



Goldstone

Goldstone Technologies Limited

Eighteenth Annual Report 2011-2012



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BOARD OF DIRECTORS

Mr. K S Sarma	Director
Mr. V Venkata Ramana	Director
Mr. Ponnappa Sanjeeva Parthasarathy	Director
Mr. Clinton Travis Caddell	Director
Mr. L P Sashikumar	Director

Finance Head

Mr. P Syam Prasad	General Manager (Finance)
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Auditors: P. Murali & Company, Chartered Accountants, 6-3-655/2/3, Somajiguda, Hyderabad – 500 082.	Bankers: ICICI Bank Central Bank of India CITI Bank
Registered Office: 9-1-83 & 84, Amarchand Sharma Complex, S D Road, Secunderabad – 500 003 Ph. Nos. 040 – 27807640 /0742/ 1910 Fax Nos. 040 – 39120023	Registrar & Share Transfer Agents: Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500 029, Ph. No. 040-27638111 / 4445; Fax.No. 040-27632184

As the members are already aware, the Ministry of Corporate Affairs ('MCA') has taken a "Green Initiative in Corporate Governance" by allowing the companies to service the documents to its members through electronic mode. Recognizing the spirit of the circulars issued by the MCA, we are now sending this Annual Report comprising of Notice, Balance Sheet, Statement of Profit & Loss, Directors' Report, Auditors' Report, etc. to the email addresses of the members made available to the Company by the Depositories (CDSL / NSDL) or registered by the members directly with the Company's RTA. For those members who have not yet registered their email, we are sending the Annual Report in physical mode. In case you wish to receive future communication in electronic mode, kindly register your email address through the following link: <http://www.aarthiconsultants.com/GoGreen.php>. Please note that as a Member of the Company, you are entitled to receive all such communication in physical form, upon request.

Notice

Notice is hereby given that the Eighteenth Annual General Meeting of Goldstone Technologies Limited will be held on Saturday, the 29th day of September, 2012 at 4.00 P.M. at Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance sheet as at March 31st, 2012, and the Statement of Profit and Loss for the year ended on that date together with the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. Vedula Venkata Ramana, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. P. Murali & Company (FRN: 007257S), Chartered Accountants, Hyderabad, the retiring auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Clinton Travis Caddell, who was appointed as an Additional Director of the Company by the

Board of Directors Under Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice proposing his candidature for the office of Director Under Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retire by rotation".

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

"RESOLVED THAT Mr. Ponnappula Sanjeeva Parthasarathy, who was appointed as an Additional Director of the Company by the Board of Directors Under Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice proposing his candidature for the office of Director under section 257 of the Company Act, 1956 be and is hereby appointed as Director of the Company liable to retire by rotation".

**BY ORDER OF THE BOARD
For GOLDSTONE TECHNOLOGIES LIMITED**

Sd/-

Clinton Travis Caddell
Director

Place: Secunderabad

Date: 11.08.2012

NOTES:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy form duly completed and signed should reach the Company's registered office not later than 48 hrs before the commencement of the meeting.
2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of the special businesses is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain **closed from 24th day of September 2012 to 29th day of September 2012** (both days inclusive) for the purpose of ensuing Annual General Meeting.
4. Only registered Members carrying the attendance slip and the holders of valid proxies registered with the Company will be permitted to attend the Meeting.
5. Members are requested to bring their copy of Annual Report with them at the Annual General Meeting.
6. Members holding shares in physical form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent, Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500 029:
 - i) Changes, if any, in their address with pin code numbers.
 - ii) Quote their ledger Folio No. in all their correspondence.
- iii) Request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956.

Members holding shares in dematerialized (electronic) form are requested to intimate the aforesaid changes directly to their Depository Participant, as applicable.
7. Members desiring any information with regard to Accounts/Reports are requested to submit their queries addressed to the Company at least ten (10) days in advance of the meeting so that the information called for can be made available at the meeting.
8. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, between 11.30 a.m. to 1.30 p.m. up to the date of the Annual General Meeting.
9. As on March 31, 2012 of Rs.2,49,604/- was unclaimed out of the dividend declared on September 30,2008 for the financial year 2007-08. Members who have not claimed the dividend are advised to claim the same at the earliest. In accordance with the provisions of Section 205C of the Companies Act, 1956 aforesaid unclaimed dividend amounts shall be liable to be transferred to Investor Education and Protection Fund by October 29, 2015.
10. Pursuant to the requirements of Corporate Governance under Clause 49 of the listing agreements entered into with the stock exchanges, the information about the

Directors proposed to be appointed / reappointed is given in the Annexure to the Notice.

11. The Annual Report of the Company for the year 2011-12 circulated to the Members of the Company and the details of the unclaimed dividends are available on the Company's website, viz. <http://www.goldstonetech.com/>.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956:

Item No.4

Mr. Clinton Travis Caddell was appointed as an Additional Director of the Company by the Board of Directors on 30th May, 2012 and holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 ("the Act").

A Notice under Section 257 of the Act, along with the requisite deposit of Rs. 500/- has been received by the Company from a member signifying his intention to propose the name of Mr. Clinton Travis Caddell for appointment as a Director of the Company. It will be in the best interest of the Company if he is appointed as a Director liable to retire by rotation.

The Board of Directors feels that his experience and knowledge would be of benefit

and value to the Company and therefore recommend his appointment.

No Director, other than Mr. Clinton Travis Caddell, being the appointee and Mr. L P Sashikumar, relative of Mr. Clinton Travis Caddell, is in any way concerned or interested in this Resolution.

Item No.5

Mr. Ponnappula Sanjeeva Parthasarathy was appointed as an Additional Director of the Company by the Board of Directors on 30th May, 2012 and holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 ("the Act").

A Notice under Section 257 of the Act, along with the requisite deposit of Rs. 500/- has been received by the Company from a member signifying his intention to propose the name of Mr. Ponnappula Sanjeeva Parthasarathy for appointment as a Director of the Company. It will be in the best interest of the Company if he is appointed as a Director liable to retire by rotation.

The Board of Directors feels that his experience and knowledge would be of benefit and value to the Company and therefore commend his appointment.

No Director, other than Mr. Ponnappula Sanjeeva Parthasarathy, is in any way concerned or interested in this Resolution.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING:

Directors' Profile:

A brief resume of all Directors including the Directors seeking appointment/re-appointment in the Annual General Meeting as required under Clause 49 IV (G) of the Listing Agreement is given below.

Date of Appointment, Shareholding in the Company, Directorship in Companies and Chairman/ Membership of the Committees:

Name of the Director	Mr. Clinton Travis Caddell	Mr. Ponnappa Sanjeeva Parthasarathy	Mr. Vedula Venkata Ramana
Date of Birth	23/01/1977	01/03/1957	21/05/1957
Date of Appointment	30/05/2012	30/05/2012	30/04/2007
No. of shares held (As on 11.08.2012)	NIL	NIL	NIL
Expertise in Functional areas	Rich experience in the field of Architecture and Design, Networking, Structures, Algorithms, Software Engineering, Data Base, Discrete Math and Object Oriented Programming.	Vast experience in overseas operations of software industry along with deep understanding of US and European markets.	A Law graduate having more than 20 years of experience in wide spectrum of industries in Management, Liaison, Legal, etc. He is a Senior Advocate in Andhra Pradesh High Court and standing council for various State/Central Govt. Departments.
List of Directorship in Companies (other than Goldstone Technologies Limited)	NIL	PSPV United Projects Private Limited	NIL
Chairman/ Member of the Committee of the Board of Directors of Companies (other than Goldstone Technologies Limited) on which he/she is a Director	NIL	NIL	NIL
Relationship between Directors inter-se	Relative of Mr. L P Sashikumar	No	No

Directors' Report

To
The Members of
Goldstone Technologies Limited

Your Directors have pleasure in presenting the Eighteenth Annual Report of your company and the Audited Financial Accounts for the year ended on March 31, 2012.

Financial Results (Consolidated)

(Rs. in Millions)

Particulars	2011-12	2010-11
Net Sales/Income from Operations	677.57	617.60
Total Expenses	635.00	586.04
Profit from Operations before Other Income, Interest & Exceptional Items	42.57	31.56
Other Income	8.54	10.67
Profit before Interest & Exceptional Items	51.11	42.23
Interest	15.57	14.56
Profit after Interest but before Exceptional Items	35.54	27.68
Exceptional Items	Nil	Nil
Profit before Tax	35.54	27.68
Tax expenses	5.95	5.97
Net Profit after Tax	29.59	21.70
Extraordinary Items (Net of Tax)	1.88	0.08
Net Profit for the period	27.71	21.62
Equity Share Capital(1,87,82,066 Shares of Rs 10/- each; Previous year 1,87,82,066, Shares of Rs 10/- each)	187.82	187.82
E.P.S (After Prior Period Items) (Rupees)	1.48	1.15
Net Worth	574.23	557.80
Book Value (face Value of Rs. 10/- each)	33.57	29.70

Review of Operations

During the year under review, your Company has achieved a consolidated turnover of Rs. 677.57 Million as compared to Rs.617.60 Million during the previous financial year. The standalone turnover was Rs.242.93 Million as against a turnover of Rs.231.56 Million during the previous year. The consolidated net profit for

the period increased to Rs.27.71 Million from Rs.21.62 Million during the previous year and the standalone profit increased to Rs.16.43 Million from Rs.9.67 Million. In spite of having faced challenges like decreasing margins, talent acquisition and retention, inflation, and unclear business roadmap in terms of Goods and Services Tax (GST) and Direct Tax Code (DTC) in India,



the performance of the Company during the period under report can be considered as a reasonably good performance. Despite the challenges, we, at Goldstone, will continue to re-engineer our-self and will focus more on vertical focused service offerings and additional alliances and partnerships.

Dividend

In order to conserve resources for future requirements, the Board has decided to retain the profits generated and consequently, your Board did not recommend any dividend for the financial year 2011-12.

Fixed deposits

The Company has not accepted any Fixed Deposits, falling within the purview of Section 58A of the Companies Act, 1956.

Insurance

All the properties of your Company have been adequately insured.

Subsidiaries

Your Company has a wholly owned subsidiary incorporated in USA, namely Staytop Systems Inc. Further, it has another subsidiary company in India namely Staytop Systems and Software Private Limited, which is yet to commence its operations.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the

related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

As required under listing agreement with Stock Exchanges, Consolidated Financial statements prepared in terms of Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India, are attached.

Auditors

M/s. P. Murali & Company [FRN:007257S] Chartered Accountants, Statutory Auditors of the Company, holds office in accordance with the provisions of the Companies Act, 1956 upto the conclusion of this Annual General Meeting and are eligible for re-appointment.

Directors

During the year, Mr. S D Rama Krishna, Managing Director, resigned from Directorship of your Company with effect from 1st July, 2012.

Mr. Vedula Venkata Ramana, who retires by rotation at the 18th Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Clinton Travis Caddell and Mr. P Partha Sarathy were appointed as Additional Directors of the company by the Board of Directors in their meeting held on 30th May 2012 and through the Notice of the 18th Annual General Meeting, the Management is seeking the approval of the Members for their appointment as Directors of the Company liable to retire by rotation.

Stock Exchange Listing

Presently, the Equity Shares of the Company are listed on National Stock Exchange of India [NSE], Bombay Stock Exchange Limited [BSE]. The Company has received the Delisting approval from Madras Stock Exchange Limited and consequently, with effect from 6th June 2012, the equity shares of the Company stands de-listed from the Madras Stock Exchange. The Company confirms that it has paid Listing Fees due to all the Stock Exchanges where the Company's securities are listed for the year 2012-13.

Director's Responsibility Statement

In accordance with Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirms that:

- a) In the preparation of the Accounts for the twelve months period ending March 31, 2012; the applicable accounting standards have been followed and there are no material departures there-from.
- b) They have selected such accounting policies in consultation with Statutory Auditors of the Company and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the financial year.
- c) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- d) They have prepared accounts for the year ended March 31, 2012 on a going concern basis.

Corporate Governance and Management Discussion and Analysis Report

A separate report on Corporate Governance along with Auditors' Certificate on its compliance and Management Discussion and analysis forming part of this report are annexed hereto.

Particulars of Employees

None of the employees are drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act' 1956 read with the Companies (particulars of employees) Rules, 1975, as amended.

Particulars of Conservation of energy /technology absorption, foreign exchange earnings and outgoings

Particulars in respect of Conservation of Energy Technology, Absorption and Foreign Exchange Earnings and Outgo required under Companies (Disclosure of particulars in the Directors Report) Rules 1988 are as follows:

A. CONSERVATION OF ENERGY:

Your company's operations involve low energy consumption. However, adequate measures have been taken to conserve and reduce the energy consumption.

B. TECHNOLOGY ABSORPTION:

Your Company continues to use state-of-the-art technology for improving the productivity and quality of its products and services. To create adequate infrastructure, your company continues to invest in the latest hardware and software.

C. FOREIGN EXCHANGE EARNINGS AND OUT GO:

Particulars	(Rs. In Millions)	
	2011-12	2010-11
Foreign Exchange Earnings	198.19	127.56
Foreign Exchange Outgo	16.94	11.96

Acknowledgements

Your Directors convey their sincere thanks to CITI Bank, ICICI Bank and Central Bank of India for their support, guidance and assistance.

Your Directors thank all the Employees of your company for their dedicated service, which enabled your company to achieve satisfactory results and performance during the year. Your Directors thank the shareholders for their support and confidence reposed in the company and the management and look forward to their continued co-operation and support.

For and on behalf of the Board

Place: Secunderabad

Date: 11.08.2012

Sd/-

L P Sashikumar
Director

Sd/-

Clinton Travis Caddell
Director

MANAGEMENT DISCUSSION ANALYSIS AND BUSINESS OUTLOOK

(This review contains Management's discussion of the Company's operational results and financial condition, and should be read in conjunction with the accompanying audited financial statements and associated notes).

Industry Structure, Development and Outlook

The rest of the world continues to look towards India to meet the demands of this fast-paced technological race in which we currently live. There are tremendous opportunities for companies in India to leverage this demand. However, it requires business intuition, operational quickness, and uncompromising integrity. The environment that once rewarded reactive IT businesses of the past 15 years has now come to an end. This fresh wave only recognizes and supports survival of the companies that can understand the new global IT ecosystem with the ability to leverage knowledge for the benefit of the customer. What does this mean? It means that passive centers that have thrived on prescribed workflows are on the decline; customers are looking for engaged partners, aggressive and eager to expand their role, contributing not only to the bottom-line but also adding to the top-line of partners. It is time to move fast.

At Goldstone we see great potential to support this rapid business transformation via our niche technology services offerings, which include Enterprise Application Integration, and Mobility Solutions. Sectors like Manufacturing, Retail, Telecom and BFSI are early adapters for these services.

One area where Goldstone has succeeded is with the Business Intelligence (BI) platform, which is a "Top Driver" for the organizations in 2012-2013. BI is a strong decision making platform and shows a positive growth curve in interactive visualization, predictive analysis, dashboards and online analytical processing with highest ease of use. Goldstone has a long history and many great resources within the BI segment. Our current BI Practice is geared to provide a next generation feature rich, Low cost solution that can be deployed by both SMB's as well as large enterprises which do not want to make capex investments.

Another growth area is within mobility solutions. The evolution of today's mobile workforce is complicating the mobile decision for many companies, with new challenges in risk, cost containment, management, rollout logistics, scalability and security. A Goldstone Mobility Roadmap engagement reduces the risk involved in these issues and delivers a detailed, proven plan for driving tangible ROI. Our roadmap is a custom exploration of client's current business processes and mobile strategy. This engagement includes detailed recommendations for using mobile technology to optimize the entire infrastructure for applications, platforms, devices, carriers, wireless architecture, voice and management processes.

Goldstone's global sales team has begun to focus on organizations in multiple geographies with big data warehouses where Business Information is critical. Focused lead generation mechanism and aggressive sales approach are a driving factor for the team to penetrate the



brand into a global market. Goldstone is in advanced discussions with technology partners for large numbers of business intelligence, mobility implementation and support. These partnership provide huge potential for GTL's service offerings.

The most important corporate resource over the next 20 years will be talent: smart, sophisticated business-people who are technologically literate, globally astute, and operationally agile. At GTL we have further streamlined process, which results in higher employee satisfaction, retention and lower attrition management.

Overall, the transition of India to becoming a knowledge-based economy is giving all the IT companies a platform to display competencies. But like all growing economies, the weightage on services is high, and hence the margin of error in this business is getting narrow. Global Economic crisis also serves a factor of influence over the company's business operations and financial conditions.

Opportunities, Threats, Risks and Concerns:

Key global megatrends around macroeconomics, demographics, social, environmental, technology and business will shape the future of the IT-BPO industry. These megatrends will present a new set of opportunities in the form of largely untapped markets and customer segments, which can propel industry revenues to USD 225 billion by 2020. However, these opportunities will also bring along with it added set of risks in terms of increased protectionism and regulatory control from sourcing markets and increased competition from new and emerging countries.

Further, the current slowdown in major countries throws up new challenges for the Indian ITeS-BPO vendors. The expected moderation in IT spending will be a significant detrimental factor for growth in Indian ITeS-BPO exports. While some in the industry believe that such a scenario will increase demand for cost-competitive services offered by the Indian vendors, majority of the players are focused on geographical diversification to mitigate the risk of a regional downturn.

Over the years, India has been among the most-preferred off-shoring destinations. However, several other nations are increasingly positioning themselves and slowly emerging as the next sourcing destination. Few countries including the Philippines, Egypt and Morocco are playing on their strengths to offer niche services. Governments in these countries are also attracting businesses by offering incentives that not only reduce cost of operations, but also enhance the rate of employment.

The Indian ITeS BPO companies are now operating on a global delivery model to match global standards. Many companies have been ramping up service offerings and establishing delivery centers in locations outside India to attain multi-location delivery capabilities. Vendors are also shifting focus beyond Tier 1 cities to leverage on new talent pool and lower cost. Globally, 65 new development centers were set up in Tier 2 cities during 2010 as compared to 87 cities in Tier 1 cities. In India, 17 new development centers were set up in Tier 2 cities as compared to 21 centers in Tier 1 cities during the period.

While there is no doubt that the Indian Software Industry will have a sustainable growth in the years to come, but, as far as Goldstone

Technologies Limited (GTL) is concerned, the following factors will influence and decide whether GTL would be able to march forward with the IT Industry:

- ◆ Retaining & attracting the Clients
- ◆ Retaining & attracting the Talent
- ◆ GTL's growth oriented sustainable Business Plan
- ◆ Adoption of the best cost control measures
- ◆ Maintaining cardinal relations with all the Stakeholders

Out of the above factors, hiring and retaining the talented employees is a continuous challenge and is a very important aspect of GTL operations and growth. GTL needs to increase its marketing campaign to attract good talent from the market. Offering a number of services also improves employee retention as it allows the employees to move between verticals and have a progressive career growth.

The exchange rate between the Indian rupee and the US Dollar has continued to fluctuate. Thus operating results will be impacted by the fluctuations. Any strengthening of India Rupee against the US Dollar or other foreign currencies could impact profitability.

Force majeure events including terrorist attacks, war regional conflicts, earthquakes, floods, and disruptions in telecommunication systems and virus attacks etc could adversely affect the Company's business, results of operations and financial condition. The political uncertainty in Hyderabad where the Company is currently headquartered might also adversely impact the operations of our Company.

Analysis of financial performance of the company:

The Consolidated revenues for the year were Rs. 677.57 Millions as against the previous year revenues of Rs. 617.60 Millions. The Standalone revenues for the year were Rs.242.93 Millions as against of Rs. 231.56 Millions of previous year. The Consolidated net profit for the period increased to Rs.27.71 Million from Rs.21.62 Million during the previous year and the Standalone net profit increased to Rs.16.43 Million from the previous year's net profit of Rs.9.67 Million.

Liquidity and capital resources:

There is no change in Shareholders' funds during the financial year 2011-12.

During the year, the Company repaid a major part of its secured loans and consequent to this, the secured loans have come down to Rs.4.83 Millions from Rs.15.69 Millions.

The Company's ability to generate funds from operating activities, including product and service sales, equity funds and debt financing from its banks and others are expected to provide sufficient liquidity to meet current and future fund requirements.

Internal Control & Systems:

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statutes & corporate policies are duly complied with, the internal audit function has been structured to continuously review adequacy and efficacy of



the internal controls. The audit committee reviews the internal audit reports at regular intervals.

The company has an audit committee constituted as per section 292A of the Companies Act, 1956 and as per the requirements of Corporate Governance specified under Clause 49 of the Listing Agreement.

Human Resource Development:

The Company's Corporate HRD policy emphasizes on continuous, increased quality and commitment of its employees in order to succeed in the achievement of the corporate goals. The company provides employee development opportunities by conducting training programs to equip the employees with upgraded skills enabling them to adapt to the contemporary technological advancements.

The HRD Team strives for the enhancement of Human Resource Organization,

Systems, Processes and procedures, using the principles of continuous quality improvement that incorporate quality service and excellent performance standards, increased accountability and maximizes cost effectiveness.

Cautionary Statement:

Statements in the Management Discussion and Analysis describing the Company's Objectives, projections, estimates, expectations may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results would differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand, supply and price conditions in the domestic/overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

CORPORATE GOVERNANCE

Company's Philosophy

The Company believes that good corporate governance practices enable the management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its stake holders.

The board considers itself as a trustee of its shareholders and acknowledges its responsibilities to the Shareholders for creating and safeguarding shareholders wealth, while upholding the core values of transparency, integrity, honesty and accountability.

The Company's code of conduct serves as a guide to the employees on the values, ethics and business principles expected of them.

The Company is committed to the best governance norms. It strongly believes in setting the high standards in all its endeavors.

Board of Directors

The Board of Goldstone Technologies comprised of five directors as on August 11, 2012 and all Directors are Non Executive Directors and two are Independent. Accordingly, the composition of the Board is in conformity with Clause 49 of the listing agreement entered with Stock Exchanges.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited Companies and companies incorporated outside India. Chairmanship / membership of Board committees include membership of Audit and Shareholders/ Investors' Grievance Committee.

Name	Category	No. of Board Meetings attended during the year 2011-12	Whether Attended AGM held on 30.09.2011	No. of Directorships in other Companies	No. of committee positions held in other public Companies	
					Chairman	Member
Mr. S D Rama Krishna (a)	Managing Director	5	Yes	1	Nil	Nil
Mr. K S Sarma	Independent Director	5	Yes	Nil	Nil	Nil
Mr. V Venkata Ramana	Independent Director	5	No	Nil	Nil	Nil
Mr. L P Sashikumar	Promoter Non-Executive Director	5	Yes	1	Nil	1
Mr. Clinton Travis Caddell (b)	Promoter Non-Executive Director	NA	No	Nil	Nil	Nil
Mr. P Parthasarathy (b)	Promoter Non-Executive Director	NA	No	Nil	Nil	Nil



- (a) Mr. S D Rama Krishna resigned with effect from 1st July, 2012.
- (b) Mr. Clinton Travis Caddell and Mr. P Parthasarathy have been appointed as Additional Directors with effect from 30th May, 2012.

The Directors bring with them rich and varied experience in different fields of corporate functioning. The Board meets at regular intervals for planning, assessing and evaluating all important business activities.

None of the Directors on the Board is a member on more than 10 committees or Chairman of more than 5 committees as specified in clause 49, across all the Companies in which he is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

Five Board meetings were held during the year ended March 31, 2012 and the gap between any two successive meetings did not exceed four months. The dates on which the Board meetings were held are as follows:

May 12, 2011; August 10, 2011; August 30, 2011; November 14, 2011 and February 14, 2012.

None of the Non-Executive Directors have any material pecuniary relationship with the Company.

Necessary information as mentioned in Annexure 1A to clause 49 of the listing agreement has been placed before the Board for their consideration.

Audit Committee

As on 11th August, 2012, the Audit Committee of the Company consists of 3 directors, out of whom 2 are independent Directors including the Chairman, who is a retired IAS officer having related financial management expertise. All the members of the committee are financially literate. Accordingly, the composition of the committee is in conformity with Clause 49 of the listing agreement entered with Stock Exchanges.

Brief terms of reference of the Audit Committee are as under:

The Audit Committee of the Board is responsible for oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible; and reviewing with management the annual

financial statements before submission to the Board. The Committee periodically reviews with the management the adequacy of internal control systems.

The Committee periodically interacts with the internal auditors to review the manner in which they are performing their responsibilities. The Committee holds discussion with external auditors before the commencement of statutory audit on the nature and scope of audit and ascertains any areas of concern and reviews their written comments. The Committee reviews the financial and risk management policies of the Company. The Committee has full access to financial data and to the company's staff. The Committee also reviews the quarterly financial statements before they are submitted to the Board.

Related party transactions entered into by the company, if any are placed before the Audit committee for its review on quarterly basis.

The last Annual General Meeting of the Company was held on September 30, 2011 and the Chairman of the Audit Committee has attended the same.

The composition of the Audit Committee as on August 11, 2012 and particulars of meetings attended by the members are as follows:

Name	Category	No. of Meetings during the year 2011-12	
		Held	Attended
Mr. K S Sarma, Chairman	Independent	5	5
Mr. S D Rama Krishna (*)	Managing Director	5	5
Mr. V. Venkata Ramana	Independent	5	5
Mr. Clinton Travis Caddell (**)	Promoter Non-Executive Director	5	NA

(*) Ceased to be a Member with effect from 1st July, 2012 consequent to his resignation

(**) Became Member with effect from 11th August, 2012.

Five Committee meetings were held during the year ended March 31, 2012 i.e. on May 12, 2011; August 10, 2011; August 30, 2011; November 14, 2011; and February 14, 2012.

The necessary quorum was present at all meetings.

Remuneration Committee

The Remuneration Committee of the Company consists of 3 directors, all of them are Non Executive Directors and 2 out of them are independent Directors. The broad terms of reference of the remuneration Committee are to review the remuneration and commission / other incentives payable to Managing Directors for each financial year

The composition of the Remuneration Committee as on 11th August, 2012 is as follows:

Mr. K S Sarma	Chairman	Independent
Mr. L P Sashikumar	Member	Promoter Non-Executive
Mr. V. Venkata Ramana	Member	Independent

No meeting of the Remuneration Committee held during the year under report.

Remuneration Policy

The remuneration policy is to pay compensation and benefits adequately, so as to attract, motivate and retain talent. The Company follows a compensation of fixed pay. Performance of the individuals measured through the annual appraisal process. There was no Employee Stock Option Scheme during the financial year ended March 31, 2012.

Details of Remuneration and other terms of appointment of Directors

a) Managing Director:

Consequent to the resignation of Mr. S D Rama Krishna as Managing Director and Director, presently the Company does not have a Whole Time Director and the Company would be filling up this position in due course.

During the year under report, the Company paid remuneration to the Managing Director by way of salary, perquisites and allowance (fixed component) subject to the condition that in the event the company either does not have profits or such profits are inadequate, the total such remuneration including all other allowances shall not exceed the statutory limits prescribed from time to time. The total remuneration paid to Mr. S D Rama Krishna, Managing Director, during the financial year ended March 31, 2012 was Rs. 19.20 lacs, inclusive of perquisites amounting to Rs.4.80 Lacs.

The Managing Director was also entitled for Company's contribution to Pension scheme or Superannuation Fund together with provident fund not exceeding 25% of the salary, wherein contribution towards Provident Fund shall not exceed 12% of the salary, Gratuity upto half

month's salary for each completed year of service, encashment of earned leave upto One month's salary for every eleven months completed service on full pay and allowances as per the rules of the Company.

b) Non- Managing Directors:

The Non-Managing Directors (NEDs) are paid sitting fee for attending either Board or its Committee meetings except Shareholders/ Investors' Grievance Committee Meeting. The Company reimburses the out of pocket expenses incurred by the Directors for attending meetings.

Shareholdings of the Directors in the Company as on March 31, 2012:

Name	Category	No. of Shares of Rs.10/-each
Mr. L P Sashikumar	Promoter Director	757

Remuneration of Directors

Details of remuneration paid to Directors during the financial year 2011-12:

Name of the Director	Category	Sitting fee	Salary	Benefits	Total
Mr. SD Rama Krishna	Managing Director	NIL	14,40,000	4,80,000	19,20,000
Mr. L P Sashikumar	Promoter Director	75,000	NIL	NIL	75,000
Mr. K S Sarma	Independent Director	1,50,000	NIL	NIL	1,50,000
Mr. V Venkata Ramana	Independent Director	1,50,000	NIL	NIL	1,50,000

Benefits include contribution to Provident Fund, Gratuity Fund, payment of Perquisites and Commission.

Shareholders/Investors' Grievance Committee:

- i. The Company has a Shareholders'/Investors' Grievance Committee to perform all the functions relating to handling of all sorts of shareholders' grievances like non-transfer of shares, loss of share certificates, non-receipt of notices/annual reports etc., and to look after share transfers/transmissions periodically. The Committee inter-alia also approves issue of duplicate share certificates

and oversees and reviews all matters connected with the securities transfers.

- ii. The shareholders/Investors' Grievance Committee of the Company consists of three directors, two of which are independent Directors.

- iii. The Composition of the shareholder/ investors Grievance Committee and the number of meetings attended by its members is given below.

Name	Category	No. of Meetings during the year 2011-12	
		Held	Attended
Mr. K S Sarma Chairman	Independent Director	4	4
Mr. S D Rama Krishna (*)	Managing Director	4	4
Mr. V Venkata Ramana	Independent Director	4	4
Mr. L P Sashikumar (**)	Promoter Non-Executive Director	4	NA

(*) Ceased to be a Member with effect from 1st July, 2012 consequent to his resignation

(**) Became Member with effect from 11th August, 2012.

- iv. Four Shareholders/Investors' Grievance Committee Meetings were held during the year ended March 31, 2012 i.e. on May 12, 2011; August 10, 2011; November 14, 2011; and February 14, 2012.
- v. The necessary quorum was present at all meetings.
- vi. Mr. R Ram Mohan, the then Company Secretary was the Compliance Officer of the Company till 2nd July, 2012.
- vii. Details of complaints received and redressed: Number of shareholder complaints received, number solved and number of pending complaints as on March 31, 2012.

Opening Balance	Received during the period	Resolved during the period	Closing Balance as on 31.03.2012
Nil	2	2	Nil

General Body Meetings

General Body Meetings : The last three annual general meetings were held at Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad – 500 051 as detailed below:

Location, date and time of last three Annual General Meetings:

Year	No. of Meeting	Day, Date and Time of the Meeting
2010-11	17 th AGM	Friday, the September 30, 2011 at 5.00 P.M.
2009-10	16 th AGM	Wednesday, the September 29, 2010 at 4.00 P.M.
2008-09	15 th AGM	Wednesday, the September 30, 2009 at 4.30 P.M.

During the previous three Annual General Meetings of the Company, the members have passed the following Special resolutions:

No. of AGM	Item on which special resolution was passed
17 th AGM	NIL
16 th AGM	NIL
15 th AGM	Appointment of Executive Director

All the above said resolution was passed with requisite majority.

No resolution was passed through Postal Ballot during the year ended 31st March, 2012 and no resolution, which requires approval through postal ballot, is proposed to be conducted at the ensuing Annual General Meeting.

Disclosures

- i. As required by the Accounting Standard-18, issued by the Institute of Chartered Accountants of India, details of related-party transactions are at of Notes to Accounts.
- ii. There were no instances of non-compliances by the Company, no penalties were imposed or strictures passed against the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- iii. Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company has also fulfilled the following non mandatory requirements as prescribed in Annexure I D to the Clause 49 of the Listing Agreement with the Stock Exchanges:
 - a. The Company has set up a Remuneration Committee, details of which have been given earlier in this Report
 - b. The Statutory financial statements of the Company are unqualified

iv. Secretarial Audit: A firm of qualified Company Secretaries is conducting the Secretarial Audit on quarterly basis to reconcile the total admitted equity capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (NSDL) and the total issued and listed equity capital. The Secretarial Audit Report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

v. Code of conduct: The code of conduct as adopted by the Board of Directors is applicable to all directors, senior management and employees in above officers' level. The prime purpose of the code is to create an environment wherein all the Board Members and Senior Management of the Company maintain ethical standards and to ensure compliance to the laid down ethical standards. The code is available on the Company's website: www.goldstonetech.com. A declaration signed by the Director regarding affirmation of the compliance with the Code of Conduct by Board and senior management is appended to this report.

vi. Compliance: At every Board meeting, a statement of Compliance with all laws and regulations as certified by the designated Director is placed before the Board for its review. The Board reviews the compliance of

all the applicable laws and gives appropriate directions wherever necessary.

vii. Risk Management: The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.

viii. Preferential Issue Proceeds: The Company did not raise any funds during the year under preferential issue mode.

ix. CEO & CFO certificate: The certificate as contemplated in Clause 49 of the listing agreement was given by the Managing Director and the General Manager (Finance) of the Company and the same was placed before the Board for its noting in its meeting held for approval of the audited financial results for the year ended 31st March, 2012.

Means of Communication

The Company's quarterly un-audited results and audited annual results are intimated in prescribed form and within prescribed time to stock exchanges and to the public. Generally the results are published in *The Financial Express* (National newspaper) and *Andhra Prabha* (regional newspaper). The results are also displayed on the Company's website: www.goldstonetech.com.

General Information for Shareholders

- i) **Annual General Meeting** will be held on 29th September, 2012 at 5.00 p.m. at Plot No. 1 & 9 IDA, Phase II, Cherlapally, Hyderabad – 500 051.
- ii) **Financial Year** of the Company is 1st April to 31st March.
- iii) **Financial Reporting** for the quarter ending 30th September, 2012, 31st December, 2012, 31st March, 2013 and 30th June, 2013 will be within forty five days from the closure of the quarter.
- iv) **Dates of Book Closure** will be from 24th September to 29th September, 2012 (both days inclusive).
- v) **Company's shares are listed** on the Bombay Stock Exchange and National Stock Exchange
- vi) **Stock Code** of the Company's scrip is 531439 in BSE and GOLDTECH in NSE
- vii) **ISIN Code** is INE805A01014
- viii) **Market Price Data:** High, Low (Based on the closing prices)and number of shares traded during each month in the last financial year on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited:

Month	NSE			BSE		
	High	Low	Volume	High	Low	Volume
April 2011	10.00	9.05	733952	10.04	9.12	411015
May 2011	9.30	8.15	364034	9.35	8.20	88659
June 2011	8.40	6.65	274721	8.34	6.50	109738
July 2011	7.70	6.75	214766	7.79	6.80	95624
August 2011	6.75	5.45	441866	6.80	5.50	112505
September 2011	9.35	6.35	515984	9.47	6.30	250592
October 2011	7.40	6.75	180811	7.41	6.80	83747
November 2011	7.25	5.95	135004	7.23	5.87	65643
December 2011	6.55	6.20	171831	6.50	6.13	87895
January 2012	7.70	6.40	210157	7.75	6.40	131767
February 2012	7.95	7.00	320956	7.88	6.90	136061
March 2012	7.25	6.50	234877	7.25	6.50	89082

ix) Registrar and Transfer Agents:

Name & Address : Aarthi Consultants Private Limited
1-2-285, Domalguda, Hyderabad – 500 029,
Tel: 91 - 40-27638111/ 4445; Fax: 91 - 40-27632184
E-mail: info@arthiconsultants.com,
Contract Person: Mr. Bhaskara Murthy

x) Share Transfer System:

The Company's shares are traded in the stock exchanges compulsorily in Demat form. The Company's Registrar and Transfer agent is the common agency to look after physical and Demat share work. The shares lodged for transfer at the registrar are processed and returned to shareholders within the stipulated time.

xi) Shareholding (as on March 31,2012):

a) Distribution of shareholding

Category	No. of Shareholders		No. of Shares	
	Total	%	Total	%
1 – 5000	9125	75.10	1560194	8.31
5001 – 10000	1367	11.25	1161324	6.18
10000 – 20000	724	5.95	1126770	5.99
20000 – 30000	289	2.38	741858	3.95
30001 – 40000	156	1.28	557235	2.97
40001 – 50000	140	1.15	652744	3.48
50001 – 100000	177	1.47	1329509	7.08
100001 and above	172	1.42	11652432	62.04
TOTAL	12150	100.00	18782066	100.00

b) Categories of Shareholders

Category	No. of shares	% to share capital
Promoters	3534153	18.82
Mutual Funds and UTI	1700	0.01
Insurance Companies		
Banks	2900	0.02
FII's 5000	0.02	
Private Corporate Bodies	4124824	21.96
Indian Public	10729538	57.13
NRIs / OCBs	373747	1.98
Trust 1100	0.01	
Clearing Members	9104	0.05
Grand Total	18782066	100.00

xii) Dematerialization of shares and liquidity:

The company's shares are compulsorily traded in dematerialization form. Equity shares of the Company representing 98.28% of the company's share capital are dematerialized as on March 31, 2012.

The Company's shares are regularly traded on Bombay Stock Exchange Limited & the National Stock Exchange.

xiii) As on March 31, 2012, the company did not have any outstanding GDRs / ADRs / Warrants or any convertible instruments

xiv) Compliance Officer : The Company is yet to appoint the Compliance Officer.
Tel: 91 - 40-27807640;
Fax: 91 - 40-39120023/39100012
E-mail:cs@goldstonetech.com

xv) Location of Software Divisions /facilities : 9-1-83 & 84, Amarchand Sharma Complex, S D Road,Secunderabad – 500 003

1/2, Venus Building, 1st Main,Kalyana Mantappa Road, Jakkasandra Road, Koramangla 1 Block,Bangalore - 560034

8603, Westwood Centre, Suite 200,Vienna, Virginia – 22182, United States of America

xvi) Address for Correspondence : Goldstone Technologies Limited 9-1-83 &84, Amarchand Sharma Complex, SD Road, Secunderabad - 500 003.

Declaration as required under Clause 49 of the Listing Agreement :

I hereby declare that all the Directors and Senior Management of the Company have affirmed compliance with the Company's Code of Conduct for the Financial Year ended March 31, 2012

For and on behalf of the Board

Sd/-

L P SashiKumar
Director

Place Secunderabad
Date : 11.08.2012



Certificate on compliance of Corporate Governance

To
The Members of
Goldstone Technologies Limited

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by Goldstone Technologies Limited ("the Company") for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination, conducted in the manner described in the "Guidance note on Certification of Corporate Governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and based on our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further certify 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.

Place: Hyderabad
Date: 11.08.2012

P. Murali & Co.
Chartered Accountants
Sd/-
Mukund Vijayrao Joshi
Partner
Membership No. 024784

AUDITORS' REPORT

To
The Members of
Goldstone Technologies Limited

We have audited the attached Balance Sheet of **GOLDSTONE TECHNOLOGIES LIMITED** as at 31st March 2012 and also the Profit & Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. 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.

We conducted our audit in accordance with 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 statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditors' Report) order 2003 and as amended by the Companies (Auditors' Report) (Amendment) Order 2004, issued by the Central Government of India in terms of the 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.

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 & Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956.
- (v) On the basis of written representations received from the Directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as 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 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012.
 - (b) In the case of the Profit & Loss Account, of the Profit for the period ended on that date.
 - (c) In the case of the Cash Flow Statement of the cash flows for the period ended on that date.

For P. Murali & Co.,
Chartered Accountants
FRN:007257S
Sd/-

P. MURALI MOHANA RAO
Partner, Membership No. 23412

Place : Hyderabad
Date : 30.05.2012

ANNEXURE TO THE AUDITORS' REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. (a) The Inventory has been physically verified during the year by the Management and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of the physical verification of inventory 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 is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
- III. (a) 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.
- (b) As the Company has not granted any loans, the Clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties , is not applicable to the company.
- (d) No loans have been granted to Companies, Firms and other parties listed in the register under section 301 of the Companies Act, 1956. Hence, over due Amount of more than rupees one Lac does not arise and the clause is not Applicable.
- (e) 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.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties is not applicable to the company.
- IV. In our opinion and according to the information and explanation given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation given to us

- , since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register under section 301 of the Companies Act, 1956 does not arise.
- (b) According to the information and explanation given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI.** The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanation given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII.** In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII.** In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of subsection (1) of section 209 of the Companies Act, 1956.
- IX.** (a) The Company is regular in depositing statutory dues including PF, ESI, Income Tax, Cess and any other statutory dues with the appropriate authorities and at the end of last financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- (b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF, ESI, Income Tax, Cess and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X.** The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- XI.** According to information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks.
- XII.** According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII.** This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV.** According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV.** According to the information and explanations given to us, the Company has not given any guarantee for loans

- taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company .
- XVI.** According to the information and explanations given to us, the Term Loans were applied by the Company for the purpose for which the loans are obtained.
- XVII.** According to the information and explanations given to us no funds are raised by the Company on short-term basis. Hence the Clause of Short term funds being used for Long term investment does not arise.
- XVIII.** According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX.** According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX.** According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by public issue is not applicable.
- XXI.** According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For P.MURALI & CO.,
Chartered Accountants
FRN:007257S

Sd/-
P. MURALI MOHANA RAO
PARTNER
MEMBERSHIP NO. 23412

Place : Hyderabad
Date : 30.05.2012

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No	As on 31/03/2012	As on 31/03/2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	187,820,660	187,820,660
(b) Reserves and Surplus	2	386,413,497	369,981,598
(2) Share application money pending allotment	3	-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	48,325,103	156,905,555
(b) Deferred tax liabilities (Net)	5	-	4,273,268
(c) Other Long term liabilities	6	-	-
(d) Long term provisions	7	6,315,385	6,755,110
(4) Current Liabilities			
(a) Short-term borrowings	8	3,994,677	3,994,677
(b) Trade payables	9	15,578,408	12,397,066
(c) Other current liabilities	10	90,575,344	71,127,131
(d) Short-term provisions	11	23,548,637	11,260,892
Total		762,571,711	824,515,957
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	134,041,210	148,523,731
(ii) Intangible assets	13	112,456,303	107,090,337
(iii) Tangible assets under development		132,736,793	149,809,293
(b) Non-current investments	14	92,762,433	92,762,433
(c) Defferred tax assets (Net)	5	2,221,601	-
(d) Long term loans and advances	15	-	-
(e) Other non-current assets	16	15,294,119	12,223,628
(2) Current assets			
(a) Current investments	17	-	-
(b) Inventories	18	127,505,269	144,055,594
(c) Trade receivables	19	95,380,161	80,397,037
(d) Cash and cash equivalents	20	11,376,617	12,364,468
(e) Short-term loans and advances	21	38,797,205	77,289,436
(f) Other current assets	22	-	-
Total		762,571,711	824,515,957

Summary of Significant Accounting Policies

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The accompanying Notes are an Integral Part of the Financial Statements

As per our report attached

For P.Murali & Co.

For and on behalf of the Board

Chartered Accountants, FRN: 007257S

Sd/-

Sd/-

Sd/-

P.Murali Mohana Rao

S.D. Rama Krishna

L.P. Sashikumar

Partner M.No. 023412

Managing Director

Director

Place : Hyderabad

Sd/-

Date: 30.05.2012

R. Ram Mohan
Company Secretary

STANDALONE PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012
(Amount In Rs.)

Particulars	Note No	As on 31/03/2012	As on 31/03/2011
I. Revenue from operations	23	242,934,462	231,563,999
II. Other Income	24	8,426,199	10,673,301
III. Total Revenue (I +II)		251,360,661	242,237,300
IV. Expenses:			
Cost of materials consumed/purchased	25	20,179,327	14,540,826
Decrease/(Increase) in Inventory	26	(3,629,002)	14,765,176
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	27	-	-
Employee benefit expenses	28	125,930,348	111,292,758
Other operating expenses	29	32,698,918	35,896,527
Administrative expenses	30	24,273,640	23,478,062
Financial costs	31	15,509,725	14,490,034
Depreciation and amortization expenses	12 & 13	19,648,735	18,485,872
Other expenses	32	-	-
Total expenses		234,611,691	232,949,255
V. Profit before exceptional and extra ordinary items and tax (III - IV)		16,748,970	9,288,045
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		16,748,970	9,288,045
VIII. Extraordinary Items		1,882,786	84,340
IX. Profit before tax (VII - VIII)		14,866,184	9,203,705
X. Tax expense:			
(1) Current tax		2,803,000	600,000
(2) Deferred tax		(4,368,715)	(1,063,077)
XI. Profit/(Loss) from the period from continuing operations (IX-X)		16,431,899	9,666,782
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		16,431,899	9,666,782
No. of equity shares:		18,782,066	18,782,066
XVI. Earning per equity share:			
(1) Basic		0.87	0.51
(2) Diluted		0.87	0.51

Summary of Significant Accounting Policies

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The accompanying Notes are an Integral Part of the Financial Statements

As per our report attached

For P.Murali & Co.

For and on behalf of the Board

Chartered Accountants, FRN: 007257S

Sd/-

Sd/-

Sd/-

P.Murali Mohana Rao

S.D. Rama Krishna

L.P. Sashikumar

Partner M.No. 023412

Managing Director

Director

Sd/-

Place : Hyderabad

Date: 30.05.2012

R. Ram Mohan
Company Secretary

NOTES TO STANDALONE BALANCE SHEET

S. No.	Particulars	As on 31/03/2012		As on 31/03/2011	
		No. of Shares	Amount In Rs	No. of shares	Amount In Rs
NOTE NO. 1 SHARE CAPITALS					
a	Share Capital (For each class of capital)				
	(a) Authorised	50,000,000	500,000,000	50,000,000	500,000,000
	(b) Issued	-	-	-	-
	(c) Subscribed & Fully Paid Up	18,782,066	187,820,660	18,782,066	187,820,660
	Total Equity Share capital		187,820,660		187,820,660
	Total Share capital		187,820,660		187,820,660
b	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:	Number of Shares		Number of Shares	
	At the Beginning		18,782,066		18,782,066
	At the end		18,782,066		18,782,066
c	Details of Shareholder holding more than 5% shares of the company:	% of Share Holding			
	Equity shares of Rs. 10 each held by Trinity Infraventure Limited - No. Of Shares (C.Y) 3419872, and No. Of Shares (P.Y) 3419872		18.20%		18.20%
		As on 31/03/2012		As on 31/03/2011	
		Amount In Rs		Amount In Rs	
	a) Capital reserve		59,780,538		59,780,538
	As at the commencement of the year		-		-
	Add: Additions during the year		-		-
	Less: Utilised for during the year		-		-
			59,780,538		59,780,538
	b) Securities Premium Reserve		218,379,399		218,379,399
	As at the commencement of the year		-		-
	Add: Additions during the year		-		-
	Less: Utilised for during the year		-		-
			218,379,399		218,379,399
	c) General Reserves		18,300,679		18,300,679
	As at the commencement of the year		-		-
	Add: Additions during the year		-		-
	Less: Utilised for during the year		-		-
			18,300,679		18,300,679
	d) Surplus :		73,520,982		73,520,982
	Opening Balance - Profit and Loss Account		16,431,899		-
	Add: Transfer from Profit & Loss Account		-		-
			89,952,881		73,520,982
	Total Reserves and Surplus		386,413,497		369,981,598

(Amount In Rs.)

S.No.	Particulars	As on 31/03/2012	As on 31/03/2011
	NOTE NO. 3 : SHARE APPLICATION MONEY PENDING ALLOTMENT		
	Share Application Money pending Allotment	-	-
	NOTE NO. 4 : LONG TERM BORROWINGS		
I	(a) Long Term borrowings		
	(b) Term loans:		
	From banks:		
	Secured	48,325,103	156,905,555
	Unsecured	-	-
II	Mortgage of land and building situated at IDA cherlapally and hypothication of current assets.		
	Total long term borrowings	48,325,103	156,905,555
	NOTE NO. 5 : DEFERRED TAX LIABILITIES (NET)		
	Opening Deferred tax Liability	-	-
	Add:		
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)	(2,221,601)	4,273,268
	Gross Deferred tax Liability	(2,221,601)	4,273,268
	Opening Deferred tax Asset	-	-
	Gross Deferred tax Asset	-	-
	Deferred Tax Liability/ (Asset) - Net	(2,221,601)	4,273,268
	NOTE NO. 6 : OTHER LONG TERM LIABILITIES		
	Other Long Term Liabilities	-	-
	NOTE NO. 7 : LONG TERM PROVISIONS		
	a) Provisions for employee benefits		
	- Provision for Gratuity	1,581,195	4,372,569
	- Provision for Leave Encashment	3,435,466	2,382,541
	- Provision for bad debts	1,298,724	-
	Total Long Term Provisions	6,315,385	6,755,110

(Amount In Rs.)

S. No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 8 : SHORT TERM BORROWINGS.			
	Short term borrowings		
	a) Deposits.		
	Secured	-	-
	Unsecured	3,994,677	3,994,677
	Total short term borrowings	3,994,677	3,994,677
NOTE NO. 9 : TRADE PAYABLES			
	Trade payables	15,578,408	12,397,066
	Total Trade Payables	15,578,408	12,397,066
NOTE NO. 10 : OTHER CURRENT LIABILITIES			
	Other liabilities payable	90,575,344	71,127,131
	Total other current liabilities	90,575,344	71,127,131
NOTE NO. 11 : SHORT TERM PROVISIONS			
	a) Provisions for employee benefits		
	Other benefits payable	2,339,487	-
	Salaries payable	14,725,057	4,327,414
	b) Others		
	Statutory liabilities	6,484,093	6,933,478
	Provision for expenses	-	-
	Total short term provisions	23,548,637	11,260,892

NOTE NUMBERS : 12 & 13
FIXED ASSETS AS ON 31st MARCH, 2012

Sl. No.	Particulars	Gross Block				Rate of Depreciation	Depreciation/Amortization				Net Block as on 31.03.2011	Net Block as on 31.03.2012
		As on 01.04.2011	Additions during the year	Capitalised during the year	Sale / Deletions during the year		As on 31.03.2012	For the year 2011-2012	Impairment Loss / Reversal of Impairment Loss for the Year	Total Depreciation		
1	LAND	75,171,399	1,500,000	-	-	76,671,399	0.00%	-	-	-	76,671,399	75,171,399
2	BUILDING	27,438,522	-	-	-	27,438,522	3.34%	-	916,447	-	16,843,732	17,760,178
3	PLANT & MACHINERY	3,244,830	-	-	-	3,244,830	4.75%	-	-	-	3,244,830	0
4	ELECTRICAL EQUIPMENT	12,887,214	566,496	-	-	13,453,710	4.75%	-	570,709	-	4,623,996	8,829,714
5	OFFICE EQUIPMENT	10,815,155	-	-	-	10,815,155	4.75%	-	494,701	-	4,362,431	4,857,132
6	COMPUTERS	148,999,287	1,463,826	-	-	150,463,113	16.21%	-	16,283,623	-	138,458,651	24,824,259
7	FURNITURE & FIXTURES	15,431,324	259,930	-	-	15,691,254	6.33%	-	645,151	-	5,544,373	10,126,880
8	VEHICLES	8,702,513	1,376,962	-	-	10,079,475	9.50%	-	738,103	-	4,875,883	5,203,592
9	LEASEHOLD IMPROVEMENTS	4,737,576	-	-	-	4,737,576	6.33%	-	-	-	4,737,576	-
10	INTANGIBLE FIXED ASSETS	167,772,365	-	-	-	167,772,365	0.00%	-	-	-	55,316,062	112,456,303
	TOTAL	452,200,185	5,166,214	-	-	480,366,399		-	19,648,735	-	233,868,886	246,897,513
	Previous Year	588,778,368	12,483,023	-	-	601,461,391		-	18,485,872	-	219,586,118	381,875,274

(Amount In Rs.)

S. No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 14 : NON- CURRENT INVESTMENTS			
Non-Current Assets			
Investment in Subsidiaries			
a) Equity Shares			
	Staytop Systems Inc., and 100% of holding	92,663,433	92,663,433
	Staytop Systems & Software Pvt Ltd and 100% of holding	99,000	99,000
	Less : Provision for Diminution in Investments	-	-
	Total Non-Current Assets (Net)	92,762,433	92,762,433
NOTE NO. 15 : LONG TERM LOANS AND ADVANCES			
	long term loans and advances	-	-
NOTE NO.16 : OTHER NON - CURRENT ASSETS			
I	Long term Trade receivable (Including trade receivables on deferred credit basis)		
	Secured, considered good	-	-
	Unsecured considered good	-	-
	Doubtful	-	-
II	Unamortised Expenses	-	-
	Interest Accrued on Deposits	485,713	-
	Insurance Claims	-	-
	Dividend receivable	-	-
	Interest accrued on investments	-	-
	Deffered revenue expenses	-	-
III	Others	14,808,406	12,223,628
	Total other non current assets	15,294,119	12,223,628
	Less : Provision for Bad and Doubtful debts	-	-
	Total non - current assets(net)	15,294,119	12,223,628
NOTE NO. 17 : CURRENT INVESTMENTS			
	Current Investments :	-	-
	Total Current Investments	-	-

(Amount In Rs.)

S. No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 18 : INVENTORIES			
	Inventories :		
	a) Raw materials		
	Material - A	28,190,000	28,190,000
	Material - B	-	-
	Sub Total	28,190,000	28,190,000
	b) Work - in - progress		
	Type - A	99,315,269	115,865,594
	Type - B	-	-
	Sub Total	99,315,269	115,865,594
	Total Inventories	127,505,269	144,055,594
NOTE NO. 19 : TRADE RECEIVABLES			
	Outstanding for a period exceeding six months from the date they are due for payment		
	Secured, Considered Good	3,654,327	-
	Unsecured, Considered Good	-	-
	Doubtful	-	-
	Sub Total	3,654,327	-
	Other Receivables:		
	Secured, Considered Good	60,224,685	80,062,371
	Unsecured, Considered Good	31,501,149	334,666
	Doubtful	-	-
	Sub Total	91,725,834	80,397,037
	Total trade receivable	95,380,161	80,397,037
	Less : Allowance for bad & doubtful debts	-	-
	Total Trade Receivables(net)	95,380,161	80,397,037

(Amount In Rs .)

S. No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 20 : CASH AND BANK BALANCES			
	Cash and cash equivalents :		
	a) Balances with banks :		
	On Current Accounts	4,951,955	5,300,371
	b) Cheques, Draft on hand	-	-
	c) Cash on hand	79,147	55,315
	d) Bank balance with Others	5,317,469	5,980,638
	Sub Total	10,348,571	11,336,324
	Other Bank Balances		
	On Deposit Accounts		
	1) Having Maturity more than 3 months but less than or equal to 12 months from date of deposit	-	-
	2) Having Maturity more than 12 months from date of deposit	1,028,046	1,028,144
	Total Cash and Cash Equivalents	11,376,617	12,364,468
NOTE NO. 21 : SHORT TERM LOANS AND ADVANCES			
	Short - term loans and advances:		
	a) Security Deposit		
	Secured	-	-
	Unsecured	14,124,858	12,317,574
	Doubtfull	-	-
	b) Loans and advances to related parties		
	Secured	23,672,347	64,971,862
	Unsecured	-	-
	Doubtfull	-	-
	c) Other loans And advances (Others)		
	Advances with Statutory Bodies	1,000,000	-
	Unsecured	-	-
	Doubtfull	-	-
	Total short term loans & advances	38,797,205	77,289,436
	Less : Provision for Doubtfull Debts	-	-
	Total short term loans & advances(net)	38,797,205	77,289,436
NOTE NO.22 : OTHER CURRENT ASSETS			
	Other Current Assets	-	-

NOTES NO STANDALONE STATEMENT OF PROFIT AND LOSS (Amount In Rs.)

S. No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 23 : REVENUE FROM OPERATIONS			
	Revenue from operations in respect of non-finance company		
	(a) Sale of Services-Exports	198,189,887	178,580,119
	(b) Sale of Services-Domestic	44,744,575	52,983,880
	Total Revenue from Operations	242,934,462	231,563,999
NOTE NO. 24 : OTHER INCOME			
	(a) Interest income (Other than a finance company)	300,120	47,337
	(b) Other non-operating income (net of expenses directly attributed to such income)	6,840,317	10,625,964
	(c) Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)	1,285,762	-
	Total Other Income	8,426,199	10,673,301
NOTE NO. 25 : COST OF MATERIALS			
	CONSUMED		
	Material A	6,878,500	14,540,826
	Material B	13,300,827	-
	Total Cost Of Material Consumed	20,179,327	14,540,826
NOTE NO. 26 : PURCHASE OF STOCK IN TRADE/ DECREASE/(INCREASE) IN STOCK			
	Material A	(3,629,002)	14,765,176
	Total Trade Purchases	(3,629,002)	14,765,176
NOTE NO. 27 : CHANGE IN INVENTORIES AND WIP.			
	Change in Inventories & Wip	-	-

(Amount In Rs.)

S. No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 28 : EMPLOYEE BENEFIT EXPENSES (AGGREGATE EXPENDITURE)			
	(a) Salaries & Wages	93,322,052	86,627,264
	(b) Contribution to Provident & Other Funds	3,416,008	2,543,093
	(c) Staff Welfare Expenses	29,192,288	22,122,401
	Total Employee Benefit Expenses	125,930,348	111,292,758
NOTE NO. 29 : OTHER OPERATING EXPENSES			
	(a) Power/Electricity & Fuel	3,019,858	2,907,873
	(b) Rent	11,837,676	6,314,259
	(c) Repairs to Building	38,925	966,172
	(d) Repairs to Machinery	1,974,271	2,740,549
	(e) Insurance	1,313,151	28,029
	(f) Car Hire charges & transportation	5,502,921	210,581
	(g) Miscellaneous Expenditure	309,114	281,533
	(h) Net loss on foreign currency transaction and translation	-	2,067,998
	(i) Payment to Auditors:		
	(i) As Auditor	450,000	450,000
	(ii) For Reimbursement of expenses	-	18,360
	(j) Deffered admn cost	8,253,002	19,911,173
	Total Other Operating Expenses	32,698,918	35,896,527
NOTE NO. 30 : ADMINISTRATIVE EXPENSES			
	(a) Telephone, Postage and Others	6,852,184	5,598,122
	(b) Business Promotion Expenses	1,823,248	2,371,763
	(c) Conveyance & Travelling Expenses	4,360,240	3,048,573
	(d) Office Maintenance	3,432,576	3,298,022
	(e) Printing & Stationery Expenses	520,765	849,431
	(f) Security Charges	591,284	291,206
	(g) Rates & Taxes	439,886	1,965,637
	(h) Managerial Remuneration	1,920,000	2,160,000
	(i) Consultancy Charges	66,701	278,808
	(j) Seminar Fee	76,300	1,800
	(k) Web Development Expenses	1,401,070	628,396
	(l) Professional Consultancy Fee	1,643,579	2,014,899
	(m) Director Sitting Fee	360,000	345,000
	(n) Vehicle Maintenance Charges	360,886	304,505
	(o) Secretarial Expenses	424,921	321,900
	Total Administrative Expenses	24,273,640	23,478,062

(Amount In Rs.)

S. No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 31 : FINANCE COST			
	(a) Interest Expenses :		
	- Interest on Cash Credit	7,040,423	6,579,913
	- Interest on Car Loan	43,758	16,543
	- Interest on Secured Loan	7,519,949	7,700,218
	- Loan processing Charges & Bank Charges	905,595	193,360
	Total Finance Cost	15,509,725	14,490,034
NOTE NO. 32 : OTHER EXPENSES			
	Other expenses	-	-
	Total Other expenses	-	-

Standalone Statement of Cash Flows for the year ended 31.03.2012

(Rs. In Millions)

	31/03/2012	31/03/2011
A Cash Flow from operating activity		
Net Profit before tax	16.75	9.29
Adjustments for:	-	-
Depreciation	19.65	18.49
Provision for Gratuity & Earned Leave & others	6.32	6.76
Other Income	(8.43)	(10.67)
Interest Expenditure on Long Term Loan	15.51	14.49
Foreign Exchange fluctuation Loss	(1.29)	2.07
Operating Profit before working capital changes	48.51	40.41
Adjustments for:	-	-
Trade and other receivables	95.38	198.51
Inventories	16.55	8.14
Trade advances	(38.80)	(19.64)
Trade Payable	(15.58)	(238.26)
Provisions	(6.32)	(8.71)
Cash generated from operations	99.75	(19.56)
Differed Tax Liability	(2.22)	-
Interest Paid	(15.51)	(14.49)
Cash flow before extraordinary items	82.02	(34.05)
Prior Period Items	(1.88)	(0.08)
Net Cash flow from operating activity	80.14	(34.13)
B. Cash Flow from Investing Activity	-	-
Purchases of fixed assets	(5.17)	(12.68)
Capital work in progress	17.07	128.41
Cancellation of Investments	-	-
Other income	8.43	10.67
Net Cash used for investing activity	20.33	126.40
C. Cash Flow from financing activities	-	-
Share Premium and Reserves	(210.04)	(125.61)
Secured loans Repayment	108.58	30.86
Net Cash generated from Financing Activity	(101.46)	(94.72)
Cash and Cash Equivalents (Opening Balance)	12.36	14.83
Net Increase in Cash & Cash Equivalents (A+B+C)	(0.99)	(2.46)
Cash and Cash Equivalents (Closing Balance)	11.38	12.36

As per our report attached

For P. Murali & Co.
Chartered Accountants
FRN : 007257S

Sd/-
P. Murali Mohana Rao
Partner, M No. 23412
Place: Hyderabad
Date : 30.05.2012

For and on behalf of the Board

Sd/- Sd/-
SD Rama Krishna L P Sashikumar
Managing Director Director

Sd/-
R. Ram Mohan
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Statement on Significant Accounting Policies

i) Basis of Accounting

The Financial Statements of the Company are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India, and the relevant provisions of the Companies Act, 1956 as adopted consistently by the Company.

ii) Method of Accounting

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

iii) Revenue Recognition:

- a) All incomes and expenditure are accounted on accrual basis except Interest received on Fixed Deposits, which are accounted on cash basis.
- b) Revenue from Software Development contracts, priced on time and material basis, is recognised on the basis of billable time spent by employees working on the project, at the contracted rate.
- c) Revenue from fixed price contracts is recognized on milestones achieved as per the terms of specific contracts.

iv) Fixed Assets:

- a) Fixed Assets are stated at cost less depreciation. Project expenses/Pre-operative expenses are capitalized to the respective asset heads on a proportionate basis. Any capital grant or subsidy received is reduced from the cost of eligible assets.

- b) Depreciation on Fixed Assets is provided on straight-line method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

v) Investments:

Investments are classified into current Investments and long-term investments. Current Investments are carried at the lower of cost or market value. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the profit and loss account. Long term investments are carried at cost less provision made to recognize any permanent diminution in the value of such investments.

vi) Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. In respect of foreign branches, all revenue and expense transactions during the year are translated at average rate. Monetary assets and liabilities are translated at the rate prevailing on the balance sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. The resultant gain on account or foreign currency translation to be shown as foreign currency translation reserve and loss to be charged off after adjusting the reserve. Balance in 'Head office account' whether debit or credit, is reported at the amount of the balance in the 'branch account' in the books of the head office after adjusting for unresponded transaction. Net loss or gain on foreign currency translation is recognized in the foreign translation reserve account.

vii) Retirement Benefits to Employees

Contributions to defined Schemes such as Provident Fund, Employees State Insurance Scheme are charged to the profit and loss account as incurred on accrual basis. The Company provides the retirement benefits in the form of Gratuity and Leave Encashment on the basis of actuarial valuation made by Independent actuary as at balance sheet date.

viii) Provision for Current and Deferred Tax

Provision for current Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred Tax resulting from timing differences between book and taxable profits is accounted by using the tax rates and laws that have been enacted as on the Balance Sheet date. The Deferred Tax Asset is recognized only to the extent there is reasonable certainty that the Asset is realized in future.

ix) Impairment of assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired.

x) Income and Deferred Tax

The provision made for income tax in the accounts comprises both the current and deferred tax. Current tax is provided for on the taxable income for the year. The deferred tax assets and liabilities for the year arising on account of timing differences (net) are recognized in the Profit and Loss account and the cumulative effect thereof is reflected in the Balance Sheet.

xi) Contingent Liabilities and Contingent Assets

Liabilities, which are contingent in nature, are not recognized in the books of account but are disclosed separately in the Notes. Contingent Assets are neither recognized nor disclosed in the books of account.

xii) Claims

Claims made by the Company are recognized to the extent the Company deems them recoverable. Claims against the Company, including liquidated damages, are recognized only on acceptance basis.

xiii) Inventories

Inventories are valued at cost or net realizable value, whichever is less. Cost comprises of expenditure incurred in the normal course of business in bringing such inventories to its their location. Finished goods at the factory are valued at cost in all applicable cases. Obsolete, non-moving and defective inventories are identified at the time of physical verification of inventories and adequate provision, wherever necessary, is made for such inventories.

xiv) Intangible Assets

Intangible Assets are recognized in the Balance Sheet at cost, net of any accumulated amortization / impairment. Preliminary expenses are amortized over a period of 5 years. De-merger expenses are amortized over a period of ten years.

xv) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are treated as a period cost and are expensed in the year of occurrence.

33) NOTES ON ACCOUNTS:

1. Contingent Liability:

Outstanding Bank Guarantees –Rs.48.61 Lakhs (Previous year Rs.10.28 Lakhs)

Claims against the company – against disputed income tax demands not provided for about Rs.7.50 Lakhs, pending before Appellate Authority.

2. Investments:

The company acquired 100% holding in M/s Staytop Systems Inc at a total purchase consideration of USD 2,100,000 in the year 2005. Out of the total purchase consideration an amount of USD 2,000,000 was paid upto 2006-07 and for the balance amount of USD 100,000 the company issued 35,918 Equity Shares as fully paid and no new fresh investments during the year.

3. Confirmation of balances with sundry debtors and sundry creditors:

Company has taken necessary steps to get the confirmation of balances from the parties.

4. Provision for Income-Tax:

The company has provided for Minimum Alternative Tax of Rs.1.5 Millions as per the provisions of Section 115JB of the Income Tax Act, 1961. Federal / State tax paid on income of the branch of the company in USA has been accounted for.

5. Deferred Taxation:

Deferred Tax Liability/Asset is recognized in accordance with Accounting Standard 22 – “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India. Computation of Deferred Tax Asset/Liability:

(Rs. In Millions)

Deferred Tax Liability as at 1 st April, 2011	4.27
Deferred Tax Asset as at 31 st March, 2012	2.22

6. Related Party Disclosure:

As per Accounting Standard 18 on Related Party Disclosures issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

List of related parties with whom transactions have taken place and

Sl. No	Name of the related party	Relationship
1	Staytop Systems Inc	Subsidiary
2	Staytop Systems and Software Pvt Ltd	Subsidiary

Transaction during the year with related parties:

Name of the related party	Nature of Transaction	Rs. In Millions
Staytop Systems Inc	Income – Sale of Information Technology Services	47.13

7. **Earnings Per Share:**

Calculation of EPS Basic & Diluted:

(Amount In Rs.)

Particulars	Current Year 2011-12	Previous Year 2010-11
Net Profit After Tax	16,748,970	9,751,122
Net Profit after Extraordinary Items	16,431,899	9,666,782
Weighted average numbers of shares considered	18,782,066	18,782,066
Basic EPS (in Rs.)	0.87	0.51
Diluted EPS (in Rs.)	0.87	0.51

8. **Segment Reporting:**

As per Accounting Standard 17 on Segment Reporting disclosures issued by the Institute of Chartered Accountants of India the disclosures on segment reporting are given below

Business Segment

In the previous year the company was engaged in the business of Information Technology & Information Technology Enabled Services. The business segment wise details are given below.

(Rs. in Millions)

Segment wise stand alone financial results for the year ended March 31, 2012		
Particulars	Current Year 31/03/2012	Previous Year 31/03/2011
1 Segment Revenue		
a) US Branch – IT Services	0.00	0.00
b) India operations		
IT Division	233.55	215.02
Media Division	9.38	16.54
Others	8.43	-
Total Revenue from Operations	251.36	231.56
2 Segment Results		
Profit (+)/Loss (-) before tax, Depn. & interest from		
a) US Branch	00.00	00.00
b) India operations total	51.91	42.26
Total	51.91	42.26
Less: interest (not allocable)	15.51	14.49
Less: Depreciation (not allocable)	19.54	18.48
Total Profit/(Loss) Before Tax	16.75	9.29

Segment Capital Employed: Segregation of assets, liabilities, depreciation and other non-cash expenses into various primary segments has not been done, as the assets are used interchangeably between segments. Accordingly no disclosure relating to segmental assets and liabilities has been made.

• **Geographical Segment:**

Particulars	(Rs. In Millions)	
	Current Year	Previous Year
Revenue:		
India – Exports	251.36	215.02
Outside India	0.00	0.00
Additions to Fixed Assets:		
India	5.17	12.68
Outside India	-	-
Carrying Amount of Segment Assets		
India	307.43	340.27
Outside India	0.00	41.61

9. Impairment of Assets:

The company reviewed with regard to realizable value of Fixed Asset and found that, the realizable value is more than the book value, hence no provision for impairment of Assets considered necessary.

10. Employee Benefits

Retirement benefits to employees the Company has made provision based on actuarial valuation in respect of Gratuity and Leave Encashment as per AS 15. The details are as follows:

Particulars	(Amount in Rs.)	
	31.03.2012	31.03.2011
Gratuity	15,81,195/-	43,72,569/-
Leave Encashment	34,35,466/-	23,82,540/-

Accounting for Provisions, Contingent Liabilities and Contingent Assets:

Provisions have been recognized by the Company for all present obligations arising from past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made by using a substantial degree of estimation. This is as per the provisions of AS-28 issued by Institute of Chartered Accountant of India.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an on-going basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets have not been recognized in the financial statements.

11. Prior Period Adjustments:

Prior period adjustment of Rs.18,82,786/- (Previous year 84,340/-) shown in the Profit and Loss account is the net amount of the debits and credits pertaining to previous years, which were not provided during those periods.

12. Additional Information required as per Para's 3 & 4 of Part II of Schedule VI to the companies Act,1956:

13.1 The Company is engaged in Information Technology & Information Technology Enabled Services. The production and sale of such service cannot be expressed in Units, hence, it is not possible to give the quantitative details and information as required under paragraphs 3,4 of Part II of Schedule VI to the Companies Act, 1956.

13.2 Managerial Remuneration:

(Amount in Rs.)

Particulars	Current Year 2011-12	Previous Year 2010-11
Managing Director Salary	14,40,000	7,20,000
Other perquisite	4,80,000	2,40,000
Executive Director Salary	-	8,10,000
Other perquisite	-	3,90,000
Total	19,20,000	21,60,000

13.3 Foreign Exchange Transaction:

(Rs. In Millions)

Particulars	Current Year 2011-12	Previous Year 2010-11
1) Value of Imports on CIF Basis		
a)Capital Goods – Electronic Equipments	-	-
b)Capital Goods – Furniture & Fixtures	-	-
2) Expenditure in Foreign Currency		
a) Travelling Expenses	1.67	2.18
b) Other Payments paid In Foreign Exchange	6.44	9.78
3) Earnings in Foreign Currency (on Receipt basis)		
Software Exports	188.62	127.56

13.4 Auditors Remuneration:

(Amount in Rs.)

Particulars	Current Year 2011-12	Previous Year 2010-11
Audit Fees	3,00,000/-	3,00,000/-
Certification Work	1,50,000/-	1,68,360/-

14. Inventory:

- a) Restoration and colorization expenses in respect of the films for which the company has acquired distribution rights are carried as working in progress pending completion of the respective films.
- b) Costs incurred for a colorization of movies including the movie rights have been shown in the inventory.

15. Capital Work in Progress

Capital Work in Progress includes cost of Fixed Assets under installation including Advances given for purchase of Capital Goods, interest on borrowing costs attributable to the assets for the Assets taken on Finance and any un allocated expenditure pertaining there to. During the year under review an amount of Rs.17.2 million received on sale of items has been reduced from capital work in process.

16. Figures for the previous year/period are regrouped/ rearranged wherever considered necessary.

As per our report attached

For P. MURALI & CO.
Chartered Accountants
FRN : 007257S

For and on behalf of the Board

Sd/-
P. Murali Mohana Rao
Partner
Membership No. 23412

Sd/-
S D. Rama Krishna
Managing Director

Sd/-
L P. Sashikumar
Director

Place: Hyderabad
Date : 30.05.2012

Sd/-
R. Ram Mohan
Company Secretary

Auditors' Report on Consolidated Financials

1. We have audited the attached Consolidated Balance Sheet of **GOLDSTONE TECHNOLOGIES LIMITED** ('the Company') and its subsidiaries as at 31st March, 2012 and the Consolidated Profit & Loss Account for the year ended on the date annexed thereto and Consolidated Cash flow Statement for the period ended on that date. These Consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with 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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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. We believe that our audit provides a reasonable basis for our opinion.
3. We did not Audit the financial statement of the subsidiaries of Goldstone Technologies Limited whose financial statements reflect total assets of Rs. 2344.74 lakhs as at 31st March 2012 and total revenue of Rs. 4346.36 lakhs for the year ended on that date. The financial statements of Staytop Systems Inc. have been Audited by M/s. RAM Associates, Certified Public Accounts based in Hamilton, NJ. Our opinion is so far as it relates to the said amounts included in respect of the subsidiaries is based solely on the accounts prepared and certified by them.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 for Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March 2012.
 - (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
 - (c) In the case of the consolidated cash flows Statement, of the Consolidated Cash flows of the Company and its subsidiaries for the year then ended.

For P.MURALI & CO.,
Chartered Accountants
FRN:007257S

Sd/-

P. Murali Mohana Rao
Partner, Membership No: 23412

Place : Hyderabad
Date : 30.05.2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount In Rs.)

Particulars	Note No.	As on 31/03/2012	As on 31/03/2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	187,820,660	187,820,660
(b) Reserves and Surplus	2	484,830,584	457,119,154
(2) Share application money pending allotment	3	-	-
(3) Minority Interest		1,000	1,000
(4) Non-Current Liabilities			
(a) Long-term borrowings	4	48,325,103	156,905,555
(b) Deffered tax liabilities (Net)	5	-	4,273,268
(c) Other Long term liabilities	6	-	-
(d) Long term provisions	7	8,502,771	6,833,561
(5) Current Liabilities			
(a) Short-term borrowings	8	3,994,677	3,994,677
(b) Trade payables	9	82,621,168	106,415,923
(c) Other current liabilities	10	147,268,490	71,127,131
(d) Short-term provisions	11	23,648,636	5,763,010
Total		987,013,089	1,000,253,939
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	134,042,715	148,541,343
(ii) Intangible assets	13	199,768,268	199,753,770
(iii) Tangible assets under development		132,736,793	149,809,293
(b) Non-current investments	14	-	-
(c) Deffered tax assets (Net)	5	2,221,602	-
(d) Long term loans and advances	15	-	-
(e) Other non-current assets	16	109,504,433	106,705,303
(f) Long term deposits		-	-
(2) Current assets			
(a) Current investments	17	-	-
(b) Inventories	18	127,505,269	144,055,594
(c) Trade receivables	19	203,513,675	151,952,885
(d) Cash and cash equivalents	20	38,923,129	31,513,602
(e) Short-term loans and advances	21	38,797,205	67,922,149
(f) Other current assets	22	-	-
Total		987,013,089	1,000,253,939

Summary of Significant Accounting Policies 33

The accompanying Notes are an Integral Part of the Financial Statements

As per our report attached

For P.Murali & Co.,

Chartered Accountants, FRN: 007257S

Sd/-

P.Murali Mohana Rao

Partner M.No. 023412

For and on behalf of the Board

Sd/-

S.D. Rama Krishna
Managing Director

Sd/-

L.P. Sashi Kumar
Director

Sd/-

R. Ram Mohan
Company Secretary

Place: Hyderabad
Date: 30.05.2012

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Amount In Rs.)

Particulars	Note No	As on 31/03/2012	As on 31/03/2011
I. Revenue from operations	23	677,570,515	617,599,721
II. Other Income	24	8,541,685	10,673,301
III. Total Revenue (I +II)		686,112,200	628,273,022
IV. Expenses:			
Cost of materials consumed/purchased	25	20,179,327	14,540,826
Decrease/(Increase) in Inventory	26	(3,629,002)	14,765,176
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	27	-	-
Employee benefit expense	28	523,086,541	460,465,661
Other operating expenses	29	41,278,772	43,480,573
Administrative Expenses	30	34,439,120	33,505,084
Financial costs	31	15,565,897	14,559,056
Depreciation and amortization expenses	12 & 13	19,650,341	19,280,175
Other expenses	32	-	-
Total Expenses		650,570,996	600,596,551
V. Profit before exceptional and extraordinary items and tax (III - IV)		35,541,204	27,676,471
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		35,541,204	27,676,471
VIII. Extraordinary Items		1,882,786	84,340
IX. Profit before tax (VII - VIII)		33,658,418	27,592,131
X. Tax expense:			
(1) Current tax		10,316,224	7,036,106
(2) Deferred tax		(4,369,236)	(1,063,077)
XI. Profit/(Loss) from the period from continuing operations (IX - X)		27,711,430	21,619,102
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		27,711,430	21,619,102
No. of equity shares:		18,782,066	18,782,066
XVI. Earning per equity share:			
(1) Basic		1.48	1.15
(2) Diluted		1.48	1.15

Summary of Significant Accounting Policies 33

The accompanying Notes are an Integral Part of the Financial Statements

As per our report attached

For P.Murali & Co.,

FRN: 007257S

Chartered Accountants

Sd/-

P.Murali Mohana Rao

Partner M.No. 23412

For and on behalf of the Board

Sd/-

S.D. Rama Krishna

Managing Director

Sd/-

L.P. Sashi Kumar

Director

Sd/-

R. Ram Mohan

Company Secretary

Place : Hyderabad

Date :30.05.2012

CONSOLIDATED NOTES TO BALANCE SHEET

S.No.	Particulars	As on 31/03/2012		As on 31/03/2011	
		No. of Shares	Amount In Rs	No. of shares	Amount In Rs
NOTE NO. 1 : SHARE CAPITAL					
a	Share Capital (For each class of capital)				
	(a) Authorised	50,000,000	500,000,000	50,000,000	500,000,000
	(b) Issued	-	-	-	-
	(c) Subscribed & Fully Paid Up	18,782,066	187,820,660	18,782,066	187,820,660
	Total Equity Share capital		187,820,660		187,820,660
	Total Share capital		187,820,660		187,820,660
b	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period: Equity Shares of Rs.10Each, Fully paid up :	Number of Shares		Number of Shares	
	At the Beginning		18,782,066		18,782,066
	At the end		18,782,066		18,782,066
c.	Details of shareholder holding more than 5% shares of the company: Equity Shares of Rs. 10 each held by Trinity Infraventure Limited - No. Of Shares (C.Y) 3419872 and No. Of Shares (P.Y) 3419872	% of Share Holding			
		18.20%		18.20%	
NOTE NO. 2 : RESERVES AND SURPLUS					
I RESERVES AND SURPLUS					
		As on 31/03/2012		As on 31/03/2011	
		Amount In Rs		Amount In Rs	
a)	Capital reserve				
	As at the commencement of the year	59,780,538		59,780,538	
	Add: Additions during the year			-	
	Less: Utilised for during the year			-	
		59,780,538		59,780,538	
b)	Securities Premium Reserve				
	As at the commencement of the year	218,379,399		218,379,399	
	Add: Additions during the year			-	
	Less: Utilised for during the year			-	
		218,379,399		218,379,399	
c)	General Reserves				
	As at the commencement of the year	18,300,679		18,300,679	
	Add: Additions during the year			-	
	Less: Utilised for during the year			-	
		18,300,679		18,300,679	

(Amount In Rs.)

S.No.	Particulars	As on 31/03/2012	As on 31/03/2011
d)	Surpuls :		
	Opening Balance - Profit and Loss Account	160,658,538	160,658,538
	Add: Transfer from Profit & Loss Account	27,711,430	-
		188,369,968	160,658,538
II	A Reserve specifically represented by earmarked investments	-	-
III	Negetive balance of reservs and surplus account		-
	Total Reserves and Surplus	484,830,584	457,119,154
	NOTE NO. 3 : SHARE APPLICATION MONEY PENDING ALLOTMENT		
	Share Application Money pending allotment	-	-
	NOTE NO. 4 : LONG TERM BORROWINGS		
I	Long Term borrhings		
a)	Bonds/debentures		
	Secured	-	-
	Unsecured	-	-
b)	Term loans:		
	From banks:		
	Secured	48,325,103	156,905,555
	Unsecured	-	-
II	Mortgage of land and building situated at IDA cherlapally and hypothication of current assets.		
	Total long term borrowings	48,325,103	156,905,555

(Amount In Rs.)

S. No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 5 : DEFERRED TAX LIABILITY (NET)			
	Opening Deferred tax Liability		-
	Add: Deferred Tax Liability for the year (Due to SLM and WDV Difference)	(2,221,602)	4,273,268
	Gross Deferred tax Liability	(2,221,602)	4,273,268
	Opening Deferred tax Asset		-
	Gross Deferred tax Asset	-	-
	Deferred Tax Liability/ (Asset) - Net	(2,221,602)	4,273,268
NOTE NO. 6 : OTHER LONG TERM LIABILITIES			
	Other Long Term Liabilities	-	-
NOTE NO. 7 : LONG TERM PROVISIONS			
	Provisions for employee benefits		
	- Provision for Gratuity	1,581,195	4,372,569
	- Provision for Leave Encashment	3,435,466	2,382,541
	- Provision for bad debts	1,298,724	-
	- Provision for Taxation	2,187,386	78,451
	Total Long Term Provisions	8,502,771	6,833,561
NOTE NO. 8 : SHORT TERM BORROWINGS.			
	Deposits.		
	a) Secured		-
	b) Unsecured	3,994,677	3,994,677
	Total short term borrowings	3,994,677	3,994,677

(Amount In Rs.)

S. No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 9 : TRADE PAYABLES			
	Trade Payables	82,621,168	106,415,923
	Total Trade Payables	82,621,168	106,415,923
NOTE NO. 10 : OTHER CURRENT LIABILITIES			
	Other liabilities payables	147,268,490	71,127,131
	Total other current liabilities	147,268,490	71,127,131
NOTE NO. 11 : SHORT TERM PROVISIONS			
	a) Provisions for employee benefits		
	Other benefits Payable	2,339,487	-
	Salaries Payable	14,825,056	4,327,414
	b) Others		
	Statutory Liabilities	6,484,093	1,435,596
	Total short term provisions	23,648,636	5,763,010

NOTE NUMBER : 12 & 13
FIXED ASSETS AS ON 31st MARCH, 2012

(Amount in Rs)

Sl. No.	Particulars	Gross Block						Rate of Depreciation	Depreciation/Amortization				Net Block as on 31.03.2011
		As on 01.04.2011	Additions during the year	Additions through Business acquisitions	Capitalised during the year	Sale / Deletions during the year	As on 31.03.2012		As on 01.04.2011	For the year 2011-2012	Impairment Loss / Reversal of Impairment Loss for the Year	Total Depreciation	
1	GOODWILL	92,663,433	-	-	-	-	92,663,433	0.00%	-	-	-	92,663,433	92,663,433
2	LAND	75,171,399	1,500,000	-	-	-	76,671,399	0.00%	-	-	-	76,671,399	75,171,399
3	BUILDING	27,438,522	-	-	-	-	27,438,522	3.34%	916,447	-	10,594,790	16,843,732	17,760,178
4	PLANT & MACHINERY	3,244,830	-	-	-	-	3,244,830	4.75%	-	-	3,244,830	-	-
5	ELECTRICAL EQUIPMENT	12,887,214	566,496	-	-	-	13,453,710	4.75%	570,709	-	4,623,995	8,829,715	8,833,928
6	OFFICE EQUIPMENT	11,068,474	-	-	-	-	11,068,474	4.75%	494,701	-	6,687,756	4,380,718	4,857,132
7	COMPUTERS	150,046,231	1,462,826	-	-	-	151,509,057	16.21%	16,285,229	-	139,510,312	11,998,745	26,824,259
8	FURNITURE & FIXURES	15,431,324	259,930	-	-	-	15,691,254	6.33%	645,151	-	5,561,941	10,129,313	10,512,101
9	VEHICLES	8,702,513	1,376,962	-	-	-	10,079,475	9.50%	738,103	-	4,875,883	5,203,692	4,564,733
10	LEASE HOLD IMPROVEMENTS	4,737,576	-	-	-	-	4,737,576	6.33%	-	-	4,737,576	-	-
11	INTANGIBLE FIXED ASSETS	167,772,366	-	-	-	-	167,772,366	0.00%	60,682,028	-	60,682,028	107,090,338	107,090,337
	TOTAL	569,163,882	5,166,214	-	-	-	574,330,096		19,650,341	-	240,519,113	333,810,983	346,277,501
	Previous Year	682,514,315	12,910,773	-	-	-	695,425,088		19,280,175	-	220,868,772	474,556,317	480,925,718

(Amount In Rs.)

S. No.	Particulars	As on 31/03/2012	As on 31/03/2011
	NOTE NO. 14 : NON- CURRENT INVESTMENTS		
	Non Current Assets	-	-
	NOTE NO. 15 : LONG TERM LOANS AND ADVANCES		
	Long - Term Loans and Advances:	-	-
	NOTE NO.16 : OTHER NON - CURRENT ASSETS		
I	Long term Trade receivable (Including trade receivables on deferred credit basis)		
	Secured, considered good	-	-
	Unsecured considered good	-	-
	Doubtful	-	-
II	Unamortised Expenses	-	-
	Interest Accrued on Deposits	840,838	-
	Insurance Claims	-	-
	Dividend receivable	-	-
	Interest accrued on investments	-	-
	Deffered revenue expenses	-	-
III	others	108,663,595	174,627,452
	Total other non current assets	109,504,433	174,627,452
	Less : Provision for Bad and Doubtful debts	-	-
	Total non - current assets (Net)	109,504,433	174,627,452
	NOTE NO. 17 : CURRENT INVESTMENTS		
	Current Investments :	-	-
	NOTE NO. 18 : INVENTORIES		
	Inventories :		
a)	Raw materials		
	Material - A	28,190,000	28,190,000
	Material - B	-	-
	Sub Total	28,190,000	28,190,000
b)	Work - in - progress		
	Type - A	99,315,269	115,865,594
	Type - B	-	-
	Sub Total	99,315,269	115,865,594
	Total Inventories	127,505,269	144,055,594

(Amount In Rs.)

S. No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 19 : TRADE RECEIVABLES			
	Outstanding for a period exceeding six months from the date they are due for payment		
	Secured, Considered Good	3,654,327	112,946,126
	Unsecured, Considered Good		-
	Doubtful		-
	Sub Total	3,654,327	112,946,126
	Other Receivables:		
	Secured, Considered Good	172,297,211	39,006,759
	Unsecured, Considered Good	27,562,137	-
	Doubtful		-
	Sub Total	199,859,348	39,006,759
	Total trade receivable	203,513,675	151,952,885
	Less : Allowance for bad & doubtful debts	-	-
	Total Trade Receivables(Net)	203,513,675	151,952,885
NOTE NO. 20 : CASH AND BANK BALANCES			
I	Cash and cash equivalents :		
	a) Balances with banks :		
	On Current Accounts	4,951,955	5,300,371
	b) Cheques, Draft on hand	-	-
	c) Cash on hand	79,147	55,315
	d) Bank balance with Others	32,863,981	25,129,772
	Sub Total	37,895,083	30,485,458
II	Other Bank Balances		
	On Deposit Accounts	-	-
	1) Having Maturity more than 3 Months but less than or equal to 12 months from date of deposit	-	-
	2) Having Maturity more than 12 Months from date of deposit	1,028,046	1,028,144
	Sub Total	1,028,046	1,028,144
	Total Cash and Cash Equivalents	38,923,129	31,513,602

(Amount In Rs.)

S. No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 21 : SHORT TERM LOANS AND ADVANCES			
	Short - term loans and advances:		
	a) Security Deposit		
	Secured	-	-
	Unsecured	14,124,858	12,317,574
	Doubtfull	-	-
	b) Loans and advances to related parties		
	Secured	24,672,347	55,604,575
	Unsecured	-	-
	Doubtfull	-	-
	c) Other Loans & advances (Others)		
	Secured	-	-
	Unsecured	-	-
	Doubtfull	-	-
	Total short term loans & advances	38,797,205	67,922,149
	Less : Provision for Doubtfull Debts	-	-
	Total short term loans & advances (Net)	38,797,205	67,922,149
NOTE NO.22 : OTHER CURRENT ASSETS			
	Other Current Assets	-	-

NOTES NUMBERS TO CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Amount In Rs.)

S.No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 23 : REVENUE FROM OPERATIONS			
	Revenue from operations in respect of non-finance company		
	(a) Sale of Services-Exports	632,825,940	564,615,841
	(b) Sale of Services-Domestic	44,744,575	52,983,880
	Total Revenue from Operations	677,570,515	617,599,721
NOTE NO. 24 : OTHER INCOME			
	(a) Interest income (Other than a finance company)	300,120	47,337
	(b) Other non-operating income (net of expenses directly attributed to such income)	6,955,803	10,625,964
	(c) Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)	1,285,762	-
	Total Other Income	8,541,685	10,673,301
NOTE NO. 25 : COST OF MATERIALS CONSUMED			
	Material A	6,878,500	14,540,826
	Material B	13,300,827	-
	Total Cost Of Material Consumed	20,179,327	14,540,826
NOTE NO. 26 : PURCHASE OF STOCK IN TRADE/ DECREASE/(INCREASE) IN STOCK			
	Material	(3,629,002)	14,765,176
	Total Trade Purchases	(3,629,002)	14,765,176
NOTE NO. 27 : CHANGE IN INVENTORIES & WIP.			
	Change in Inventories & Wip	-	-

(Amount In Rs.)

S.No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 28 : EMPLOYEE BENEFIT EXPENSES (AGGREGATE EXPENDITURE)			
	(a) Salaries & Wages	490,478,245	435,800,167
	(b) Contribution to Provident & Other Funds	3,416,008	2,543,093
	(c) Staff Welfare Expenses	29,192,288	22,122,401
	Total Employee Benefit Expenses	523,086,541	460,465,661
NOTE NO. 29 : OTHER OPERATING EXPENSES			
	(a) Power / Electricity & Fuel	3,157,798	2,929,750
	(b) Rent	14,379,347	10,217,321
	(c) Repairs to Building	38,925	966,172
	(d) Repairs to Machinery	1,974,271	2,740,549
	(e) Insurance	6,701,964	4,479,974
	(f) Car Hire charges & transportation	5,502,921	210,581
	(g) Miscellaneous Expenditure	820,544	282,998
	(h) Net loss on foreign currency transaction and translation	-	2,067,998
	(i) Payment to Auditors:		
	(i) As Auditor	450,000	450,000
	(ii) For Reimbursement of expenses	-	18,360
	(j) Deffered Admin Cost	8,253,002	19,116,870
	Total Other Operating Expenses	41,278,772	43,480,573
NOTE NO. 30 : ADMINISTRATIVE EXPENSES			
	(a) Telephone, Postage and Internet Others	8,971,623	7,741,891
	(b) Business Promotion Expenses	7,016,599	6,430,087
	(c) Conveyance & Travelling Expenses	5,695,688	5,450,203
	(d) Office Maintenance	4,056,296	2,369,010
	(e) Printing & Stationery Expenses	827,774	953,708
	(f) Security Charges	591,284	291,206
	(g) Rates & Taxes	498,907	2,010,100
	(h) Managerial Remuneration	1,920,000	2,160,000
	(i) Consultancy Charges	142,640	1,646,088
	(j) Seminar Fee	527,853	46,966
	(k) Web Development Expenses	1,401,070	628,396
	(l) Professional Consultancy Fee	1,643,579	2,767,874
	(m) Director Sitting Fee	360,000	345,000
	(n) Vehicle Maintenance Charges	360,886	304,505
	(o) Secretarial Expenses	424,921	360,050
	Total Administrative Expenses	34,439,120	33,505,084

(Amount In Rs.)

S.No.	Particulars	As on 31/03/2012	As on 31/03/2011
NOTE NO. 31 : FINANCE COST			
	Interest Expenses :		
	- Interest on Cash Credit	7,040,423	6,579,913
	- Interest on Car Loan	43,758	16,543
	- Interest on Unsecured Loan	7,519,949	7,700,218
	- Loan processing Charges & Bank Charges	961,767	262,382
	Total Finance Cost	15,565,897	14,559,056
NOTE NO. 32 : OTHER EXPENSES			
	Other expenses	-	-
	Total Other expenses		

Consolidated Statement of Cash Flows for the year ended 31.03.2012

(Rs. In Millions)

	31/03/2012	31/03/2011
A Cash Flow from operating activity		
Net Profit before tax	35.54	27.68
Adjustments for:	-	-
Depreciation	19.65	19.28
Provision for Gratuity & Earned Leave & others	8.50	6.76
Other Income	(8.54)	(10.67)
Interest Expenditure on Long Term Loan	15.57	14.49
Foreign Exchange Fluctuation Loss	1.29	2.07
Operating Profit before working capital changes	72.00	59.60
Adjustments for:		
Trade and other receivables	203.51	151.27
Inventories	16.55	5.14
Trade advances	(38.80)	0.91
Trade Payable	(299.86)	(213.93)
Provisions	(8.50)	(15.71)
Cash generated from operations	(55.09)	(12.71)
Differed Tax Liability	(2.22)	-
Interest Paid	(15.57)	(14.49)
Cash flow before extraordinary items	(72.88)	(27.21)
Prior Period Items	(1.88)	(0.08)
Net Cash flow from operating activity	(74.76)	(27.30)
B. Cash Flow from Investing Activity		
Purchases of fixed assets	(5.17)	(12.91)
Capital work in progress	17.07	128.41
Other income	8.54	10.67
Net Cash used for investing activity	20.45	126.17
C. Cash Flow from financing activities		
Share Premium and Reserves	(27.71)	(132.22)
Secured loans Repayment	108.58	30.89
Net Cash generated from Financing Activity	80.87	(101.33)
Cash and Cash Equivalents (Opening Balance)	12.36	14.83
Net Increase in Cash & Cash Equivalents (A+B+C)	26.56	(2.46)
Cash and Cash Equivalents (Closing Balance)	38.92	12.36

As per our report attached

For P. Murali & Co.

Chartered Accountants

FRN : 007257S

Sd/-

P. Murali Mohana Rao

Partner, M No. 23412

Place: Hyderabad

Date : 30.05.2012

For and on behalf of the Board

Sd/-

SD Rama Krishna

Managing Director

Sd/-

L P Sashikumar

Director

Sd/-

R. Ram Mohan

Company Secretary

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Statement on Significant Accounting Policies

i) Basis of Accounting

The Financial Statements of the Company are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India, and the relevant provisions of the Companies Act, 1956 as adopted consistently by the Company.

ii) Method of Accounting

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

iii) Revenue Recognition:

- a) All incomes and expenditure are accounted on accrual basis except Interest received on Fixed Deposits, which are accounted on cash basis.
- b) Revenue from Software Development contracts, priced on time and material basis, is recognised on the basis of billable time spent by employees working on the project, at the contracted rate.
- c) Revenue from fixed price contracts is recognized on milestones achieved as per the terms of specific contracts.

iv) Fixed Assets:

- a) Fixed Assets are stated at cost less depreciation. Project expenses/Pre-operative expenses are capitalized to the respective asset heads on a proportionate basis. Any capital grant or subsidy received is reduced from the cost of eligible assets.

- b) Depreciation on Fixed Assets is provided on straight-line method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

v) Investments:

Investments are classified into current Investments and long-term investments. Current Investments are carried at the lower of cost or market value. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the profit and loss account. Long term investments are carried at cost less provision made to recognize any permanent diminution in the value of such investments.

vi) Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. In respect of foreign branches, all revenue and expense transactions during the year are translated at average rate. Monetary assets and liabilities are translated at the rate prevailing on the balance sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. The resultant gain on account or foreign currency translation to be shown as foreign currency translation reserve and loss to be charged off after adjusting the reserve. Balance in 'Head office account' whether debit or credit, is reported at the amount of the balance in the 'branch account' in the books of the head office after adjusting for unresponded transaction. Net loss or gain on foreign currency translation is recognized in the foreign translation reserve account.

vii) Retirement Benefits to Employees

Contributions to defined Schemes such as Provident Fund, Employees State Insurance Scheme are charged to the profit and loss account as incurred on accrual basis. The Company provides the retirement benefits in the form of Gratuity and Leave Encashment on the basis of actuarial valuation made by Independent actuary as at balance sheet date.

viii) Provision for Current and Deferred Tax

Provision for current Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred Tax resulting from timing differences between book and taxable profits is accounted by using the tax rates and laws that have been enacted as on the Balance Sheet date. The Deferred Tax Asset is recognized only to the extent there is reasonable certainty that the Asset is realized in future.

ix) Impairment of assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired.

x) Income and Deferred Tax

The provision made for income tax in the accounts comprises both the current and deferred tax. Current tax is provided for on the taxable income for the year. The deferred tax assets and liabilities for the year arising on account of timing differences (net) are recognized in the Profit and Loss account and the cumulative effect thereof is reflected in the Balance Sheet.

xi) Contingent Liabilities and Contingent Assets

Liabilities, which are contingent in nature, are not recognized in the books of account but are disclosed separately in the Notes. Contingent Assets are neither recognized nor disclosed in the books of account.

xii) Claims

Claims made by the Company are recognized to the extent the Company deems them recoverable. Claims against the Company, including liquidated damages, are recognized only on acceptance basis.

xiii) Inventories

Inventories are valued at cost or net realizable value, whichever is less. Cost comprises of expenditure incurred in the normal course of business in bringing such inventories to its their location. Finished goods at the factory are valued at cost in all applicable cases. Obsolete, non-moving and defective inventories are identified at the time of physical verification of inventories and adequate provision, wherever necessary, is made for such inventories.

xiv) Intangible Assets

Intangible Assets are recognized in the Balance Sheet at cost, net of any accumulated amortization / impairment. Preliminary expenses are amortized over a period of 5 years. De-merger expenses are amortized over a period of ten years.

xv) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are treated as a period cost and are expensed in the year of occurrence.

33) NOTES ON ACCOUNTS:

1. Subsidiaries considered for Consolidation

- a. Staytop Systems Inc., an US incorporated Company.
- b. Staytop Systems & Software Pvt Ltd.

2. Investments:

The company acquired 100% holding in M/s Staytop Systems Inc at a total purchase consideration of USD 2,100,000 in the year 2005. Out of the total purchase consideration an amount of USD 2,000,000 was paid upto 2006-07 and for the balance amount of USD 100,000 the company issued 35,918 Equity Shares as fully paid and no new fresh investments during the year.

3. Confirmation of balances with sundry debtors and sundry creditors:

Company has taken necessary steps to get the confirmation of balances from the parties.

4. Contingent Liability:

Outstanding Bank Guarantees –Rs.48.61 Lakhs (Previous year Rs.10.28 Lakhs)

Claims against the company – against disputed income tax demands not provided for about Rs.7.50 Lakhs, pending before Appellate Authority.

5. Deferred Taxation:

Deferred Tax Liability/Asset is recognized in accordance with Accounting Standard 22 – “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India.

Computation of Deferred Tax Asset/Liability:

	(Rs. In Millions)
Deferred Tax Liability as at 1 st April, 2011	4.27
Deferred Tax Asset as at 31 st March, 2012	2.22

6. Related Party Disclosure:

As per Accounting Standard 18 on Related Party Disclosures issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

List of related parties with whom transactions have taken place and

Sl. No	Name of the related party	Relationship
1	Staytop Systems Inc	Subsidiary
2	Staytop Systems and Software Pvt Ltd	Subsidiary

Transaction during the year with related parties:

Name of the related party	Nature of Transaction	Rs. In Millions
Staytop Systems Inc	Income – Sale of Information Technology Services	47.13

7. Earnings Per Share:

Calculation of EPS Basic & Diluted:

(Amount in Rs.)

Particulars	Current Year 2011-12	Previous Year 2010-11
Net Profit After Tax	2,95,94,216	2,17,03,442
Net Profit after Extraordinary Items	2,77,11,430	2,16,19,102
Weighted average numbers of shares considered	18,782,066	1,87,82,066
Basic EPS (in Rs.)	1.48	1.15
Diluted EPS (in Rs.)	1.48	1.15

8. Segment Reporting:

As per Accounting Standard 17 on Segment Reporting disclosures issued by the Institute of Chartered Accountants of India the disclosures on segment reporting are given below

(i) Business Segment – In the previous year the company was engaged in the business of Information Technology & Information Technology Enabled Services. The business segment wise details are given below.

(Rs.in Millions)

Segment wise stand alone financial results for the year ended March 31, 2012		
Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Segment Revenue		
a) India operations		
IT Division	241.98	225.70
Media Division	9.38	16.54
b) Subsidiary – IT Services	481.88	361.42
Less: Inter Company Sales	47.13	24.62
Total Revenue from Operations	686.11	628.28
Segment Results		
Profit (+)/Loss (-) before tax, Deprn. & interest from		
a) India operations total	51.91	43.06
b) Subsidiary	18.85	18.46
Total	66.82	61.52
Less: interest (not allocable)	15.57	14.56
Less: Depreciation (not allocable)	19.65	19.28
Total Profit/(Loss) Before Tax	35.54	27.68

(ii) Segment Capital Employed: Segregation of assets, liabilities, depreciation and other non-cash expenses into various primary segments has not been done, as the assets are used interchangeably between segments. Accordingly no disclosure relating to segmental assets and liabilities has been made.

• **Geographical Segment:**

Particulars	(Rs. In Millions)	
	Current Year 2011-12	Previous Year 2010-11
Revenue:		
India – Exports	251.36	201.07
Outside India	434.75	427.20
Additions to Fixed Assets:		
India	5.16	12.68
Outside India	-	0.23
Carrying Amount of Segment Assets		
India	246.50	381.88
Outside India	87.31	92.68

9. Impairment of Assets:

The company reviewed with regard to realizable value of Fixed Asset and found that, the realizable value is more than the book value, hence no provision for impairment of Assets considered necessary.

10. Employee Benefits

Retirement benefits to employees the Company has made provision based on actuarial valuation in respect of Gratuity and Leave Encashment as per AS 15. The details are as follows:

Particulars	(Amount in Rs.)	
	31.03.2012	31.03.2011
Gratuity	15,81,195/-	43,72,569/-
Leave Encashment	34,35,466/-	23,82,540/-

Accounting for Provisions, Contingent Liabilities and Contingent Assets:

Provisions have been recognized by the Company for all present obligations arising from past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made by using a substantial degree of estimation. This is as per the provisions of **AS-28** issued by Institute of Chartered Accountant of India.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly

within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an on-going basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets have not been recognized in the financial statements.

11. Prior Period Adjustments:

Prior period adjustment of Rs.18,82,786/- (Previous year 84,340/-) shown in the Profit and Loss account is the net amount of the debits and credits pertaining to previous years, which were not provided during those periods.

12. Additional Information required as per Para's 3 & 4 of Part II of Schedule VI to the companies Act, 1956:

13.1 The Company is engaged in Information Technology & Information Technology Enabled Services. The production and sale of such service cannot be expressed in Units, Hence, it is not possible to give the quantitative details and information as required under paragraphs 3,4 of Part II of Schedule VI to the Companies Act, 1956.

13.2 Managerial Remuneration: (Amount in Rs.)

Particulars	Current Year 2011-12	Previous Year 2010-11
Managing Director		
Salary	14,40,000	7,20,000
Other perquisite	4,80,000	2,40,000
Executive Director		
Salary	-	8,10,000
Other perquisite	-	3,90,000
Total	19,20,000	21,60,000

13.3 Foreign Exchange Transaction:

(Rs. In Millions)

Particulars	Current Year 2011-12	Previous Year 2010-11
1) Value of Imports on CIF Basis		
a) Capital Goods – Electronic Equipments	-	-
b) Capital Goods – Furniture & Fixtures	-	-
2) Expenditure in Foreign Currency		
a) Travelling Expenses	1.67	2.18
b) Other Payments paid In Foreign Exchange	6.44	9.78
3) Earnings in Foreign Currency (on Receipt basis)		
Software Exports	188.62	127.56

13.4 Auditors Remuneration:

(Amount in Rs.)

Particulars	Current Year 2011-12	Previous Year 2010-11
Audit Fees	3,00,000/-	3,00,000/-
Certification Work	1,50,000/-	1,68,360/-

14. Inventory:

- a) Restoration and colorization expenses in respect of the films for which the company has acquired distribution rights are carried as working in progress pending completion of the respective films.
- b) Costs incurred for a colorization of movies including the movie rights have been shown in the inventory.

15. Capital Work in Progress

Capital Work in Progress includes cost of Fixed Assets under installation including Advances given for purchase of Capital Goods, interest on borrowing costs attributable to the assets for the Assets taken on Finance and any un allocated expenditure pertaining there to. During the year under review an amount of Rs.17.2 million received on sale of items has been reduced from capital work in process.

16. Figures for the previous year/period are regrouped/ rearranged wherever considered necessary.

As per our report attached

For P. MURALI & CO.,
Chartered Accountants
FRN : 007257S

For and on behalf of the Board

Sd/-
P. Murali Mohana Rao
Partner
Membership No. 23412

Sd/-
S D. Rama Krishna
Managing Director

Sd/-
L P. Sashikumar
Director

Place: Hyderabad
Date : 30.05.2012

Sd/-
R. Ram Mohan
Company Secretary

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES : (Rs. in Millions)

S.No.	Name of the Subsidiary Company	Reporting currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover/ total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Divided	Country
1.	Staytop Systems Inc.,	USD/MIN	1.98	2.6	4.58	4.58	-	9.06	0.39	0.15	0.24	-	USA
2.	Staytop Systems and Software Pvt.Ltd.	INR	0.10	-	0.10	-	-	-	-	-	-	-	IND

**For P. Murali & Co.,
Chartered Accountants
FRN : 007257S**

**Sd/-
P. Murali Mohana Rao
Partner
M No. 23412
Place: Hyderabad
Date : 30.05.2012**

For and on behalf of the Board

**Sd/-
SD Rama Krishna
Managing Director**

**Sd/-
R. Ram Mohan
Company Secretary**



GOLDSTONE TECHNOLOGIES LIMITED

(9-1-83 & 84, Amarchand Sharma Complex, S.D. Road, Secunderabad - 500 003)

PROXY FORM

I/Weof
being a member/ members of the above named company hereby appoint
..... of
..... as my/our proxy to vote for me/us
on my/our behalf at the 18th Annual General Meeting of the company to be held on Saturday, the
September 29, 2012 at 4.00 p.m. at Plot No. 1 & 9 IDA Phase II, Cherlapally, Hyderabad-500 051
and at any adjournment thereof.

Folio No/DPID/Client ID:

No. of shares held:

Signed this..... day of _____ 2012.

Please
Affix Re.1
Revenue
Stamp

NOTE:

- a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself.
- b) Proxy need not be a member.
- c) The proxy form duly completed should be deposited at the registered office of the company not less than 48 hours before the time fixed for holding the meeting.

.....cut here.....

GOLDSTONE TECHNOLOGIES LIMITED

(9-1-83 & 84, Amarchand Sharma Complex, S.D. Road, Secunderabad - 500 003)

ATTENDANCE SLIP

(Please present this slip at the entrance of the meeting venue)

Regd. Folio/ : _____

Shares held:_____

Client ID/ DPID : _____

I hereby record my presence at the 18th Annual General Meeting to be held on Saturday, the
September 29, 2012 at 4.00 p.m. at Plot No. 1&9 IDA Phase II, Cherlapally, Hyderabad-500 051.

Name of the Shareholder :

Name of the Proxy :

Signature of member/proxy :

- Note:
- 1) To be signed at the time of handing over this slip.
 - 2) Members are requested to register their names at least 15 minutes prior to the commencement of the meeting.

Book - Post
Printed Matter



If undelivered please return to :

Goldstone Technologies Limited

9-1-83 & 84, Amarchand Sharma Complex,
Sarojini Devi Road, Secunderabad-500 003.
Ph. 040-2780 7642, 2780 0742, 2780 7640