company.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) According to the information and explanations given to us and in our opinion, no instances of fraud on or by the Company have been noticed or reported during the year nor have we been informed of such case by the Company.

For A. K. Khabya & Co.

Chartered Accountants

Place : Bhopal

Date : 03.09.2012

CA. M.N.G. PILLAI

Partner

Membership No.74051

FRN 001994C

Balance Sheet as on 31st March, 2012

(Amount in ₹)

	Notes	31.03.2012		31.03.2011	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	814912800		186245800	
Reserves And Surplus	2	1012116290	1827029090	1049307604	1235553404
Share Application Money Pending Allotment			-		638667000
Warrant Application Money Pending Allotment			31250000		19000000
Non-Current Liabilities					
Long Term Borrowings	3	164739084		151532758	
Deferred Tax Liabilities (net)	4	37200000	201939084	36200000	187732758
CURRENT LIABILITIES					
Short Term Borrowings	5	1570246109		1247998998	
Trade Payables	6	883021104		660558427	
Other Current Liabilities	7	465626097		629129473	
Short Term Provision	8	18369113	2937262423	102808943	2640495841
TOTAL			4997480597		4721449003
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	9	451492750		464193771	
Intangible Assets		7081944		7572846	
Capital Work in Progress		176537744	635112438	-	471766618
Non-Current Investment	10		266297508		269991425
Current Assets					
Current Investments	11	497316		2997316	
Inventories	12	1955682798		1622110781	
Trade Receivables	13	1683850901		1407281136	
Cash And Bank Balances	14	150677241		716357068	
Short Term Loans & Advances	15	212238162		124403423	
Other Currents Assets	16	91729933	4094676351	103841633	3976991357
Miscellaneous Expenditure (to the extent not written off or adjusted)			1394300		2699603
TOTAL			4997480597		4721449003
Significant Accounting Policies	A to P				
Notes On Financial Statements	1 to 28				

As per our report of even date attached

For and on behalf of the Board of Directors

A.K. Khabya & Co.

Chartered Accountants

CA.M.N.G Pillai

Partner

Membership No 074051

FRN 001994C

Place: Bhopal

Date: 03.09.2012

C E Fernandes

Chairman & Managing Director

Bernard John

Joint Managing Director

Sudeep Jain

Company Secretary

Statement of Profit & Loss Account for the year ended 31st March, 2012

(Amount in ₹)

	Notes	31.03.2012	31.03.2011
INCOME			
Revenue From Operations	17	3615047863	3832767249
Other Income	18	29915796	20549018
Total Revenue		3644963659	3853316267
EXPENDITURE			
Cost Of Materials Consumed	19.a	2501769631	2544358282
Changes In Inventories of Finished Goods, Work-In-Progress and Stock In-Trade	19.b	(143217200)	(94364800)
Employee Benefits / Expenses	20	281669172	255341787
Finance Costs	21	376043205	236978873
Depreciation And Amortisations Expenses	22	25507230	23932800
Other Expenses	23	582600768	506337931
Total Expenses		3624372806	3472584873
Profit Before Tax		20590852	380731394
Provision for Tax Expenses			
Tax expense for current year		6650000	122121092
Deferred Income Tax		1000000	1200000
Tax expense relating to prior years		12099834	13449915
Profit For The Year		841018	243960387
Earnings Per Equity Shares of Face Value of ₹10 each	25		
Basic		(2.04)	14.39
Diluted		0.04	14.39
Significant Accounting Policies	A to P		
Notes On Financial statements	1 to 28		

As per our report of even date attached

A.K. Khabya & Co.
Chartered Accountants

CA.M.N.G Pillai
Partner
Membership No 074051

FRN 001994C

Place: Bhopal

Date: 03.09.2012

C E Fernandes
Chairman & Managing Director

For and on behalf of the Board of Directors

Bernard John
Joint Managing Director

Sudeep Jain
Company Secretary

Notes on Financial Statements

For The Year Ended 31st March, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation.

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
1 SHARE CAPITAL		
Authorised Share Capital:		
2,31,25,000 Equity Shares of ₹ 10 each	231250000	231250000
30,00,000 (9%) Cumulative Redeemable Preference Shares of ₹ 10 each	30000000	30000000
25,55,000 (5%) Cumulative Convertible Preference Shares of ₹ 250 each	638750000	638750000
	900000000	900000000
Issued, Subscribed and Paid up:		
1,66,24,580 Equity Shares of ₹ 10 each	166245800	166245800
9% Cumulative Redeemable Preference Share of ₹ 10 each	10000000	20000000
25,54,668 (5%) Cumulative Convertible Preference Shares of ₹ 250 each	638667000	-
	814912800	186245800
Share Application Money	-	638667000
Warrant Application Money	31250000	19000000

1.1 The details of shareholders holding more than 5% shares:

Name of Shareholder	No. of shares	% held	No. of shares	% held
Equity Shares				
Mr. Carnet Elias Fernandes	4730650	28.46	4730650	28.46
Banyantree Growth Capital LLC	1661362	9.99	1661362	9.99
PCA India Infrastructure Equity Open Ltd	872000	5.25	872000	5.25
Cumulative Convertible Preference Shares				
Aditya Birla Private Equity Fund - I	2500000	97.86	-	-
Cumulative Redeemable Preference Shares				
IDBI Bank Ltd.	1000000	100	2000000	100

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Notes on Financial Statements

For The Year Ended 31st March, 2012

1.2 The reconciliation of the number of shares outstanding is set out below:

Equity Shares of ₹ 10 each

Particulars	31.03.2012		31.03.2011	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the period	16624580	166245800	16624580	166245800
Issued during the period	-	-	-	-
Outstanding at the end of the period	16624580	166245800	16624580	166245800

(9%) Cumulative Redeemable Preference Shares of ₹10 each

Particulars	31.03.2012		31.03.2011	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the period	2000000	20000000	3000000	30000000
Redeemed during the period	1000000	10000000	1000000	10000000
Outstanding at the end of the period	1000000	10000000	2000000	20000000

(5%) Cumulative Convertible Preference Shares of ₹250 each

Particulars	31.03.2012		31.03.2011	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the period	-	-	-	-
Issued during the period	2554668	638667000	-	-
Outstanding at the end of the period	2554668	638667000	-	-

Terms / rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹10 per share and are ranking pari-passu amongst them. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

Due to inadequacy of profits, the Company has not declared any dividend on Equity Shares for the current fiscal (Last fiscal : ₹1.00 per equity share).

Terms of conversion / redemption of (9%) Cumulative Redeemable Preference Shares

As on 31st March 2012, 10,00,000, (9%) Cumulative Redeemable Preference Shares (CRPS) are outstanding, which is being hold by IDBI Bank Ltd. These Preference Shares would be due for redemption during FY 2012-2013.

CRPS carry dividend of 9% per annum, payable annually.

Terms of conversion of (5%) Cumulative Convertible Preference Shares

During the year ended 31st March 2012, the Company issued 25,00,000 - 5% Cumulative Convertible Preference Shares (CCPs) of ₹ 250 each to Aditya Birla Private Equity - Fund I, managed by Aditya Birla Capital Advisors Private Limited and 54,668 - 5% Cumulative Convertible Preference Shares of ₹ 250 each to Banyantree Growth Capital LLC which are compulsorily and mandatorily convertible at any time within 18 months from the date of allotment of the CCPs into One Equity Share of the Company of ₹ 10 each at a premium of ₹ 240 against each CCPs.

CCPs carry dividend of 5% per annum, payable half yearly. The Company declares and pays dividends in Indian rupees.

Notes on Financial Statements

For The Year Ended 31st March, 2012

Terms of conversion of Warrants

During the year ended 31st March 2012, the Company issued 5,00,000 Warrants of ₹ 250 each (on receipt of 25% consideration) to Mr. C E Fernandes (Promoter), with the option to subscribe, within 18 months from the date of allotment of the warrants, for one Equity Share of the Company of ₹10 each at a premium of ₹240 each against each warrant.

Particulars	31.03.2012		31.03.2011	
2 RESERVES AND SURPLUS				
General reserve				
As per last Balance Sheet	-		-	
Add: Transferred from Profit & Loss Account	25675000	25675000	-	-
Security Premium		380126910		380126910
Revaluation Reserve				
As per last Balance Sheet	119308923		122619015	
Less : Transferred to Profit & loss Account	3310092	115998831	3310092	119308923
		521800741		499435833
Capital Redemption Reserve				
As per last Balance Sheet	-		-	
Add: Transferred from Profit & Loss Account	20000000	20000000	-	-
Profit and Loss Account				
As per last Balance Sheet	549871771		327324891	
Less : Transferred to General Reserve	25675000		-	
Less : Transferred to Capital Redemption Reserve	20000000		-	
Total	504196771		327324891	
Add: Profit for the year	841018	505037789	243960387	571285278
Less: Appropriations				
Dividend on Preference Shares	29750037		1800000	
Dividend on Equity Shares	-		16624580	
Tax on Dividend	4972203	34722240	2988927	21413507
		490315549		549871771
TOTAL		1012116290		1049307604
3 LONG TERM BORROWINGS				
Secured	Current	Non Current	Current	Non Current
L&T Finance Ltd.	47,023	-	712637	47023
Madhya Pradesh Financial Corporation	8364958	-	15407214	8364958
State Bank of India - SLC	50000000	-	-	-
IDBI Bank Ltd. - Term Loan	35452880	2336224	33138834	37789104

Notes on Financial Statements

For The Year Ended 31st March, 2012

Particulars	31.03.2012		31.03.2011	
HDFC Bank Ltd.	3294732	4656558	2257714	7951290
Kotak Mahindra Prime Ltd.	376800	685845	-	-
Kogta Financial Ltd.	-	-	479117	-
ICICI Bank Ltd.	1187196	3882381	105984	114816
Sundaram Finance Limited	-	-	24300	-
Reliance Capital Ltd.	-	54454486	-	45139767
Total	98723589	66015494	52125800	99406958
Unsecured		-		-
TOTAL		164739083		151532758

Notes:

Term Loans (along with the interest accrued thereon) from IDBI Bank Ltd are secured by equitable mortgage of Immovable Properties situated on Plot No. 1&2, 24, 24A, 24B, 25, 26, 27 & 28, Sector – A, Industrial Area, Govindpura, Bhopal and hypothecation of all the Fixed Assets of the Company. The charge operates as First Charge ranking pari-passu with Madhya Pradesh Finance Corporation for their Working Capital Term Loan. Mr. C E Fernandes, Mr. P.L. Mundhra, Mrs. Evelyn C Fernandes & Mr. Bernard John, Directors of the Company have personally guaranteed the repayment of loan(s). Further it is also secured by pledge of 13 Lacs Equity Shares of the Company held by the Promoters.

Working Capital Term Loan of ₹ 346 Lacs from Madhya Pradesh Financial Corporation is secured by equitable mortgage of Immovable Properties situated on Plot No. 1&2, 24, 24A, 24B, 25, 26, 27 & 28, Sector – A, Industrial Area, Govindpura, Bhopal and hypothecation of all the Fixed Assets of the Company situated thereon. The charge operates as First Charge ranking pari – passu with IDBI Bank Ltd for its Term Loan. Mr. C E Fernandes, Mr. P.L. Mundhra, Mrs. Evelyn C Fernandes & Mr. Bernard John, Directors of the Company have personally guaranteed the repayment of loan(s).

Loan of ₹ 500 lacs from State Bank of India is secured by way of pledge on first charge on all goods, book debts and all other moveable assets of the borrower including documents of title to the goods, outstanding monies, receivables by way of cash assistance and / or cash incentives under the cash incentive schemes or any other scheme claims, invoices, documents, contracts, insurance policies, guarantees, securities investments, plant & machinery. Further it is also secured by pledge of 6 Lacs Equity Shares of the Company held by the Promoters.

Loans from L&T Finance Ltd, Reliance Capital Ltd., HDFC Bank Ltd, ICICI Bank Ltd and Kotak Mahindra Prime Ltd. are secured by the assets financed.

Particulars	31.03.2012	31.03.2011
4 DEFERRED TAX LIABILITY (Net)		
Deferred Tax Liability	37200000	36200000
TOTAL	37200000	36200000

Notes on Financial Statements

For The Year Ended 31st March, 2012

Particulars	31.03.2012	31.03.2011
5 SHORT TERM BORROWINGS		
Secured		
ICICI Bank Ltd.	169691796	169800480
IDBI Bank Ltd.	174617421	176796464
State Bank of India	214714815	179521080
Axis Bank Ltd.	248306383	-
Yes Bank Ltd.	74860415	67570520
Kotak Mahindra Bank Ltd.	75083895	48175356
Standard Chartered Bank Ltd.	48040824	50000000
Barclays Bank PLC	-	100000000
Total	1005315550	791863900
Unsecured		
Related Parties	-	12250000
Other Loans And Advances:		
Inter Corporate Deposits	189947157	171527429
From Banks		
Development Credit Bank	-	100787672
ICICI Bank Ltd.	-	20000000
State Bank of India	-	50000000
Citi Bank Ltd.	249983404	-
Others		
Aditya Birla Finance Ltd.	124999999	-
L&T Finance Ltd.	-	50000000
Kotak Mahindra Prime Ltd.	-	51569997
	564930559	456135098
TOTAL	1570246109	1247998998

Notes:

ICICI Bank Ltd., IDBI Bank Ltd., State Bank of India, Yes Bank Ltd., Kotak Mahindra Bank Ltd., Standard Chartered Bank Ltd. and Axis Bank Ltd. are hereinafter collectively referred to as "the ICICI Consortium". Working Capital Facilities of ₹ 400 Crores sanctioned by the ICICI Consortium will be secured by First pari-passu charge on the Current Assets of the Company comprising Raw Materials, Components, Stock in Process, Finished Goods, Consumable Stores and Spares, Packing material, at their factory premises, or at such other places as may be permitted by the ICICI Consortium in their discretion from time to time including Goods in Transit / Shipment, Book Debts, Outstanding Monies, Receivables, Claims and Bills etc, both present and future, wherever situated and Second pari-passu charge on all Fixed Assets of the Company, Immovable Properties situated on Plot No. 1&2, 24, 24A, 24B, 25, 26, 27 & 28, Sector – A, Industrial Area, Govindpura, Bhopal.

Mr. C E Fernandes, Mrs. Evelyn C Fernandes and Mr. Bernard John, Directors of the Company have personally guaranteed the repayment of loans.

Further the facilities from ICICI Bank Ltd are secured by pledge of 1 Lac Equity Shares of the Company held by the Promoters.

Notes on Financial Statements For The Year Ended 31st March, 2012

Particulars	31.03.2012	31.03.2011
6 TRADE PAYABLES		
Micro Small And Medium Enterprises	6171729	1797802
Others	876849375	658760625
TOTAL	883021104	660558427

6.1 The Details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

Principal amount due and remaining unpaid	6171729	1797802
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-

6.2 The details of amounts outstanding to Micro, Small and Medium Enterprises determined to the extent such parties have been identified based on the available information collected by the management. This has been relied upon by the Auditors.

Particulars	31.03.2012	31.03.2011
7 OTHER CURRENT LIABILITIES		
Creditors for Expenses	147561200	81280141
Advance From Parties	251066000	472851000
Other Payables*	66998898	74998332
TOTAL	465626097	629129473

* Including Statutory Dues

8 SHORT TERM PROVISIONS		
Provision for Income Tax (Net of Advance Tax & TDS)	-	81395436
Dividend on Shares	13542913	18424580
Tax on dividend	4826200	2988927
TOTAL	18369113	102808943

Notes on Financial Statements For The Year Ended 31st March, 2012

9. FIXED ASSETS

Description	Gross block			Depreciation / Amortisation			Net Block		
	As at 01.04.2011	Addition	Deduction Adjustment	As at 01.04.2011	For the year	Deduction Adjustment	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
A. TANGIBLE ASSETS:									
OWN ASSETS:									
Land	69096000	-	-	69096000	-	-	-	69096000	69096000
Building	216688514	-	-	216688514	7237396	-	59042407	157646108	164883504
Machinery	228909980	444535	-	229354515	10840127	-	91516143	137838372	148233964
Auxiliary Equipments	77886364	3351797	-	81238161	3475467	-	39423890	41814271	41937941
Electrical Installations	7509490	-	-	7509490	338249	-	4878072	2631418	2969667
Pattern	401897	-	-	401897	6363	-	293384	108513	114876
Furniture	8161863	3983404	-	12145267	457318	-	5910977	6234290	2708204
Office Equipments	11946970	413974	-	12360944	543005	-	5654707	6706237	6835268
Computers	28790608	515485	-	29306093	2129570	-	22769667	6536426	8150511
Vehicles	28882990	4859617	2631203	31111404	531137	1920001	8230289	22881115	19263837
Total Tangible Assets (A)	678274676	13568813	2631203	689212286	25558632	1920001	237719536	451492750	464193771
B. INTANGIBLE ASSETS:									
Intangible Assets	10805837	-	-	10805837	1080583	-	9248249	1557587	2638170
Software	8211249	1462486	-	9673735	872805	-	4149377	5524357	4934676
Total Intangible Assets (B)	19017085	1462486	-	20479571	1953388	-	13397627	7081944	7572846
Grand Total (A + B)	697291761	15031299	2631203	709691857	27512020	1920001	251171163	458574694	471766618
Less : Revaluation	-	-	-	-	3310092	-	-	-	-
Net Assets	697291761	15031299	2631203	709691857	24201928	1920001	251171163	458574694	471766618
Previous Year	608423669	90757229	1889137	697291761	22627498	570895	222215052	471766617	408265220
Capital Work in Progress*	-	176537744	-	176537744	-	-	-	176537744	-

* This includes certain intangible assets under development; to be allocated to appropriate heads on completion.

Notes on Financial Statements

For The Year Ended 31st March, 2012

Particulars	31.03.2012	31.03.2011
10 NON-CURRENT INVESTMENT		
Other Investments		
GEI Power Limited (Wholly Owned Subsidiary)		
36,62,290 Equity Shares of face value of ₹10 each (22,43,850)	266297508	149991425
Share Application Money	-	120000000
TOTAL	266297508	269991425
11 CURRENT INVESTMENT		
Other Investments		
Shares (Market value as on 31st March 2012 : ₹150540)	236435	263435
Mutual Fund	200000	2700000
Gold	33881	33881
TOTAL	497316	2997316
12 INVENTORIES		
Raw Materials	353614798	68803247
Consumable Stores	275000	251734
Work In Progress	245902000	102684800
Project WIP	1294891000	1450371000
Project WIP - Erection	61000000	-
TOTAL	1955682798	1622110781

Notes on Financial Statements

For The Year Ended 31st March, 2012

Particulars	31.03.2012	31.03.2011
13 TRADE RECEIVABLES		
(Unsecured and Considered Good)		
Due Over Six Months	68483158	38628266
Others	1615367743	1368652870
TOTAL	1683850901	1407281136
14 CASH AND BANK BALANCES		
Cash in Hand	349625	324891
Balance with scheduled Banks		
In Current Accounts	3147379	388870501
Balances held as Margin Money or Security against Borrowings, Guarantees, and Other Commitments	147180237	327161676
TOTAL	150677241	716357068
15 SHORT TERM LOANS AND ADVANCES		
(Unsecured and considered good)		
Balance with Customs, Central Excise & Income Tax Authorities	15410026	40480534
VAT Refund	71161552	14515058
Prepaid Expense	1485002	1296949
Security Deposits	42702713	34922548
Others	81478870	33188334
TOTAL	212238162	124403423

Notes on Financial Statements

For The Year Ended 31st March, 2012

Particulars	31.03.2012	31.03.2011
16 OTHER CURRENT ASSETS		
Advance to Suppliers	79236430	91132988
Advance to Workers	2447046	1860667
Interest Accrued on Deposits	10046458	10847978
TOTAL	91729933	103841633

Particulars	31.03.2012	31.03.2011
17 REVENUE FROM OPERATIONS		
Sale of Products	763206451	643123788
Project Revenue	2982214720	3745421171
Income from Services	162306534	67386626
Other operating revenues	2036508	435540
Total	3909764213	4119217080
Less: Excise Duty	294716350	286449831
TOTAL	3615047863	3832767249

17.1 PARTICULARS OF SALE OF PRODUCTS

ACHE / ACSC	3319494778	3743177179
Power Transmission	131210043	21767904

17.2 PARTICULARS OF INCOME FROM SERVICES

E & C Revenue	79306534	67386626
E & C Project Revenue	61000000	-
Professional & Technical Consultancy	22000000	-

17.3 PARTICULARS OF OTHER OPERATING REVENUES

Sale of scrap	2036508	435540
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Notes on Financial Statements

For The Year Ended 31st March, 2012

Particulars	31.03.2012		31.03.2011	
18 OTHER INCOME				
Interest on Bank Deposit		29795271		13674036
Other non Operating Incomes		120525		6874982
TOTAL		29915796		20549018
18.1 PARTICULARS OF OTHER NON OPERATING INCOMES				
Other Income		120525		6874982
19 (a) COST OF MATERIALS CONSUMED				
Opening Stock				
Raw Material	68803247		53547985	
Consumable Stores	251734	69054981	225000	53772985
Add: Purchases				
Raw Material	2714485524		2502229023	
Consumable Stores	72118924	2786604448	57411255	2559640278
Total		2855659429		2613413263
Less: Closing stock				
Raw Material	353614798		68803247	
Consumable Stores	275000	353889798	251734	69054981
TOTAL MATERIAL CONSUMED		2501769631		2544358282
(b) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Inventories at the end of the year				
Finished goods	-		-	
Work-in-progress	245902000	245902000	102684800	102684800
Inventories at the beginning of the year				
Finished goods	-		-	
Work-in-progress	102684800	102684800	8320000	8320000
Net (increase) / decrease		(143217200)		(94364800)

Notes on Financial Statements

For The Year Ended 31st March, 2012

Particulars	31.03.2012		31.03.2011	
20 EMPLOYEE BENEFITS / EXPENSES				
Salary & Wages		239318563		223832352
PF Employer's Contribution		14281459		11637816
Welfare Expenses		28069150		19871619
TOTAL		281669172		255341787
21 FINANCE COSTS				
Bank Interest		321920027		172556654
Bank Commission & Other Charges		54123178		64422219
TOTAL		376043205		236978873
22 DEPRECIATION AND AMORTISATION EXPENSES				
Depreciation and Amortisation	27512020		25937590	
Less : Depreciation on Revaluation transferred to Revaluation Reserve	3310092	24201928	3310092	22627498
Deferred Expenses Written Off		1305302		1305302
TOTAL		25507230		23932800

Notes on Financial Statements

For The Year Ended 31st March, 2012

Particulars	31.03.2012	31.03.2011
23 OTHER EXPENSES		
A) Manufacturing Expenses	303238314	228781846
B) Selling & Distribution Expenses	144977637	156975774
C) Establishment Expenses	134384817	120580311
TOTAL	582600768	506337931
A) Manufacturing Expenses		
Carriage Inward	56593234	51435434
Design Expenses	442429	1297855
Entry Tax	28248216	25192102
Erection Charges	122487899	77626355
Fabrication Charges	36457773	21370176
Consumption - Fuel	322838	283511
Inspection Charges	3795689	3130080
Material Handling Charges	319276	458422
Packing & Forwarding	9493033	7640440
Plating Charges	600	31199
Power & Light	13501563	11447992
Consumption - Gas	2966438	2580547
Consumption - Oils	17778685	13243055
Repairs & Maintainance	4803403	8578484
Testing Charges	6027238	4466194
TOTAL	303238314	228781846
B) Selling & Distribution Expenses		
Advertisement	4519928	2854374
Carriage Outward	50283823	25920033
Sales Commission	1829912	3309000
Export Tax	3001042	2443757
Licence Expenses	364178	250277
Registration & Renewals	2576776	5647311
Sales Tax after Assesment	3884350	1072052
Sales Tax / VAT	77184439	113648387
Seminar & Technical Conference	1187406	1683398
Tender Fees	145783	147185
TOTAL	144977637	156975774

Notes on Financial Statements

For The Year Ended 31st March, 2012

Particulars	31.03.2012	31.03.2011
C) Establishment Expenses		
Audit Fees*	479805	538410
Corporate Social Responsibility	151250	79850
Professional Tax	2500	2500
Consultancy Charges	53549357	45878196
Conveyance	1086449	1024945
Donation	881851	212651
Factory Expenses	500177	1166569
Insurance	2698222	2875071
Keyman Insurance	2525062	2751178
Leave Travelling Expenses	2974874	1907762
Loss on Sale of Fixed Assets	54201	73011
Legal Expenses	2893705	2722833
Misc Expenses	12580	532003
Newspapers & Periodicals	64822	118588
Office Expenses	3350170	2231969
Rent	14412131	12927016
Postage & Courier	1176094	1567813
Printing & Stationary	3250094	3257830
Property Tax	444981	444981
Repairs & Maint-Vehicles	3294140	4005189
Repairs & Maint-Building	1411253	801718
Repairs & Maint-Computers	901703	377984
Security Services	8387	56468
Telephone Charges	5197680	3450442
Travelling Expenses	33063328	31575334
TOTAL	134384817	120580311
*PAYMENT TO AUDITORS AS:		
Audit Fee	400000	400000
Tax Audit Fee	20000	60000
Other Service charges	59805	78410
Total	479805	538410

Notes on Financial Statements

For The Year Ended 31st March, 2012

Particulars	31.03.2012		31.03.2011	
24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS				
24.1 VALUE OF IMPORTS CALCULATED ON CIF BASIS				
Raw Materials		60033509		209161705
Capital Goods		-		-
Total		60033509		209161705
24.2 DETAILS OF CONSUMPTION OF IMPORTED & INDIGENOUS ITEMS				
Raw Material, Stores & Spares Consumed				
Imported	60033509	2.40	209161705	8.22
Indigenous	2441736122	97.60	2335196577	91.78
Total	2501769631	100.00	2544358282	100.00
24.3 EXPENDITURE IN FOREIGN CURRENCY				
Capital		6315692		-
Other		8167495		13037582
Total		14483187		13037582
24.4 EARNING IN FOREIGN EXCHANGE				
FOB value of Export		18030187		32889560

Notes on Financial Statements

For The Year Ended 31st March, 2012

Particulars	31.03.2012	31.03.2011
25 EARNING PER SHARE (EPS)		
i) Net Profit after tax as per Statement of profit and loss attributable to equity shareholders	(33881222)	239171460
ii) Weighted Average number of equity shares used as denomination for calculating Basic EPS	16624580	16624580
iii) Weighted Average number of equity shares used as denomination for calculating Diluted EPS	19304248	16624580
iv) Basic Earning Per Share (₹)	(2.04)	14.39
v) Diluted Earning Per Share (₹)	0.04	14.39
vi) Face value per equity share (₹)	10	10
Note: GEI Power Limited, a subsidiary of the Company, raised funds during the year by issuing Optionally Convertible Securities as per terms agreed between the Parties. Its impact on earnings and financials of the Company, if any, is inept of quantification at this stage and accordingly has not been considered.		
26 AMOUNT REMITTED IN FOREIGN CURRENCY DURING THE YEAR ON ACCOUNT OF DIVIDEND		
a) Number of Equity Shares held by them*	3309681	3510947
b) (i) Amount of Dividend Paid (Gross)*	3309681	3510947
(ii) Amount actually Paid in Foreign Currency	17200	19200
(iii) Tax deducted at sources	-	-
(iv) Year to which dividend relates	2010-11	2009-10
* Eligible for dividend with repartition benefits		

Notes on Financial Statements

For The Year Ended 31st March, 2012

27 RELATED PARTY TRANSACTIONS :

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
1	GEI Power Limited	Subsidiary Company
2	Vemaa Industries Limited	Enterprises Related to Key Management Personnel
3	JBL Engineering Pvt. Ltd.	Enterprises Related to Key Management Personnel
4	Mr. C E Fernandes	Key Management Personnel
5	Mr. Bernard John	Key Management Personnel
6	Mr. P L Mundhra	Key Management Personnel
7	Mrs. Everlyn Fernandes	Key Management Personnel
8	Mr. D Laxminarayan	Key Management Personnel
9	Mr. Robinson Fernandez	Key Management Personnel

(ii) Transactions during the year with related parties :

Sr. No.	Nature of Transaction	Subsidiary Company	Enterprises Related to Key Management Personnel	Key Management Personnel	Total
a.	Purchase of Material / Services/ Other Expenses	1072444960	28465392	-	1100910352
b.	Professional Fees	22060000	2206000	-	24266000
c.	Employee benefit expenses	-	-	22077782	22077782
d.	Rent	-	-	4000000	4000000
e.	Purchase / Subscription of Investments	116306082	-	-	116306082
f.	Sale / Transfer of Investment	120000000	-	-	120000000
g.	Deposit paid against rent	-	-	4000000	4000000

Notes on Financial Statements For The Year Ended 31st March, 2012

28 CONTINGENT LIABILITIES AND COMMITMENTS

	31.03.2012	31.03.2011
(I) Contingent Liabilities		
(A) Claims against the Company, not acknowledged as debts		
Income Tax	143244445	6532306
Sales Tax	6721845	4234344
<p>The Income tax Assessment of the Company have been completed upto Assessment Year 2009 - 2010. A disputed demand of ₹139870903 has been related A.Y. 2008 - 2009 & 2009 - 2010 on the basis of apparent errors in the order the Company has been legally advised that demand is likely to be deleted by appropriate authorities and accordingly no provision is required to be made.</p>		
(B) Guarantees		
(i) Guarantees to banks and financial institutions against credit facilities extended to third parties (Corporate Guarantee given to banks/financial institutions against loans to subsidiary company GEI Power Limited)	1157575000	748100000
(ii) Performance Guarantees		
(a) In respect of joint ventures	-	-
(b) In respect of others	1081454654	1147018218
(iii) Outstanding guarantees furnished to Banks and financial institution including in respect of letters of credits		
(a) In respect of joint ventures	-	-
(b) In respect of others	-	-
(C) Others Money for which the Company is contingently liable		
(i) Liability in respect of bills discounted with banks (Including third party bills discounting)		
(a) In respect of joint ventures	-	-
(b) In respect of others (Against bills discounted from IFCI and SBI Global Factors Limited)	455514147	241767783
(II) Commitments		
(A) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
(a) Tangible assets	-	-
(b) Intangible assets	-	-
(B) Uncalled Liability on shares and other investments partly paid	-	-
(C) Others commitments		
(a) Sales tax deferred liability assigned	-	-
(b) Guarantee against future cash calls	-	-

Notes on Financial Statements For The Year Ended 31st March, 2012

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

The financial statements have been prepared as of a going concern on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates, if any, are recognised in the period in which the results are known/materialized.

C. Fixed Assets

Fixed Assets are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production/ upto the date the asset is put to use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalised. The gross block of fixed assets includes ₹ 132549291 on account of revaluation of fixed assets consequent to the said revaluation there is an additional charge of depreciation of ₹ 3310092 and equivalent amount has been withdrawn from revaluation reserve and credited to the Profit & Loss Account.

D. Intangible Assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/ depletion. All costs, including costs till commencement of commercial production net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalised.

E. Depreciation and Amortisation

Depreciation on fixed assets is provided to the extent of depreciable amount on Written Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on intangible assets and software is provided @ 10% on Straight Line Method and is amortized over a period of 10 Years.

F. Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

G. Foreign Currency Transactions

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- (b) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Notes on Financial Statements

For The Year Ended 31st March, 2012

- (c) Non monetary foreign currency items are carried at cost.
- (d) Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

H. Investment

Current investment are carried at cost. Long Term investments are stated at cost. Provision for diminution in the value of investments is made only if such a decline is other than temporary.

I. Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Scrap material is valued at net realisable value.

Work-in-Progress

Project and construction related work-in-progress at percentage of job completed and at realizable value thereafter.

J. Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operation includes sale of goods, services, sales tax, service tax and excise duty adjusted for discount (net) and Value Added Tax (VAT). Dividend income is recognised when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable or as certified by financial institution.

Project related activity and contracts are recognised by applying percentage completion to the contract value determined as a porportion of the cost incurred to-date to the toal estimated cost.

K. Employee Benefits

- (a) Short-term employee benefits are recognised as an expenses at the undiscounted amount in the profit and loss account in the year in which the related service is rendered and as per the policy consistently followed by the Company.
- (b) The gratuity liability in respect of employees of the Company has been covered through LIC policy, the annual premium paid/ payable for such policy is accounted for as a revenue expenditure.

L. Claims by/against the Company

- (a) Claims for liquidated damages against the Company are recognised in accounts based on management's assessment of the probable outcomes with reference to the available information supplemented by experience of similar transactions..
- (b) Claims for export incentives/duty drawbacks/duty refunds and insurance claims etc., if any, are taken into account on accrual basis.
- (c) Amounts due in respect of price escalation claims and/or variation in contract work are recognised as revenue only when there are conditions in the contracts for such claims or variations and/or evidence of the acceptability of the same from customers. However, escalation is restricted to intrinsic value.

Notes on Financial Statements For The Year Ended 31st March, 2012

M. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for the intended use. All other borrowing costs are charged to profit and loss account.

N. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that is a virtual certainty that the asset will be realised in future.

O. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

P. Deferred Revenue Expenses

Deferred Revenue Expenditures are amortized over a period of 5 years, commencing from the year next to the year of expenditure except in cases mentioned otherwise in the notes on account.

Cash Flow Statement

CASH FLOW STATEMENT FOR THE YEAR 2011-2012

(Amount in ₹)

PARTICULARS	2011-12	2010-11
Net Profit after tax & extra-ordinary items	841018	243960387
Adjustment for :		
Depreciation & Amortisation	25507230	23932800
Interest	376043205	172556654
Interest earned	(29795271)	(13674036)
Profit on sale of Investment	-	(6478770)
Loss on sale of Fixed Assets	54201	73011
Operating Profit before Working Capital Charges	372650384	420370046
Adjustment for :		
Trade and other receivables	(352292804)	(702354397)
Inventories	(333572017)	(556817796)
Trade Payables	222462677	558723805
Cash generated from operations	(90751760)	(280078342)
Direct Taxes Paid	(4972203)	(2988927)
NET CASH FROM OPERATING ACTIVITIES [A]	(95723963)	(283067269)
Cash flow from Investment Activities		
Purchased of Fixed Assets	(191569042)	(90757229)
Sale of Fixed Assets	657000	7724000
Purchase of Investments	6193917	(120099998)
NET CASH USED IN INVESTMENT ACTIVITIES [B]	(184718125)	(203133227)
Cash flow from Financing Activities		
Proceeds from issue of Share Capital including share Premium	2250000	647667000
Dividends Paid	(29750037)	(18424580)
Borrowals - Short Term	322247112	188938657
Repayment of Borrowals	(234736880)	349333537
Deferred Liabilities	1000000	1200000

Cash Flow Statement

CASH FLOW STATEMENT FOR THE YEAR 2011-2012

(Amount in ₹)

PARTICULARS	2011-12	2010-11
Interest Paid	(376043205)	(172556654)
Interest Received	29795271	13674036
NET CASH USED IN FINANCE ACTIVITIES [C]	(285237739)	1009831996
Net Increase in cash and cash equivalents (A + B + C)	(565679827)	523631500
Cash and cash equivalents (Opening)	716357068	203573547
Cash and cash equivalents (Closing)	150677241	727205047
	(565679827)	523631500

As per our report of even date attached

For and on behalf of the Board of Directors

A.K. Khabya & Co.

Chartered Accountants

CA.M.N.G Pillai

Partner

Membership No 074051

FRN 001994C

Place: Bhopal

Date: 03.09.2012

C E Fernandes

Chairman & Managing Director

Bernard John

Joint Managing Director

Sudeep Jain

Company Secretary

Financial Information of the wholly owned subsidiary - GEI Power Limited

Statement pursuant to general exemption u/s 212(8) of the Companies Act, 1956

(₹ in Lacs)

Particulars	2011-12	2010-11
Share Capital	2866.23	1424.39
Reserves	1708.58	844.43
Total Assets	15620.82	9058.49
Total Liabilities	15620.82	9058.49
Details of Investment	-	-
Turnover	10738.84	7106.10
Profit before tax	118.30	661.44
Provision for tax	100.05	254.37
Profit after tax	18.25	407.07
Proposed dividend	-	-

Consolidated Balance Sheet as on 31st March, 2012

(Amount in ₹)

	Notes	31.03.2012		31.03.2011	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	1064912800		186245800	
Reserves And Surplus	2	1070475492	2135388292	1106777000	1293022800
Share Application Money Pending Allotment				-	638667000
Warrant Application Money Pending Allotment			31250000		19000000
Non-Current Liabilities					
Long Term Borrowings	3	613673623		510595162	
Deferred Tax Liabilities (net)	4	56500000	670173623	48000000	558595162
CURRENT LIABILITIES					
Short Term Borrowings	5	1903904356		1556103394	
Trade Payables	6	798183075		568774225	
Other Current Liabilities	7	547735367		673525571	
Short Term Provision	8	20517960	3270340757	110645313	2909048503
TOTAL			6107152672		5418333465
ASSETS					
Goodwill arising on Consolidation			117467420		101161337
Non-Current Assets					
Fixed Assets	9				
Tangible Assets		949366084		920419420	
Intangible Assets		7081944		7572846	
Capital Work in Progress		456732068	1413180096	37629306	965621573
Long Term Loans And Advances	10		110756052		48697448
CURRENT ASSETS					
Current Investments	11	497316		2997316	
Inventories	12	2240088860		1853156690	
Trade Receivables	13	1685344100		1407246407	
Cash And Bank Balances	14	176079183		762531615	
Short Term Loans / Advances	15	231541135		141616383	
Other Current Assets	16	130804210	4464354804	132605094	4300153505
Miscellaneous Expenditure (to the extent not written off or adjusted)			1394300		2699602
TOTAL			6107152672		5418333465
Significant Accounting Policies	A to C				
Notes On Financial Statements	1 to 28				

As per our report of even date attached

For and on behalf of the Board of Directors

A.K. Khabya & Co.
Chartered Accountants

CA.M.N.G Pillai
Partner
Membership No 074051
FRN 001994C

Place: Bhopal
Date: 03.09.2012

C E Fernandes
Chairman & Managing Director

Bernard John
Joint Managing Director

Sudeep Jain
Company Secretary

Consolidated Statement of Profit & Loss Account for the year ended 31st March, 2012

(Amount in ₹)

	Notes	31.03.2012	31.03.2011
INCOME			
Revenue From Operations	17	3849262313	3786919680
Other Income	18	103587758	56379539
Total Revenue		3952850071	3843299219
EXPENDITURE			
Cost Of Materials Consumed	19.a	2465111879	2298598860
Changes In Inventories of Finished Goods, Work-In-Progress and Stock In-Trade	19.b	(245731519)	(168372859)
Employee Benefits / Expenses	20	346962355	290537096
Finance Costs	21	495253619	299086935
Depreciation And Amortisations Expenses	22	43863834	33329415
Other Expenses	23	814969165	643244710
Total Expenses		3920429333	3396424156
Profit Before Tax		32420738	446875063
Provision for Tax Expenses			
Tax expense for current year		9148000	135758358
Deferred Income Tax		8500000	13000000
Tax expense relating to prior years		12106924	13449915
Profit For The Year		2665814	284666790
Earnings Per Equity Shares of Face Value of ₹10 each	25		
Basic		(2.00)	16.84
Diluted		0.07	16.84
Significant Accounting Policies	A to C		
Notes On Financial statements	1 to 28		

As per our report of even date attached

A.K. Khabya & Co.
Chartered Accountants

CA.M.N.G Pillai
Partner
Membership No 074051

FRN 001994C

Place: Bhopal

Date: 03.09.2012

C E Fernandes
Chairman & Managing Director

For and on behalf of the Board of Directors

Bernard John
Joint Managing Director

Sudeep Jain
Company Secretary

Consolidated Notes on Financial Statements

For The Year Ended 31st March, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation.

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
1 SHARE CAPITAL		
Authorised Share Capital:		
2,31,25,000 Equity Shares of ₹ 10 each	231250000	231250000
30,00,000 (9%) Cumulative Redeemable Preference Shares of ₹ 10 each	30000000	30000000
25,55,000 (5%) Cumulative Convertible Preference Shares of ₹ 250 each	638750000	638750000
	900000000	900000000
Issued, Subscribed and Paid up:		
1,66,24,580 Equity Shares of ₹ 10 each	166245800	166245800
(9%) Cumulative Redeemable Preference Share of ₹ 10 each	10000000	20000000
25,54,668 (5%) Cumulative Convertible Preference Shares of ₹ 250 each	638667000	-
25,00,000 Convertible Preference Shares of GEI Power Limited of ₹ 100 each	250000000	-
	1064912800	186245800
Share Application Money	-	638667000
Warrant Application Money	31250000	19000000

Consolidated Notes on Financial Statements

For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	31.03.2012		31.03.2011	
2 RESERVES AND SURPLUS				
General Reserve				
As per last Balance Sheet	-		-	
Add: Transferred from Profit & Loss Account	35675000	35675000	-	-
Securities Premium		380126910		380126910
Capital Reserve		1500000		1500000
Revaluation Reserve				
As per last Balance Sheet	119308923		122619015	
Less: Transferred to Profit & Loss Account	3310092	115998831	3310092	119308923
Total		533300741		500935833
Capital Redemption Reserve				
As per last Balance Sheet	-		-	
Transfer from Profit and Loss Account	20000000	20000000	-	-
Profit and Loss Account				
As per last Balance Sheet	605841167		341561789	
Less : Transferred to General Reserve	35675000		-	
Less : Transferred to Capital Redemption Reserve Account	20000000		-	
Total		550166167		341561789
Add : Preliminary Expenses of Subsidiary - Written off	291157		1026095	
Add: Profit for the year	2665814	553123138	284666790	627254674
Less: Appropriations				
Dividend on Preference Shares	30805037		1800000	
Dividend on Equity Shares	-		16624580	
Tax on Dividend	5143350	35948387	2988927	21413507
		537174751		605841167
TOTAL		1070475492		1106777000

Consolidated Notes on Financial Statements

For The Year Ended 31st March, 2012

Particulars	31.03.2012		31.03.2011	
3 LONG TERM BORROWINGS				
Secured	Current	Non Current	Current	Non Current
L&T Finance Ltd.	9363951	5421900	4405626	1891023
Madhya Pradesh Financial Corporation	76467998	47500000	97065953	18364958
State Bank of India - SLC	50000000	-	-	-
IDBI Bank Ltd. - Term Loan	71033263	11668224	77473969	47761104
Union Bank of India	155638657	40000000	166115472	40000000
The Saraswat Cooperative Bank Ltd.	59638596	16875000	-	-
HDFC Bank Ltd.	4407448	5071878	3386051	8267022
Kotak Mahindra Prime Ltd.	376800	685845	-	-
Kogta Financial Ltd.	-	-	479117	-
ICICI Bank Ltd.	1187196	3882381	105984	114816
Sundaram Finance Limited	-	-	24300	-
Reliance Capital Ltd.	-	54454486	-	45139767
Total	428113909	185559714	349056472	161538690
Unsecured				
		-		-
TOTAL		613673623		510595162

Notes:

Term Loans (along with the interest accrued thereon) from IDBI Bank Ltd are secured by equitable mortgage of Immovable Properties situated on Plot No. 1&2, 24, 24A, 24B, 25, 26, 27 & 28, Sector – A, Industrial Area, Govindpura, Bhopal and hypothecation of all the Fixed Assets of the Company. The charge operates as First Charge ranking pari-passu with Madhya Pradesh Finance Corporation for their Working Capital Term Loan. Mr. C E Fernandes, Mr. P. L. Mundhra, Mrs. Evelyn C Fernandes & Mr. Bernard John, Directors of the Company have personally guaranteed the repayment of the said loan(s). Further it is also secured by pledge of 13 Lacs Equity Shares of the Company held by the Promoters.

Working Capital Term Loan of ₹ 346 Lacs from Madhya Pradesh Financial Corporation is secured by equitable mortgage of Immovable Properties situated on Plot No. 1&2, 24, 24A, 24B, 25, 26, 27 & 28, Sector – A, Industrial Area, Govindpura Bhopal and hypothecation of all the Fixed Assets of the Company situated thereon. The charge operates as First Charge ranking pari – passu with IDBI Bank Ltd for its Term Loan. Mr. C E Fernandes, Mr. P.L. Mundhra, Mrs. Evelyn C Fernandes & Mr. Bernard John, Directors of the Company have personally guaranteed the repayment of the said loan(s).

Loan of ₹ 500 lacs from State Bank of India is secured by way of pledge on first charge on all goods, book debts and all other moveable assets of the borrower including documents of title to the goods, outstanding monies, receivables by way of cash assistance and / or cash incentives under the cash incentive schemes or any other scheme claims, invoices, documents, contracts, insurance policies, guarantees, securities investments, plant & machinery. Further it is also secured by pledge of 6 Lacs Equity Shares of the Company held by the Promoters.

Loans from L&T Finance Ltd, Reliance Capital Ltd. and HDFC Bank are secured by the assets financed.

Term Loan of ₹ 1000 Lacs from Madhya Pradesh Financial Corporation (MPFC) is secured by way of First Charge on Leasehold Land admeasuring One Lac Square Meters together with Buildings thereon situated at plot no. 10, Industrial Area, Phase - II (Satlapur), Mandideep, Dist : Raisen (M.P.) ranking pari-passu basis with IDBI Bank Ltd, Union Bank of India and The Saraswat Co-Operative Bank Ltd for their Term Loan.

Consolidated Notes on Financial Statements

For The Year Ended 31st March, 2012

Working Capital Term Loan of ₹ 500 Lacs from Madhya Pradesh Financial Corporation (MPFC) is secured by way of first charge on all the current assets created under the work orders financed.

Term Loan of ₹ 560 Lacs from IDBI Bank Ltd is secured by way of First Charge on Company's entire moveable properties and leasehold land admeasuring One Lac Square Meters situated at Plot No. 10, Industrial Area, Phase - II (Satlapur), Mandideep, Dist : Raisen (M.P.) and Second Charge on entire Current Assets, ranking pari-passu basis with MPFC, Union Bank of India and The Saraswat Co-Operative Bank Ltd for their Term Loan.

Term Loan of ₹ 2400 Lacs from Union Bank of India is secured by way of First Charge on Company's entire moveable properties and leasehold land admeasuring One Lac Square Meters situated at Plot No. 10, Industrial Area, Phase - II (Satlapur), Mandideep, Dist : Raisen (M.P.) and Second Charge on entire Current Assets, ranking pari-passu with IDBI Bank Ltd and The Saraswat Co-Operative Bank Ltd for their Term Loan

Term Loan of ₹ 1125 Lacs from The Saraswat Co-Operative Bank Ltd is secured by way of First Charge on Company's entire moveable properties and leasehold land admeasuring One Lac Square Meters situated at Plot No. 10, Industrial Area, Phase - II (Satlapur), Mandideep, Dist : Raisen (M.P.) and Second Charge on entire Current Assets, ranking pari-passu with IDBI Bank Ltd, Union Bank of India and The Saraswat Co-Operative Bank Ltd for their Term Loan.

Mr. C E Fernandes and Mrs. Evelyn Fernandes have personally guaranteed the repayment of above Working Capital Loan and Term Loans from IDBI Bank Ltd, Union Bank of India, The Saraswat Co-Operative Bank Ltd and MPFC. GEI Industrial Systems Ltd (Holding Company) has given a Corporate Guarantee for repayment of the Working Capital Loan and Term Loan availed from IDBI Bank Ltd, Union Bank of India and The Saraswat Co-Operative Bank Ltd.

Loans from L&T Finance Ltd, Reliance Capital Ltd., HDFC Bank Ltd, ICICI Bank Ltd and Kotak Mahindra Prime Ltd. are secured by the assets financed.

Consolidated Notes on Financial Statements For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
4 DEFERRED TAX LIABILITY		
Deferred Tax Liability	56500000	48000000
TOTAL	56500000	48000000
5 SHORT TERM BORROWINGS		
Secured		
ICICI Bank Ltd.	169691796	169800480
IDBI Bank Ltd.	273520216	275332712
State Bank of India	214714815	179521080
Axis Bank Ltd	248306383	-
Yes Bank Ltd.	74860415	67570520
Kotak Mahindra Bank Ltd.	75083895	48175356
Standard Chartered Bank Ltd.	48040824	50000000
Union Bank of India	65400467	59568147
The Saraswat Cooperative Bank Ltd.	58556082	-
Barclays Bank PLC	-	100000000
	1228174894	949968296
Unsecured		
Other Loans And Advances		
Related parties	10798903	12250000
Inter Corporate Deposits	189947157	171527429
From Banks		
Development Credit Bank	-	100787672
ICICI Bank Ltd.	-	20000000
State Bank of India	-	50000000
Citi Bank Ltd	349983404	50000000
Others		
Aditya Birla Finance Limited	124999999	-
Banyantree Growth Capital LLC	-	100000000
L&T Finance Ltd.	-	50000000
Kotak Mahindra Prime Ltd.	-	51569997
	675729462	606135098
TOTAL	1903904356	1556103394

Notes:

ICICI Bank Ltd., IDBI Bank Ltd., State Bank of India, Axis Bank Ltd, Yes Bank Ltd., Kotak Mahindra Bank Ltd. and Standard Chartered Bank Ltd. are hereinafter collectively referred to as "the ICICI Consortium". Working Capital Facilities of ₹ 400 Crores sanctioned by the ICICI Consortium are secured by First pari-passu charge on the Current Assets of the Company comprising Raw Materials, Components, Stock in Process, Finished Goods, Consumable Stores and Spares, Packing material, at their factory premises, or at such other places as may be permitted by the ICICI Consortium in their discretion from time to time including Goods in Transit / Shipment, Book Debts, Outstanding Monies, Receivables, Claims and Bills etc,

Consolidated Notes on Financial Statements

For The Year Ended 31st March, 2012

both present and future, wherever situated and Second pari-passu charge on all Fixed Assets of the Company, Immovable Properties situated on Plot No. 1&2, 24, 24A, 24B, 25, 26, 27 & 28, Sector – A, Industrial Area, Govindpura, Bhopal.

Mr. C E Fernandes, Mrs. Evelyn C Fernandes and Mr. Bernard John, Directors of the Company have personally guaranteed the repayment of above borrowings / facilities.

Further the facilities from ICICI Bank Ltd are secured by pledge of 1 Lac Equity Shares of the Company held by the Promoters.

Working Capital Loan of ₹ 4400 Lacs from IDBI Bank Ltd is secured by way of First Charge on Company's entire Current Assets and Second Charge on Company's entire moveable property, immoveable property and leasehold land admeasuring One Lac Square Meters situated at Plot No. 10, Industrial Area, Phase - II (Satlapur), Mandideep, Dist : Raisen (M.P.), ranking Pari-Passu with Union Bank of India and The Saraswat Co-Operative Bank Ltd for their Working Capital Loan.

Working Capital Loan of ₹ 600 Lacs from Union Bank of India is secured by way of First Charge on Company's entire Current Assets and Second Charge on Company's entire moveable property, immoveable property and leasehold land admeasuring One Lac Square Meters situated at Plot No. 10, Industrial Area, Phase - II (Satlapur), Mandideep, Dist : Raisen (M.P.), ranking Pari-Passu with IDBI Bank Ltd and The Saraswat Co-Operative Bank Ltd for their Working Capital Loan.

Working Capital Loan of ₹ 800 Lacs from The Saraswat Co-Operative Bank Ltd is secured by way of First Charge on Company's entire Current Assets and Second Charge on Company's entire moveable property, immoveable property and leasehold land admeasuring One Lac Square Meters situated at Plot No. 10, Industrial Area, Phase - II (Satlapur), Mandideep, Dist : Raisen (M.P.), ranking Pari-Passu with IDBI Bank Ltd and Union Bank of India for their Working Capital Loan.

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
6 TRADE PAYABLES		
Micro Small And Medium Enterprises	7638818	2551916
Others	790544257	566222309
TOTAL	798183075	568774225

6.1 The Details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under

Principal amount due and remaining unpaid	7638818	2551916
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-

6.2 The details of amounts outstanding to Micro, Small and Medium Enterprises determined to the extent such parties have been identified based on the available information collected by the management. This has been relied upon by the Auditors.

Consolidated Notes on Financial Statements For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
7 OTHER CURRENT LIABILITIES		
Creditors for Expenses	185645010	99648451
Advance From Parties	251066000	472851000
Other Payables *	107831321	97717191
Security Deposits from Parties	3193035	3308929
TOTAL	547735367	673525571
* Including Statutory Dues		
8 SHORT TERM PROVISIONS		
Provision for Income Tax (Net of Advance Tax & TDS)	922700	89231806
Dividend on Equity Shares	-	16624580
Dividend on Preference Shares	14597913	1800000
Tax on dividend	4997347	2988927
TOTAL	20517960	110645313

Notes on Financial Statements For The Year Ended 31st March, 2012

9. FIXED ASSETS

(Amount in ₹)

Description	Gross block			Depreciation / Amortisation				Net Block		
	As at 01.04.2011	Addition	Deduction Adjustment	As at 31.03.2012	As at 01.04.2011	For the year	Deduction Adjustment	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
A. TANGIBLE ASSETS:										
OWN ASSETS:										
Land	96026988	-	-	96026988	-	-	-	-	96026988	96026988
Building	480205983	20483760	-	500689743	57519874	16346404	-	73866279	426823465	422686108
Machinery	383685262	34449373	-	418134635	87302883	18361346	-	105664229	312470406	296382379
Auxiliary equipments	77886364	3351797	-	81238161	35948423	3475467	-	39423890	41814271	41937941
Electrical Installations	26646712	2964056	-	29610768	5143501	1253422	-	6396923	23213846	21503211
Pattern	401897	-	-	401897	287021	6363	-	293384	108513	114876
Furniture	8473711	4303030	-	12776741	5465047	485778	-	5950825	6825916	3008664
Office Equipments	13532507	859023	-	14391530	5167215	631116	-	5798331	8593198	8365292
Computers	29654879	1548286	-	31203165	20744263	2301077	-	23045340	8157826	8910616
Vehicles	31233674	5322617	2631203	33925088	9750329	763105	1920001	8593433	25331655	21483345
Total Tangible Assets - A	1147747976	73281944	2631203	1218398717	227328557	43624078	1920001	269032634	949366084	920419420
B. INTANGIBLE ASSETS:										
Intangible Assets	10805837	-	-	10805837	8167666	1080583	-	9248249	1557587	2638170
Software	8211249	1462486	-	9673735	3276572	872805	-	4149377	5524357	4934676
Total Intangible Assets - B	19017085	1462486	-	20479571	11444239	1953388	-	13397627	7081944	7572846
Grand Total (A + B)	1166765062	74744430	2631203	1238878288	238772796	45577466	1920001	282430261	956448028	927992266
Less : Revaluation	-	-	-	-	-	3310092	-	-	-	-
Net Assets	1166765062	74744430	2631203	1238878288	238772796	42267374	1920001	282430261	956448028	927992266
Previous Year	770054421	398599778	1889137	1166765062	204300645	31732955	570895	235462705	927992266	565753777
Capital Work In Progress*	37629306	242565018	-	456732068	-	-	-	-	456732068	37629306

* This includes certain intangible assets under development; to be allocated to appropriate heads on completion.

Consolidated Notes on Financial Statements For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
10 LONG TERM LOAN & ADVANCES		
Sales Tax Subsidy Receivable	110756052	48697448
TOTAL	110756052	48697448
11 CURRENT INVESTMENT		
Other Investments		
Shares (Market value as on 31st March 2012 : ₹150540)	263435	263435
Mutual Fund	200000	2700000
Gold	33881	33881
TOTAL	497316	2997316
12 INVENTORIES		
Raw Materials	417175931	191987012
Consumable Stores	13713930	3306149
Work-In-Progress	453308000	207492529
Project WIP	1355891000	1450371000
TOTAL	2240088860	1853156690
13 TRADE RECEIVABLES		
(Unsecured and Considered Good)		
Due Over Six Months	68483158	38628266
Others	1616860942	1368618141
TOTAL	1685344100	1407246407
14 CASH AND BANK BALANCES		
Cash in Hand	390906	357825
Balance with scheduled Banks		
(i) In Current Accounts	9338040	407212114
(ii) In Deposit Accounts	-	327161676
Balances held as Margin Money or Security against Borrowings, Guarantees, and Other Commitments	166350237	27800000
TOTAL	176079183	762531615

Consolidated Notes on Financial Statements

For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
15 SHORT TERM LOANS AND ADVANCES		
(Unsecured and considered good)		
Balance with Customs, Central Excise & Income Tax Authorities	19415721	49571773
VAT Refund	71161552	14515058
Prepaid Expenses	1872257	1845063
Security Deposits	45066007	37275842
Others	94025598	38408647
TOTAL	231541135	141616383
16 OTHER CURRENT ASSETS		
Advance to Suppliers	116029443	118628738
Advance to Workers	3700688	1969506
Interest Accrued on Deposits	11074079	12006850
TOTAL	130804210	132605094
17 REVENUE FROM OPERATIONS		
Sale of Products	908878211	424006434
Project Revenue	2982214720	3408271126
Income from Services	162306534	67386626
Other operating revenues	59300048	4226168
Total	4229785845	4128916515
Less : Excise Duty	380523532	341996835
TOTAL	3849262313	3786919680
17.1 PARTICULARS OF SALE OF PRODUCTS		
ACHE / ACSC	3496445688	3696258087
Power Transmission	131210043	21767904
17.2 PARTICULARS OF INCOME FROM SERVICES		
E & C Revenue	140306534	67386626
Professional & Technical Consultancy	22000000	
17.3 PARTICULARS OF OTHER OPERATING REVENUES		
Sale of scrap	6060758	1507063
Fabrication Income from Job Work	53239290	-

Consolidated Notes on Financial Statements

For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	31.03.2012		31.03.2011	
18 OTHER INCOME				
Interest on Bank Deposit		31662378		15290695
Other non operating income		71925380		41088844
TOTAL		103587758		56379539
18.1 PARTICULARS OF OTHER NON OPERATING INCOME				
Other Income		221325		6890757
Sales Tax Subsidy		71704055		34198087
TOTAL		71925380		41088844
19 (a) COST OF MATERIALS CONSUMED				
Opening Stock				
Raw Materials	191903060		85805678	
Consumable Stores	3306150	195209210	225000	86030678
Add: Purchases				
Raw Material	2578351951		2328646486	
Consumable Stores	122440579	2700792530	79130905	2407777391
Total		2896001740		2493808069
Less: Closing stock				
Raw Materials	417175931		191903060	
Consumable Stores	13713930	430889861	3306149	195209209
TOTAL : MATERIALS CONSUMED		2465111879		2298598860
(b) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Inventories at the end of the year				
Finished goods		-		-
Work-in-progress		453308000		207576481
Inventories at the beginning of the year				
Finished goods		-		-
Work-in-progress		207576481		39203622
Net (increase) / decrease		(245731519)		(168372859)

Consolidated Notes on Financial Statements

For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
20 EMPLOYEE BENEFITS / EXPENSES		
Salary & Wages	293810847	253661154
PF Employer's Contribution	20644698	14540138
Welfare Expenses	32506810	22335803
TOTAL	346962355	290537096
21 FINANCE COSTS		
Bank Interest	427187435	215402241
Bank Commission & Other Charges	68066184	83684694
TOTAL	495253619	299086935
22 DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation and Amortisation	45577466	35043046
Less : Depreciation on Revaluation transferred to Revaluation Reserve	3310092	31732954
Deferred Expenses Written Off	1596460	1596461
TOTAL	43863834	33329415
23 OTHER EXPENSES		
A) Manufacturing Expenses	396863922	279488781
B) Selling & Distribution Expenses	264494481	234198682
C) Establishment Expenses	153610763	129557246
TOTAL	814969165	643244710
A) Manufacturing Expenses		
Carriage Inward	73597918	62213044
Design Expenses	442429	1297855
Entry Tax	28248216	25192102
Erection Charges	128725455	83012174
Fabrication Charges	97261274	51196011
Consumption - Fuel	322838	283511
Inspection Charges	3795689	3130080
Material Handling Charges	319276	458422
Packing & Forwarding	9513033	7640440
Plating Charge	600	31199
Power & Light	22845415	16165663

Consolidated Notes on Financial Statements For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
Consumption - Gas	2966438	2580547
Consumption - Oils	17778685	13243055
Repairs & Maintenance	4803403	8578484
Testing Charges	6243253	4466194
TOTAL	396863922	279488781
B) Selling & Distribution Expenses		
Advertisement	4636600	2854374
Carriage Outward	50283823	25920033
Sales Commission	1829912	3309000
Export Tax	3001042	2443757
Licence Expenses	364178	250277
Registration & Renewals	2576776	5647311
Sales Tax After Assessment	3889171	1072052
Sales Tax / VAT	194862882	190871295
Seminar & Technical Conf	2904314	1683398
Tender Fees	145783	147185
TOTAL	264494481	234198682
C) Establishment Expenses		
Audit Fees	618595	676285
Corporate Social Responsibility	151250	79850
Professional Tax	2500	2500
Consultancy Charges	57666914	47544205
Conveyance	8603678	3764266
Donation	1387851	212902
Factory Expenses	3360343	2912037
Insurance	3771083	3203125
Keyman Insurance	2525062	2751178
Leave Travel Expenses	2974874	1907762
Loss on Sale of Fixed Assets	54201	73011
Legal Expenses	2893705	2722833
Misc Expenses	60791	585735
Newspapers & Periodicals	67992	118588
Office Expenses	3530434	2257788
Rent	14412131	12927016
Postage & Telegrams	1176700	1567813
Printing & Stationary	3618578	3515702
Property Tax	444981	444981

Consolidated Notes on Financial Statements

For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
Repairs & Maint-Vehicles	3523440	4959658
Repairs & Maint-Building	2954702	1103137
Repairs & Maint-Computers	1124209	377984
Security Services	8387	56468
Telephone Charges	5433028	3574618
Travelling Expenses	33245334	32217804
TOTAL	153610763	129557246
* PAYMENT TO AUDITORS AS:		
Audit Fee	500000	500000
Tax Audit Fee	45000	85000
Other Services	73595	91285
TOTAL	618595	676285

Consolidated Notes on Financial Statements For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS		
24.1 VALUE OF IMPORTS CALCULATED ON CIF BASIS		
Raw Materials	60033509	217118432
Capital Goods	75891780	11331000
	135925289	228449432

	₹	%	₹	%
24.2 DETAILS OF CONSUMPTION OF IMPORTED & INDIGENOUS ITEMS				
Raw Material, Stores & Spares Consumed				
Imported	60033509	2.44	217118432	9.45
Indigenous	2405078370	97.56	2081480428	90.55
	2465111879	100.00	2298598860	100.00

Particulars	31.03.2012	31.03.2011
24.3 EXPENDITURE IN FOREIGN CURRENCY:		
Capital	19801785	15249105
Others	8167495	13037582
	27969280	28286687

24.4 EARNING IN FOREIGN EXCHANGE		
FOB value of export	18030187	32889560

25 EARNING PER SHARE (EPS)		
i) Net Profit after tax as per Statement of profit and loss attributable to equity shareholder	(33282573)	279877863
ii) Weighted Average number of equity shares used as denomination for calculating diluted EPS	16624580	16624580
iii) Weighted Average number of equity shares used as denomination for calculating Basic EPS	19304248	16624580
iv) Basic earning per share	(2.00)	16.84
v) Diluted earning per share	0.07	16.84
vi) Face value per equity share	10	10

GEI Power Limited, a subsidiary of the Company, raised funds during the year by issuing optionally convertible securities as per terms agreed between the Parties. Its impact on earnings and financials of the Company, if any, is inept of quantification at this stage and accordingly has not been considered.

Consolidated Notes on Financial Statements For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
26 AMOUNT REMITTED IN FOREIGN CURRENCY DURING THE YEAR ON ACCOUNT OF DIVIDEND		
a) Number of Equity Shares held by them*	3309681	3510947
b) (i) Amount of Dividend Paid (Gross)*	3309681	3510947
(ii) Amount actually Paid in Foreign Currency	17200	19200
(iii) Tax deducted at sources	-	-
(iv) Year to which dividend relates	2010-11	2009-10

* Eligible for dividend with repartition benefits

27 RELATED PARTY TRANSACTIONS :

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
1	Vemaa Industries Limited	Enterprises Related to Key Management Personnel
2	JBL Engineering Pvt. Ltd.	Enterprises Related to Key Management Personnel
3	Mr. C E Fernandes	Key Management Personnel
4	Mr. Bernard John	Key Management Personnel
5	Mr. P L Mundhra	Key Management Personnel
6	Mrs. Everlyn Fernandes	Key Management Personnel
7	Mr. D Laxminarayan	Key Management Personnel
8	Mr. Robinson Fernandez	Key Management Personnel

(ii) Transactions during the year with related parties :

Sr. No.	Nature of Transaction	Enterprises Related to Key Management Personnel	Key Management Personnel	Total
a.	Purchase of Material / Services/ Other Expenses	28839309	240000	29079309
b.	Professional Fees	2206000	-	2206000
c.	Employee benefit expenses	-	22777782	22777782
d.	Rent	-	4000000	4000000

Consolidated Notes on Financial Statements

For The Year Ended 31st March, 2012

e.	Sale of Material	1266305	-	1266305
f.	Deposit paid against rent	-	4000000	4000000

28 CONTINGENT LIABILITIES AND COMMITMENTS

	31.03.2012	31.03.2011
(I) Contingent Liabilities		
(A) Claims against the Company, not acknowledged as debts		
Income Tax	143244445	6532306
Sales Tax	6721845	4234344
<p>The Income tax Assessment of the Company have been completed upto Assessment Year 2009 - 2010. A disputed demand of ₹139870903 has been related A.Y. 2008 - 2009 & 2009 - 2010 on the basis of apparent errors in the order the Company has been legally advised that demand is likely to be deleted by appropriate authorities and accordingly no provision is required to be made.</p>		
(B) Guarantees		
(i) Guarantees to banks and financial institutions against credit facilities extended to third parties (Corporate Guarantee given to banks/financial institutions against loans to subsidiary company GEI Power Limited)	1157575000	748100000
(ii) Performance Guarantees		
(a) In respect of joint ventures	-	-
(b) In respect of others	1087218434	1151831998
(iii) Outstanding guarantees furnished to Banks and financial institution including in respect of letters of credits		
(a) In respect of joint ventures	-	-
(b) In respect of others	-	-
(C) Others Money for which the Company is contingently liable		
(i) Liability in respect of bills discounted with banks (Including third party bills discounting)		
(a) In respect of joint ventures	-	-
(b) In respect of others (Against bills discounted from IFCI and SBI Global Factors Limited)	455514147	241767783
(II) Commitments		
(A) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
(a) Tangible assets	-	-
(b) Intangible assets	-	-
(B) Uncalled Liability on shares and other investments partly paid	-	-
(C) Others commitments		
(a) Sales tax deferred liability assigned	-	-
(b) Guarantee against future cash calls	-	-

Consolidated Notes on Financial Statements

For The Year Ended 31st March, 2012

SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY :

A. Basis of preparation of consolidated financial statements

The financial statements are prepared under the historical cost convention on accrual and going concern basis, in conformity with the accounting standards issued by the Institute of Chartered Accountants of India and in accordance with the Generally Accepted Accounting Principles (GAAP) and provisions of the Companies Act, 1956.

B. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

C. Principles of consolidation

The consolidated financial statements relate to GEI Industrial Systems Ltd ("the Company") and its wholly owned subsidiary company - GEI Power Limited. The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard-21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- ii) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent for its standalone financial statements.
- iii) Goodwill arising on consolidation – The excess of cost to the Parent, or its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries was made, is recognized in the financial statements as goodwill and in the case where equity exceeds the cost; the same is being adjusted in the said goodwill. The Parent's portion of equity in the subsidiaries is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2011-2012

(Amount in ₹)

PARTICULARS	2011-12	2010-11
Net Profit after tax & extra-ordinary items	2665814	243960387
Adjustment for :		
Depreciation & Amortisation	43863834	23932800
Finance Cost	495253619	172556654
Interest earned	(31662378)	(13674036)
Profit on sale of Investment	-	(6478770)
Loss on sale of Fixed Assets	54201	73011
Operating Profit before Working Capital Changes	510175090	420370046
Adjustment for :		
Trade and other receivables	(366221561)	(702354397)
Inventories	(386932170)	(556817796)
Trade Payables	229408850	558723805
Cash generated from operations	(13569792)	(280078342)
Direct Taxes Paid	(5143350)	(2988927)
NET CASH FROM OPERATING ACTIVITIES [A]	(18713142)	(283067269)
Cash flow from Investment Activities		
Purchased of Fixed Assets	(493847191)	(90757229)
Sale of Fixed Assets	657000	7724000
Purchase of Investments	(13806083)	(120099998)
NET CASH USED IN INVESTMENT ACTIVITIES [B]	(506996274)	(203133227)
Cash flow from Financing Activities		
Proceeds from issue of Share Capital including share Premium	252250000	647667000
Dividends Paid	(30805037)	(18424580)
Borrowals - short Term	347800962	188938657
Repayment of Borrowals	(174897701)	349333537
Deferred Liabilities	8500000	1200000

Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2011-2012

(Amount in ₹)

PARTICULARS	2011-12	2010-11
Interest Paid	(495253619)	(172556654)
Interest Received	31662378	13674036
NET CASH USED IN FINANCE ACTIVITIES [C]	(60743017)	1009831996
Net Increase in cash and cash equivalents (A + B + C)	(586452433)	523631500
Cash and cash equivalents (Opening)	762531615	203573547
Cash and cash equivalents (Closing)	176079183	727205047
	(586452433)	523631500

As per our report of even date attached

For and on behalf of the Board of Directors

A.K. Khabya & Co.

Chartered Accountants

CA.M.N.G Pillai

Partner

Membership No 074051

FRN 001994C

Place: Bhopal

Date: 03.09.2012

C E Fernandes

Chairman & Managing Director

Bernard John

Joint Managing Director

Sudeep Jain

Company Secretary

