



GEI INDUSTRIAL SYSTEMS LTD

Growth through innovation

ANNUAL REPORT 2010-11



EVERY DROP COUNTS

- Reducing the Water Footprint -



Corporate Information

BOARD OF DIRECTORS

Mr. C E Fernandes
Mr. Bernard John
Mr. Pannalal Mundhra
Mrs. Everlyn Fernandes
Mr. D. Laxminarayan
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
Whole Time Director
Executive 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 (Additional Director)

COMPANY SECRETARY

Mr. Sudeep Jain

KEY EXECUTIVES

Mr. P.V. Sundaram
Mr. N.K. Katare
Mr. Robinson Fernandez
Mr. Raghu Nair
Mr. Shankar R. Malani
Mr. Prafulla Gang
Mr. J.C. Sanghvi
Mr. G.S. Tiwari
Mr. Alok Jagani
Mr. Rajesh Vohra

President (Corporate Management)
Sr. Vice President (Corporate H.R.)
Sr. Vice President (Applications)
Sr. Vice President (Project Management)
Sr. Vice President (Production)
Sr. Vice President (Finance & Commercial)
Vice President (Marketing)
Vice President (MM)
Vice President (Finance)
Vice President

AUDITORS

A.K. Khabya & Co.
Chartered Accountants
Bhopal 462 011 (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

501, Central Plaza, 5th Floor,
166, CST Road, Kalina,
Santacruz (East), Mumbai 400 098

Directors' Report

Dear Shareholders,

The Directors have pleasure in submitting the 18th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2011.

Financial year 2010–11 has been a year of robust growth for your Company, both in terms of turnover and profits. Propelled by the buoyancy in the core sector, your Company continued its growth momentum as the leading manufacturer of Air Cooled Heat Exchangers, Air Cooled Vacuum Steam Condensers and associated systems for Oil & Gas and Power Sectors.

Financial Highlights

- Gross Turnover increased by 54%
- Net Profit (PAT) increased by 71%

(Rs. in Lacs)

Particulars	Year ended	Year ended
	31.03.2011	31.03.2010
Gross Turnover	41608.31	27044.53
EBIDTA	5782.92	3532.25
Profit After Tax (PAT)	2439.60	1428.64
Balance carried to Balance Sheet	5498.72	3273.25
Earning Per Share (Rs.)	14.39	8.32
Earning Per Share (Consolidated) (Rs.)	16.84	9.20

Dividend

The Directors are pleased to recommend a dividend of Rs.1 per equity share i.e 10% on the equity share capital, subject to approval by the members at the ensuing Annual General Meeting of the Company.

The dividend, inclusive of dividend tax, will absorb an amount of Rs. 214.14 lacs.

Accomplishments

Oil & Gas Sector:

- Secured order from Gas Authority India Limited (GAIL) for supply of Air Cooled Heat Exchangers for Petrochemical Complex-II at Vijaypur (M.P.). Engineers India Ltd. (EIL) are the Engineering Consultant for the Project.
- Secured order from Lanco Infratech Limited for the supply of Air Cooled Heat Exchangers for 1500 TPA Polysilicon Plant at Rajnandgaon, Chhatisgarh which is the first of its kind in the country. This product is a key raw material for making solar panels and electronic chips. Flour Daniel India is the Engineering Consultant for the Project.
- Secured order from Indian Oil Corporation Limited (IOCL) Mathura for the supply of Air Cooled Heat Exchangers for Revamp of Fluid Catalytic Converter Unit (FCCU) and Propylene Recovery Unit (PRU). Tecnip is the Project Management Consultant.

Power Sector:

- Secured orders for Air Cooled Vacuum Steam Condensers (ACSC) totalling 1332 MW during the year.
- Expanded our client base for ACSC - KVK Nagai Power, Simhadri Power, Shree Virangana Steels, Sravanthi Infratech, Tata Projects, Ultratech Cements etc.

- Successfully commissioned ACSC for 150 MW Unit of Shree Mega Power at Beawar (Rajasthan). This is the first ACSC unit of such capacity installed in India.
- Successfully commissioned 12 units of ACSCs at different locations totalling 300 MW.

Future Prospects

Your Company caters to the entire spectrum of industries in the Energy Sector viz. Oil & Gas, Petroleum Refining, Power Generation, Transmission/ Distribution etc. and has emerged as one of the largest Air Cooled Heat Exchanger Company in Asia, providing innovative engineering systems and solutions.

The Company has enhanced its product and service offerings through a 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.

Preferential Issue of 5% Cumulative Convertible Preference Shares

At the Extra Ordinary General Meeting of the Company held on 28.02.2011, members approved the issue of 25,54,668, 5% Cumulative Convertible Preference Shares (CCPS) of Rs. 250 each to Aditya Birla Private Equity – Fund I (25,00,000 CCPS) and BanyanTree Growth Capital LLC (54,668 CCPS) on preferential basis. Each CCPS shall be fully, compulsorily and mandatorily convertible at any time within a period of 18 months from the date of allotment of CCPS into One Equity Share of the Company of Rs. 10 each at a premium of Rs. 240 per equity share. The Company allotted the said CCPS on 14.05.2011.

Preferential Issue of Warrants

At the Extra Ordinary General Meeting of the Company held on 28.02.2011, members approved the issue of 5,00,000 Warrants of Rs. 250 each to Mr. C E Fernandes (Promoter). Each Warrant shall be convertible into One Equity Share of Rs. 10 each of the Company at a premium of Rs. 240 per equity share. The Company allotted the said Warrants on 24.05.2011.

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

Mr. Bharat Banka was inducted into the Board of Directors of the Company as an Additional Director on 31.01.2011 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.

The Board reappointed Mr. C E Fernandes as Chairman & Managing Director, Mr. Bernard John as Joint Managing Director, Mr. Pannalal Mundhra as Whole Time Director, Mrs. Evelyn Fernandes as Whole Time Director and Mr. D. Laxminarayan as Executive Director for a further term of 3 years w.e.f of 01.04.2011

Mr. S C Duggal, Mr. Pannalal Mundhra and Mr. K. Nandakumar retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Ms. Irene Valentine retired from the Board on 30.09.2010 by not seeking reappointment. The Directors placed on record their appreciation of the valuable services rendered by Ms. Irene Valentine during her tenure.

GEI Power Limited (Wholly owned subsidiary Company)

Phase I of the capital expansion (Rs. 21.10 Cr) as well as majority work of Phase II of the capital expansion (Rs. 34.40 Cr) have been completed and are in operation. The balance work is scheduled for completion by October/November, 2011.

After completion of Phase II, the total manufacturing capacity of GEI and GEI Power shall be 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 on request to any member of the Company 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.

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, 2011, 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, 2011 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

Information in accordance with Companies (Particulars of Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956 regarding particulars of employees is given in Annexure - B forming part of this report.

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 M/s. 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.

M/s 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 possible 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 workmen and the employees.

Acknowledgement

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central and State Government Authorities, Regulatory Authorities, Stock Exchanges and the 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 : 20.08.2011

C E Fernandes
Chairman & Managing Director

ANNEXURE A

Annexure to Directors' Report for the year ended 31st March, 2011

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 2010-11 increased due to increased load for Heat Treatment and Shop Run Test. However, consumption of electricity per M.T. of Heat Exchangers decreased significantly to 99.85 kwh as compared to 159.45 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 31.03.2011	Year Ended 31.03.2010
(a) Purchased		
Unit-Kwh	1990380	1681320
Total Amount(Rs.)	11145326	8824909
Rate/Unit(Rs.)	5.60	5.25
(b) Own Generation		
Through Diesel Unit-Kwh	16068	16872
Cost/Unit (variable) Rs.	16.97	15.12
Consumption per M.T.of Heat Exchangers		
Electricity – Kwh	99.85	159.45

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.

2. Foreign Exchange Earnings & Outgo

Details of foreign exchange earnings and outgo for the year are given in sub-clause (G), (H) and (I) of clause 8 under "Schedule 18 (B)- Notes on Accounts".

ANNEXURE B

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2011

Name of Employee	Designation	Age	Last Employment	Designation in last Employment	Date of Joining	Qualification	Experience	Gross Remuneration (Rs. in Lacs)
Mr. C E Fernandes	Chairman & Managing Director	69 yrs	-	-	28.12.1993	Diploma in Business Management	49 yrs	146.30
Mr. Bernard John	Joint Managing Director	54 yrs	-	-	09.03.1994	Diploma in Mechanical Engineering	33 yrs	75.02

Management discussion and analysis report

1. Economic overview

The world economy continued its recovery from the financial crisis of 2008-09. The growth rate was better than expected but at varying speeds for different regions- USA 3.25%, Eurozone 1%, Japan 2.5% and emerging/developing economies 6.75%.

India too weathered the global financial crisis well and its domestic demand has powered the vigorous recovery. The country's growth rate (around 8%) remains among the strongest in the world. With the anticipated average annual compounded growth rate of 8.5%, India's GDP is expected to be USD 1.4 trillion by 2017 and USD 5.0 trillion by 2025.

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 2010-11, the core sector posted a growth of 5.90% as compared to 5.50% in the previous year. The outlook for the engineering and capital goods industry in which the Company operates remains 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

The crude prices are expected to remain high in the near to medium term and consequently, prospects for greenfield and brownfield projects in all segments of the Oil & Gas Sector are bright.

Power sector

The Twelfth Plan (2012-17) envisages a capacity addition of 1,05,000 MW with special focus on super critical technology for thermal power plants and renewable energy.

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. Performance highlights

The highlights of the financial performance of the Company for the year ended 31st March 2011 are as follows :

- i. Gross Turnover Rs. 41608.31 Lacs, a rise of 54 % as compared to the previous year.
- ii. EBIDTA at Rs. 5782.92 Lacs, higher by 64 % over the previous year.
- iii. Net Profit (PAT) at Rs. 2439.60 Lacs, higher by 71 % over the previous year.

8. Credit Rating

Credit Analysis and Research Limited (CARE) has assigned the following credit rating for the Company

- (a) For Short Term Debt Instruments: CARE A2 + (Single A Two Plus) (Strong degree of safety regarding timely payment of financial obligations; carry low credit risk)
- (b) Long/ Medium Term Debt Instruments: CARE A- (Single A Minus) (Adequate degree of safety regarding timely servicing of financial obligations; carry low credit risk)

The ratings have helped the Company to obtain reduction in the interest rates from Banks/Financial Institutions.

9. 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. As at the end of the financial year 2010-11, the Company had 691 employees.

10. 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, 2011

In compliance with clause 49 of the Listing Agreement with the Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and practices as below:

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. GEI's philosophy on Corporate Governance is based on the ethics, values and morals of the Company and its Directors.

2. Board of Directors (Board)

2.1 Composition of Board

As on 31st March, 2011 the Board consists of 11 Directors, of whom 6 are Independent. The Chairman of the Board is an Executive Director. Ms. Irene Valentine retired from the Board on 30.09.2010 by not seeking reappointment. Mr. Bharat Banka was inducted as an Additional Director w.e.f. 31.01.2011.

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	12	12	1	2	3	Yes
Mr. Bernard John	Promoter & Executive	12	12	–	–	3	Yes
Mr. Pannalal Mundhra	Promoter & Executive	12	3	1	–	–	No
Mrs. Everlyn Fernandes	Promoter & Executive	12	12	2	–	2	No
Mr. D. Laxminarayan	Executive	12	9	–	–	2	Yes
Mr. S.C. Duggal	NEID	12	8	1	2	4	Yes
Mr. Vijay Khanna	NEID	12	7	–	1	3	No
Dr. Sudarshan Synghal	NEID	12	5	–	–	4	No
Mr. K. Nandakumar	NEID	12	1	1	–	–	No
Mr. Sanjiv Singhal	NEID	12	4	1	–	–	No
Mr. Bharat Banka	NEID	3	–	2	–	–	–
Ms. Irene Valentine*	Promoter & Non Executive Director	8	–	–	–	–	No

NEID: Non-Executive Independent Director

* Ceased w.e.f. 30.09.2010.

Promoters and Executive Directors are non independent. Mr. C E Fernandes and Mrs. Everlyn Fernandes are related to each other.

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 12 times during the year on 28th April 2010, 24th May 2010, 18th June 2010, 10th July 2010, 17th July 2010, 30th July 2010, 23rd August 2010, 28th October 2010, 19th January 2011, 31st January 2011, 28th February 2011 and 31st March 2011 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 one week 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 material.
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 28th April 2010, 30th July 2010, 23rd August 2010, 28th October 2010 and 18th January 2011 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	5
Mr. Vijay Khanna, Member	Non Executive Independent Director	5	3
Dr. Sudarshan Synghal, 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

The role of the Audit Committee shall include the following:

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, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

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 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, in case the same is existing.
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 Chief 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 28th April 2010, 30th July 2010, 28th October 2010 and 31st January 2011 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 has been regularly interacting 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.

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 31.03.2011
Non receipt of share certificate duly transferred / Dividend Warrants	21	21	Nil
Miscellaneous	3	3	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 2 times on 22nd August 2010 and 29th March 2011 and both the meetings were attended by all the members of the Committee.

5.2 Remuneration Policy

The Committee decides the remuneration terms of the Whole Time Directors and recommends to the Board, salary, perquisites and commission to be paid to the Company's Whole Time Directors.

The Committee has the powers to determine and recommend to the Board the amount of remuneration, including performance linked bonus 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 2010-11 are as follows:

(Rs. in Lacs)

Name of the Directors	Salary	Perquisites	Total
Mr. C E Fernandes*	144.00	2.30	146.30
Mr. P. L. Mundhra	18.00	1.97	19.97
Mr. Bernard John	72.00	3.02	75.02
Mrs. Everlyn Fernandes	42.00	0.35	42.35
Mr. D. Laxminarayan	41.06	1.21	42.27
Total	317.06	8.85	325.91

* The excess of the Salary and Perquisites paid to Mr. C E Fernandes during FY 2008-09 & FY 2009-10 to be treated as Salary Advance for FY 2010-11 - Rs. 40.00 Lacs & Salary Advance for FY 2011-12 - Rs. 37.51 Lacs.

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 and commission paid/ payable for the financial year ended 31st March 2011 are as follows:

(Rs. in Lacs)

Name of the Non Executive Independent Director	Sitting Fees	Commission
Mr. S C Duggal	0.64	5.00
Mr. Vijay Khanna	0.56	5.00
Dr. Sudarshan Syngal	0.40	5.00
Mr. K. Nandakumar	0.08	5.00
Total	1.68	20.00

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
2007-08	29th September 2008	26/A, Industrial Area, Govindpura, Bhopal - 462 023 (M.P.)	04.00 P.M.	AGM
2008-09	14th July 2009		04.30 P.M.	EGM
	30th September 2009		04.00 P.M.	AGM
2009-10	30th September 2010		04.00 P.M.	AGM
2010-11	28th February 2011		04.00 P.M.	EGM

Special Resolutions passed in the previous 3 AGMs / EGMs

Meeting	Resolution
Annual General Meeting on 29.09.2008	<ul style="list-style-type: none"> • Appointment of Mr. C E Fernandes, Chairman & Managing Director for a period of three years w.e.f 01.01.2008 and increase in salary.
	<ul style="list-style-type: none"> • Appointment of Mr. Bernard John, Joint Managing Director for a period of three years w.e.f 01.01.2008 and increase in salary.
	<ul style="list-style-type: none"> • Appointment of Mrs. Everlyn Fernandes, Whole Time Director for a period of three years w.e.f 01.01.2008 and increase in salary.
	<ul style="list-style-type: none"> • Appointment of Mr. D. Laxminarayan, Executive Director for a period of three years w.e.f 01.01.2008.
	<ul style="list-style-type: none"> • Payment and distribution of a sum not exceeding 1% of the net profits of the Company calculated in requisite manner by way of commission to and amongst the Directors, who are neither in wholetime employment of the Company nor Managing or Whole Time Director(s) pursuant to provisions of Section 309(4) of the Companies Act, 1956.
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 Rs. 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 Rs. 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 Rs. 23 Crores to Rs. 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 Rs. 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 Rs. 250 each to Mr. C E Fernandes (Promoter)

No Special Resolution was put through postal ballot during the year. No Special resolution is proposed to be conducted through postal ballot at the forthcoming AGM and hence procedure for postal ballot has not been mentioned.

8. Disclosures

8.1 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 at large. Transactions with related parties are disclosed under Schedule 18 - Notes to Accounts.

8.2 Disclosure of non-compliance by the Company

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

In respect of non disclosure of Promoters' holding under regulation 6(4) & 6(2) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 as on 20.02.1997 and regulation 8(3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 for the years 1998 to 2005, the Company made a compounding application to SEBI and as directed by it, paid the compounding fees in April, 2011.

8.3 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.

8.4 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 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 industry, economy, banking, finance, engineering etc. During the Board meetings, they are briefed about business model of the Company as well as the risk profile of the business parameters of the Company, their responsibilities as Directors etc. However, no formal training is imparted to them.

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 implemented any mechanism for evaluating Non Executive Board members.

9. 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 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.

10. General Shareholder Information

Annual General Meeting

Date & Time	:	30th September, 2011 at 4.00 P.M.
Venue	:	Registered office of the Company at 26/A, Industrial Area, Govindpura, Bhopal - 462 023 (M.P.)
Book Closure	:	24th Sept. 2011 to 30th Sept. 2011 (Both days inclusive)
Dividend payment date	:	After 3rd October, 2011, if payable
Financial Calendar (Tentative)	:	1st April, 2011 to 31st March, 2012
First Quarter Result	:	20th July, 2011
Second Quarter Result	:	Last week of October, 2011
Third Quarter Result	:	Last week of January, 2012
Fourth Quarter Result	:	Second week of May, 2012

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 2011 - 12 to the Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Ltd., Mumbai

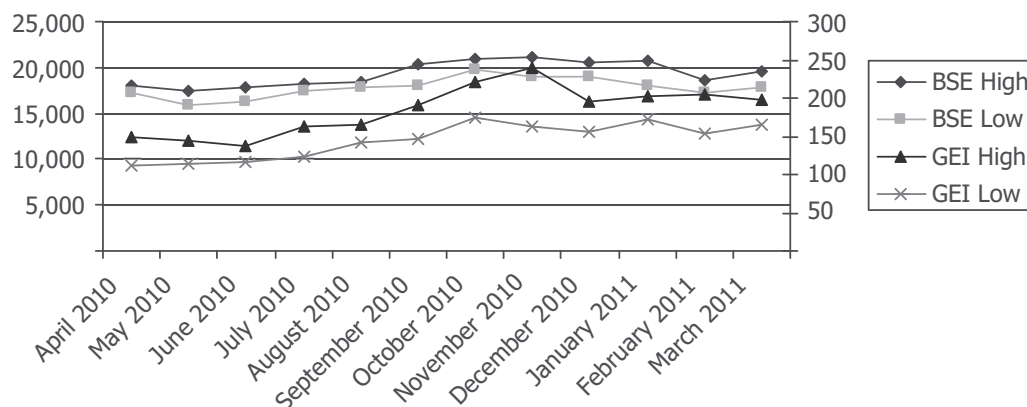
Market Price Data

The monthly high and low market price of the shares with volume at Stock Exchanges during the financial year 2010-11 is as under:

(A) BOMBAY STOCK EXCHANGE LTD

Period (2010-2011)	High	Low	Volume of Shares Traded
Apr-10	148.00	112.00	2974041
May-10	145.00	114.10	1012548
Jun-10	137.45	117.00	829058
July-10	161.75	124.00	2798207
Aug-10	165.00	143.00	1768122
Sep-10	191.70	147.15	1390152
Oct-10	220.00	175.00	1507476
Nov-10	238.90	163.10	1429232
Dec-10	194.90	155.00	436823
Jan-11	202.95	172.00	701823
Feb-11	205.00	153.00	408380
Mar-11	196.90	165.25	202655

Comparative Price Chart – GEI v/s BSE Sensex

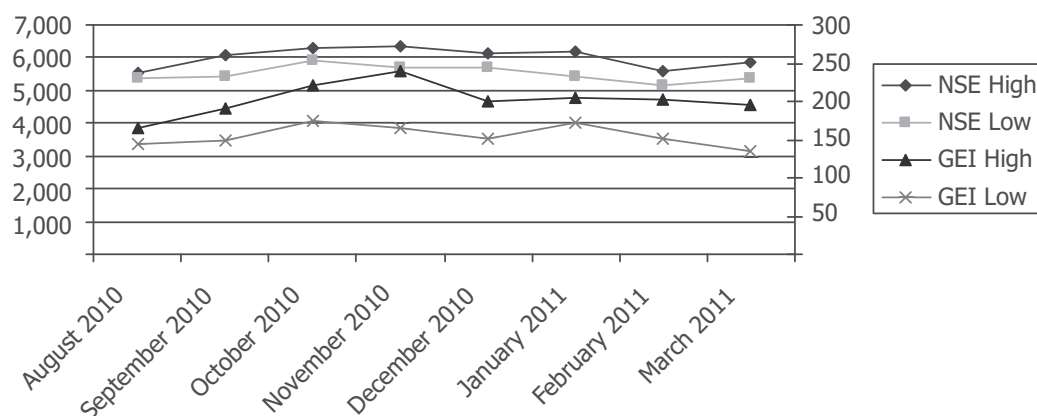


(B) NATIONAL STOCK EXCHANGE OF INDIA LTD*

Period (2010-2011)	High	Low	Volume of Shares Traded
Aug-10	164.00	144.00	286433
Sep-10	191.80	148.00	809948
Oct-10	220.00	175.10	1430204
Nov-10	239.50	165.00	1376598
Dec-10	199.95	151.00	677699
Jan-11	204.00	171.10	820811
Feb-11	202.20	151.51	426007
Mar-11	195.75	136.00	211042

* Equity Shares of the Company were listed on National Stock Exchange of India Ltd w.e.f. 13.08.2010.

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 31.03.2011

Category	No. of Shares	Percentage
Indian Promoters	6884525	41.41
Mutual Funds/UTI/Banks/FIs	27043	0.16
Bodies Corporate	1519163	9.14
Indian Public	4581250	27.56
Non-Resident Indians, OCBs and Others	243017	1.46
Foreign Bodies Corporate	2156362	12.97
Foreign Institutional Investors	1172934	7.06
Clearing Members	40286	0.24
Total	16624580	100.00

Distribution of Shareholding as on 31.03.2011

Shareholding of Nominal Value of Rs.		No. of Shareholders	% of Total	No. of Shares held	% of Total
From	To				
1	5000	7167	85.46	1121964	6.74
5001	10000	582	6.94	482186	2.90
10001	20000	283	3.37	443704	2.67
20001	30000	90	1.07	234674	1.41
30001	40000	55	0.66	199335	1.20
40001	50000	54	0.64	261929	1.58
50001	100000	71	0.85	522622	3.15
100001	Above	85	1.01	13358166	80.35
	Total	8387	100.00	16624580	100.00

Dematerialization of shares as on 31.03.2011 and liquidity

95.40% of the Company's total paid up share capital representing 1,58,60,272 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, near Bhopal.

Address for Correspondence

The Registered Office / Correspondence Address of the Company is as 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

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 reappointed

Name of Director	Date of Birth	No. of Shares held as on 31.03.2011	Date of First Appointment	Qualification	Experience & Expertise	Other Director ships
Mr. S C Duggal	28.09.1939	0	29.01.2004	Graduate in Science (Engineering-Mechanical)	48 Years Experience in both Public & Private Sector	Lanco Group Ltd.
Mr. Pannalal Mundhra	31.08.1933	635225	28.12.1993	Graduate in Business Management	Over 50 Years Experience in Business & Corporate Sector	Mallcom (India) Ltd.
Mr. K. Nandakumar	02.11.1948	0	21.10.2008	Graduate in Chemical Engineering	41 Years Experience in Business & Corporate Sector	Chemtrols Industries Ltd.
Mr. Bharat Banka	20.09.1969	0	31.01.2011	FCA/AICWA/ACS	20 years Experience in Corporate Sector	Anupam Industries Ltd. V-Mart Retail Ltd.
Mr. C E Fernandes	14.09.1942	4730650	28.12.1993	Diploma in Business Management	49 years Experience in Business & Corporate Sector	GEI Power Limited
Mr. Bernard John	15.08.1957	192800	09.03.1994	Diploma in Mechanical Engineering	33 years Experience in Business & Corporate Sector	-
Mr. D Laxminarayan	30.03.1948	0	18.10.1997	B.E. (Mechanical)	41 years Experience in Corporate Sector	-
Mrs. Everlyn Fernandes	05.01.1946	572100	10.01.2002	Metric	38 years Experience in Business & Corporate Sector	GEI Power Limited Vemaa Industries Ltd.

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, 2011 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 : 20.08.2011

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, 2011.

For GEI Industrial Systems Ltd

Place : Bhopal
Date : 20.08.2011

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 2011 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 generally that 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

Prasanna Gupchup
Partner
CP No. 9900

Place: Mumbai
Dated: 20.08.2011

Secretarial Compliance Certificate

CIN: L28112MP1993PLC008029

Nominal Capital: Rs. 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, books and papers of GEI Industrial Systems Ltd ("the Company"), as required to be maintained under the Companies Act, 1956, ("the Act") and the rules made there under, Listing Agreements, SEBI Regulations and also the provisions contained in the Memorandum and Articles of Association of the Company ("the requirements") for the financial year ended on 31st March, 2011.

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 there under 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 there under 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 12 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 Additional Director Mr. Bharat Banka, at its Board Meeting held on 31.01.2011. Ms. Irene Valentine retired from the Board on 30.09.2010 by not seeking reappointment. 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 2009-10 was held on 30th September, 2010.
5. The Company has not passed any resolution through Postal Ballot during the year under review.
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 2 meetings during the year under review. The meeting held on 29th March 2011 considered the reappointment and revision of salary of the Executive Directors w.e.f. 1st April 2011. Minutes of the above meetings were 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.
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, 2011.
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, 2011. 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). The Company has filed statements with the stock exchanges under the Regulation 8 (3) of the said regulations within 21 days from 31st March, 2011 and from the book closure.
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

Prasanna Gupchup
Partner
CP No. 9900

Place: Mumbai
Dated: 20.08.2011

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 2011, 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 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
- (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 : 20th August, 2011

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, 2011

- (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 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 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 have been made at prices which are reasonable 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.

- (b) According to the information and explanations given to us, the following are the particulars of statutory dues as at 31st March, 2011 not deposited on account of a dispute pending:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which amount relates F.Y.	Forum where the dispute is pending
Sales Tax Law	Central Sales Tax	3144803	2006-2007	Board of Revenue, Bhopal
Sales Tax Law	Central Sales Tax	1089541	2007-2008	Commissioner of Sales Tax
Income Tax Act	Income Tax Demand	3171740	2005-2006	Commissioner of Income Tax
Income Tax Act	Income Tax Demand	3360566	2006-2007	Commissioner of Income Tax

- (x) The Company have no accumulated losses as at 31st March, 2011 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) In terms of the information and explanations given to us, the Company has given corporate guarantee for loan taken by subsidiary Company from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans have been applied by the Company for the purposes for which they were obtained.
- (xvii) According to the Cash Flow Statement and other records examined by us and information and explanations given to us, on an overall basis, the funds raised on short-term basis have, prima facie, not 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 : 20th August, 2011

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

Balance Sheet as on 31st March, 2011

(Amount in Rs.)

Particulars	Schedule	31.03.2011	31.03.2010
SOURCES OF FUNDS :			
A. Shareholders' Funds			
Share Capital	1	843912800	196245800
Reserves & Surplus	2	1049307604	830070816
B. Loan Funds			
Secured Loans	3	943396658	799925222
Unsecured Loans	4	456135098	61334340
C. Deferred Tax Liability			
		36200000	35000000
TOTAL		3328952160	1922576178
APPLICATION OF FUNDS :			
A. Fixed Assets			
Gross Block	5	697291761	608423669
Less : Depreciation		225525144	200158449
Net Block		471766617	408265220
B. Investments			
	6	272988741	152888741
C. Current Assets, Loans & Advances			
	7		
Inventories		1622110781	1065292985
Sundry Debtors		1407281136	788185995
Cash & Bank Balances		727205047	203573547
Loans & Advances		261111661	177852405
		4017708625	2234904932
Less : Current Liabilities & Provisions	8	1436211426	877487620
Net Current Assets		2581497199	1357417312
D. Miscellaneous Expenditure			
(to the extent not written off or adjusted)	9	2699603	4004905
Significant Accounting Policies and Notes forming Part of the Accounts	18		
TOTAL		3328952160	1922576178

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: 20-08-2011

C E Fernandes
Chairman & Managing Director

Bernard John
Joint Managing Director

Sudeep Jain
Company Secretary

Profit & Loss Account for the year ended 31st March, 2011

(Amount in Rs.)

Particulars	Schedule	31.03.2011		31.03.2010
INCOME				
Gross Sales/Income from operations		4140282280		2696493893
Add : Other Income		20549018	4160831298	7958868 2704452761
Less : Taxes & Duties			400098218	202690581
Net Sales/ Income from operations	10		3760733080	2501762180
Increase/(Decrease) in Stock	17		94364800	(79901000)
			3855097880	2421861180
EXPENDITURE				
Manufacturing & Other Expenses	11		2773140128	1673817769
Employees' Remuneration & Benefits	12		219762209	164252776
Directors' Remuneration & Benefits	13		35579578	34464803
Administrative Expenses	14		185149715	130459416
Selling Expenses	15		63173350	65641544
Profit before Depreciation, Interest & Tax			578292900	353224872
Finance Charges	16		172556654	120697687
Profit before Depreciation & Tax			405736246	232527185
Depreciation		25937590		23567306
Less : Depreciation on Revaluation				
Transfer to Revaluation Reserve		3310092	22627498	3310092 20257214
Deferred Revenue Expenses Written Off			1305302	1305302
Less : Prior period adjustments			14521967	3100043
Profit Before Tax			367281479	207864626
Provision for Taxation : Income Tax			122121092	62500000
Provision for Taxation : Deferred Income Tax			1200000	2500000
Profit after Tax for the year			243960387	142864626
Add Brought forward from previous Year			327324891	209856394
PROFIT AVAILIABLE FOR APPROPRIATIONS			571285278	352721020
Dividend on Preference Shares			1800000	3900000
Dividend on Equity Shares			16624580	17683230
Corporate Tax on Dividend			2988927	3812899
Surplus Carried to Balance Sheet			549871771	327324,891
Basic & Diluted Earning Per Share (Face value of Rs 10 Each)			14.39	8.32
Significant Accounting Policies and Notes forming Part of the Accounts	18			

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: 20-08-2011

C E Fernandes

Chairman & Managing Director

Bernard John

Joint Managing Director

Sudeep Jain

Company Secretary

Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE – 1		
SHARE CAPITAL		
AUTHORISED		
2,31,25,000 Equity Shares of Rs. 10 each (2,00,00,000)	231250000	200000000
30,00,000 (9%) Cumulative Redeemable Preference Shares of Rs 10 each (30,00,000)	30000000	30000000
25,55,000 (5%) Cumulative Convertible Preference Shares of Rs 250 each	638750000	-
TOTAL	900000000	230000000
ISSUED SUBSCRIBED AND PAIDUP		
166,24,580 Equity Shares of Rs. 10 each (1,66,24,580)	166245800	166245800
20,00,000 (9%) Cumulative Redeemable Preference Shares of Rs 10 each (30,00,000)	20000000	30000000
Share Application Money	638667000	-
Warrant Application Money	19000000	-
TOTAL	843912800	196245800
SCHEDULE – 2		
RESERVES AND SURPLUS		
Share Premium Account	380126910	380126910
Revaluation Reserve		
As per last balance sheet	122619015	125929107
Less : Transferred to Profit & Loss Account	3310092	119308923
Profit as per Profit & Loss Account	549871771	327324891
TOTAL	1049307604	830070816

Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE – 3		
SECURED LOANS		
Working Capital		
ICICI Bank Ltd.	169800480	165930979
IDBI Bank Ltd.	176796464	126046905
State Bank of India	179521080	69190308
Barclays Bank PLC	100000000	66757051
Yes Bank Ltd.	67570520	60000000
Kotak Mahindra Bank Ltd.	48175356	115000000
Standard Chareterd Bank Ltd.	50000000	–
SUB TOTAL	791863900	602925243
Term Loans		
ICICI Bank Ltd.	-	10885403
IDBI Bank Ltd.	70927938	100969207
Hire Purchase Loans	10933221	6066286
L & T Finance Ltd.	759660	49391477
Madhya Pradesh Financial Corporation	23772172	29687606
Reliance Capital Ltd.	45139767	–
SUB TOTAL	151532758	196999979
TOTAL	943396658	799925222

Notes :

ICICI Bank Ltd., IDBI Bank Ltd., State Bank of India, Yes Bank Ltd., Barclays Bank PLC, Kotak Mahindra Bank Ltd. and Standard Chartered Bank Ltd. are hereinafter collectively referred to as "the ICICI Consortium". Working Capital Facilities of Rs. 300 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 State Bank of India and ICICI Bank Ltd are respectively secured by pledge of 6 Lacs and 1 Lac Equity Shares of the Company held by the Promoters.

Schedules forming part of the Accounts as at 31st March, 2011

SCHEDULE – 3 : SECURED LOANS (contd.)

Term Loans of Rs 500 Lacs, Rs.1000 Lacs and Rs. 475 Lacs (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 of Rs. 346 Lacs. Mr. C E Fernandes, Mr. P.L. Mundhra, Mrs. Everlyn C Fernandes & Mr. Bernard John, Directors of the Company have personally guaranteed the repayment of loan(s).

Further the above loans from IDBI Bank Ltd are also secured by pledge of 13 Lacs Equity Shares of the Company held by the Promoters.

Working Capital Term Loan of Rs. 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 of Rs. 1975 Lacs. Mr. C E Fernandes, Mr. P.L. Mundhra, Mrs. Everlyn C Fernandes & Mr. Bernard John, Directors of the Company have personally guaranteed the repayment of loan(s).

Additional Working Capital Facilities of Rs. 4000 Lacs from IDBI Bank Ltd are secured by way of First charge by way of hypothecation of the borrower's entire Stocks of Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Spares and such other Moveables including Book-Debts, Bills whether documentary or clean, Outstanding Monies Receivables, both present and future. Second Charge by way of hypothecation of all the Borrower's Movables (save and except Book Debts) including Movable Machinery, Machinery Spares, Tools and Accessories, present and future.

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

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE – 4		
UNSECURED LOANS		
ICD & Others	456135098	61334340
TOTAL	456135098	61334340

Schedules forming part of the Accounts as at 31st March, 2011

SCHEDULE - 5

FIXED ASSETS

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.2010	Addition	Transfer	As on 31.03.2011	Up to 01.04.2010	During the Year	Transfer	Total	As on 31.03.2011	As on 31.03.2010
Leasehold Land	69096000			69096000					69096000	69096000
Building	153159541	64990492	1461519	216688514	46821447	5523853	540289	51805011	164883503	106338094
Machinery	223057852	5852128		228909980	70083201	10592816		80676017	148233963	152974651
Auxiliary Equipment	75789524	2096842		77886366	32625347	3323073		35948420	41937946	43164177
Electrical Installations	6880850	628640		7509490	4220787	319036		4539823	2969667	2660063
Pattern	401897			401897	280657	6363		287020	114877	121240
Furniture	7703709	458154		8161863	4995162	458498		5453660	2708203	2708547
Office Equipments	10081014	1865956		11946970	4618471	493232		5111703	6835267	5462543
Computers	25687416	3103192		28790608	18969873	1670226		20640099	8150509	6717543
Vehicles	19443756	9866850	427618	28882988	7935378	1714382	30606	9619154	19263834	11508378
Intangible Assets	10805836			10805836	7087082	1080583		8167665	2638171	3718754
Software	6316274	1894975		8211249	2521044	755528		3276572	4934677	3795230
TOTAL	608423669	90757229	1889137	697291761	200158449	25937590	570895	225525144	471766617	408265220
Less : Against Revaluation						3310092		3310092		
GRAND TOTAL	608423669	90757229	1889137	697291761	200158449	22627498	570895	222215052	471766617	408265220
Previous Year	569934672	38488997		608423669	176591143	20257214		200158449	408265220	393343529

Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE – 6		
INVESTMENTS		
Unquoted		
In GEI Power Limited	149991425	149991425
(4,00,000 Unquoted Equity shares of Rs 10 each at premium of Rs 40 per share)		
(18,43,850 Unquoted Equity shares of Rs 10 each at premium of Rs 60.50 per share)		
Share Application Money	120000000	-
Quoted		
Shares (Market value of shares as on 31.03.2011 Rs 238040)	263435	263435
Mutual Fund	2700000	2600000
Gold	33881	33881
TOTAL	272988741	152888741

SCHEDULE – 7		
CURRENT ASSETS, LOANS AND ADVANCES		
A. INVENTORIES		
As taken, Valued and Certified by the Management		
Stores, Spares and Consumables (at Cost)	251734	225000
Raw Materials (at cost)	68803247	53547985
Work in Process (at % work completed)	102684800	8320000
Project related WIP	1450371000	1003200000
SUB TOTAL	1622110781	1065292985
B. SUNDRY DEBTORS		
Outstanding for a period exceeding Six Months, Considered Good	38628266	31386506
Others	1368652870	756799489
SUB TOTAL	1407281136	788185995

Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE – 7		
CURRENT ASSETS, LOANS AND ADVANCES		
C. CASH & BANK BALANCES		
Cash in Hand	324891	117916
Current Accounts with Scheduled Banks	388870501	63126888
Fixed Deposits Account	338009655	140328743
(Lodged with Banks towards the Margin Money for Bank Guarantee and Letter of Credit) includes Interest Accrued on FDR'S		
SUB TOTAL	727205047	203573547
D. LOANS & ADVANCES		
(Unsecured considered Good)		
Advance recoverable in Cash or in kind/or for value to be received	182474530	121698093
Advance Income Tax paid	43714583	21094290
Deposits with Govt. and Pvt. Agencies	34922548	35060022
SUB TOTAL	261111661	177852405
TOTAL	4017708625	2234904932
SCHEDULE – 8		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors :-		
For Suppliers		
Under Letters of Credit	290387019	188908877
Direct Creditors	368373606	200483557
Outstanding to Small Scale Industrial Undertaking	1797802	1032083
For Expenses & Others	177691980	118952532
Advance received from Customers	472851000	302401000
Income Tax / Corporate Tax payable	125110019	65709571
TOTAL	1436211426	877487620

Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE – 9		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Deffered Revenue Expenses	2699603	4004905
TOTAL	2699603	4004905

SCHEDULE – 10				
NET SALES/INCOME FROM OPERATIONS				
Net Sales Domestic	243461110		414713508	
Project Revenue Export	12222000		9233479	
Project Revenue Domestic	3396049126		2009940681	
Add: Excise Duty	286449831		146574269	
Sales Tax	113648387	4051830454	56116312	2636578249
Erection Charges		67386626		48987991
Freight Charges		21065200		10927653
SUB TOTAL		4140282280		2696493893
Less: Excise Duty	286449831		146574269	
Sales Tax	113648387	400098218	56116312	202690581
SUB TOTAL		3740184062		2493803312
Other Income				
Interest Received	13674036		7882268	
Misc Income	6874982	20549018	76600	7958868
TOTAL		3760733080		2501762180

SCHEDULE – 11				
MANUFACTURING & OTHER EXPENSES				
Raw Material Consumed	2516632057		1481856111	
Stores Consumed	70627576		40874084	
Freight Charges	51435434		40610613	
Power & Fuel	14312050		12581056	
Fabrication Charges	21401375		21148004	
Erection Charges	77626355		61808333	
Other Manufacturing Expenses	21105281		14939568	
TOTAL		2773140128		1673817769

Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE – 12		
EMPLOYEES' REMUNERATION & BENEFITS		
Wages	65089278	51820361
Salary	69766728	52867452
Other Benefits	84906203	59564963
TOTAL	219762209	164252776
SCHEDULE – 13		
DIRECTORS' REMUNERATION & BENEFITS		
Salary	30300000	30508000
Other Benefits	2291414	1696803
Contribution to Provident Fund	820164	756000
Commission to Non Executive Directors	2000000	1400000
Sitting Fee	168000	104000
TOTAL	35579578	34464803
SCHEDULE – 14		
ADMINISTRATIVE EXPENSES		
Bank Charges	64422219	38495898
Travelling Expenses	31575334	23180617
Conveyance & Transport Expenses	1024945	591521
Repairs & Maintenance Expenses	5184891	5326826
Telephone Charges	3450442	2937521
Rent (Other than office premises)	3743043	277275
Consultancy Charges	45878196	32383153
Other Expenses	21505775	17307056
Printing & Stationary	3257830	2712629
Office Expenses	2231969	5119931
Insurance Premium	2875071	2126989
TOTAL	185149715	130459416

Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE – 15		
SELLING EXPENSES		
Advertisement	2854374	1957644
Commission	3309000	12210914
Freight Charges	46985233	24073700
Other Selling Expenses	10024743	27399286
TOTAL	63173350	65641544

SCHEDULE – 16				
FINANCE CHARGES				
Interest Charges				
Interest to Creditors & Others	19263565		1089605	
Financial Charges	869469		339860	
Banks/Financial Institutions	135923793	156056827	108896244	110325709
Discounting Charges		16499827		10371978
TOTAL		172556654		120697687

SCHEDULE – 17				
INCREASE(+) / DECREASE(-) IN STOCK				
Closing Stock				
Work In Process	102684800		8320000	
Finished Goods	-		-	
Opening Stock				
Work In Process	8320000		88221000	
Finished Goods	-		-	
TOTAL		94364800		(79901000)

Notes on Accounts

SCHEDULE – 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011

A. Significant Accounting Policies followed by the Company :

a. Accounting Conventions

- i) The accounts are prepared under the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- ii) The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

b. Sales

The revenue from :

- i) Sales of Goods are recognised at the point of despatch of finished goods to the customers.
- ii) Project related activity and contracts are recognised by applying percentage completion to the contract value determined as a proportion of the cost incurred to- date to the total estimated cost.
- iii) The export sales are converted at the exchange rate prevailing at the time of transaction.

c. Foreign Currency Transaction

- i) Transactions in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.
- ii) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit & loss account except in the case of capital expenditure where they are adjusted against the cost of relevant assets.

d. Employee Benefits

i) Short term employee benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognized in the period in which the employee renders the related service

ii) Post employment benefits (defined benefit plans)

The employees' gratuity scheme is defined benefit plan .The Gratuity liability in respect of the employees of the Company has been covered through LIC Policy. The premium paid for such policy is treated as revenue expenditure.

iii) Post employment benefits (defined contribution plans)

Contribution to the Provident Fund is made in accordance with the provisions of the Provident Fund Act, 1952 and is charged to revenue account.

iv) Long term employee benefits

Long term employee benefits comprise of Leave Encashment. Leave balances in respect of all employees as on 31st March, 2011 have been accounted on the basis of last salary drawn by the employee and charged to revenue account.

e. Fixed Assets

Fixed Assets are stated at historical cost less depreciation.

The gross block of Fixed Assets includes Rs 132549291 on account of revaluation of Fixed Assets consequent to the said revaluation there is an additional charge of depreciation of Rs 3310092 and an equivalent amount has been withdrawn from Revaluation Reserve and credited to the Profit & loss Account.

f. Depreciation

- i) Depreciation on fixed Assets has been provided on straight line method in accordance with the provisions of section 205 (2) (b) of the Companies Act, 1956 at the rate and in manner specified in schedule XIV to the Companies Act, 1956.
- ii) Depreciation of intangible assets and software is provided @ 10% on straight-line method and is amortized over a period of 10 years.

g. Investments

Long term investments are stated at cost.

h. Inventories

Raw-materials, stores, spares and consumables are valued at cost, Semi-finished goods are valued at cost of raw-material and the cost incurred in the normal course of business in bringing the goods upto the present condition on estimate basis or at realisable value, which ever is lower. Finished goods are valued at selling price.

Work-in-progress

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

i. Deferred Revenue Expenses

Deferred Revenue Expenditure are amortised 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 accounts.

B. Notes on Accounts

- 1 The Company operates in two business segments viz. "Air Cooled Heat Exchangers & Finned Tubes" and "Power Transmission Projects".

Segment Reporting

As per Para 27 of AS 17 (segment reporting), a reportable segment is identified if its revenue from sale is 10% or more of the total revenue of all the segments, whether profit or loss is 10% or more of the combined result of all segments in profit or combined result of all segments in loss. Accordingly, Power Transmission Projects which constitute 1.05% of total revenue, is not reported as a separate segment.

2 Earning Per Share

(Amount in Rs.)

Particulars	2010-2011	2009-2010
a) Net Profit as per Profit & Loss A/C	243960387	142864626
b) Weighted average number of Equity shares used as denominator for calculating Earning Per Share	16624580	16624580
c) Basic and diluted Earnings Per Share of face value of Rs 10 each.	14.39	8.32

3 Disclosure pursuant to Accounting Standard AS 7

(Amount in Rs.)

i) Contract revenue recognized under Dispatch Method	1957900126
ii) Contract revenue recognized using percentage completion method for the year ended March31,2011	1450371000
Total	3408271126
iii) Amount of customer advances outstanding for contracts in progress as at March 31, 2011	177856000

4 Contingent Liabilities

All liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value as under :

(Amount in Rs.)

i) Guarantees and/or counter guarantees given by Banks	1147018218/-
ii) Corporate Guarantee given to financial institutions against loans to subsidiary company GEI Power Limited	
IDBI Bank Ltd	440000000
Union Bank of India	300000000
L&T Finance Ltd	8100000

5 Related Party disclosure

Related party disclosures as required by AS-18 - "Related Party Disclosures" are given below:

- i) Key Management Personnel (KMP) Mr. C E Fernandes
Mr. Bernard John
Mr. P.L.Mundhra
Mrs. Everlyn Fernandes
Mr. D. Laxminarayan
Ms. Irene Valentine
- ii) The following Transactions were carried out with the related parties in the ordinary course of business

Particulars	Manaeerial Remuneration	Amount Paid for Material /Services /Other Expenses	Advance Paid	Deposit Paid Against Rent	Investment in Share during the year	Outstanding Receivables (Payables) as at 31.03.2011
Vemaa Industries Ltd #	Nil	25380072	Nil	Nil	Nil	2877043
JBL Engg.Pvt Ltd #	Nil	4985560	1000000	Nil	Nil	1820764
GEI Power Ltd # *	Nil	537711478	Nil	Nil	120000000	(210238233)
Key Management Personnel	33411578	2400000	Nil	Nil	Nil	Nil

Parties in which one or more of the Key Management Personnel(KMP) are interested.

* The Company has invested in shares of GEI Power Limited, a wholly owned subsidiary company in accordance with the resolution passed by the Board of Directors on 27.12.2007 and 14.07.2009

6 Computation of Managerial Remuneration

(Rs. in Lacs)

Profit before tax	3672.81
ADD-	
1. Depreciation	226.27
2. Directors' remuneration (excluding provision for gratuity and leave encashment as separate actuarial valuations for the Managing directors are not available)	365.06
3. Commission to Non-Executive Directors	20.00
4. Directors Fees	1.68
5. Provision for doubtful debts (net)	0.00
6. Net loss on sale of fixed asset as per Profit and loss Account	0.73
LESS-	
1. Depreciation under section 350	226.27
2. Net loss on sale of fixed asset under section 349	0.00
3. Capital Profit on sale of fixed asset	59.38
Net Profit for section 198 of the Companies Act, 1956	4000.90
10% of Net Profit(Maximum Managerial remuneration payable as per act)	400.09
Managerial remuneration paid/provided during the year	365.06

7 Payment to Auditors (Amount in Rs.)

Particulars	31.03.2011	31.03.2010
Audit Fee	400000	240000
Tax Audit Fee	60000	50000
Certification Charges/Service Tax	185397	193729
Total	645397	483729

8 The information as required by para 3 & 4 of part II of Schedule VI to the Companies Act, 1956:

A) Installed Capacity and Production

S. No	Particulars	Unit	*Installed Capacity		*Actual Production	
			31.03.2011	31.03.2010	31.03.2011	31.03.2010
1.	Heat Exchangers	MT	40000	12500	20095	10650
2.	Finned Tubes	R.Mtrs	7920000	4920000	3380303	2244780
a)	For captive consumption				3310850	2208590
b)	For sales				69453	36190

* Installed capacity and Production quantities have been certified by the Management and not verified by the auditors, being technical matters.

B) Opening Stock of Finished Goods

S. No	Particulars	Unit	Qty	Value	Qty	Value
			31.03.2011	31.03.2011	31.03.2010	31.03.2010
1	Heat Exchangers	MT	Nil	Nil	Nil	Nil
2	Finned Tubes	R.Mtrs	Nil	Nil	Nil	Nil
3	Others	-	Nil	Nil	Nil	Nil

C) Closing Stock of Finished Goods

1	Heat Exchangers	MT	Nil	Nil	Nil	Nil
2	Finned Tubes	R.Mtrs	Nil	Nil	Nil	Nil
3	Others	-	Nil	Nil	Nil	Nil

D) Turnover (Amount in Rs.)

1.	Heat Exchangers	MT	20095	3613063668	10650	2374748963
2.	Finned Tubes	R.Mtrs	69453	16002737	36190	13606106
3.	Power Transmission	-		21767904	-	45239469
4.	Others	-		897927	-	293130
	Total			3651732236		2433887668

E) Raw Materials and Intermediate Consumed (Amount in Rs.)

1.	Aluminum Strips/Tubes	Kg	4707090	752899054	2556931	349744100
2.	MS Plates /Sheets /Angles	Kg	6231607	231878123	9131782	330994958
3.	Steel Tubes	Mtrs	3852404	376113422	2254483	188345116
4.	S.S Plates	Kg	149575	34685446	13886	5007416
5.	Fabricated Assembly	Kg	10830480	537711478	3575631	150176498
6.	Other Misc. items			583344534		457588023
	Total			2516632057		1481856111

F) Value of Raw Materials, Stores & Spares Consumed during the year (Amount in Rs.)

S. No.	Particulars	2010-2011		2009-2010	
		Imported	Indigenous	Imported	Indigenous
1.	Raw materials	192511359	2324120698	66892636	1414963475
	Percentage	7.65%	92.35%	4.51%	95.49%
2.	Stores & Spares	16650346	40734175	9810724	19782022
	Percentage	29.02%	70.98%	33.15%	66.85%
3.	Oils	5202137	8040918	3786015	8629402
	Percentage	39.28%	60.72%	30.49%	69.51%

G) CIF Value of Imports (Amount in Rs.)

1.	Raw Materials	192511359	66892636
2.	Stores	16650346	9810724
3.	Oil & Lubricants	5202137	3786015

H) Expenditure in Foreign Currency (Amount in Rs.)

1.	Travelling	3995799	3528854
2.	Commission	-	11560562
3.	Consultancy	9041783	6227775

I) Earnings in Foreign Currency (Amount in Rs.)

	Export of goods value	40814903	150622584
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9 Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current years' classification.

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: 20-08-2011

C E Fernandes

Chairman & Managing Director

Bernard John

Joint Managing Director

Sudeep Jain

Company Secretary

Cash Flow Statement

STATEMENT OF CASH FLOW PREPARED PURSUANT TO THE LISTING AGREEMENT WITH THE STOCK EXCHANGES FOR THE YEAR ENDED 31ST MARCH 2011

(Amount in Rs.)

PARTICULARS	2010-11	2009-10
Net Profit After Tax & Extra-Ordinary Items	243960387.23	142864626.00
Adjustment for :		
Depreciation	22627498.00	20257214.00
Interest	172556654.00	120697687.00
Interest earned	(13674036.00)	(7882268.00)
Profit on sale of Investment	(6478770.00)	-
Miscellaneous Expenses W/o	1305302.00	1305302.00
Loss on sale of Fixed Assets	73011.00	-
Operating Profit before Working Capital Charges	420370046.23	277242561.00
Adjustment for :		
Trade and other receivables	(702354397.00)	(177088850.00)
Inventories	(556817796.00)	(200888785.00)
Trade Payables	558723805.26	87014320.00
Cash generated from operations	(280078341.51)	(13720754.00)
Direct Taxes Paid	(2988927.49)	(3812899.00)
NET CASH FROM OPERATING ACTIVITIES [A]	(283067269.00)	(17533653.00)
Purchase of Fixed Assets	(90757229.00)	(11718738.00)
Sale of Fixed Assets	7724000.00	-
Purchase of Investments	(120099998.00)	(132525304.00)
NET CASH USED IN INVESTMENT ACTIVITIES [B]	(203133227.00)	(144244042.00)
Cash flow from Financing Activities		
Proceeds from issue of Share Capital including share premium	647667000.00	155384800.00
Dividends Paid	(18424580.00)	(21583230.00)
Borrowals - Cash Credit	188938657.00	207147217.00
Repayment of Borrowals	349333537.00	11155337.00

Cash Flow Statement

STATEMENT OF CASH FLOW PREPARED PURSUANT TO THE LISTING AGREEMENT WITH THE STOCK EXCHANGES FOR THE YEAR ENDED 31ST MARCH 2011

(Amount in Rs.)

PARTICULARS	2010-11	2009-10
Deferred Liabilities	1200000.00	2500000.00
Interest Paid	(172556654.00)	(120697687.00)
Interest Received	13674036.00	7882268.00
NET CASH USED IN FINANCE ACTIVITIES [C]	1009831996.00	241788705.00
Net Increase in cash and cash equivalents (A + B + C)	523631500.00	80011010.00
Cash and cash equivalents (Opening)	203573547.00	123562537.00
Cash and cash equivalents (Closing)	727205047.00	203573547.00
	523631500.00	80011010.00

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: 20-08-2011

For and on behalf of the Board of Directors

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

Particulars	(Rs. In Lacs)
Share Capital	1424.39
Reserves	844.43
Total Assets	9058.49
Total Liabilities	9058.49
Details of Investment	-
Turnover	7106.1
Profit before tax	661.44
Provision for tax	254.37
Profit after tax	407.07
Proposed dividend	-

Balance Sheet Abstract and Company's General Business Profile

INFORMATION AS PER PART IV OF SCHEDULE VI TO COMPANIES ACT, 1956 FOR THE YEAR ENDED 31st MARCH, 2011

i) Registration Details

Registration No	:	L28112MP1993PLC008029
State Code	:	10
Balance Sheet date	:	31.03.2011

ii) Capital raised during the year (Amount in Rupees Thousands)

Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement/Warrant Application Money	:	657667

iii) Position of Mobilisation & Deployment of Funds (Rs in Thousand)

Total Liabilities	:	3328952
Total assets	:	3328952
Sources of Funds		
Paid up Capital	:	843913
Reserves & Surplus	:	1049307
Secured Loan	:	943397
Unsecured Loan	:	456135
Deferred Tax	:	36200
Application of Funds		
Net Fixed assets	:	471766
Investment	:	272989
Net Current assets	:	2581497
Miscellaneous Expenditure	:	2700

iv) Performance of Company

Gross Turnover	:	4160831
Net Turnover	:	3855098
Total Expenditure	:	3487817
Profit before Tax	:	367281
Profit after Tax	:	243960
Earning per Share	:	14.39
Dividend rate	:	10%

v) Generic Name of three Principal Products/ Services of Company

Item Code No.(ITC Code)	:	8 4 1 9 5 0.90
Product description	:	AIR COOLED HEAT EXCHANGER
Item Code No.(ITC Code)	:	8 4 1 9 9 0.90
Product description	:	FINNED TUBES

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: 20-08-2011

C E Fernandes

Chairman & Managing Director

Bernard John

Joint Managing Director

Sudeep Jain

Company Secretary

Consolidated Balance Sheet as on 31st March, 2011

(Amount in Rs.)

Particulars	Schedule	31.03.2011	31.03.2010
SOURCES OF FUNDS :			
A. Shareholders' Fund			
Share Capital	1	843912800	196245800
Reserves & Surplus	2	1106777003	846542652
B. Loan Funds			
Secured Loans	3	1460563457	976118346
Unsecured Loans	4	606135098	161334340
C. Deferred Tax Liability			
		48000000	35000000
TOTAL		4065388358	2215241138
APPLICATION OF FUNDS :			
A. Fixed Assets			
Gross Block	5	1166765062	770054421
Less : Depreciation		238772796	204300644
Net Block		927992266	565753777
Add: Capital Work In Progress		37629306	3654129
		965621572	569407906
B. Investments			
	6	2997316	2897316
C. Goodwill arising on Consolidation			
		101161337	101161337
D. Current Assets, Loans & Advances			
	7		
Inventories		1853156690	1128434300
Sundry Debtors		1407507696	788185995
Cash & Bank Balances		774538466	221597238
Loans & Advances		421855996	216345171
TOTAL		4457058848	2354562704
Less : Current Liabilities & Provisions	8	1464150318	816793030
Net Current Assets		2992908530	1537769674
E. Miscellaneous Expenditure			
(to the extent not written off or adjusted)	9	2699603	4004905
Significant Accounting Policies And Notes forming Part of the Accounts	18		
TOTAL		4065388358	2215241138

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: 20-08-2011

C E Fernandes

Chairman & Managing Director

Bernard John

Joint Managing Director

Sudeep Jain

Company Secretary

Consolidated Profit & Loss Account for the year ended 31st March 2011

(Amount in Rs.)

Particulars	Schedule	31.03.2011		31.03.2010
INCOME				
Gross Sales/Income from operations		3986860622		2696493893
Add : Other Income		56379539	4043240161	22923665
Less : Taxes & Duties			369684037	202690581
Net Sales/ Income from operations	10		3673556124	2516726977
Increase/(Decrease) in Stock	17		168372860	(49849378)
			3841928984	2466877599
EXPENDITURE				
Manufacturing & Other Expenses	11		2578150642	1660790063
Employees' Remuneration & Benefits	12		254957517	171001306
Directors' Remuneration & Benefits	13		35579578	34464803
Administrative Expenses	14		202633457	139467457
Selling Expenses	15		63173350	65641544
Profit before Depreciation, Interest & Tax			707434440	395512426
Finance Charges	16		226157909	141089369
Profit before Depreciation & Tax			481276531	254423057
Depreciation		35043046		27658821
Less: Depreciation on Revaluation				
Transfer to Revaluation Reserve		3310092	31732954	3310092
Deferred Revenue Expenses Written Off			1596461	1596461
LESS:Prior period adjustments			14521967	3100043
Profit Before Tax			433425149	225377824
Provision for Taxation : Income Tax			135758357	65332520
Provision for Taxation : Deferred Income Tax			13000000	2500000
Profit after Tax for the year			284666792	157545304
Add Brought forward from previous Year			341561791	209412616
PROFIT AVAILABLE FOR APPROPRIATION			626228583	366957920
Dividend on Preference Shares			1800000	3900000
Dividend on Equity Shares			16624580	17683230
Corporate Tax on Dividend			2988927	3812899
Surplus Carried to Balance Sheet			604815075	341561791
Basic & Diluted Earning Per Share (Face value of Rs 10 Each)			16.84	9.20
Significant Accounting Policies and Notes forming Part of the Accounts	18			

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: 20-08-2011

C E Fernandes

Chairman & Managing Director

Bernard John

Joint Managing Director

Sudeep Jain

Company Secretary

Consolidated Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
2,31,25,000 Equity Shares of Rs. 10 each	231250000	200000000
30,00,000 (9%)Cumulative Redeemable Preference Shares of Rs 10 each.	30000000	30000000
25,55,000 (5%)Cumulative Convertible Preference Shares of Rs 250 each.	638750000	-
TOTAL	900000000	230000000
ISSUED SUBSCRIBED AND PAIDUP		
166,24,580 Equity Shares of Rs. 10 each	166245800	166245800
9% Cumulative Redeemable Preference Share of Rs 10 each.	20000000	30000000
Share Application Money	638667000	-
Warrant Application Money	19000000	-
TOTAL	843912800	196245800

SCHEDULE - 2				
RESERVES AND SURPLUS				
Share Premium Account		380126910		380126910
Capital Reserve		1500000		1500000
Revaluation Reserve				
As per last balance sheet	122619015		125929107	
Less : Transferred to Profit & loss Account	3310092	119308923	3310092	122619015
Profit as per Profit & Loss Account	604815075		341561791	
Add : Preliminery Expenses of Subsidiary - Written off	1026095	605841170	734936	342296727
TOTAL		1106777003		846542652

Consolidated Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE - 3		
SECURED LOANS		
Working Capital		
ICICI Bank Ltd.	169800480	165930979
IDBI Bank Ltd.	275332712	115383128
State Bank of India	179521080	126046905
Barclays Bank PLC	100000000	66757051
Yes Bank Ltd.	67570520	60000000
Kotak Mahindra Bank Ltd.	48175356	115000000
Standard Chartered Bank Ltd.	50000000	-
Union Bank of India	59568147	-
SUB TOTAL	949968295	649118063
Term Loans		
ICICI Bank Ltd.	-	10885403
IDBI Bank Ltd.	125235073	140469207
Hire Purchase Loans	12377290	6500867
L & T Finance Ltd	6296649	49391477
Madhya Pradesh Financial Corporation	115430911	119753329
Reliance Capital Ltd	45139767	-
Union Bank of India	206115472	-
SUB TOTAL	510595162	327000283
TOTAL	1460563457	976118346
SCHEDULE - 4		
UNSECURED LOANS		
ICD & Others	606135098	161334340
TOTAL	606135098	161334340

Consolidated Schedules forming part of the Accounts as at 31st March, 2011

SCHEDULE - 5

FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BALANCE			
	As on 01.04.2010	Addition	Transfer	As on 31.03.2011	Upto 01.04.2010	During the Year	Transfer	Total	As on 31.03.2011	As on 31.03.2010
Leasehold Land	96026988			96026988					96026988	96026988
Building	217109018	264558484	1461519	480205983	48797828	9262336	540289	57519875	422686108	168311190
Machinery	286178885	97506377		383685262	72120574	15182310		87302884	296382378	214058311
Auxiliary Equipment	75789524	2096842		77886366	32625347	3323073		35948420	41937946	43164177
Electrical Installation	12649747	13996965		26646712	4347170	796331		5143501	21503211	8302577
Pattern	401897			401897	280657	6363		287020	114877	121240
Furniture	7794738	678973		8473711	4996048	469000		5465048	3008663	2798690
Office Equipment	10613661	2918846		13532507	4619134	548082		5167216	8365291	5994527
Computer	26063410	3591469		29654879	18970382	1773883		20744265	8910614	7093028
Vehicles	20304443	11356847	427618	31233672	7935378	1845558	30606	9750330	21483342	12369065
Intangible Assets	10805836			10805836	7087082	1080583		8167665	2638171	3718754
Software	6316274	1894975		8211249	2521044	755528		3276572	4934677	3795230
TOTAL	770054421	398599778	1889137	1166765062	204300645	35043046	570895	238772796	927992266	565753776
Less : Against Revaluation						3310092		3310092		
GRAND TOTAL	770054421	398599778	1889137	1166765062	204300645	31732954	570895	242082888	927992266	565753776
Previous Year	689074910	80979511		770054421	176641823	24348729		204300644	565753777	

Consolidated Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE – 6		
INVESTMENTS		
Quoted		
Shares (Market value of shares as on 31.03.11 Rs 238040)	263435	263435
Mutual Fund	2700000	2600000
Gold	33881	33881
TOTAL	2997316	2897316

SCHEDULE - 7		
CURRENT ASSETS , LOANS AND ADVANCES		
A. INVENTORIES		
As taken, Valued and Certified by the Management		
Stores, Spares and Consumables (at Cost)	3306149	225000
Raw Materials (at cost)	191903060	85805679
Work in Process (at % work completed)	207492529	39203621
Project related WIP	1450371000	1003200000
Offcuts - At realisable Value	83952	-
SUB TOTAL	1853156690	1128434300
B. SUNDRY DEBTORS		
Outstanding for a period, exceeding Six Months, Good	38628266	31386506
Others Good	1368879430	756799489
SUB TOTAL	1407507696	788185995

Consolidated Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE - 7		
CURRENT ASSETS, LOANS AND ADVANCES		
C. CASH & BANK BALANCES		
Cash in Hand	357825	133333
Current Accounts with Schedule Banks	407212114	70983286
Fixed Deposits Account	365809655	141921626
(Lodged with Banks towards the Margin Money for Bank Guarantee and Letter of Credit)		
Interest Accrued on FDR'S	1158872	8558993
SUB TOTAL	774538466	221597238
D. LOANS & ADVANCES		
(Unsecured considered Good)		
Advance recoverable in Cash or in kind/or for value to be received	340865571	157849865
Advance Income Tax paid	43714583	21094290
Deposits with Govt. and Pvt. Agencies	37275842	37401016
SUB TOTAL	421855996	216345171
TOTAL	4457058848	2354562704

Consolidated Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE - 8		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors :-		
For Suppliers		
Under Letters of Credit	436374777	228875485
Direct Creditors	181174557	62906758
Outstanding to Small Scale Industrial Undertaking	2551916	1032083
For Expenses & Others	195757218	132269866
For Capital Expenditure	34417903	9312094
Advance received from Customers	472851000	302401000
Sales Tax Payable	8076558	11453653
Income Tax /Corporate Tax payable	132946389	68542091
TOTAL	1464150318	816793030

SCHEDULE - 9		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Deffered Revenue Expenses	2699603	4004905
TOTAL	2699603	4004905

Consolidated Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011		31.03.2010	
SCHEDULE - 10				
NET SALES/INCOME FROM OPERATIONS				
Net Sales Domestic	120453633		414713508	
Project Revenue Export	12222000		9233479	
Project Revenue Domestic	3396049126		2009940681	
Add: Excise Duty	273780062		146574269	
Sales Tax	95903975	3898408796	56116312	2636578249
Erection Charges		67386626		48987991
Freight Charges		21065200		10927653
SUB TOTAL		3986860622		2696493893
Less: Excise Duty	273780062		146574269	
Sales Tax	95903975	369684037	56116312	202690581
SUB TOTAL		3617176585		2493803312
Other Income				
Interest Received	15290695		8807796	
Misc Income	41088844	56379539	14115869	22923665
TOTAL		3673556124		2516726977

SCHEDULE - 11				
MANUFACTURING & OTHER EXPENSES				
Raw Material Consumed	2252270400		1443487589	
Stores Consumed	89292812		41993717	
Freight Charges	62213044		45969764	
Power & Fuel	19029721		16423815	
Fabrication Charges	51227210		30334425	
Erection Charges	77626355		65619822	
Consultant's Remuneration	2902265		-	
Other Manufacturing Expenses	23588835		16960931	
TOTAL		2578150642		1660790063

Consolidated Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE - 12		
EMPLOYEES' REMUNERATION & BENEFITS		
Wages	65089278	51820361
Salary	97432339	55941227
Other Benefits	92435900	63239718
TOTAL	254957517	171001306
SCHEDULE - 13		
DIRECTORS' REMUNERATION & BENEFITS		
Salary	30300000	30508000
Other Benefits	2291414	1696803
Contribution to Provident Fund	820164	756000
Commission to Non Executive Directors	2000000	1400000
Sitting Fee	168000	104000
TOTAL	35579578	34464803
SCHEDULE - 14		
ADMINISTRATIVE EXPENSES		
Bank Charges	72929026	39413279
Travelling Expenses	32217804	23417332
Conveyance & Transport Expenses	3764266	1305347
Repairs & Maintenance Expenses	6440779	5550690
Telephone Charges	3574618	2961775
Rent (Other than office premises)	5299965	1105046
Consultancy Charges	47544205	37895232
Other Expenses	21911998	17442044
Printing & Stationary	3515702	2757802
Office Expenses	2231969	5119931
Insurance Premium	3203125	2498979
TOTAL	202633457	139467457

Consolidated Schedules forming part of the Accounts as at 31st March, 2011

(Amount in Rs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE - 15		
SELLING EXPENSES		
Advertisement	2854374	1957644
Commission	3309000	12210914
Freight Charges	46985233	24073700
Other Selling Expenses	10024743	27399286
TOTAL	63173350	65641544

SCHEDULE - 16				
FINANCE CHARGES				
Interest Charges				
Creditors & Others	27934521		7648220	
Financial Charges	869469		339860	
Banks/Financial Institutions	170098424	198902414	119891628	127879708
Discounting Charges		27255495		13209661
TOTAL		226157909		141089369

SCHEDULE 17				
INCREASE(+) / DECREASE(-) IN STOCK				
Closing Stock				
Work In Process	207576481		39203622	
Finished Goods	-		-	
Opening Stock				
Work In Process	39203621		89053000	
Finished Goods	-		-	
TOTAL		168372860		(49849378)

Notes on Accounts

SCHEDULE – 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011

A. Significant Accounting Policies followed by the Company :

a. Basis of preparation of consolidated financial statements

- i) 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.

Cash Flow Statement

STATEMENT OF CASH FLOW PREPARED PURSUANT TO THE LISTING AGREEMENT WITH THE STOCK EXCHANGES FOR THE YEAR ENDED 31ST MARCH 2011

(Amount in Rs.)

PARTICULARS	2010-11	2009-10
Net Profit After Tax & Extra-Ordinary Items	284666792	157545304
Adjustment for :		
Depreciation	31732954	24348729
Interest	226157909	141089369
Interest earned	(15290695)	(8345032)
Profit on sale of Fixed Assets	(6478770)	-
Miscellaneous Expenses W/o	1596461	1596461
Loss on sale of Fixed Assets	73011	-
Operating Profit before Working Capital Charges	522457661	316234831
Adjustment for :		
Trade and other receivables	(824832524)	(200054994)
Inventories	(724722390)	(254090367)
Trade Payables	647357288	(19563965)
Cash generated from operations	(379739965)	(157474495)
Direct Taxes Paid	(2988927)	(3812899)
NET CASH FROM OPERATING ACTIVITIES [A]	(382728892)	(161287394)
Cash flow from Investment Activities	(100000)	-
Purchase of Fixed Assets	(432574955)	(57863381)
Sale of Fixed Assets	7724000	-
Purchase of Investments	-	(132525306)
NET CASH USED IN INVESTMENT ACTIVITIES [B]	(424950955)	(190388687)

Cash Flow Statement

STATEMENT OF CASH FLOW PREPARED PURSUANT TO THE LISTING AGREEMENT WITH THE STOCK EXCHANGES FOR THE YEAR ENDED 31ST MARCH 2011

(Amount in Rs.)

PARTICULARS	2010-11	2009-10
Cash flow from Financing Activities		
Proceeds from issue of Share Capital including share premium	647667000	156884800
Dividends Paid	(18424580)	(21583230)
Borrowals - Cash Credit	300850232	253340037
Repayment of Borrowals	628395637	180155642
Deferred Liabilities	13000000	2500000
Interest Paid	(226157909)	(141089369)
Interest Received	15290695	8345032
NET CASH USED IN FINANCE ACTIVITIES [C]	1360621075	438552912
Net Increase in cash and cash equivalents (A + B + C)	552941228	86876831
Cash and cash equivalents (Opening)	221597238	134720407
Cash and cash equivalents (Closing)	774538466	221597238
	552941228	86876831

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: 20-08-2011

C E Fernandes

Chairman & Managing Director

For and on behalf of the Board of Directors

Bernard John

Joint Managing Director

Sudeep Jain

Company Secretary

DISCLAIMER

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements that we periodically make contain forward looking statements that set out anticipated results based on the Management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and estimates taken as assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has permitted service of documents including Annual Report to its members through electronic mode. Accordingly, the Company has given an option to the shareholders to receive the Annual Report through e-mail and is sending the Annual Report through e-mail to those members whose registered e-mail Ids were available with us. To support this initiative, Members, whose e-mail Ids have not been registered so far, are requested to register their e-mail Ids with their respective Depository Participant, in respect of holdings in Demat form and, with the Company's RTA, M/s Link Intime India Pvt. Ltd., in respect of shares held in physical form.

