

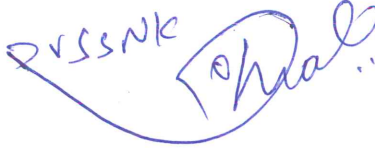







**FORM-A**

**Format of Covering Letter of the Annual Audit Report to be filed with the Stock Exchanges**

|   |  |  |
|---|--|--|
| 1.  | Name of the Company  | <b>GOLDSTONE TECHNOLOGIES LIMITED</b>  |
| 2.  | Annual Financial Statements for the year ended   | March 31, 2015   |
| 3.  | Type of Audit observation  | NIL  |
| 4.  | Frequency of observation   | Not Applicable   |
| 5.  | To be Signed by  |  |
|   | <b>Mr.P.S.Parthasarthy</b><br>Managing Director  |       |
|   | <b>Mr.Vithal VS S N K Popuri</b><br>Chief Financial Officer (CFO)  |     |
|   | <b>Mr. P. Murali Mohana Rao</b><br>Partner<br>Membership No : 023412<br><b>For P. Murali &amp; Co.,</b><br>Chartered Accountants<br>FRN: 007257S<br>Statutory Auditors     |   |
| <b>Mr. K.S.Sarma</b><br>Chairman of the Audit Committee |   |  |



**Analytics and Business  
Intelligence**

**IT Consulting, Off Shore  
Support & Staffing**

**Testing, Automation  
& QA Services**

**Twenty First Annual Report 2014-2015**



## **CORPORATE INFORMATION**

### **Board of Directors:**

Mr. K.S.Sarma, IAS (Retd.)  
Mr. V Venkata Ramana  
Mr. Ponnepula Sanjeeva Parthasarathy  
Mr. Clinton Travis Caddell  
Mr. L P Sashikumar

### **Board Committees;**

#### **Audit Committee:**

Mr. K.S.Sarma, IAS (Retd.)  
Mr. V Venkata Ramana  
Mr. Clinton Travis Caddell

#### **Nomination and Remuneration Committee:**

Mr. K.S.Sarma, IAS (Retd.)  
Mr. V Venkata Ramana  
Mr. L.P. Sashikumar

#### **Stakeholders Relationship Committee:**

Mr. K.S.Sarma, IAS (Retd.)  
Mr. V Venkata Ramana  
Mr. L.P. Sashikumar

#### **Key Managerial Personnel:**

Mr. Ponnepula Sanjeeva Parthasarathy;

#### **Managing Director**

Mr. Vithal V S S N K Popuri ;

#### **Chief Financial Officer**

### **Statutory Auditors:**

M/s. P. Murali & Company,  
Chartered Accountants, 6-3-  
655/2/3,  
Somajiguda, Hyderabad – 500  
082.

### **Principal Bankers:**

Central Bank of India  
CITI Bank.

### **Registrars & Share Transfer Agents:**

M/s. Aarthi Consultants Private  
Limited,  
1-2-285, Domalguda,  
Hyderabad – 500 029

### **Stock Exchanges where Company's Securities are listed:**

Bombay Stock Exchange Limited  
National Stock Exchange of India  
Limited

### **Registered Office:**

9-1-83 & 84, Amarchand Sharma  
Complex S.D. Road,  
Secunderabad – 500 003  
Telangana, INDIA .  
Tel. 91-40-27807640 / 0742  
www. goldstonetech.com,  
E-Mail:  
corporate@goldstonetech.com  
CIN: L72200TG1994PLC017211

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## NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of Goldstone Technologies Limited will be held on Tuesday, the 29<sup>th</sup> day of September, 2015 at 3.00 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 31<sup>st</sup>, 2015, and the Statement of Profit and Loss for the year ended on that date together with the Director's and Auditor's Report thereon.
2. To appoint a Director in place of Mr. L.P. Sashikumar (DIN: 00016679) who retires by rotation and being eligible, offers him-self for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration and for this purpose to consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of the Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time M/s. P. Murali & Company (FRN: 007257S), Chartered Accountants, Hyderabad, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the company at such remuneration as may be mutually agreed between the Board of Directors of the Company and Auditors".

### SPECIAL BUSINESS:

4. To Consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED that pursuant to the provisions of Section 197, 198 and 203 read with provisions of Part-I, Section II of Part-II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), subject to the consents and permission as may be necessary, Mr.P.S.Parthasarathy (DIN: 0183728) be and is hereby appointed as Managing Director of the Company for a period of two years from 27<sup>th</sup> May, 2015 to 26<sup>th</sup> May, 2017 with a monthly remuneration of ₹ 2,00,000/- Per Month on the following terms and conditions:

#### 1. Salary

Salary of ₹ 1,40,000/- (Rupees One Lakh Forty Thousand Only) per month.

#### 2. Perquisites

The following perquisites may be allowed in addition to salary:

#### Category A

1. **Housing:** Rent Free Accommodation or House Rent Allowance – ₹ 28,000/-per month (Rupees Twenty Eight Thousand only).
2. Other allowances/reimbursements like Maintenance, LTA, Gardener, Servant, Conveyance, Subscription to Professional journals and Medical etc., not exceeding ₹ 32,000/- per month (Rupees Thirty Two Thousand only).

#### Category B

Company's contribution towards Provident Fund, Annuity Fund or Super Annuation Fund and payment of Gratuity, Medical Insurance Policy as per the applicable laws. One month leave for every completed year of service or payment in lieu thereof.

#### Category C

Provision of car for use on Company's

business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be charged by the Company.

### 3. Minimum Remuneration

Depending upon further performance of the Company the remuneration payable to Mr.P.S.Parthasarathy shall be not exceeding the statutory limits as may be prescribed from time to time pursuant to the provisions of Section 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013. However contribution to provident fund/annuity fund/pension fund/gratuity and encashment of leave at the end of the tenure shall not be included in the ceiling of the salary.

**“RESOLVED further** that the Board of Directors be and are hereby authorized to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule-V or other relevant provisions of the Companies Act, 2013 or any other amendments thereto, as may be agreed between the Board and Mr. P.S.Parthasarathy.”

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

Sd/-  
**P.S.Parthasarathy**  
Managing Director  
DIN: 01837281

Place: Secunderabad  
Date: 05<sup>th</sup> August, 2015

### NOTES:-

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 4 of the Notice, is annexed hereto. The relevant details as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/ re-appointment as Directors under Item No. 2 of the Notice, are also annexed.
2. **A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the Company.** The instrument appointing the proxy, in order to be effective, must be deposited at the Company’s Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/ authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A Proxy form for the AGM is enclosed.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.



5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Numbers in the attendance slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The Register of Members and Transfer Books of the Company shall remain closed from 23<sup>rd</sup> September, 2015 to 29<sup>th</sup> September, 2015(both days inclusive) for the purpose of ensuing Annual General Meeting.
8. Queries on accounts and operations of the Company, if any, may please be sent to the Company at least seven days in advance of the Meeting so that the answers may be made readily available at the meeting.
9. As on March 31, 2015 Amount of ₹ 2,49,004/-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 124 (5) of the Companies Act, 2013 aforesaid unclaimed dividend amounts shall be liable to be transferred to Investor Education and Protection Fund by October 29, 2015.
10. The Annual Report of the Company for the year 2014-15 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. The Annual Report of the Company for the year 2014-15 circulated to the Members of the Company is available on the Company's website, viz. [www.goldstonetech.com](http://www.goldstonetech.com).
11. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the e-mail 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.
12. **E-VOTING**

The business as set out in the Notice may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternate to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 21<sup>st</sup> Annual General Meeting. The Company has engaged the services of Central Depository Services India Limited (CDSL) to provide the e-voting facility.

The Members whose names appear in the Register of Members / List of Beneficial Owners as on 22<sup>nd</sup> September, 2015 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.

The e-voting period will commence on Saturday, 26<sup>th</sup> September, 2015 (09:00 hrs) and will end on Monday, 28<sup>th</sup> September, 2015 (17:00 hrs). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote electronically. The

e-voting module shall be disabled by CDSL for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.

The Company has appointed M/s. Prathap Satla & Associates, Practicing Company Secretaries (C.P.No. 11879), to act as Scrutinizers to conduct and scrutinize the electronic voting process and poll at the Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereunder.

13. The e-voting facility will be available at the link [www.evotingindia.com](http://www.evotingindia.com) during the voting period.

14. The procedure and instructions for e-voting are as follows:

**A. In case of members receiving e-mail (for members whose e-mail address are registered with the Company/ Registrars)**

I) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)

II) Click on "Shareholders" tab.

III) Now Enter your User ID

a) CDSL: 16 digits beneficiary ID,

b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c) Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are first time user follow the steps given below.

**For Members holding shares in Demat Form and Physical Form**

|                       |  |
|-----------------------|--|
| PAN                   | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.</li> </ul> |
| DOB                   | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>   |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>   |





- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Goldstone Technologies Limited> on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in

favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

B. In case of members receiving the physical copy of notice of 21<sup>st</sup> Annual General Meeting (for members whose e-mail ids are not registered with the Company/ Depositories):

i. Please follow all the steps from S.No.(i) to S.No. (xvii) to cast vote

**C. General Instructions:**

i. The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 22nd September, 2015.

ii. Members can opt for only one mode of voting, i.e., either by physical poll or e-voting. In case Members cast their votes through both the modes, then voting done by such member will be treated as invalid.

iii. Members who do not have access to e-voting facility have been additionally provided the facility through Ballot Form. They may send duly completed Ballot Form to the Scrutinizer, M/s. Prathap Satla & Associates, Practicing Company Secretaries (C.P. No. 11879) having it's office at H.No.6-3-1238/15/1, Flat No.301, 3<sup>rd</sup> Floor, Elite Heights, Somajiguda, Hyderabad-500082 so as to reach on or before the conclusion of the 21st Annual General Meeting or can carry the same to the AGM and deposit it

in the Ballot Box during the Meeting. Members have the option to request for physical copy of Ballot Form by sending an e-mail to [cs@goldstonetech.com](mailto:cs@goldstonetech.com) by mentioning their Folio No. / DP ID and Client ID.

iv. The facility for voting through polling paper shall also be made available at the meeting and the members attending the meeting who have not already cast their vote by e-voting shall be able to exercise their right at the meeting.

v. The member who cast their vote by e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their vote again.

vi. The Scrutinizer, after scrutinizing the votes cast at the meeting through poll and through e-voting will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.goldstonetech.com](http://www.goldstonetech.com) and on the website of [www.aarthiconsultants.com](http://www.aarthiconsultants.com) the results shall simultaneously be communicated to the Stock Exchanges.

vii. The result of the voting on the Resolutions at the Meeting will be announced by the Chairman or any other person authorized by him within three days of the AGM.

**STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013.**

**ITEM NO.4**

As per Recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company in their meeting held



on 27th May, 2015 had Appointed Mr. Ponnappula Sanjeeva Parthasarathy (DIN: 0183728) as “Managing Director” of the Company for a period of 2 years from 27th May, 2015 to 28th May, 2015 subject to approval by the share holders of the Company under Schedule V of the Companies Act, 2013.

#### **GENERAL INFORMATION:**

The operations of the Company would come under the purview of the Software and IT enabled services. The Company has started its commercial operations on 18<sup>th</sup> March, 1994.

During the year under review, your Company has reached a Consolidated Turnover of ₹697.18 Million as compared to ₹736.49 Million for the previous Financial Year. The Standalone Turnover was ₹290.66 Million as against a Turnover of ₹261.76 Million during the previous year. The Consolidated Net (Loss) for the year 2014-2015 was (₹27.27) Million in comparison with Net profit of ₹19.64 Million during the previous year and the Standalone Net (Loss) is (₹38.01) Million during the year and in comparison with Net profit of ₹10.81 Million during the previous year. The Company does not have any direct foreign investments as well as collaborations however company is having wholly owned subsidiary situated at outside India.

#### **INFORMATION ABOUT THE APPOINTEE:**

Mr. Ponnappula Sanjeeva Parthasarathy has a rich experience of about 20 years in the domestic as well as oversees operations of the software industry along with deep understanding of US and European market. He has no specific recognition or awards other than his rich experience as specified. He joined the Company on 30/05/2012 as Additional Director of the Company. His immediate past assignment was as Non Executive Director of the Company without any remuneration except receiving of conveyance for attending of Board Meetings. Remuneration proposed for the position was ₹ 2,00,000/- per month including

perquisites. He has no pecuniary relationship with company either directly or indirectly and he has no relationship with the management of the Company. The Company appointed Mr. Ponnappula Sanjeeva Parthasarathy as a Managing Director to utilize his rich experience and expertise.

#### **OTHER INFORMATION:**

##### **Reasons of loss or inadequate profits:**

Due to the continued economic slowdown worldwide, the high stress on core business margins resulted in loss or inadequate profits.

##### **Steps taken or proposed to be taken for improvement:**

The company has already ventured into BI segment with a strategy to sell BI products and consulting services across the globe.

##### **Expected increase in productivity and profits in measurable terms:**

The Company will take the opportunity in the BI & Analytics segment and expected to grow to the tune of 15 to 20 % in the FY 2015-16 resulting into considerable growth in Turnover and Profitability.

##### **Disclosure:**

The Board has also, subject to approval of the share holders, fixed the remuneration/ perquisites/ benefits payable to the aforesaid Mr.Ponnappula Sanjeeva Parthasarathy, Managing Director from May 27, 2015, which, shall be as under:

1. Name of the appointee: Mr.Ponnappula Sanjeeva Parthasarathy
2. Designation: Managing Director
3. Tenure: Two (2) years from May 27, 2015
4. Salary: ₹ 1,40,000/- P.M.

##### **5. Perquisites:**

- i) Perquisites include Housing: Rent Free Accommodation or House Rent Allowance – ₹28,000/-per month (Rupees Twenty Eight Thousand only).



- ii) Other allowances/reimbursements like Maintenance, LTA, Gardener, Servant, Conveyance, Subscription to Professional journals and Medical etc., not exceeding ₹32,000/- per month (Rupees Thirty Two Thousand only).
6. Company's contribution towards Provident Fund, Annuity Fund or Super Annuity Fund and payment of Gratuity, Medical Insurance Policy as per the applicable laws. One month leave for every completed year of service or payment in lieu thereof and the same shall not be considered perquisites as aforesaid.
7. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.

Depending upon further performance of the Company the remuneration payable to Mr. Ponnappa Sanjeeva Parthasarathy shall be not exceeding the statutory limits as may be prescribed from time to time pursuant to the provisions of Section 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013. However contribution to provident fund/annuity fund/pension fund/gratuity and encashment of leave at the end of the tenure shall not be included in the ceiling of the salary.

No stock options have been proposed or given to Mr. Ponnappa Sanjeeva Parthasarathy.

The above mentioned explanatory statement read together with the resolutions specified under SPECIAL BUSINESS as item no. 4 of the Notice convening the Annual General Meeting may be considered as an abstract, under Section 102 of the Companies Act, 2013, of the terms of revised remuneration and perquisites payable to the aforesaid Managing Director with effect from 27<sup>th</sup> May, 2015.

Your Directors recommended the resolution for your approval.

**MEMORANDUM OF INTEREST:**

None of the Directors except Mr. P.S. Parthasarathy or Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution except to the extent of their shareholding in the Company, if any.

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

**Sd/-  
P.S. Parthasarathy  
Managing Director  
DIN: 01837281**

Place: Secunderabad  
Date: 05<sup>th</sup> August, 2015



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

**Directors' Profile:**

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

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

| <b>Name of the Director</b>  | <b>Mr.P.S.Parthasarathy</b>   | <b>Mr. L.P.Sashikumar</b>   |
|--|---|---|
| Date of Birth  | 01/03/1957  | 25/10/1950  |
| Date of Appointment  | 30/05/2012  | 11/10/2000  |
| No. of shares held (As on 05/08/2015)  | Nil   | 757   |
| Expertise in functional areas  | Vast experience in domestic as well as overseas operations of software industry along with deep understanding of US and European markets. | Over 30 years of varied experience in the industry and business sectors.  |
| List of Directorships in Companies (other than Goldstone Technologies Limited)   | - Arabolu Akshay Retailers & Realtors Pvt Ltd   | - Goldstone Infratech Ltd.<br>- Goldstone Granites Pvt Ltd.<br>- Skylark Estate Ventures Pvt Ltd.<br>- Staytop Systems and Software Pvt Ltd.<br>- SEPC Power Private Limited.<br>- T F Solar Power Pvt. Ltd.<br>- Goldstone Power Pvt. Ltd.<br>- Trinity Transformers Pvt. Ltd. |
| 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   | Member of Stakeholders Relationship Committee of Goldstone Infratech Ltd.   |
| Relationship between Directors inter-se  | No  | Relative of Mr. Clinton Travis Caddell  |

## Director's Report

To

The Members

### Goldstone Technologies Limited

Your Directors have pleasure in presenting the Twenty First Annual Report of your Company and the Audited Financial Accounts for the year ended on March 31, 2015.

#### Financial Results :

(₹ in Millions)

| Particulars  | Standalone     |         | Consolidated   |         |
|--|----------------|---------|----------------|---------|
|  | 2014-15        | 2013-14 | 2014-15        | 2013-14 |
| Net Sales/Income from Operations   | <b>290.66</b>  | 261.76  | <b>697.18</b>  | 736.49  |
| Total Expenses   | <b>244.46</b>  | 211.31  | <b>642.49</b>  | 670.15  |
| Profit from Operations before<br>Other Income, Interest, Depreciation &<br>Exceptional Items                       | <b>46.20</b>   | 50.45   | <b>54.69</b>   | 66.34   |
| Other Income   | <b>1.88</b>    | 18.00   | <b>11.09</b>   | 18.00   |
| Profit before Interest, Depreciation &<br>Exceptional Items  | <b>48.08</b>   | 68.45   | <b>65.78</b>   | 84.34   |
| Interest   | <b>1.01</b>    | 4.89    | <b>1.05</b>    | 4.95    |
| Depreciation   | <b>47.61</b>   | 47.52   | <b>47.65</b>   | 47.67   |
| Profit after Interest but before<br>Exceptional Items  | <b>(0.54)</b>  | 16.04   | <b>17.08</b>   | 31.72   |
| Exceptional Items  | -              | -       | -              | -       |
| Profit before Tax  | <b>(0.54)</b>  | 16.04   | <b>17.08</b>   | 31.72   |
| Tax expenses   | <b>36.01</b>   | 5.17    | <b>42.90</b>   | 12.02   |
| Net Profit/(Loss) after Tax  | <b>(36.55)</b> | 10.87   | <b>(25.82)</b> | 19.70   |
| Extraordinary Items (Net of Tax)   | <b>1.45</b>    | 0.06    | <b>1.45</b>    | 0.06    |
| Net Profit for the period  | <b>(38.00)</b> | 10.81   | <b>(27.27)</b> | 19.64   |
| Equity Share Capital<br>(1,87,82,066 Shares of ₹ 10/- each;<br>Previous year 1,87,82,066 Shares of<br>₹ 10/- each) | <b>187.82</b>  | 187.82  | <b>187.82</b>  | 187.82  |
| E.P.S (After Prior Period Items) (Rupees)  | <b>(2.02)</b>  | 0.58    | <b>(1.45)</b>  | 1.05    |
| Net Worth  | <b>476.74</b>  | 521.25  | <b>619.83</b>  | 653.60  |
| Book Value (Face Value of ₹ 10/- each)   | <b>25.38</b>   | 27.75   | <b>33.00</b>   | 34.80   |



### **Review of Operations :**

During the year under review, your Company has reached a consolidated turnover of ₹697.18 Million as compared to ₹736.49 Million for the previous financial year. The Standalone turnover was ₹290.66 Million as against a turnover of ₹261.76 Million during the previous year. The Consolidated Net (Loss) for the year 2014-2015 was (₹27.27) Million in comparison with Net profit of ₹19.64 Million during the previous year and the Standalone Net (Loss) is (₹38.01) Million during the year and in comparison with Net profit of ₹10.81 Million during the previous year. However the consolidated cash profit for the FY 2014-15 has been reported at ₹ 20.38 Million as compared to ₹67.30 Million in the previous year and Standalone cash profit has been reported at ₹9.61 Million as compared to ₹58.33 Million during the previous year.

### **Dividend :**

During the year the Company does not have adequate profits and hence, your Board has not recommended any dividend for the financial year 2014-15.

### **Share Capital :**

The Paid up capital as on 31st March, 2015 was ₹18,78,20,660 (having 1,87,82,066 Equity Shares @ ₹ 10/- each). During the year under review the company has not issued any shares either to the public or to the promoters. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. As on March 31, 2015 none of the Directors of the Company hold shares or convertible instruments of the Company.

### **Finance :**

Cash and cash equivalents as at 31st March, 2015 was Consolidated ₹177.36 Million & Standalone ₹27.15 Million the Company continuous to focus on judicious management of its working capital, receivables, inventories and other working capital parameters were kept

under strict check through continuous monitoring.

### **Directors :**

Mr. L.P.Sashikumar Director, who retires by rotation at the 21<sup>st</sup> Annual General Meeting and being eligible, offer himself for re-appointment.

As per the resolution passed by the Board of Directors in their meeting held on 27<sup>th</sup> May, 2015 Subject to the approval of the Members of the Company Mr.P.S.Parthasarathy has been appointed as Managing Director of the Company for a period of two years with effect from 27<sup>th</sup> May, 2015.

Mr.K.S.Sarma, Mr. Vedula Venkata Ramana, Mrs. Promilla Shankar have been appointed as independent directors of the Company for a term of 5 (Five) years from 27th September, 2014 to 26th September, 2019 not liable to retirement by rotation.

Mrs. Promilla Shankar has resigned from her position w.e.f 12th July, 2015.

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement.

### **Board Evaluation :**

Pursuant to the Provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### **Remuneration Policy :**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their

remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

**Meetings :**

During the year Seven Board Meetings and Four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**Meeting of Independent Directors :**

The details on the separate meeting of Independent Directors is reported in the Corporate Governance Report.

**Familiarization Programme for Independent Directors :**

The details on the familiarization programme for Independent Directors is reported in the Corporate Governance Report.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts on a going concern basis.

v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

**Consolidated Financial Statements:**

During the year the Board of Directors ('the Board') reviewed the affairs of the Subsidiaries. In accordance with Section 129 (3) of the Companies Act, 2013 and applicable Accounting Standards we have prepared consolidated financial statements of the Company and its subsidiaries which will form part of the Annual Report. Further a statement containing the salient features of the financial statements of our subsidiaries in the prescribed format AOC-1 are appended to the Board's report.

In accordance with Section 136 of the Companies Act, 2013 the Audited financial statements including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries are available on the website of the Company [www.goldstonetech.com](http://www.goldstonetech.com). These documents will also be available for inspection during the business hours at the registered office of the Company.

**Subsidiaries and Associates**

As on 31<sup>st</sup> March, 2015 we are having two wholly owned subsidiaries namely **Staytop Systems Inc** and **Staytop Systems and Software Pvt Ltd**. Till date Staytop Systems and Software Pvt Ltd has no business operations. Further the Company does not have any other Associates or Joint Ventures.

Further as per the revised Clause 49 of the Listing Agreement the Company has framed a policy on Material Subsidiaries as approved by the Board same has been uploaded on the Company's website [www.goldstonetech.com](http://www.goldstonetech.com).





During the year no further investments were made in the subsidiaries.

**Statement containing salient features of financial statements of subsidiaries**

Pursuant to sub-section (3) of Section 129 of the Act, the statement containing the salient feature of the financial statement of a company’s subsidiary or subsidiaries, associate company or companies and joint venture or ventures is in the prescribed format AOC-1 are appended as **Annexure 1** to the Board’s report.

**Report on the performance of Subsidiaries, Joint Ventures and Associates:**

Further, brief about the business of the each of the Subsidiaries and Associates is given hereunder:-

**Performance of the Staytop Systems Inc;**

Staytop Systems, Inc., (a foreign wholly owned subsidiary company of Goldstone Technologies Limited) is engaged in business of IT Consulting and Staffing across USA.

The following is the brief summary of the financial performance during the year;

(\$ In Millions)

| Particulars                 | 2014-15     | 2013-14 |
|-----------------------------|-------------|---------|
| Turnover                    | <b>6.70</b> | 7.85    |
| Profit before Tax           | <b>0.29</b> | 0.26    |
| Net Profit/(Loss) after Tax | <b>0.18</b> | 0.15    |

Till date the **Staytop Systems and Software Pvt Ltd** has no business operations and the Company has no associates as well as Joint Ventures.

**Internal control systems and their adequacy:**

The Company has an Internal Audit and Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman

of the Audit Committee of the Board.

The Internal Audit function monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

**Insurance:**

All the properties of your Company including its building, plant & machinery and stocks have been adequately insured.

**Statutory Auditors:**

M/s. P. Murali & Company (FRN: 007257S), Chartered Accountants, Hyderabad, Statutory Auditors of the Company holds office in accordance with the provisions of the Companies Act, 2013 up to the conclusion of forth-coming Annual General Meeting and are eligible for re-appointment. Pursuant to the provisions of the Section 139 (2) of the Companies Act, 2013 and based on recommendations of the Audit Committee they being eligible, offer themselves for re-appointment. They have furnished a certificate stating that their re-appointment, if made, will be within the limits laid down under Section 141 (3) (g) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules 2014.

The Audit Committee of your Company meets periodically with Statutory Auditors and Internal Auditors to review the performance of the Internal Audit, to discuss the nature and scope of statutory auditors functions, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the statutory auditor and the internal auditor have full access to the Members of the Audit Committee to discuss any matter of substance.

### Particulars of Loans, Guarantees or Investments;

The following are the details of the Loans, Guarantees given or Investments made by the Company during the Year.

| S.No | Loan/Guarantee/Investment given/Provided  | Description  |
|------|---|--|
| 1.   | <p><b>Collateral Security;</b><br/>           The Company has offered its land admeasuring 26092 sq.yards situated at Sy No. 249(part), 250 (part) &amp; 251 (part) and buildings thereon at Cherlapally Village, Ghatkesar mandal, Kapra Municipality as a security by way of mortgage in favour of the State Bank of Hyderabad for the credit facilities availed by the M/s. Goldstone Infratech Limited.</p> <p><b>Corporate Guarantee;</b><br/>           Extended corporate guarantee in favour of State Bank of Hyderabad, Panjagutta Branch for and on behalf of the M/s. Goldstone Infratech Limited.</p> | <p>For the total credit facilities which have been availed by the M/s. Goldstone Infratech Limited from State Bank of Hyderabad to the extent of ₹ 89.00 Crores.</p> |

### Related Party Transactions;

There are no materially significant related party transactions entered into by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website [www.goldstonetech.com](http://www.goldstonetech.com) none of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The details of contracts or arrangements with related parties made by the company during the year 2014-15 is enclosed in form AOC-2 as **Annexure-2** to the Board's report.

### Secretarial Audit:

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed M/s. VCSR & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of

the Company. The Secretarial Audit report is annexed herewith as "**Annexure 3** to the Board's Report"

### Risk Management Policy

In terms of the requirements of Section 134 (3) (n) and clause 49 of the Listing Agreement read with relevant provisions of the Companies Act, 2013, the Company has developed and implemented the Risk Management Policy and constituted the Risk Management Committee and the Committee reviews the same periodically. The details of the Policy are reported in the Report on Corporate Governance which forms part of the Board's Report.

At present the company has not identified any element of risk which may threaten the existence of the company.

### Code of Conduct:

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and



unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts. The code laid down by the Board is known as "code of business conduct" which forms an Appendix to the Code. The Code has been posted on the Company's website [www.goldstonetech.com](http://www.goldstonetech.com).

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. In addition to the above as per Clause 49 of the Listing Agreement read with Schedule IV of the Companies Act, 2013 duties of the Independent Directors and code of Independent Directors have been placed on the website of the Company [www.goldstonetech.com](http://www.goldstonetech.com).

All the Board Members and the Senior Management personnel have confirmed compliance with the Code. All Management Staff were given appropriate training in this regard.

Declaration given by Managing Director of the Company regarding compliance of Code of Conduct enclosed as Annexure to the Corporate Governance Report.

#### **PREVENTION OF INSIDER TRADING:**

In Pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015 the Company has framed adopted the following policies for regulating, monitoring and reporting of trading by Insiders and uploaded in website of the Company.

- i) Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders;
- ii) Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information;

The Board is responsible for implementation of the Code. All Board of Directors and the designated employees have confirmed compliance with the Code.

#### **Vigil mechanism / whistle blower policy:**

As per the provisions of the Section 177 (9) & (10) of the Companies Act, 2013 read with amended Clause 49 of the Listing Agreement, the Board had its meeting held on 17<sup>th</sup> May, 2014 adopted a Vigil Mechanism called 'Whistle Blower Policy' for directors and employees to report the management /Audit Committee instances of unethical behavior, actual or suspected, fraud or violation of company's code of conduct or ethics policy. The Vigil Mechanism also provided adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit committee in exceptional cases further it has also been uploaded in the Company's web site; [www.goldstonetech.com](http://www.goldstonetech.com).

#### **Extract of Annual Return:**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "**Annexure 4** to the Board's Report".

#### **Stock Exchange Listing:**

Presently, the Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE). The Company confirms that it has paid Annual Listing Fees due to all the Stock Exchanges where the Company's securities are listed for the year 2015-16.

#### **Corporate Governance and Management Discussion & Analysis Reports**

As per the Clause 49 of the Listing Agreement the Corporate Governance and Management Discussion & Analysis Report, which form an integral part of this Report, are set out as

separate Annexures, together with the Certificate from the auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

**Managing Director and CFO Certification:**

As required under the SEBI Guidelines, the Managing Director and the CFO Certification is attached to Corporate Governance Report.

**Material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year i.e., 31.03.2015 to which financial statements relate and the date of the Board's Report:**

There were no material changes and commitments affecting the financial position of the company between the end of the financial year i.e., 31.03.2015 and date of this report.

**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:**

₹ In Millions

| Particulars               | 2014-15 | 2013-14 |
|---------------------------|---------|---------|
| Foreign Exchange Earnings | 30.72   | 190.21  |
| Foreign Exchange Outgo    | 32.03   | 11.55   |

**PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is enclosed as **Annexure 5** to the Board's report.

**Personnel:**

Personnel relations have remained very cordial during the period.

**Acknowledgements:**

Your Directors convey their sincere thanks to CITI 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**

|                       |                          |
|-----------------------|--------------------------|
| Sd/-                  | Sd/-                     |
| <b>L P Sashikumar</b> | <b>P.S.Parthasarathy</b> |
| Director              | Managing Director        |
| DIN: 00016679         | DIN: 01837281            |

Place: Secunderabad  
 Date: 05<sup>th</sup> August, 2015

**Form AOC-I**

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of **subsidiaries**/associate companies/joint ventures

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in ₹ )

| 1.  | Sl.No.  | 1   | 2   |
|-----|---|---|---|
| 2.  | Name of the Subsidiary:   | <b>STAYTOP SYSTEMS INC.,</b>  | <b>STAYTOP SYSTEMS AND SOFTWARE PVT LTD.,</b> |
| 3.  | Reporting period for the subsidiary concerned, if different from the holding company's reporting period:                      | <b>Not Applicable</b>   | <b>Not Applicable</b>                         |
| 4.  | Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.: | <b>US \$. For Profit &amp; Loss Each US \$₹61.1470 &amp; For Balance Sheet Each US \$ is ₹62.5908</b> | <b>Not Applicable</b>                         |
| 5.  | Share capital :   | ₹ <b>75,109</b>   | ₹ <b>100,000</b>                              |
| 6.  | Reserves & surplus:   | ₹ <b>17,18,41,503</b>   | <b>NIL</b>                                    |
| 7.  | Total assets:   | ₹ <b>30,29,89,963</b>   | ₹ <b>1,00,000</b>                             |
| 8.  | Total Liabilities   | ₹ <b>30,29,89,963</b>   | ₹ <b>1,00,000</b>                             |
| 9.  | Investments:  | <b>NIL</b>  | <b>NIL</b>                                    |
| 10. | Turnover:   | ₹ <b>40,94,98,386</b>   | <b>NIL</b>                                    |
| 11. | Profit before taxation:   | ₹ <b>1,76,26,548</b>  | <b>NIL</b>                                    |
| 12. | Provision for taxation:   | ₹ <b>68,88,882</b>  | <b>NIL</b>                                    |
| 13. | Profit after taxation:  | ₹ <b>1,07,37,666</b>  | <b>NIL</b>                                    |
| 14. | Proposed Dividend:  | <b>NIL</b>  | <b>NIL</b>                                    |
| 15. | % of Shareholding :   | <b>100%</b>   | <b>100%</b>                                   |

**Part "B": Associates and Joint Ventures-NIL**

**Statement Pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures- Not Applicable**

**Form AOC-2**

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto :

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis : **NIL**
  - (a) Name(s) of the related party and nature of relationship : Nil
  - (b) Nature of contracts/arrangements/transactions : Nil
  - (c) Duration of the contracts / arrangements/transactions : Nil
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any : Nil
  - (e) Justification for entering into such contracts or arrangements or transactions : NA
  - (f) date(s) of approval by the Board : NA
  - (g) Amount paid as advances, if any : NA
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 : NA
2. Details of material contracts or arrangement or transactions at arm's length basis : **NA**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED**  
**MARCH 31, 2015**

(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To  
The Members  
GOLDSTONE TECHNOLOGIES LIMITED  
Secunderabad.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions of the Acts, Rules and Regulations as mentioned below and the adherence to good corporate practices by M/s. GOLDSTONE TECHNOLOGIES LIMITED (herein called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder as applicable;
- II. The Securities Contract (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- III. The Depositories Act, 1956 and the Regulations and the Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- V. The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992 (as amended upto 2011);
  - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable to the Company during the Audit Period)
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not

Applicable to the Company during the Audit Period)

- VI. Employees Provident Fund and Miscellaneous Provisions Act, 1952
- VII. Employees State Insurance Act, 1948
- VIII. Employers Liability Act, 1938
- IX. Equal Remuneration Act, 1976
- X. Income Tax Act, 1961 and Indirect Tax Laws
- XI. Minimum Wages Act, 1948
- XII. Payment of Gratuity Act, 1972

Other Laws applicable specifically to the Company namely:

- a) Information Technology Act 2005 and the Rules made there under,
- b) Software Technology Parks of India Rules made there under,
- c) The Trade Marks Act, 1999.

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc., mentioned above;

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Majority decisions are carried through and as informed by the Company, there were no dissenting views of members of the Board at any Board / Committee meeting held during the financial year.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific events /actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For VCSR & Associates  
Company Secretaries**

**Sd/-  
(Ch.Veeranjaneyulu)  
Partner  
CP No. 6392**

Place: Hyderabad  
Date: 05<sup>th</sup> August, 2015





## Annexure-4

### Form No. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2015  
of

#### **GOLDSTONE TECHNOLOGIES LIMITED**

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### **I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : L72200TG1994PLC017211  
ii) Registration Date : 18-March 1994  
iii) Name of the Company : GOLDSTONE TECHNOLOGIES LIMITED  
iv) Category / Sub-Category of the Company : Public Limited / Limited by Shares  
v) Address of the Registered Office and contact details :  
Registered Office : 9-1-83 & 84,  
Amarchand Sharma Complex,  
S D Road, Secunderabad 500003,  
Phone Nos : 040 27807640/0742  
Email Id : [corporate@goldstonetech.net](mailto:corporate@goldstonetech.net)  
Website : [www.goldstonetech.com](http://www.goldstonetech.com)  
vi) Whether listed company : Yes  
vii) Name, Address and contact details of Registrar & Transfer Agents (RTA), : Aarathi Consultants Private Limited,  
1-2-285, Domalaguda,  
Hyderabad 500 029.  
Phone No-040-27638111/4445  
Fax: 040-27632184  
E-mail id : [info@aarthiconsultants.com](mailto:info@aarthiconsultants.com)

#### **II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated;

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1.      | Information Technologies and enable services     | 6209                             | 98.43%                             |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

| S. No. | NAME AND ADDRESS OF THE COMPANY  | CIN/GLN                   | HOLDING/ SUBSIDIARY/ ASSOCIATE | % of shares held | Applicable Section |
|--------|--|---------------------------|--------------------------------|------------------|--------------------|
| 1.     | Staytop Systems Inc.<br>Address;<br>9660 Falls of Neuse Rd.,<br>Ste. 138 Unit 161, Raleigh,<br>North Carolina, 27615               | EIN 77-0472088            | Subsidiary                     | 100%             | 2 (87 ) (ii)       |
| 2.     | Staytop Systems and Software Pvt Ltd<br>Address;<br>9-1- 83 & 84, Amarchand<br>Sharma Complex,<br>S D Road,<br>Secunderabad 500003 | U72200TG2008<br>PTC060684 | Subsidiary                     | 100%             | 2 (87 ) (ii)       |

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

| Category of shareholders | No of shares held at the beginning of the year i.e. as on 1.4.2014 |          |         |                   | No of shares held at the beginning of the year i.e.during as on 1.4.2015 |          |         |                   | % change the year |
|--------------------------|--|----------|---------|-------------------|--|----------|---------|-------------------|-------------------|
|                          | Demat  | Physical | Total   | % of total shares | Demat  | Physical | Total   | % of total shares |                   |
| A Promoter               |  |          |         |                   |  |          |         |                   |                   |
| (1) Indian               |  |          |         |                   |  |          |         |                   |                   |
| a. Individual/HUF        | 114281   | 0        | 114281  | 0.61              | 114281   | 0        | 114281  | 0.61              | 0                 |
| b. Central Government    | 0  | 0        | 0       | 0                 | 0  | 0        | 0       | 0                 | 0                 |
| c. State Government      | 0  | 0        | 0       | 0                 | 0  | 0        | 0       | 0                 | 0                 |
| d. Bodies Corp.          | 3419872  | 0        | 3419872 | 18.21             | 3419872  | 0        | 3419872 | 18.21             | 0                 |
| e. Banks /FI             | 0  | 0        | 0       | 0                 | 0  | 0        | 0       | 0                 | 0                 |
| f. Any others            | 0  | 0        | 0       | 0                 | 0  | 0        | 0       | 0                 | 0                 |
| Sub-Totals (A) (1)       | 3534153  | 0        | 3534153 | 18.82             | 3534153  | 0        | 3534153 | 18.82             | 0                 |
| 2. Foreign               |  |          |         |                   |  |          |         |                   |                   |
| a. NRIs Individuals      | 0  | 0        | 0       | 0                 | 0  | 0        | 0       | 0                 | 0                 |
| b. Other individuals     | 0  | 0        | 0       | 0                 | 0  | 0        | 0       | 0                 | 0                 |
| c. Bodies Corporate      | 0  | 0        | 0       | 0                 | 0  | 0        | 0       | 0                 | 0                 |
| d. Banks/Fiis            | 0  | 0        | 0       | 0                 | 0  | 0        | 0       | 0                 | 0                 |
| e. Any Others            | 0  | 0        | 0       | 0                 | 0  | 0        | 0       | 0                 | 0                 |
| Sub Totals (A) (2)       | 0  | 0        | 0       | 0                 | 0  | 0        | 0       | 0                 | 0                 |

| Category of shareholders  | No of shares held at the beginning of the year i.e. as on 1.4.2014 |          |          |                   | No of shares held at the beginning of the year i.e.during as on 1.4.2015 |          |          |                   | % change the year |
|---|--|----------|----------|-------------------|--|----------|----------|-------------------|-------------------|
|   | Demat  | Physical | Total    | % of total shares | Demat  | Physical | Total    | % of total shares |                   |
| Total Shareholding of Promoter (A) = (A) (1) + (A) (2)                | 3534153  | 0        | 3534153  | 18.82             | 3534153  | 0        | 3534153  | 18.82             | 0                 |
| Public Shareholding Institutions                                      |  |          |          |                   |  |          |          |                   |                   |
| a. Mutual Funds/ Uti  | 0  | 1700     | 1700     | 0.01              | 0  | 1700     | 1700     | 0.01              | 0                 |
| b. Banks/FIs  | 2900   | 0        | 2900     | 0.02              | 2900   | 0        | 2900     | 0.02              | 0                 |
| c. Central Govt   | 0  | 0        | 0        | 0                 | 0  | 0        | 0        | 0                 | 0                 |
| d. State Govt   | 0  | 0        | 0        | 0                 | 0  | 0        | 0        | 0                 | 0                 |
| e. Venture Capital Funds  | 0  | 0        | 0        | 0                 | 0  | 0        | 0        | 0                 | 0                 |
| h. Foreign institutional investors                                    | 5000   | 0        | 5000     | 0.03              | 11889  | 0        | 11889    | 0.06              | 0.03              |
| g. FIs  | 0  | 0        | 0        | 0                 | 0  | 0        | 0        | 0                 | 0                 |
| h. Foreign Ventures capital   | 0  | 0        | 0        | 0                 | 0  | 0        | 0        | 0                 | 0                 |
| i. Other (Specify)  | 0  | 0        | 0        | 0                 | 0  | 0        | 0        | 0                 | 0                 |
| Subtotal B (1)  | 7900   | 1700     | 9600     | 0.05              | 14789  | 1700     | 16489    | 0.09              | 0.04              |
| 2. Non-Institutions   |  |          |          |                   |  |          |          |                   |                   |
| a. Bodies Corporates  |  |          |          |                   |  |          |          |                   |                   |
| i.Indian  | 3327223  | 9500     | 3336723  | 17.77             | 3230718  | 9500     | 3240218  | 17.25             | 0.52              |
| ii.Overseas   | 0  | 0        | 0        | 0                 | 0  | 0        | 0        | 0                 | 0                 |
| b. Individuals  |  |          |          |                   |  |          |          |                   |                   |
| i. Individual shareholding nominal share Capital upto Rs 1 lakh       | 6014794  | 171657   | 6186451  | 32.94             | 5667438  | 171258   | 5838696  | 31.09             | 1.85              |
| ii. Individual shareholding nominal share Capital excess of Rs 1 lakh | 4872475  | 12500    | 4884975  | 26.01             | 4922305  | 12500    | 4934805  | 26.27             | 0.26              |
| c. others (specify)   | 0  | 0        | 0        | 0                 | 0  | 0        | 0        | 0                 | 0                 |
| Foreign Bodies  | 0  | 0        | 0        | 0                 | 0  | 0        | 0        | 0                 |                   |
| Non resident indian   | 220699   | 123300   | 343999   | 1.83              | 685166   | 120800   | 805966   | 4.29              | 2.46              |
| Clearing Members  | 486065   | 0        | 486065   | 2.59              | 411639   | 0        | 411639   | 2.19              | 0.40              |
| Trusts  | 100  | 0        | 100      | 0                 | 100  | 0        | 100      | 0                 | 0                 |
| SUB totals B(2)   | 14921356   | 316957   | 15238313 | 81.13             | 14917366   | 314058   | 15231424 | 81.10             | 0.03              |
| Total Public shareholding (B)=B(1)+B(2)                               | 14929256   | 318657   | 15247913 | 81.18             | 14932155   | 315758   | 15247913 | 81.18             | 0                 |
| c. Share held by Custodian For GDRs & ADRs                            | 0  | 0        | 0        | 0                 | 0  | 0        | 0        | 0                 | 0                 |
| Grand Total (A+B+C)   | 18463409   | 318657   | 18782066 | 100               | 18466308   | 315758   | 18782066 | 100               | 0                 |

**ii) Shareholding of Promoters**

| SI No. | Shareholder's Name                | Shareholding at the beginning of the year 01.04.2014 |                                  |  | Share holding at the end of the Year 31.03.2015 |                                  |  | % change In share holding during the year |
|--------|-----------------------------------|--|----------------------------------|--|---|----------------------------------|--|---|
|        |                                   | No. of Shares  | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                                   | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |   |
| 1      | M/s Trinity Infraventures Limited | 34,19,812  | 18.21                            | 0  | 34,19,812                                       | 18.21                            | 0  | 0   |
| 2      | Mrs. L Preetha Priyadarshani      | 1,13,524   | 0.60                             | 0  | 1,13,524  | 0.60                             | 0  | 0   |
| 3      | Mr. L P Sashikumar                | 757  | 0.00                             | 0  | 757   | 0                                | 0  | 0   |

**iii) Change in Promoters' Shareholding : NIL**

| S.No | Name of the Promoter          | Change in % |
|------|-------------------------------|-------------|
| 1.   | Trinity Infraventures Limited | Nil         |
| 2.   | Mrs. L Preetha Priyadarashani | Nil         |
| 3.   | Mr. L P Sashikumar            | Nil         |



**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

| Sl. No | Name of the Shareholders                      | Shareholder at the beginning of the year as on 1.4.2014 |                                  | Shareholder at the end of the year as on 31-3-2015 |                                  | Changing in share holding during the year |                                  |
|--------|---|---|----------------------------------|--|----------------------------------|---|----------------------------------|
|        |   | No of Shares  | % of total shares of the Company | No of Shares                                       | % of total shares of the Company | No of Shares                              | % of total shares of the Company |
| 1      | Newtech Stewing Precision Engineering Pvt Ltd | 920762  | 4.90                             | 920762   | 4.90                             | -   | -                                |
| 2      | Velvet Infratech Pvt Ltd                      | 560000  | 2.98                             | 560000   | 2.98                             | -   | -                                |
| 3      | @Kunal M Dalal                                | -   | -                                | 503546   | 2.68                             | 503546                                    | 2.68                             |
| 4      | Arcadia Share & Stock Brokers Pvt Ltd         | 339475  | 1.81                             | 334950   | 1.78                             | (4525)                                    | (0.03)                           |
| 5      | Rajesh Vijay Vargiya                          | 313000  | 1.67                             | 313000   | 1.67                             | -   | -                                |
| 6      | *Moturu Chandra Sekhar                        | 310490  | 1.65                             | -  | -                                | (310490)                                  | (1.65)                           |
| 7      | MVS Ananthkrishnan                            | 245400  | 1.31                             | 245400   | 1.31                             | -   | -                                |
| 8      | Khande Pitchaiah                              | 202518  | 1.08                             | 202518   | 1.08                             | -   | -                                |
| 9      | *Sindhu Suresh Nikam                          | 200000  | 1.06                             | -  | -                                | (200000)                                  | (1.06)                           |
| 10     | Mahalakshmi Khande                            | 172963  | 0.92                             | 172963   | 0.92                             | -   | -                                |
| 11     | Sarmenteuse Solutions Pvt Ltd                 | 168000  | 0.89                             | 168000   | 0.89                             | -   | -                                |
| 12     | Bull Investments Madras Pvt Ltd               | 166563  | 0.89                             | 166563   | 0.89                             | -   | -                                |

@Not in the List of Top 10 Shareholders as on 01-04-2014. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2015.

\*Ceased to be list of Top 10 Shareholders as on 31-03-2015. The same reflected above since the shareholders was one of the Top 10 Shareholders as on 01.04.2014.

**(v). Shareholding of Directors and Key Managerial Personnel:**

The details of the shareholding of Directors and Key Managerial Persons of the Company are as under:

| Sl. No.   | For Each of the Directors and Key Managerial Persons | Shareholding at the beginning of the year |                                  | Date                 | Increase/Decrease | Reason | Cumulative Shareholding during the year |                                  |
|-----------|--|---|----------------------------------|----------------------|-------------------|--------|---|----------------------------------|
|           |  | No. of shares                             | % of total shares of the company |                      |                   |        | No. of shares                           | % of total shares of the company |
| <b>A</b>  | <b>DIRECTORS</b>                                     |   |                                  |                      |                   |        |   |                                  |
| 1.        | Mr. K S Sarma  | Nil                                       | NA                               | 01-04-14 to 31-03-15 | Nil               | NA     | Nil                                     | NA                               |
| 2.        | Mr. V Venkata Ramana                                 | Nil                                       | NA                               | 01-04-14 to 31-03-15 | Nil               | NA     | Nil                                     | NA                               |
| 3.        | Mr. P Sanjeeva Parthasarathy                         | Nil                                       | NA                               | 01-04-14 to 31-03-15 | Nil               | NA     | Nil                                     | NA                               |
| 4.        | Mr. Clinton Travis Caddell                           | Nil                                       | NA                               | 01-04-14 to 31-03-15 | Nil               | NA     | Nil                                     | NA                               |
| 5.        | Mr. L P Sashikumar                                   | 757                                       | NA                               | 01-04-14 to 31-03-15 | Nil               | NA     | 757                                     | NA                               |
| 6         | #Mrs. Promilla Shankar                               | Nil                                       | NA                               | 01-04-14 to 31-03-15 | Nil               | NA     | Nil                                     | NA                               |
| <b>B.</b> | <b>KEYMANAGERIAL PERSON (KMP)</b>                    |   |                                  |                      |                   |        |   |                                  |
| 1.        | *Mr.Rajshekahar Roy( CEO)                            | Nil                                       | NA                               | 01-04-14 to 31-03-15 | Nil               | NA     | Nil                                     | NA                               |
| 2.        | & Ms. Adarika Ghose (Company Secretary)              | Nil                                       | NA                               | 01-04-14 to 31-03-15 | Nil               | NA     | Nil                                     | NA                               |
| 3.        | Mr. Vithal VSSNK Popuri (CFO)                        | Nil                                       | NA                               | 01-04-14 to 31-03-15 | Nil               | NA     | Nil                                     | NA                               |

# Mrs.-Promilla Shankar has been appointed as additional Director on 21st August, 2014 and regularized w.e.f. 27th September, 2014. Further she had resigned from the Board w.e.f 12th July, 2015.

\* Who had resigned as CEO w.e.f 28th November, 2014

& Who had resigned as Company Secretary w.e.f 30th April, 2015.

**V. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(In ₹)

| Particulars  | Secured Loans excluding deposits | Unsecured Loans | Deposits   | Total Indebtedness |
|--|----------------------------------|-----------------|------------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |            |                    |
| i) Principal Amount  | 76,34,570                        | -               | -          | 76,34,570          |
| ii) Interest due but not paid                              | -                                | -               | -          | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -          | -                  |
| <b>Total (i+ii+iii)</b>                                    | <b>76,34,570</b>                 |                 |            | <b>76,34,570</b>   |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |            |                    |
| • Addition   | Nil                              | -               | -          | Nil                |
| • Reduction  | 76,34,570                        | -               | -          | 76,34,570          |
| <b>Net Increase/(Decrease)</b>                             | <b>(76,34,570)</b>               |                 |            | <b>(76,34,570)</b> |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |            |                    |
| i) Principal Amount  | -                                | -               | -          | -                  |
| ii) Interest due but not paid                              | -                                | -               | -          | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -          | -                  |
| <b>Total (i+ii+iii)</b>                                    | <b>Nil</b>                       | <b>Nil</b>      | <b>Nil</b> | <b>Nil</b>         |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in lakhs

| Sl. No | Particulars of Remuneration   | *Name of MD (Mr.P.S.Parthasarathy) | Total Amount   |
|--------|---|------------------------------------|----------------|
| 1.     | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under | NA                                 | NA             |
| 2.     | Stock Option  | NA                                 | NA             |
| 3.     | Sweat Equity  | NA                                 | NA             |
| 4.     | . Commission<br>- as % of profit<br>- others, specify...  | -<br>-                             | -<br>-         |
| 5.     | Others, please specify<br>(A) Total Remuneration Fixed<br>(B) Total Remuneration Paid<br>Ceiling as per the Act   | NA<br>NA<br>NA                     | NA<br>NA<br>NA |

\* Who has been appointed as Managing Director w.e.f 27<sup>th</sup> May, 2015

### B. Remuneration to other directors:

₹ in lakhs

| Sl. No. | Particulars of Remuneration   | Name of the Independent Director |                     |                     | Name of the Non Executive & Non Independent Director |                        |                           | Total Amount |
|---------|---|----------------------------------|---------------------|---------------------|--|------------------------|---------------------------|--------------|
|         |   | Mr.K S Sarma                     | Mr.V.Venkara Ramana | Mrs.Pomilla Shankar | Mr.L.P.Sashi kumar                                   | *Mr.P.S. Parthasarathy | Mr.Clinton Travis Caddell |              |
| 1.      | Directors<br>• Fee for attending board / committee meetings<br>• Commission<br>• Others, please specify | 2.10                             | 2.10                | 0.60                | 1.05   | Nil                    | Nil                       | 5.85         |
|         | Total Managerial Remuneration   | 2.10                             | 2.10                | 0.60                | 1.05   | Nil                    | Nil                       | 5.85         |
|         | Overall Ceiling as per the Act  | -                                | -                   | -                   | -  | -                      | -                         | -            |

\* Who has been appointed as Managing Director w.e.f 27<sup>th</sup> May, 2015.

# Mrs. Promilla Shankar has been appointed as Additional Director on 21<sup>st</sup> August, 2014 and regularized w.e.f. 27th September, 2014. Further She had resigned from the Board w.e.f 12th July, 2015.



**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/ WTD**

₹ in lakhs

| Sl. No | Particulars of Remuneration   | Key Managerial Personnel |                     |              |              |
|--------|---|--------------------------|---------------------|--------------|--------------|
|        |   | ● CEO                    | > Company Secretary | CFO          | Total        |
| 1      | Gross salary  |                          |                     |              |              |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 55.97                    | 7.80                | 24.44        | 88.21        |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 5.59                     | -                   | 3.96         | 9.55         |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                        | -                   | -            | -            |
| 2      | Stock Option  | -                        | -                   | -            | -            |
| 3      | Sweat Equity  | -                        | -                   | -            | -            |
| 4      | Commission<br>- as % of profit<br>- Others, specify...                              | -                        | -                   | -            | -            |
| 5      | Others, please specify  | -                        | -                   | -            | -            |
|        | <b>Total Remuneration Fixed</b>   | <b>61.56</b>             | <b>7.80</b>         | <b>28.40</b> | <b>97.76</b> |
|        | <b>Total Remuneration Paid</b>  | <b>31.94</b>             | <b>6.50</b>         | <b>27.12</b> | <b>65.56</b> |

- Mr.Rajshekhar roy had resigned w.e.f. 28<sup>th</sup> November, 2014.
- > Ms. Adarika ghose had resigned w.e.f. 30<sup>th</sup> April, 2015.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD/ NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|-----------------------------|------------------------------------|
| <b>A.COMPANY</b>                    |                              |                   |   |                             |                                    |
| Penalty                             | -                            | -                 | -   | -                           | -                                  |
| Punishment                          | -                            | -                 | -   | -                           | -                                  |
| Compounding                         | -                            | -                 | -   | -                           | -                                  |
| <b>B. DIRECTORS</b>                 |                              |                   |   |                             |                                    |
| Penalty                             | -                            | -                 | -   | -                           | -                                  |
| Punishment                          | -                            | -                 | -   | -                           | -                                  |
| Compounding                         | -                            | -                 | -   | -                           | -                                  |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                             |                                    |
| Penalty                             | -                            | -                 | -   | -                           | -                                  |
| Punishment                          | -                            | -                 | -   | -                           | -                                  |
| Compounding                         | -                            | -                 | -   | -                           | -                                  |

## Annexure -5

Information as required under Section 197 of the Act read with Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**a) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;**

| Non Executive Director   | Ratio to Median Remuneration |
|--|------------------------------|
| *Mr. K.S.Sarma   | Not Applicable               |
| *Mr. Vedula Venkata Ramana   | Not Applicable               |
| *Mrs. Promilla Shankar   | Not Applicable               |
| *Mr. Clinton Travis Caddell  | Not Applicable               |
| *Mr. P.S.Parthasarathy   | Not Applicable               |
| * Mr. L.P.Sashikumar   | Not Applicable               |
| <b>Executive Director</b>  |                              |
| Mr. P.S.Parthasarathy –Managing Director<br>w.e.f. 27 <sup>th</sup> May 2015 | Not Applicable               |

\* Non Executive directors are not having any specific remuneration other than receiving sitting fees for attending the Board Meetings.

**b) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;**

| Name of the Person                    | Percentage of increase in remuneration |
|---------------------------------------|--|
| Mr.Rajshekhhar Roy (CEO)              | <b>8.00 %</b>                          |
| Mr.Vithal V S S N K Popuri (CFO)      | <b>3.65 %</b>                          |
| Ms. Adarika Ghose (Company Secretary) | <b>Nil</b>                             |

**c) The percentage increase in the median remuneration of employees in the financial year. 15.49 %**

**d) The number of permanent employees on the rolls of company: 172**

**e) The explanation on the relationship between average increase in remuneration and company performance;**

On an average, employees received an increase of **12.28%**. The increase in remuneration is in line with the market trends. In order to ensure that remuneration reflects company performance, the performance pay of some of the employees is linked to organization performance. Although the percentage increase in remuneration of employees is positive, there is a negative trend with respect to actual remuneration paid to the Key Managerial Persons and other senior level employees because of the Company policy to link part of the remuneration to financial performance of the Company.

**f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;**

| <b>Particulars</b>   |         |
|--|---------|
| Remuneration of Key Managerial Personnel (KMP) during financial year 2014-15 (aggregated) (₹ In Lakhs) | 65.56   |
| Revenue from operations (₹ In Lakhs)   | 6971.76 |
| Remuneration (as % of revenue)   | 0.94%   |
| Profit before tax (PBT) (₹ In Lakhs)   | 156.30  |
| Remuneration (as % of PBT)   | 41.95%  |

**g) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year;**

| <b>Particulars</b>           | <b>Unit</b> | <b>As at 31<sup>st</sup> March, 15</b> | <b>As at 31<sup>st</sup> March, 14</b> | <b>Variation</b> |
|------------------------------|-------------|--|--|------------------|
| Closing rate of share at BSE | ₹           | 5.28                                   | 3.69                                   | 43.09%           |
| EPS (Consolidated)           | ₹           | 0.00                                   | 1.05                                   | 100.00%          |
| Market Capitalization        | ₹ /Lac      | 991.69                                 | 693.06                                 | 43.09%           |
| Price Earnings ratio         | Ratio       | 0.00                                   | 3.51                                   | 100.00%          |

**h) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average increase in salaries of employees other than managerial personnel in 2014-15 was -12.42%. Percentage of increase in the managerial remuneration for the year was 6.03%.

**i) Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company.**

| <b>Particulars</b>                   | <b>*Chief Executive Officer</b> | <b>Chief Financial Officer</b> | <b>&amp; Company Secretary</b> |
|--------------------------------------|---------------------------------|--------------------------------|--------------------------------|
| Remuneration (₹ Lakhs)               | 31.94                           | 27.12                          | 6.50                           |
| Revenue (₹ Lakhs)                    | 6971.76                         | 6971.76                        | 6971.76                        |
| Remuneration (as % of revenue)       | 0.46%                           | 0.39%                          | 0.09%                          |
| Profits before tax (PBT) (₹ Lakhs)   | 156.30                          | 156.30                         | 156.30                         |
| Remuneration (as % of PBT) (₹ Lakhs) | 20.44%                          | 17.35%                         | 4.16%                          |

\* Who had resigned as CEO w.e.f 28th November, 2014.

& Who had resigned as Company Secretary w.e.f 30th April, 2015.



**j) The key parameters for any variable component of remuneration availed by the directors;**

Not Applicable.

**k) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;**

Not Applicable. Since there is no Executive Director in the Company during the financial year hence the Company has paid only sitting fees for attending the Board Meetings.

**l) Affirmation that the remuneration is as per the remuneration policy of the Company**

The Company's remuneration policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavors to attract, retain, develop and motivate a high performance staff Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company affirms remuneration is as per the remuneration policy of the Company.

**Others;**

Information as required under Section 197 of the Act read with Rule 5(2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

| S.No | Particulars  | Reply  |
|------|--|--|
| 1.   | Designation of the employee  | Chief Executive Officer  |
| 2.   | Remuneration Received (during FY 2014-15)  | ₹ 31,94,659  |
| 3.   | Nature of employment whether contractual or otherwise  | Permanent  |
| 4.   | Qualification and experience of the Employee   | B.E Comp Science (Jadavpur University-1986).<br>PG Diploma in Management, IIM Calcutta – 1988. |
| 5.   | Date of Commencement of Employment   | 3rd June, 2013   |
| 6.   | The Age of such Employee   | 51 Yrs. (DOB: 20th Apr, 1964)  |
| 7.   | The last employment held by such employee before joining the Company   | CEO, Four Soft Ltd (October 2007 to April 2012)<br>Management Consultant (Since April 2012)    |
| 8    | The Percentage of equity shares held by the employee in the Company within the meaning of Clause (iii) of sub-rule-(2) above | NIL  |
| 9.   | Whether such employee is a relative of any director or manager of the Company and if so name of such director or manager     | Not Applicable   |
| 10   | Date of his last working day in the Company.   | 28th Nov, 2014   |

## **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**

#### **Outlook for India in 2015**

With a slow yet steady pace of growth in the year 2014, India is predicted to bolster as the brightest star in the BRIC conglomerate overtaking China in the next two years. The IMF forecasts that India will cross the \$3-trillion threshold in 2019, which would make it the world's seventh biggest economy.

The Indian IT industry revenue growth in FY 2015-16 is expected to be 12%-14%. Domestic segment grew faster due to inclusion of e-commerce and mobile app industry and is expected to touch USD 48 billion in revenues.

India is emerging as a frontrunner for digital skill with 1.5 lakh digitally skilled employees coupled with an exponential growth of large companies and startups working on digital solutions. The impetus on innovations has been like never before with larger firms fostering innovation – collaboration, building scale, co-creating the best solutions.

India is strongly positioned to garner more market share in the global IT services and sourcing market as it is still the world's most attractive sourcing destination driven by optimum costs, huge pool of qualified and employable talent, strong industry network and a booming ecosystem. It is well set to reach its goal of USD 300 billion revenues by 2020.

#### **Business Intelligence (BI) and Analytics;**

According to Gartner Inc., Indian Business

Intelligence (BI) software revenue is forecast to reach the mark of \$150 million in 2015. The BI platforms will witness a 15% increase in the revenue which stood at \$133.8 million last year. This spells a huge opportunity for India to create a strong foothold in this space similar to what we have been able to achieve in the outsourcing and services sector. Organization in India have woken up to the idea of how BI & analytics can dramatically turn corners and provide a business edge.

With the increasing access to analytics, companies are now focusing on diversifying their BI potential. Cloud and software-as-a-service (SaaS) are the two major trends that are shaping the BI and analytics market in 2015.

#### **Mobility & Cloud Computing:**

Mobility and cloud computing will witness a lot of consolidation and co-operation between companies on different ends of the technology spectrum. The convergence of cloud and mobile computing will continue to promote the growth of centrally co-ordinated applications that can be delivered to any device. The flexibility that cloud services provide will be enhanced in the coming years. The industry is set to move beyond the IT services and provide valuable support to other commercial enterprises.

#### **Opportunities, Threats, Risks and Concerns:**

Goldstone Technologies has always focused on innovative offerings in the technology sector which have rapid growth potential and are key drivers in the market. On such opportunity we spotted was the Business Intelligence and Analytics domain. The BI and Analytics domain has grown exponentially over the years with greater emphasis on Big Data and decision



sciences. To capitalize this opportunity, Goldstone Technologies has embraced a light weight and Rapid Fire Business Intelligence tool called Tableau. This tool has proven to be a magic wand in the BI and Analytics industry with Tableau placed as a Leader in the Gartner's Magic Quadrant for the third consecutive time.

With Tableau on board, Goldstone has made rapid progress in the BI and analytics space. We were able to connect and partner with a wide range on companies across industries notably in the BFSI, E-commerce, Telecom and Retail space.

Increasingly organizations across the globe are keen on using BI and analytics to help address their most pertinent problems. Many of these organizations either do not have access or capability to work with large chunk of data and integrate it with their business. Goldstone aims to help bridge this gap with its technology interface, skilled man power and efficient productive output.

One key concern with this industry is of simplifying the whole BI and analytics process. Old fashioned IT oriented processes is not breaking any new ground as organizations are keen on implementing analytics for various other teams and not just limited to IT. This has prompted the new set of players to innovate and create less complex interfaces which can adopted quickly.

The 2015 is set for more innovation and transition within the BI and analytics domain. Consolidation and integration of services will bring a positive change.

#### **Analysis of financial performance of the company:**

The Consolidated Revenues for the year were ₹697.18 Millions as against the previous year

Revenues of ₹736.49 Millions. The Standalone Revenues for the year were ₹290.66 Millions as against ₹261.76 Millions of previous year. The Consolidated Net (Loss) for the period was (₹27.27) Millions against Consolidated Net Profit of ₹19.63 Millions during the previous year and the Standalone Net (Loss) was (₹38.01) Millions against the previous year's Net Profit of ₹10.81 Millions. However the Consolidated Cash Profit for the FY 2014-15 has been reported at ₹20.38 Million as compared to ₹67.30 Million in the previous year and Standalone Cash Profit has been reported at ₹9.61 Million as compared to ₹58.33 Million during the previous year.

#### **Liquidity and capital resources:**

There is no change in Shareholders' funds during the financial year 2014-15.

The Secured Loans as at March 31, 2015 stood at ₹ Nil as against ₹7.63 Millions of Previous year.

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 177 of the Companies Act, 2013 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**

### **1. 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 Ethics and Business 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.

### **2. Board of Directors;**

The Board of Goldstone Technologies comprised of five directors as on 05<sup>th</sup> August, 2015 out of them one is Executive Director and all other 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 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/she is a Director. Necessary disclosures regarding Committee positions have been made by the Directors

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 Stakeholders Relationship Committee.

| Name                       | Category                        | No. of Board Meetings attended during the year 2014-15 | Whether Attended AGM held on 27.09.2014 | No. of Directorships in other Companies | No. of committee positions held in other public Companies |        |
|----------------------------|---------------------------------|--|---|---|---|--------|
|                            |                                 |  |   |   | Chairman  | Member |
| ^ Mr. K S Sarma            | Independent Director            | 7  | NO                                      | 4                                       | Nil   | 1      |
| ^ Mr. V Venkata Ramana     | Independent Director            | 7  | NO                                      | Nil                                     | Nil   | Nil    |
| Mr. L P Sashikumar         | Promoter Non-Executive Director | 5  | YES                                     | 8                                       | Nil   | 1      |
| Mr. Clinton Travis Caddell | Promoter Non-Executive Director | 4  | NO                                      | Nil                                     | Nil   | Nil    |
| *Mr. P.S. Parthasarathy    | Promoter & Managing Director    | 7  | YES                                     | 1                                       | Nil   | Nil    |
| ^ \$ Mrs. Promilla Shankar | Independent Director            | 2  | NO                                      | 1                                       | Nil   | Nil    |

The letter(s) of appointment(s) to the above Independent Directors were issued by the Company after their appointment and the same have been disclosed on the website of the company i.e. [www.goldstonetech.com](http://www.goldstonetech.com)

\*Mr.Parthasarathy has been appointed as Managing Director of the Company w.e.f. 27<sup>th</sup> May, 2015.

^ Appointed as Independent Directors with effect from 27<sup>th</sup> September, 2014.

^ \$ Mrs. Promilla Shankar has been appointed as additional Director on 21<sup>st</sup> August, 2014 and regularized w.e.f.27<sup>th</sup> September, 2014. Further she had resigned from the Board w.e.f 12<sup>th</sup> July, 2015.

Seven Board meetings were held during the year ended March 31, 2015 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 29, 2014; August 01, 2014; August 21, 2014; November 10, 2014; January 22, 2015; February 11, 2015 and March 31, 2015.

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.

### 3. Audit Committee;

The terms of reference stipulated by the Board of Directors to the Audit Committee as contained in Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013, are as follows:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient & credible;
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, fixation of audit fees and also approval for payment for any other services;
- c. Reviewing with management, the quarterly and annual financial statements before submission to the Board, focusing primarily on:
  - i. Matters required to be included in the Directors Responsibility Statement to be included in the Directors Report in terms of clause (2AA) of Section 135 of the Companies Act, 2013;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. Qualifications in draft audit report;
  - v. Significant adjustments made in the financial statements arising out of audit findings;
  - vi. The going concern assumption;
  - vii. Compliance with accounting standards;
  - viii. Compliance with stock exchange and legal requirements concerning financial statements; and,
- ix. Disclosure of any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- d. Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- e. Reviewing with the management, performance of statutory and internal auditors, the adequacy and compliance of internal control systems;
- f. Reviewing the adequacy of internal audit function, if any including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- g. Discussion with internal auditors any significant findings and follow up thereon;
- h. Reviewing the findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- i. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- j. Reviewing the Company's financial and risk management policies;
- k. Review of information by Audit Committee:
  - i. Management Discussion & Analysis of financial condition and results of operations;
  - ii. Statement of significant related party transactions submitted by the management;

- iii. Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - iv. Internal audit reports relating to internal control weaknesses;
  - v. The appointment, removal and terms of remuneration of the chief internal auditor.
- l. Examine the reasons for substantial defaults in the payment to the depositors, Members (in case of non-payment of declared dividends) and creditors.
  - m. Reviewing the functioning of whistle blower mechanism, in case the same exists.
  - n. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc of the candidate.
  - o. Reviewing with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purpose other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

As on 05<sup>th</sup> August, 2014, 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.

The last Annual General Meeting of the Company was held on September 27<sup>th</sup>, 2014.

**The composition of the Audit Committee as on 05<sup>th</sup> August, 2015 and particulars of meetings attended by the members are as follows:**

| Name                       | Category                        | No. of Meetings during the year 2014-15 |          |
|----------------------------|---------------------------------|---|----------|
|                            |                                 | Held                                    | Attended |
| Mr. K S Sarma, Chairman    | Independent Director            | 4                                       | 4        |
| Mr. Vedula Venkata Ramana  | Independent Director            | 4                                       | 4        |
| Mr. Clinton Travis Caddell | Promoter Non Executive Director | 4                                       | 4        |
| # Mrs. Promilla Shankar    | Independent Director            | 4                                       | 2        |

# Mrs.-Promilla Shankar has been appointed as additional Director on 21<sup>st</sup> August, 2014 and regularized w.e.f.27<sup>th</sup> September, 2014. Further she had resigned from the Board w.e.f 12<sup>th</sup> July, 2015.

Four Committee meetings were held during the year ended March 31, 2015 i.e. on May 29, 2014; August 01, 2014; November 10, 2014 and February 11, 2015.

The necessary quorum was present at all meetings.

**4. Nomination and Remuneration Committee;**

The Remuneration/ Compensation Committee was rechristened as Nomination and Remuneration Committee by the Board at its meeting held on 29<sup>th</sup> May, 2014. As on 05<sup>th</sup> August, 2015 the Nomination and 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 terms of reference stipulated by the Board of Directors to the Nomination and Remuneration Committee as contained in Clause 49 of the Listing Agreement and Sub Section (1) of Section 178 of the Companies Act, 2013, are as follows;

- ✓ Formulate the criteria for determining qualifications, attributes, and Independence of a director.
- ✓ Identify the persons who are qualified to become directors and who may be appointed in senior management in accordance with criteria laid down, recommend to the Board their appointment and removal.
- ✓ Recommend to the Board appointment and removal of directors and senior management and carryout evaluation of every director's performance.
- ✓ Review the remuneration policy of the company, relating to the remuneration for the directors, Key Managerial Persons and other employees from time to time.

**The composition of the Nomination and Remuneration Committee as on 05<sup>th</sup> August, 2015 and particulars of meetings attended by the members are as follows:**

| Name                      | Category                          | No. of Meetings during the year 2014-15 |          |
|---------------------------|-----------------------------------|---|----------|
|                           |                                   | Held                                    | Attended |
| Mr. K S Sarma, Chairman   | Independent Director              | 4                                       | 4        |
| Mr. Vedula Venkata Ramana | Independent Director              | 4                                       | 4        |
| # Mrs. Promilla Shankar   | Independent Director              | 4                                       | 0        |
| Mr. L.P. Sashi kumar      | Promoter & Non Executive Director | 4                                       | 2        |

# Mrs. Promilla Shankar has been appointed as an additional Director on 21<sup>st</sup> August, 2014 and regularized w.e.f.27<sup>th</sup> September, 2014. Further she had resigned from the Board w.e.f 12<sup>th</sup> July, 2015.

Four Committee meetings were held during the year ended March 31, 2015 i.e. on May 29, 2014; August 01, 2014; August 21, 2014 and March 31, 2015.

The necessary quorum was present at all meetings.

● **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, 2015.

● **Details of Remuneration and other terms of appointment of Directors**

Since all Directors are the Non-Executive Directors (NEDs), they are paid sitting fee for attending either Board or its Committee meetings except Stake holders Relationship 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, 2015:

| Name                | Category                          | No. of Shares of ₹10/- each |
|---------------------|-----------------------------------|-----------------------------|
| Mr. L P Sashi kumar | Promoter & Non Executive Director | 757                         |

### Remuneration of Directors

Details of remuneration paid to Directors during the financial year 2014-15:

(In ₹)

| Name of the Director                  | Category                          | Sitting fee | Salary | Benefits | Total    |
|---------------------------------------|-----------------------------------|-------------|--------|----------|----------|
| Mr. K S Sarma                         | Independent Director              | 2,10,000    | Nil    | Nil      | 2,10,000 |
| Mr. V Venkata Ramana                  | Independent Director              | 2,10,000    | Nil    | Nil      | 2,10,000 |
| #Mrs. Promilla Shankar                | Independent Director              | 60,000      | Nil    | Nil      | 60,000   |
| Mr. Clinton Travis Caddell            | Promoter & Non-Executive Director | Nil         | Nil    | Nil      | Nil      |
| * Mr. Ponnappa Sanjeeva Parthasarathy | Promoter & Managing Director      | Nil         | Nil    | Nil      | Nil      |
| Mr. L P Sashikumar                    | Promoter & Non-Executive Director | 1,05,000    | Nil    | Nil      | 1,05,000 |

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

There was no Employee Stock Option Scheme during the financial year ended 31<sup>st</sup> March, 2015.

\* Mr. Ponnappa Sanjeeva Parthasarathy has been appointed as Managing Director of the Company w.e.f. 27<sup>th</sup> May, 2015.

# Mrs. Promilla Shankar has been appointed as additional Director on 21<sup>st</sup> August 2014 and regularized w.e.f. 27<sup>th</sup> September, 2014. Further she had resigned from the Board w.e.f. 12<sup>th</sup> July, 2015.

#### Policy for selection and appointment of Directors/KMPs and their Remuneration:

The Nomination and Remuneration Committee has adopted a policy namely Nomination and Remuneration Policy which, inter alia, deals with the manner of selection of Board of Directors, Managing Director & KMP's, evaluation of their performance, and their remuneration.

#### Criteria of selection of Non Executive Directors

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the Nomination and Remuneration Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.



The Nomination and Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The Nomination and Remuneration Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

#### **Remuneration**

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board meetings. Commission may be paid within monitoring limit approved by the shareholders subject to the limit not exceeding 1% of the profits of the Company computed as per applicable provisions of the Act.

A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

#### **CEO & Managing Director - Criteria for Selection / Appointment**

For the purpose of selection of the CEO & MD, the Nomination and Remuneration Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

#### **Remuneration for the CEO & Managing Director**

At the time of appointment or re-appointment, the Managing Director shall be paid as may be recommended by the Nomination and Remuneration Committee and such remuneration as may be mutually agreed between the Company and the Managing Director within the overall limits prescribed under the Companies Act, 2013.

The remuneration shall be subject to the approval of the Members of the Company (if necessary) in General Meeting.

The remuneration of the Managing Director comprises only of fixed component. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits.

#### **Remuneration Policy for the Senior Management Employees**

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the Nomination and Remuneration Committee shall ensure the relationship of remuneration and performance benchmark is clear.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein above, whilst recommending the annual increment and performance incentive to the Nomination and Remuneration Committee for its review and approval.

**Evaluation;**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees.

A structured questionnaire was prepared after taking into consideration various parameters such as attendance and participation in meetings, monitoring corporate governance practices, independence of judgment, culture, execution and performance of specific duties, obligations and safeguarding the interests of interests of the company etc.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors

expressed their satisfaction with the evaluation process.

**i) Separate Meeting of Independent Directors:**

The Independent directors of the Company at its meeting held on 31.03.2015

- (a) reviewed the performance of the non-independent directors and Board,
- (b) reviewed the performance of the Chairperson of the Company and
- (c) assessed the quality, quantity and timeliness of flow of information between the company management and the Board.

A structured questionnaire was prepared after taking into consideration various parameters such as attendance and participation in meetings, monitoring corporate governance practices, independence of judgment, safeguarding the interests of the company etc. and the evaluation was made. The Members of the Committee evaluated all the directors. The Independent Directors decided that since the performance of the Non-Independent Directors is good, the term of their appointment be continued.

The Independent Directors after review the performance of the Chairman expressed that the Chairman has good experience, knowledge and understanding of the Board's functioning and his performance is good. The Independent Directors expressed that the information flow between the Company's Management and the Board is good.

**ii) Evaluation by Board:**

The Board has carried out the annual performance evaluation of its own performance, the Directors individually (excluding the director being evaluated) as well as the evaluation of the working of its





Committees. A structured questionnaire was prepared after taking into consideration various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, effectiveness in developing Corporate governance structure to fulfill its responsibilities, execution and performance of specific duties etc. The Board expressed that the performance of individual directors, its own performance and working of the committees is good.

All Independent Directors have furnished a declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

#### **Familiarization Programme for Independent Directors;**

The Independent directors of Company are eminent personalities having wide experience in the field of business, finance, education, industry, commerce and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions.

Independent Directors have been appointed as per the applicable provisions of the Companies Act, 2013 as well as amended Clause 49 of the Listing Agreement, after considering their management expertise and wide range of experience. All Independent Directors who have been reappointed by the Members are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters, business operations, their roles, rights, responsibilities in the company, nature of the industry in which the company operates etc., through various meetings of the Board as well as Committees thereof including creation of awareness by devising separate code of

Independent Directors, reappointments of all Independent directors, issuance of fresh appointment Letters covering all terms and conditions with their roles, rights and responsibilities in the company. All Independent Directors were also requested to access the necessary documents / brochures, Code of Conducts, Letter of Appointments, Annual Reports and internal policies available at our website [www.goldstonetech.com](http://www.goldstonetech.com) to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made by Senior Management, and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent directors.

#### **Board Diversity:**

Pursuant to the relevant provisions of the Companies Act, 2013 as well as various clauses of the Listing Agreement the Company has framed a policy on Board diversity pursuant to that devised policy of the company is having optimum combination of Directors from the different areas / fields like Productions, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development, Human Resources etc. Further Board also having an woman director, three independent directors having vast experience in different areas including finance.

#### **5. Stakeholders Relationship Committee:**

The Board had at its meeting held on May 29, 2014, rechristened the Share Transfer and Investor's / Shareholder's Grievance

Committee as "Stakeholders Relationship Committee."

The Stakeholders Relationship Committee is to perform all the functions relating to handling of all sorts of shareholder's 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.

- i. The Stakeholders Relationship Committee of the Company consists of three directors, two of which are independent Directors.
- ii. The Composition of the Stakeholders Relationship Committee and the number of meetings attended by its members is given below.

| Name                      | Category             | No. of Meetings during the year 2014-15 |          |
|---------------------------|----------------------|---|----------|
|                           |                      | Held                                    | Attended |
| Mr. K S Sarma, Chairman   | Independent Director | 4                                       | 4        |
| Mr. Vedula Venkata Ramana | Independent Director | 4                                       | 4        |
| Mr. L.P. Sashi kumar      | Promoter & Director  | 4                                       | 4        |

Four Stakeholders Relationship Committee Meetings were held during the year ended 31st March, 2015 i.e on May 29, 2014; August 01, 2014; November 10, 2014 and February 11, 2015.

- iii. The necessary quorum was present at all meetings.

- iv. Details of complaints received and redressed: Number of shareholder complaints received, number solved and number of pending complaints as on March 31, 2015.

| Opening Balance as on 01.04.2014 | Received during the period 01.04.2014 to 31.03.2015 | Resolved during the period 01.04.2014 to 31.03.2015 | Closing Balance as on 31.03.2015 |
|----------------------------------|---|---|----------------------------------|
| Nil                              | Nil   | Nil   | Nil                              |

- v. Name and Designation of Compliance Officer:  
Mr. Vithal V S S N K Popuri, Chief Financial Officer.

**6. The company has formed a business risk evaluation/ management committee consisting of the following members.**

Business Risk Evaluation and Management (BRM) is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The objectives and scope of the Risk Management Committee broadly comprise of

1. Oversight of risk management performed by the executive management;
2. Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;
3. Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a predefined cycle;



4. Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

## 7. 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:

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

| Year    | No. of Meeting       | Day, Date and Time of the Meeting             |
|---------|----------------------|---|
| 2013-14 | 20 <sup>th</sup> AGM | Saturday, the September 27, 2014 at 03.00 P.M |
| 2012-13 | 19 <sup>th</sup> AGM | Saturday, the September 28, 2013 at 03.30 P.M |
| 2011-12 | 18 <sup>th</sup> AGM | Saturday, the September 29, 2012 at 04.00 P.M |

- ii) During the previous three Annual General Meetings of the Company, no Special Resolutions were passed as specified below.

| No. of AGM           | Item on which special resolution was passed |
|----------------------|---|
| 20 <sup>th</sup> AGM | NIL   |
| 19 <sup>th</sup> AGM | NIL   |
| 18 <sup>th</sup> AGM | NIL   |

- iii) Resolutions passed during the year through Postal Ballot:

### Postal Ballot:

During the year, the company has successfully completed the Postal ballot process to seek the consent of its members for the following Special Business:

- (i) To authorize the Board or a Committee thereof to borrow up to ₹150 crores.
- (ii) To authorize the Board or a Committee thereof to sell, lease, mortgage or otherwise dispose of the whole or substantially the whole of the undertaking(s) of the Company, both present and future;
- (iii) Giving Loans/Guarantees, providing of Securities and Making of Investments in Securities:
- (iv) Authorization for Related party Transactions.

M/s. Prathap Satla & Associates, Practicing Company Secretaries, (C.P. No. 11879), Hyderabad was appointed as Scrutinizer to conduct the said postal ballot process in a fair and transparent manner. The said process was completed on 09.10.2014 wherein all the resolutions as proposed in the Postal Ballot Notice were passed by way of requisite majority. The Postal Ballot results were announced on 10.10.2014. Details of the combined result of e-voting and poll is as below for the special resolutions passed:

| Resolution  | Mode              | Number of Valid Votes | Favour  |                  | Against |                  |
|---|-------------------|-----------------------|---------|------------------|---------|------------------|
|   |                   |                       | Votes   | % of Valid Votes | Votes   | % of Valid Votes |
| Approval for authorizing Board of Directors for borrowing powers as per Section 180 (1) (c) of Companies Act, 2013  | Electronic & Poll | 5468539               | 5467538 | 99.98            | 1001    | 0.02             |
| Approval for authorizing Board of Directors for mortgage and /or create charge on the assets of the Company as per Section 180 (1) (a) of Companies Act, 2013                         | Electronic & Poll | 5468539               | 5468538 | 99.99998         | 1       | 0.00002          |
| Approval for authorizing Board of Directors for giving Loans/Guarantees, providing of Securities and/or making of Investments in Securities as per Section 186 of Companies Act, 2013 | Electronic & Poll | 5468539               | 5468538 | 99.99998         | 1       | 0.00002          |
| Approval for authorizing Board of Directors for giving authorization to enter into Related Party Transactions as per Section 186 of Companies Act, 2013                               | Electronic & Poll | 1934386               | 1933385 | 99.95            | 1001    | 0.05             |

## 8. Disclosures

- i. As required by the Accounting Standards, 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. **Whistle Blower Policy;** As per the provisions of the Section 177 (9) & (10) of the Companies Act 2013, read with amended Clause 49 of the Listing Agreement the Board had its meeting held on 29<sup>th</sup> May, 2014, adopted a Vigil Mechanism called 'Whistle Blower Policy' for directors and employees to report the management /Audit Committee instances of unethical behavior, actual or suspected, fraud or violation of company's code of conduct or ethics policy. The Vigil Mechanism also provided adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit committee in exceptional cases further it has also been uploaded on the Company's web site; [www.goldstonetech.com](http://www.goldstonetech.com).
- iv. Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement.
- v. **Share Capital 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 (CDSL) 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.

- vi. **Code of conduct:** The Code of Ethics and Business 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](http://www.goldstonetech.com). In addition to the above as per Clause 49 of the Listing Agreement read with Schedule IV of the Companies Act, 2013 duties of the Independent Directors and code of Independent Directors have been placed on the website of the Company [www.goldstonetech.com](http://www.goldstonetech.com).
- vii. A declaration signed by the Managing Director regarding affirmation of the compliance with the Code of Conduct by Board and senior management is appended to this report.
- viii. **Compliance:** At every Board meeting, a statement of Compliance with all laws and regulations as certified by the designated Director was placed before the Board for its review. The Board reviews the compliance of all the applicable laws and gives appropriate directions wherever necessary.
- ix. **Risk Management:** Business risk evaluation and management is an ongoing process within the organization. The Board of Directors reviews the reports of compliance to all applicable laws and regulations on a quarterly basis. Any non-compliance is seriously taken up by the Board and the action taken for rectification of non-compliance is reported to the Board.
- x. **Preferential Issue Proceeds:** The Company did not raise any funds during the year under preferential issue mode.
- xi. **Director & CFO certificate:** The certificate as contemplated in Clause 49 of the Listing Agreement was given by the Director and the Chief Financial Officer 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 31<sup>st</sup> March, 2015.
- xii. **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 is



measured through the annual appraisal process. There was no Employee Stock Option Scheme during the financial year ended March 31, 2015.

## 9. Means of Communication

- a. In compliance with the requirements of Listing Agreement, the Company regularly intimates Unaudited as well as Audited Financial Results to the Stock Exchanges immediately after they are taken on record by the Board. These financial results are normally published in *The Financial Express* (National newspaper) and *Surya/Nava Telangana* (regional newspaper). This information will also be uploaded on the Company's website [www.goldstonetech.com](http://www.goldstonetech.com).
- b. Management Discussion & Analysis Report forms part of Report of Directors.

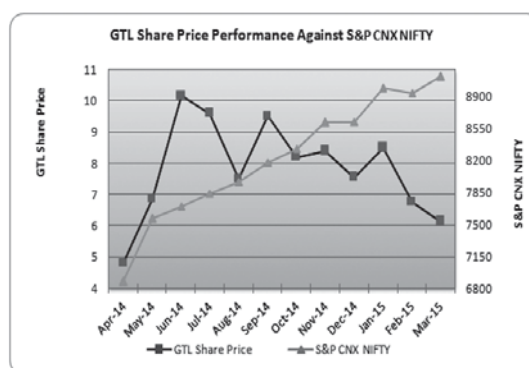
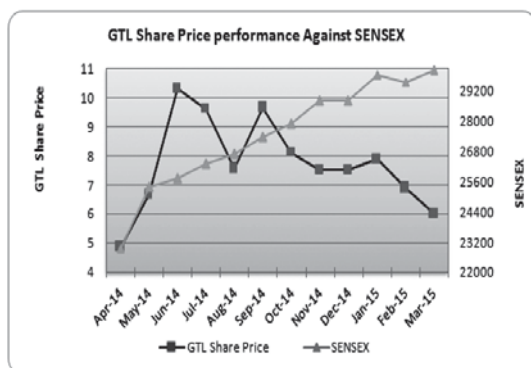
## 10. General Information for Shareholders

- i) **Annual General Meeting** will be held on 29<sup>th</sup> September, 2015 at 03.00 P.M. at Plot No. 1 & 9 IDA, Phase II, Cherlapally, Hyderabad – 500 051.
- ii) **Financial Year** of the Company is 1<sup>st</sup> April to 31<sup>st</sup> March.
- iii) **Financial Reporting** for the quarter ending 30<sup>th</sup> September, 2015, 31<sup>st</sup> December, 2015, 31<sup>st</sup> March, 2016 and 30<sup>th</sup> June, 2016 will be within forty five days from the closure of the quarter.
- iv) **Dates of Book Closure** will be from 23<sup>rd</sup> September, 2015 to 29<sup>th</sup> September, 2015 (both days inclusive).
- v) **Company's shares are listed** on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- 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 Bombay Stock Exchange Limited and National Stock Exchange of India Limited

| 2014-15<br>Month | BSE   |      |               | NSE   |      |               |
|------------------|-------|------|---------------|-------|------|---------------|
|                  | High  | Low  | Volume (Nos.) | High  | Low  | Volume (Nos.) |
| Apr,14           | 4.86  | 3.54 | 64,797        | 4.80  | 3.60 | 1,09,375      |
| May,14           | 6.67  | 4.17 | 1,51,547      | 6.85  | 4.15 | 1,43,747      |
| June,14          | 10.30 | 6.66 | 7,38,768      | 10.15 | 6.40 | 3,74,386      |
| July,14          | 9.60  | 7.07 | 62,746        | 9.60  | 7.05 | 1,12,457      |
| Aug,14           | 7.57  | 6.41 | 95,017        | 7.50  | 6.45 | 79,001        |
| Sept,14          | 9.65  | 6.15 | 2,10,681      | 9.50  | 6.30 | 1,85,204      |
| Oct,14           | 8.10  | 6.65 | 69,829        | 8.20  | 6.70 | 68,286        |
| Nov,14           | 7.50  | 6.35 | 58,782        | 8.40  | 6.20 | 1,02,629      |
| Dec,14           | 7.50  | 5.03 | 53,248        | 7.55  | 4.80 | 96,572        |
| Jan,15           | 7.88  | 5.50 | 58,592        | 8.50  | 5.55 | 1,78,566      |
| Feb,15           | 6.90  | 5.31 | 53,694        | 6.75  | 5.15 | 81,825        |
| Mar,15           | 6.00  | 4.15 | 1,01,877      | 6.15  | 4.30 | 1,23,575      |



**ix) Performance of the Share Price of the Company in comparison to the BSE Sensex and NSE Nifty;**



**x) Registrar and Transfer Agents:**

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

**xi) 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.

**xii) Shareholding (as on March 31,2015):**

a) Distribution of shareholding

| Category         | No. of Shareholders |               | No. of Shares      |               |
|------------------|---------------------|---------------|--------------------|---------------|
|                  | Total               | %             | Total              | %             |
| Up to- 5000      | 7,937               | 75.09         | 13,29,120          | 7.08          |
| 5001 – 10000     | 1,136               | 10.75         | 9,65,389           | 5.14          |
| 10001 – 20000    | 631                 | 5.97          | 9,80,692           | 5.22          |
| 20001 – 30000    | 249                 | 2.36          | 6,46,578           | 3.44          |
| 30001 – 40000    | 134                 | 1.27          | 4,79,468           | 2.55          |
| 40001 – 50000    | 121                 | 1.14          | 5,68,268           | 3.03          |
| 50001 – 100000   | 184                 | 1.74          | 13,63,102          | 7.26          |
| 100001 and above | 178                 | 1.68          | 1,24,49,449        | 66.28         |
| <b>Total</b>     | <b>10,570</b>       | <b>100.00</b> | <b>1,87,82,066</b> | <b>100.00</b> |

## b) Categories of Shareholders

| Category                 | No. of shares      | % to share capital |
|--------------------------|--------------------|--------------------|
| Promoters                | 35,34,153          | 18.82              |
| Mutual Funds and UTI     | 1,700              | 0.01               |
| Insurance Companies      | 0                  | 0.00               |
| Banks                    | 2,900              | 0.02               |
| FIs                      | 11,889             | 0.06               |
| Private Corporate Bodies | 32,40,218          | 17.25              |
| Indian Public            | 1,07,73,501        | 57.36              |
| NRIs / OCBs              | 8,05,966           | 4.29               |
| Trust                    | 100                | 0                  |
| Clearing Members         | 4,11,636           | 2.19               |
| <b>Grand Total</b>       | <b>1,87,82,066</b> | <b>100.00</b>      |

**xiii) Dematerialization of shares and liquidity:**

The company's shares are compulsorily traded in dematerialization form. Equity shares of the Company representing 98.32% of the company's share capital are dematerialized as on March 31, 2015.

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

- xiv) As on March 31, 2015, the company did not have any outstanding GDRs / ADRs / Warrants or any convertible instruments
- xv) Compliance Officer : Mr.Vithal V S S N K Popuri  
 CFO & Compliance Officer.  
 Tel: 91 - 40-27807640;  
 Fax: 91 - 40-39120023/39100012  
 E-mail:cs@goldstonetech.com
- xvi) Location of Software Divisions /facilities : Registered Office: 9-1-83 & 84,  
 Amarchand Sharma Complex,  
 S D Road, Secunderabad,  
 Telangana- 500 003.  
 Corporate Office: Q4-A3, 10<sup>th</sup> Floor,  
 Cyber Towers, HITEC City, Madhapur,  
 Hyderabad, Telangana, India-5000081.
- xvii) Address for Correspondence : Goldstone Technologies Limited  
 9-1-83 & 84, Amarchand Sharma Complex  
 S D Road, Secunderabad - 500 003.





**xviii) Investor Relations:** All the queries received from shareholders during the financial year 2014-15 have been responded to. The Company generally replies to the queries within a week of their receipt.

**xix) Nomination Facility:** Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to contact the Company's Share Transfer Agents Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500 029.

## **11. Compliance**

In compliance with the terms of the Listing Agreement, a certificate from a Practicing Chartered Accountant regarding compliance of the provisions of Clause 49 of the Listing Agreement is annexed to this Report.

### **For and on behalf of the Board**

Place: Secunderabad  
Date: 05<sup>th</sup> August, 2015

**Sd/-**  
**L P Sashikumar**  
Director  
DIN:00016679

**Sd/-**  
**P.S.Parthasarathy**  
Managing Director  
DIN:01837281



## 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 31<sup>st</sup> March, 2015 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.

**P. Murali & Co.**  
Chartered Accountants

Sd/-  
**Mukund Vijayrao Joshi**  
Partner  
Membership No. 024784

Place: Hyderabad

Date: 05<sup>th</sup> August, 2015



## CERTIFICATE FROM THE DIRECTOR & CFO

We, L.P.Sashikumar, Director and Vithal V S S N K Popuri, Chief Financial Officer of Goldstone Technologies Limited, responsible for the finance function, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2015 and that to the best of our knowledge and belief, we state that:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
  - (ii) These statements give a true and fair view of the Company's affairs and of the results of operations and cash flow. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have not noticed any deficiency that need to be rectified or disclosed to the Auditors and the Audit Committee.
- (d) During the year under reference -
- (i) there were no significant changes in the internal control and overall financial reporting;
  - (ii) no significant changes in accounting policies were made that require disclosure in the notes to the financial statements; and
  - (iii) no instance of significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting, has come to our notice.

Place: Secunderabad  
Date: 16<sup>th</sup> May, 2015

Sd/-  
**L.P.Sashikumar**  
Director  
DIN : 00016679

Sd/-  
**Vithal VSSNK Popuri**  
CFO

### 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, 2015.

**For and on behalf of the Board**

Place: Secunderabad  
Date: 05<sup>th</sup> August, 2015

Sd/-  
**P.S.Parthasarathy**  
Managing Director  
DIN: 01837281

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
**Goldstone Technologies Limited**

### **Report on the Standalone Financial Statements**

We have audited the accompanying Standalone financial statements of **Goldstone Technologies Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements:**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements:

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2015, its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements :

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we further report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule

7 of the Companies (Accounts) Rules 2014 .

- e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For **P. Murali & CO.,**  
Chartered Accountants  
Firm Registration No : 007257S  
Sd/-  
**P. Murali Mohana Rao**  
Partner  
M.No. 023412

Place: Hyderabad  
Date: 16th May, 2015

**Annexure referred to in paragraph 1 of Our Report of even date to the members of Goldstone Technologies Limited on the accounts of the company for the year ended 31st March, 2015 Under “Report on other Legal & Regulatory Requirements”**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification.
- ii. The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventory. Hence the said clause is not applicable.
- iii. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has been noticed or reported.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company.
- vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, , Employees’ State Insurance, Income-tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India ;
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues in arrears as at 31<sup>st</sup> March 2015 for a period of more than 6 months for the date they became payable.
- (c) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Service Tax and Sales Tax which have not been deposited on account of any disputes.
- (d) There are no amounts that are due to be transferred to the Investors Education and protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under.
- viii. The Company does not have accumulated losses at the end of the financial year and the company has not incurred cash losses during the financial year covered by our



- audit and in the immediately preceding financial year.
- ix. The company has not taken any loans from financial institution/banks and has not issued any debentures. Hence the clause as regards the regularity of payment is not applicable.
- x. In our opinion, and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loan taken by others from bank or financial institutions are not prejudicial to the interest of the company.
- xi. The company has not obtained any term loans during the current financial year 2014-15. Hence the clause as regards the utilization of the same is not applicable.
- xii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the company has been noticed or reported during the year.

For **P. Murali & CO.,**  
Chartered Accountants  
Firm Registration No : 007257S  
Sd/-  
**P. Murali Mohana Rao**  
Partner  
M.No. 023412

Place: Hyderabad  
Date: 16th May, 2015

## Standalone Balance Sheet as at 31st March, 2015

(Amount In ₹)

| Particulars                             | Note No | As on<br>31/03/2015 | As on<br>31/03/2014 |
|---|---------|---------------------|---------------------|
| <b>I. EQUITY AND LIABILITIES</b>        |         |                     |                     |
| <b>(1) Shareholder's Funds</b>          |         |                     |                     |
| (a) Share Capital                       | 1       | 187,820,660         | 187,820,660         |
| (b) Reserves and Surplus                | 2       | 356,571,932         | 417,857,853         |
| <b>(2) Non-Current Liabilities</b>      |         |                     |                     |
| (a) Deferred tax liabilities (Net)      | 3       | 34,749,898          | 1,783,689           |
| (b) Long term provisions                | 4       | 7,191,215           | 5,364,640           |
| <b>(3) Current Liabilities</b>          |         |                     |                     |
| (a) Short-term borrowings               | 5       | 133,142,982         | 136,604,006         |
| (b) Trade payables                      | 6       | 24,702,402          | 16,526,694          |
| (c) Other current liabilities           | 7       | -                   | 77,864              |
| (d) Short-term provisions               | 8       | 10,869,432          | 7,825,802           |
| <b>Total</b>                            |         | <b>755,048,521</b>  | <b>773,861,208</b>  |
| <b>II. ASSETS</b>                       |         |                     |                     |
| <b>(1) Non-current assets</b>           |         |                     |                     |
| (a) <i>Fixed assets</i>                 |         |                     |                     |
| (i) Tangible assets                     | 9       | 106,128,590         | 131,340,365         |
| (ii) Intangible assets                  | 9       | 141,794,520         | 183,284,533         |
| (iii) Tangible assets under development | 9       | 132,736,793         | 132,736,793         |
| (b) Non-current investments             | 10      | 92,762,433          | 92,762,433          |
| (c) Long term loans and advances        | 11      | 108,656,380         | 100,882,403         |
| (d) Other non-current assets            | 12      | 61,027,816          | 42,721,196          |
| <b>(2) Current assets</b>               |         |                     |                     |
| (a) Trade receivables                   | 13      | 76,820,314          | 69,645,790          |
| (b) Cash and cash equivalents           | 14      | 27,149,380          | 13,110,187          |
| (c) Short-term loans and advances       | 15      | 7,972,295           | 7,377,508           |
| <b>Total</b>                            |         | <b>755,048,521</b>  | <b>773,861,208</b>  |

Significant Accounting Policies

23

The accompanying Notes are an Integral part of the Financial statements

As per our report attached

For **GOLDSTONE TECHNOLOGIES LIMITED**

For **P.Murali & Co.,**

Chartered Accountants

FRN. No: 007257S

Sd/-

**P.Murali Mohana Rao**

Partner

M.No. 023412

Place : Hyderabad

Date : 16th May, 2015

Sd/-

**L.P.Sashikumar**

Director

Sd/-

**P.S.Parthasarathy**

Director

Sd/-

**Vithal VSSNK Popuri**

CFO & Compliance Officer





## Standalone Profit and Loss statement for the year ended 31st March, 2015

(Amount In ₹)

| Particulars  | Note No | For the year ended<br>2014-2015 | For the year ended<br>2013-2014 |
|--|---------|---------------------------------|---------------------------------|
| I. Revenue from operations   | 16      | 290,664,630                     | 261,761,251                     |
| II. Other Income   | 17      | 1,881,527                       | 18,000,730                      |
| <b>III. Total Revenue (I + II)</b>                                       |         | <b>292,546,157</b>              | <b>279,761,981</b>              |
| <i>IV. Expenses:</i>   |         |                                 |                                 |
| Cost of materials consumed/purchased                                     | 18      | 36,600,521                      | 13,461,577                      |
| Employee benefit expenses  | 19      | 173,796,431                     | 159,361,959                     |
| Other operating expenses   | 20      | 12,238,159                      | 17,181,478                      |
| Administrative Expenses  | 21      | 21,829,846                      | 21,302,980                      |
| Financial costs  | 22      | 1,014,529                       | 4,894,796                       |
| Depreciation and amortization expenses                                   | 9       | 47,614,418                      | 47,517,786                      |
| <b>Total Expenses</b>  |         | <b>293,093,904</b>              | <b>263,720,577</b>              |
| V. Profit before exceptional and extraordinary items and tax ( III - IV) |         | (547,747)                       | 16,041,404                      |
| VI. Exceptional Items  |         | -                               | -                               |
| VII. Profit before extraordinary items and tax (V-VI)                    |         | (547,747)                       | 16,041,404                      |
| VIII. Extraordinary Items  |         | 14,48,370                       | 61,544                          |
| IX. Profit before tax (VII - VIII)                                       |         | <b>(1,996,116)</b>              | <b>15,979,860</b>               |
| X. Tax expense:  |         |                                 |                                 |
| (1) Current tax  |         | 3,043,630                       | 6,245,662                       |
| (2) Deferred tax Liability/(Asset)                                       |         | 32,966,209                      | (1,076,198)                     |
| XI. Profit/(Loss) from the period from continuing operations ( IX - X)   |         | (38,005,956)                    | 10,810,396                      |
| 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)                              |         | <b>(38,005,956)</b>             | <b>10,810,396</b>               |
| No. of equity shares:  |         | 18,782,066                      | 18,782,066                      |
| XVI. Earning per equity share:   |         |                                 |                                 |
| (1) Basic  |         | (2.02)                          | 0.58                            |
| (2) Diluted  |         | (2.02)                          | 0.58                            |

Significant Accounting Policies

23

The accompanying Notes are an Integral part of the Financial statements

As per our report attached

For **GOLDSTONE TECHNOLOGIES LIMITED**

For **P.Murali & Co.,**

Chartered Accountants

FRN. No: 007257S

Sd/-

**P.Murali Mohana Rao**

Partner

M.No. 023412

Place : Hyderabad

Date : 16th May, 2015

Sd/-

**L.P.Sashikumar**

Director

Sd/-

**P.S.Parthasarathy**

Director

Sd/-

**Vithal VSSNK Popuri**

CFO & Compliance Officer

**Note Numbers to Standalone Balance Sheet**

| Particulars   | As on 31/03/2015          |                    | As on 31/03/2014        |                    |
|---|---------------------------|--------------------|-------------------------|--------------------|
|   | No. of Shares             | Amount In ₹        | No. of Shares           | Amount In ₹        |
| <b>NOTE NO. 1 : SHARE CAPITAL</b>   |                           |                    |                         |                    |
| 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<br>Par value per share @ ₹ 10/-  | 18,782,066                | 187,820,660        | 18,782,066              | 187,820,660        |
| <b>Total Equity Share capital</b>   |                           | <b>187,820,660</b> |                         | <b>187,820,660</b> |
| <b>Total Share capital</b>  |                           | <b>187,820,660</b> |                         | <b>187,820,660</b> |
| 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  |                           | <b>18,782,066</b>  |                         | <b>18,782,066</b>  |
| c Details of Shareholder holding more than 5% shares of the company:<br>Equity Shares of ₹ 10 each held by Trinity Infraventure Limited<br>- No. Of Shares (C.Y ) 3419872 and<br>No. Of Shares ( P.Y) 3419872 | <b>% of Share Holding</b> |                    |                         |                    |
|   |                           | <b>18.20%</b>      |                         | <b>18.20%</b>      |
|   | <b>As on 31/03/2015</b>   |                    | <b>As on 31/03/2014</b> |                    |
|   | Amount In ₹               |                    | Amount In Rs ₹          |                    |
| <b>NOTE NO. 2 : RESERVES AND SURPLUS</b>  |                           |                    |                         |                    |
| I. 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  |                           | -                  |                         | -                  |
|   |                           | <b>59,780,538</b>  |                         | <b>59,780,538</b>  |
| 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  |                           | -                  |                         | -                  |
|   |                           | <b>218,379,399</b> |                         | <b>218,379,399</b> |
| 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  |                           | -                  |                         | -                  |
|   |                           | <b>18,300,679</b>  |                         | <b>18,300,679</b>  |
| d) Surplus :  |                           |                    |                         |                    |
| Opening Balance -Profit and Loss Account  |                           | 121,397,237        |                         | 110,586,841        |
| Less: Prior Period Taxes  |                           | 2,494,450          |                         | -                  |
| Less: Depreciation Adjustment Transfer to Profit & Loss Account   |                           | 20,785,515         |                         | -                  |
| Add: Transfer from Profit & Loss Account  |                           | (38,005,956)       |                         | 10,810,396         |
|   |                           | <b>60,111,316</b>  |                         | <b>121,397,237</b> |
| II A Reserve specifically represented by earmarked investments  |                           | -                  |                         | -                  |
| III Negative balance of reserves and surplus account  |                           | -                  |                         | -                  |
| <b>Total Reserves and Surplus</b>   |                           | <b>356,571,932</b> |                         | <b>417,857,853</b> |

| Particulars   | As on 31/03/2015<br>Amount In ₹ | As on 31/03/2014<br>Amount In ₹ |
|---|---------------------------------|---------------------------------|
| <b>NOTE NO. 3 : DEFERRED TAX LIABILITY (NET)</b>  |                                 |                                 |
| Opening Deferred tax Liability  | 1,783,689                       | 2,859,887                       |
| Less: Deferred Tax Asset for the year<br>(Due to SLM and WDV Difference & others )  | 32,966,209                      | (1,076,198)                     |
| <b>Gross Deferred tax Liability</b>   | <b>34,749,898</b>               | <b>1,783,689</b>                |
| <b>Deferred Tax Liability/ ( Asset ) - Net</b>  | <b>34,749,898</b>               | <b>1,783,689</b>                |
| <b>NOTE NO. 4 : LONG TERM PROVISIONS</b>  |                                 |                                 |
| Provisions for employee benefits :  |                                 |                                 |
| - Provision for Gratuity  | 2,501,949                       | 2,444,559                       |
| - Provision for Leave Encashment  | 4,689,266                       | 2,920,081                       |
| <b>Total Long Term Provisions</b>   | <b>7,191,215</b>                | <b>5,364,640</b>                |
| <b>NOTE NO.5 : SHORT TERM BORROWINGS</b>  |                                 |                                 |
| Short term borrowings   |                                 |                                 |
| a) Working Capital from Banks Secured   | -                               | 7,634,570                       |
| b) Unsecured Borrowings<br>(Refer notes on accounts note Sl.No.16)  | 133,142,982                     | 128,969,436                     |
| <b>Total Short Term Borrowings</b>  | <b>133,142,982</b>              | <b>136,604,006</b>              |
| <b>NOTE NO. 6 : TRADE PAYABLES</b>  |                                 |                                 |
| Trade Payables<br>(There is no outstanding amount payable to<br>Micro, Small & Medium Enterprises<br>Development(MSMED) Act,2006) | 24,702,402                      | 16,526,694                      |
| <b>Total Trade Payables</b>   | <b>24,702,402</b>               | <b>16,526,694</b>               |
| <b>NOTE NO.7 : OTHER CURRENT LIABILITIES</b>  |                                 |                                 |
| Other liabilities payables  | -                               | -                               |
| Advances received from Customers  | -                               | 77,864                          |
| <b>Total Other Current Liabilities</b>  | <b>-</b>                        | <b>77,864</b>                   |
| <b>NOTE NO.8 : SHORT TERM PROVISIONS</b>  |                                 |                                 |
| Others :  |                                 |                                 |
| Provision for Tax   | 10,869,432                      | 7,825,802                       |
| <b>Total short term provisions</b>  | <b>10,869,432</b>               | <b>7,825,802</b>                |

**Note Number : 9**  
**FIXED ASSETS AS ON 31st MARCH, 2015**

(Amount In ₹)

| Sl. No. | Particulars  | Gross Block        |                           | Useful Life        | Depreciation/Amortization |                       |                             |                       | Net Block as on 31.03.2015 | Net Block as on 31.03.2014 |
|---------|--|--------------------|---------------------------|--------------------|---------------------------|-----------------------|-----------------------------|-----------------------|----------------------------|----------------------------|
|         |  | As on 01.04.2014   | Additions during the year |                    | As on 31.03.2015          | Dep. As on 01.04.2014 | Dep. For the year 2014-2015 | Adjustment to Reserve |                            |                            |
| (i)     | <b>TANGIBLE ASSETS:</b>  |                    |                           |                    |                           |                       |                             |                       |                            |                            |
| 1       | LAND   | 76,671,399         | -                         | 76,671,399         | -                         | -                     | -                           | -                     | 76,671,399                 | 76,671,399                 |
| 2       | BUILDING   | 27,438,522         | -                         | 27,438,522         | 12,427,684                | 830,303               | -                           | 13,257,987            | 14,180,535                 | 15,010,838                 |
| 3       | PLANT & MACHINERY  | 4,747,527          | -                         | 4,747,527          | 3,371,499                 | 86,917                | -                           | 3,458,416             | 1,289,111                  | 1,376,028                  |
| 4       | ELECTRICAL EQUIPMENT   | 14,006,589         | -                         | 14,006,589         | 5,841,899                 | 520,951               | 6,525,261                   | 12,888,111            | 1,118,478                  | 8,164,690                  |
| 5       | OFFICE EQUIPMENT2  | 11,024,869         | 91,289                    | 11,116,158         | 7,345,701                 | 1,094,928             | 1,782,517                   | 10,223,146            | 893,012                    | 3,679,168                  |
| 6       | COMPUTERS  | 151,247,500        | 1,538,696                 | 152,786,196        | 142,522,340               | 1,336,780             | 5,669,567                   | 149,528,687           | 3,257,509                  | 8,725,160                  |
| 7       | FURNITURE & FIXURES  | 15,879,547         | 29,662                    | 15,909,209         | 6,859,420                 | 714,727               | 5,160,595                   | 12,734,742            | 3,174,467                  | 9,020,127                  |
| 8       | VEHICLES   | 15,295,261         | -                         | 15,295,261         | 7,223,230                 | 1,476,450             | 1,647,575                   | 10,347,255            | 4,948,006                  | 8,072,031                  |
| 9       | LEASE HOLD IMPROVEMENTS  | 5,382,386          | 38,500                    | 5,420,886          | 4,761,462                 | 63,351                | -                           | 4,824,813             | 596,073                    | 620,924                    |
|         | <b>TOTAL</b>   | <b>321,693,600</b> | <b>1,698,147</b>          | <b>323,391,747</b> | <b>190,353,235</b>        | <b>6,124,407</b>      | <b>20,785,515</b>           | <b>217,263,157</b>    | <b>106,128,590</b>         | <b>131,340,365</b>         |
| (ii)    | <b>INTANGIBLE ASSETS:</b>  |                    |                           |                    |                           |                       |                             |                       |                            |                            |
| 10      | COST OF MOVIE RIGHTS & COLOURISATION                               | 123,563,869        | -                         | 123,563,869        | 24,712,774                | 24,712,774            | -                           | 49,425,548            | 74,138,321                 | 98,851,095                 |
| 11      | INTANGIBLE FIXED ASSETS<br>(Refer notes on accounts note Sl.No.15) | 167,772,365        | -                         | 167,772,365        | 83,338,929                | 16,777,237            | -                           | 100,116,166           | 67,656,199                 | 84,433,438                 |
|         | <b>TOTAL</b>   | <b>291,336,234</b> | -                         | <b>291,336,234</b> | <b>108,051,703</b>        | <b>41,490,011</b>     | -                           | <b>149,541,714</b>    | <b>141,794,520</b>         | <b>183,284,533</b>         |
| (iii)   | <b>TANGIBLE ASSETS UNDER DEVELOPMENT:</b>                          |                    |                           |                    |                           |                       |                             |                       |                            |                            |
| 12      | CAPITAL WORK IN PROGRESS   | 132,736,793        | -                         | 132,736,793        | -                         | -                     | -                           | -                     | 132,736,793                | 132,736,793                |
|         | <b>TOTAL</b>   | <b>132,736,793</b> | -                         | <b>132,736,793</b> | -                         | -                     | -                           | -                     | <b>132,736,793</b>         | <b>132,736,793</b>         |
|         | <b>GRAND TOTAL</b>   | <b>745,766,627</b> | <b>1,698,147</b>          | <b>747,464,774</b> | <b>298,404,938</b>        | <b>47,614,418</b>     | <b>20,785,515</b>           | <b>366,804,871</b>    | <b>380,659,903</b>         | <b>447,361,691</b>         |
|         | PREVIOUS YEAR  | 619,183,366        | 1,26,583,261              | 745,766,627        | 250,887,151               | 47,517,786            | -                           | 298,404,938           | 447,361,690                | 368,296,214                |

| Particulars   | As on 31/03/2015<br>Amount In ₹ | As on 31/03/2014<br>Amount In ₹ |
|---|---------------------------------|---------------------------------|
| <b>NOTE NO. 10: NON-CURRENT INVESTMENTS</b>   |                                 |                                 |
| Non- Current Investments  |                                 |                                 |
| Investment in Subsidiaries  |                                 |                                 |
| Equity Shares - Unquoted :  |                                 |                                 |
| Staytop Systems Inc., and 100% of holding   | 92,663,433                      | 92,663,433                      |
| Staytop Systems & Software Pvt. Ltd. and  |                                 |                                 |
| 99% of holding  | 99,000                          | 99,000                          |
| <b>Total Non - Current Assets ( Net )</b>   | <b>92,762,433</b>               | <b>92,762,433</b>               |
| <b>NOTE NO. 11: LONG TERM LOANS AND ADVANCES</b>  |                                 |                                 |
| Unsecured   |                                 |                                 |
| Long term loans and advances  | 108,656,380                     | 100,882,403                     |
| <b>Total Long term loans and advances</b>   | <b>108,656,380</b>              | <b>100,882,403</b>              |
| <b>NOTE NO.12 : OTHER NON - CURRENT ASSETS</b>  |                                 |                                 |
| I Long term Trade receivable (Including trade receivables on deferred credit basis)           | -                               | -                               |
| Unamortised Expenses  | -                               | -                               |
| Interest Accrued on Deposits  | 2,210,016                       | 2,271,862                       |
| II others   | 58,817,800                      | 40,449,334                      |
| Total other non current assets  | <b>61,027,816</b>               | <b>42,721,196</b>               |
| <b>Total non - current assets( net )</b>  | <b>61,027,816</b>               | <b>42,721,196</b>               |
| <b>NOTE NO. 13 : TRADE RECEIVABLES</b>  |                                 |                                 |
| <b>I Outstanding for a period exceeding six months from the date they are due for payment</b> |                                 |                                 |
| Secured, Considered Good  | -                               | -                               |
| Unsecured, Considered Good  | 7,554,978                       | 2,317,489                       |
| Doubtful  | -                               | -                               |
|   | <b>7,554,978</b>                | <b>2,317,489</b>                |
| <b>II Other Receivables:</b>  |                                 |                                 |
| Secured, Considered Good  | -                               | -                               |
| Unsecured, Considered Good  | 69,265,336                      | 67,328,301                      |
| Doubtful  | -                               | -                               |
|   | <b>69,265,336</b>               | <b>67,328,301</b>               |
| <b>Total trade receivable</b>   | <b>76,820,314</b>               | <b>69,645,790</b>               |
| Less : Allowance for bad & doubtful debts   | -                               | -                               |
| <b>Total Trade Receivables(net)</b>   | <b>76,820,314</b>               | <b>69,645,790</b>               |

| Particulars  | As on 31/03/2015<br>Amount In ₹ | As on 31/03/2014<br>Amount In ₹ |
|--|---------------------------------|---------------------------------|
| <b>NOTE NO. 14 : CASH AND CASH EQUIVALENTS</b>   |                                 |                                 |
| I Cash and cash equivalents :  |                                 |                                 |
| a) Balances with banks :   | 18,952,618                      | 517,803                         |
| b) Cheques, Draft on hand  | -                               | -                               |
| c) Cash on hand  | 25,858                          | 21,200                          |
| <b>Other Bank Balances</b>   |                                 |                                 |
| 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                                    | -                               | -                               |
| 3) On Margin Money Deposit Accounts  | 8,170,904                       | 12,571,184                      |
| <b>Sub Total</b>   | <b>8,170,904</b>                | <b>12,571,184</b>               |
| <b>Total Cash and Cash Equivalents</b>   | <b>27,149,380</b>               | <b>13,110,187</b>               |
| <b>NOTE NO. 15 : SHORT TERM LOANS AND ADVANCES</b>   |                                 |                                 |
| Short - term loans and advances:   |                                 |                                 |
| a) Security Deposit  |                                 |                                 |
| Secured  |                                 |                                 |
| Unsecured  | 4,183,433                       | 5,729,296                       |
| Doubtful   | -                               | -                               |
| b) Other loans And advances (Others)   |                                 |                                 |
| Advances with Statutory Bodies   | 1,000,000                       | 1,000,000                       |
| Unsecured  | 2,788,862                       | 648,212                         |
| Doubtful   | -                               | -                               |
| Total short term loans & advances  | <b>7,972,295</b>                | <b>7,377,508</b>                |
| <b>Total short term loans &amp; advances (net)</b>   | <b>7,972,295</b>                | <b>7,377,508</b>                |

**Note Numbers to Standalone Profit & Loss Account**

| Particulars   | For the year ended<br>2014-2015<br>Amount In ₹ | For the year ended<br>2013-2014<br>Amount In ₹ |
|---|--|--|
| <b>NOTE NO. 16 : REVENUE FROM OPERATIONS</b>                      |  |  |
| Revenue from operations in respect of non-finance company :       |  |  |
| (a) Sale of Services-Exports                                      | 36,202,538                                     | 116,724,118                                    |
| (b) Sale of Product & Services-Domestic                           | 254,462,092                                    | 145,037,133                                    |
| <b>Total Revenue from Operations</b>                              | <b>290,664,630</b>                             | <b>261,761,251</b>                             |
| <b>NOTE NO. 17 : OTHER INCOME</b>                                 |  |  |
| (a) Interest income   | 621,992  | 1,069,280                                      |
| (b) Other non-operating income                                    | 1,259,535                                      | 10,749,609                                     |
| (c) Net gain/loss on foreign currency translation and transaction | -  | 6,181,841                                      |
| <b>Total Other Income</b>   | <b>1,881,527</b>                               | <b>18,000,730</b>                              |
| <b>NOTE NO. 18 : COST OF MATERIALS CONSUMED</b>                   |  |  |
| Purchase cost of software   | 36,600,521                                     | 13,461,577                                     |
| <b>Total Cost Of Material Consumed</b>                            | <b>36,600,521</b>                              | <b>13,461,577</b>                              |
| <b>NOTE NO. 19 : EMPLOYEE BENEFIT EXPENSES</b>                    |  |  |
| (a) Salaries & Wages  | 150,994,031                                    | 142,562,184                                    |
| (b) Contribution to Provident & Other Funds                       | 8,967,801                                      | 2,616,347                                      |
| (d) Staff Welfare & Other Expenses                                | 13,834,599                                     | 14,183,428                                     |
| <b>Total Employee Benefit Expenses</b>                            | <b>173,796,431</b>                             | <b>159,361,959</b>                             |

| Particulars                                    | For the year ended<br>2014-2015<br>Amount In ₹ | For the year ended<br>2013-2014<br>Amount In ₹ |
|--|--|--|
| <b>NOTE NO. 20: OTHER OPERATING EXPENSES</b>   |  |  |
| (a) Power/Electricity & Fuel                   | 2,694,896                                      | 3,067,899                                      |
| (b) Rent                                       | 3,589,269                                      | 8,517,274                                      |
| (c) Repairs to Building                        | 553,400  | 517,534  |
| (d) Repairs to office equipment                | 472,822  | 521,601  |
| (e) Insurance                                  | 3,369,437                                      | 1,659,226                                      |
| (f) Car Hire charges & transportation          | 1,077,148                                      | 2,418,795                                      |
| (g) Payment to Auditors:                       |  |  |
| (i) As Auditor                                 | 450,000  | 450,000  |
| (ii) For Other Services                        | 25,000   | 25,000   |
| (iii) For Reimbursement of expenses            | 6,187  | 4,149  |
| <b>Total Other Expenses</b>                    | <b>12,238,159</b>                              | <b>17,181,478</b>                              |
| <b>NOTE NO. 21 : ADMINISTRATIVE EXPENSES</b>   |  |  |
| (a) Telephone, Postage and Others              | 2,257,730                                      | 2,333,429                                      |
| (b) Business Promotion Expenses                | 361,874  | 783,154  |
| (c) Conveyance & Travelling Expenses           | 6,096,461                                      | 5,696,302                                      |
| (d) Office Maintenance                         | 1,655,290                                      | 2,555,362                                      |
| (e) Printing & Stationery Expenses             | 461,068  | 299,545  |
| (f) Security Charges                           | 585,409  | 710,287  |
| (g) Rates & Taxes                              | 552,979  | 673,514  |
| (h) Invoice Processing Charges                 | 2,790,483                                      | 685,283  |
| (i) Seminar Fee/Training/Legal Fee/Listing Fee | 980,582  | 598,503  |
| (j) Web Development Expenses                   | 36,559   | 310,701  |
| (k) Professional Consultancy fee               | 3,470,396                                      | 5,123,124                                      |
| (l) Director Sitting Fee                       | 585,000  | 300,000  |
| (m) Vehicle maintenance Charges                | 98,260   | 73,679   |
| (n) Secretarial expenses                       | 146,275  | 77,920   |
| (o) Foreign exchange Loss                      | 1,045,520                                      | -  |
| (P) Other expenses                             | 705,960  | 1,082,177                                      |
| <b>Total Administrative Expenses</b>           | <b>21,829,846</b>                              | <b>21,302,980</b>                              |
| <b>NOTE NO. 22 : FINANCE COST</b>              |  |  |
| Interest Expenses :                            |  |  |
| - Interest on loans                            | 607,575  | 3,964,569                                      |
| - Bank Charges                                 | 406,954  | 930,227  |
| <b>Total Finance Cost</b>                      | <b>1,014,529</b>                               | <b>4,894,796</b>                               |





## Standalone Statement of Cash Flows for the year ended 31-03-2015

(₹ In Millions)

| Particulars   | 31/03/2015     | 31/03/2014      |
|---|----------------|-----------------|
| <b>A Cash Flow from Operating Activity</b>                |                |                 |
| Net Profit before tax                                     | (2.00)         | 15.98           |
| <b>Adjustments for:</b>                                   |                |                 |
| Depreciation  | 47.61          | 47.52           |
| Other income  | (1.88)         | (11.82)         |
| Interest Expenditure on Long Term Loan                    | 0.61           | 3.96            |
| Foreign Exchange Fluctuation Loss/(Gain)                  | -              | (6.18)          |
| <b>Operating Profit before working capital Changes</b>    | <b>44.34</b>   | <b>49.46</b>    |
| <b>Adjustments for:</b>                                   |                |                 |
| Trade and other receivables                               | (7.17)         | 43.80           |
| Inventory   | -              | 123.56          |
| Trade advances  | (0.59)         | 5.05            |
| Trade payables  | 8.18           | (22.30)         |
| Provisions  | (2.57)         | (10.69)         |
| <b>Cash generated from Operations</b>                     | <b>42.18</b>   | <b>188.88</b>   |
| Direct Taxes paid (net) - Prior period adjs.              | -              | -               |
| <b>Cash flow before extraordinary items</b>               | <b>42.18</b>   | <b>188.88</b>   |
| Prior Period Items  | -              | -               |
| <b>Net Cash Flow from Operating Activity</b>              | <b>42.18</b>   | <b>188.88</b>   |
| <b>B Cash Flow from Investing Activity</b>                |                |                 |
| Purchase of fixed assets                                  | (1.70)         | (3.02)          |
| Cost of movie rights                                      | -              | (123.56)        |
| Other Income  | 1.88           | 18.00           |
| <b>Net Cash Used for Investing Activity</b>               | <b>0.18</b>    | <b>(108.58)</b> |
| <b>C Cash Flow from Financing Activities</b>              |                |                 |
| Long Term Loans & Advances                                | (24.25)        | (23.40)         |
| Secured loans Repayment                                   | (3.88)         | (54.90)         |
| Interest Paid   | (0.61)         | (3.96)          |
| <b>Net Cash generated from Financing Activity</b>         | <b>(28.74)</b> | <b>(82.26)</b>  |
| Cash and Cash Equivalents (Opening Balance)               | 13.11          | 15.07           |
| <b>Net Increase in Cash &amp; Cash Equivalents(A+B+C)</b> | <b>13.62</b>   | <b>(1.96)</b>   |
| Cash and Cash Equivalents (Closing Balance)               | <b>26.73</b>   | <b>13.11</b>    |

As per our report attached  
 For **P.Murali & Co.,**  
 Chartered Accountants  
 FRN. No: 007257S  
 Sd/-  
**P.Murali Mohana Rao**  
 Partner  
 M.No. 023412  
 Place : Hyderabad  
 Date : 16th May, 2015

For **GOLDSTONE TECHNOLOGIES LIMITED**

Sd/- Sd/-  
**L.P.Sashikumar** **P.S.Parthasarathy**  
 Director Director

Sd/-  
**Vithal VSSNK Popuri**  
 CFO & Compliance Officer

## 23. SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

### A) Statement on Significant Accounting Policies

#### i) Basis of Accounting

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost conversion on accrual basis, except certain tangible assets which are being carried at revalued amounts. Pursuant to section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act 1956, shall continue to apply. Consequently these financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 (Companies Accounting Standards Rules, 2006 as amended) and the relevant provisions of the Companies Act, 2013 ('the Act'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### 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
- 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) During the year the Company has provided Depreciation on Fixed Assets based on the estimated life in the manner prescribed in Schedule II Part C to the Companies Act, 2013.

#### v) DEPRECIATION:

- i) Depreciation on Fixed Assets is provided on straight-line method.
- ii) Effective from 1st April 2014, the Company depreciates its fixed assets over the useful life as prescribed in Schedule II of the Company Act 2013, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956.

#### vi) 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.

**vii) 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 changed off after adjusting the reserve.

**viii) 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.

**ix) 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.

**x) 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.

**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.

**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 ICAI.

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.**

**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.



**B. NOTES ON ACCOUNTS:**

**1. Contingent Liability:**

Outstanding Bank Guarantees – ₹79.88 Lakhs (Previous year ₹125.67 Lakhs)

**2. Investments:**

A) 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 up to 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.

B) The company has holding of 9900 share @ ₹10/- of M/s Staytop Systems and Software Pvt Ltd.,

**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 provision for Tax of ₹ 30,40,000/- as per the provisions of the Income Tax Act, 1961.

**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:

(₹ In Millions)

|   |       |
|---|-------|
| Deferred Tax Liability as at 1 <sup>st</sup> April, 2014  | 1.78  |
| Deferred Tax Liability as at 31 <sup>st</sup> March, 2015 | 34.75 |

**6. Fixed Assets :**

During the year company has computed Depreciation on Fixed Assets based on the useful life in the manner prescribed in part C of Schedule II of new companies Act 2013. In accordance with the transitional provisions under note 7(b) to Part C of Schedule II of the act, **2,07,85,515/-** has been adjusted against retained earnings pertaining to assets whose balance useful life was NIL as at 1st April 2014.

**7. 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                              | ₹ In Millions |
|---------------------------|--|---------------|
| Staytop Systems, Inc.     | Income – Sale of Information Technology Services   | 2.99          |
| Staytop Systems, Inc.     | Expenses spent for Information Technology Services | 7.77          |

**8. Earnings Per Share:**
**Calculation of EPS Basic & Diluted:**

(Amount in ₹)

| Particulars                                   | Current Year<br>2014-15 | Previous Year<br>2013-14 |
|---|-------------------------|--------------------------|
| Net Profit /(Loss)After Tax                   | <b>(36,557,586)</b>     | <b>10,810,395</b>        |
| Net Profit/(Loss) after Extraordinary Items   | <b>(38,005,956)</b>     | <b>10,810,395</b>        |
| Weighted average numbers of shares considered | <b>18,782,066</b>       | <b>18,782,066</b>        |
| Basic EPS (in ₹)                              | <b>(2.02)</b>           | <b>0.58</b>              |
| Diluted EPS (in ₹)                            | <b>(2.02)</b>           | <b>0.58</b>              |

**9. 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.

**Segment wise standalone financial results for the year ended March 31, 2015**

(₹ in millions)

| Sl. No.  | Particulars   | Current Year<br>31.03.2015 | Previous Year<br>31.03.2014 |
|----------|---|----------------------------|-----------------------------|
| <b>1</b> | <b>Segment Revenue</b>                                |                            |                             |
|          | India operations :                                    |                            |                             |
|          | IT Division   | 290.66                     | 261.76                      |
|          | Others  | 1.88                       | 18.00                       |
|          | <b>Total Revenue from Operations</b>                  | <b>292.55</b>              | <b>279.76</b>               |
| <b>2</b> | <b>Segment Results</b>                                |                            |                             |
|          | Profit (+)/Loss (-) before tax, Depn. & Interest from |                            |                             |
|          | India operations total                                | 48.08                      | 68.45                       |
|          | Less: Interest (not allocable)                        | 1.01                       | 4.89                        |
|          | Less: Depreciation (not allocable)                    | 47.61                      | 47.52                       |
|          | <b>Total Profit/(Loss) Before Tax</b>                 | <b>(2.00)</b>              | <b>16.04</b>                |

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:**

(₹ In Millions)

| Particulars                       | Current Year | Previous Year |
|-----------------------------------|--------------|---------------|
| Revenue:                          |              |               |
| India – Exports                   | 36.20        | 116.72        |
| India – Others                    | 254.46       | 145.04        |
| Outside India                     | 0.00         | 0.00          |
| Additions to Fixed Assets:        |              |               |
| India                             | 1.70         | 126.58        |
| Outside India                     | -            | -             |
| Carrying Amount of Segment Assets |              |               |
| India                             | 380.66       | 447.36        |
| Outside India                     | 0.00         | 0.00          |

**10.1 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.

**10.2 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      | 31.03.2015<br>(₹) | 31.03.2014<br>(₹) |
|------------------|-------------------|-------------------|
| Gratuity         | 25,01,949/-       | 24,44,559/-       |
| Leave Encashment | 46,89,266/-       | 29,20,081/-       |

**11. 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 ICAI.

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.



### 12. Prior Period Adjustments:

Prior period adjustment of ₹14,48,369/- ( Previous year ₹61,544/-) 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.

### 13. Additional Information required as per Para's 3 & 4 of Part II of Schedule IV to the companies Act,2013:

**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, 2013.

### 13.2 Managerial Remuneration:

| Particulars               | Current Year<br>2014-15<br>(₹) | Previous Year<br>2013-14<br>(₹) |
|---------------------------|--------------------------------|---------------------------------|
| Managing Director Salary  | -                              | -                               |
| Other perquisite          | -                              | -                               |
| Executive Director Salary | -                              | -                               |
| Other perquisite          | -                              | -                               |
| <b>Total</b>              | -                              | -                               |

### 13.3 Foreign Exchange Transaction:

(₹ In Millions)

| Particulars  | Current Year<br>2014-15 | Previous Year<br>2013-14 |
|--|-------------------------|--------------------------|
| 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                             | 3.25                    | 1.70                     |
| b) Other Payments paid In Foreign Exchange         | 28.78                   | 9.85                     |
| 3) Earnings in Foreign Currency (on Receipt basis) |                         |                          |
| Software Exports                                   | 30.72                   | 190.21                   |

### 13.4 Auditors Remuneration:

(Amount in ₹)

| Particulars        | Current Year<br>2014-15 | Previous Year<br>2013-14 |
|--------------------|-------------------------|--------------------------|
| Audit Fees         | 4,50,000                | 4,50,000                 |
| Certification Work | 25,000                  | 25,000                   |





## **INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

**To the Members,**

**M/s. Goldstone Technologies Limited**

### **Report on the consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Goldstone Technologies Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material

misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view. In order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements:

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS)-21-Consolidated Financial Statements, and Accounting Standard (AS) 27-Financial Reporting of Interest in Joint Ventures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

**Other Matter**

We did not audit the financial statements of one Subsidiary Company included in the

consolidated financials whose interim financial statements reflect total assets ₹ 30,29,89,963/- as at 31/03/2015 as well the total revenue of ₹ 41,87,08,580/- as at 31/03/2015. These interim financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinions on the year to date results, to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

For **P. Murali & CO.,**  
Chartered Accountants  
Firm Registration No : 007257S  
Sd/-  
**P. Murali Mohana Rao**  
Partner  
M.No 023412

Place: Hyderabad  
Date:16th May, 2015

## Consolidated Balance Sheet as at 31st March, 2015

(Amount In ₹)

| Particulars                             | Note No | As on 31/03/2015   | As on 31/03/2014   |
|---|---------|--------------------|--------------------|
| <b>I. EQUITY AND LIABILITIES</b>        |         |                    |                    |
| <b>(1) Shareholder's Funds</b>          |         |                    |                    |
| (a) Share Capital                       | 1       | 187,820,660        | 187,820,660        |
| (b) Reserves and Surplus                | 2       | 499,667,325        | 550,215,579        |
| <b>(2) Minority Interest</b>            |         | 1,000              | 1,000              |
| <b>(3) Non-Current Liabilities</b>      |         |                    |                    |
| (a) Deferred tax liabilities (Net)      | 3       | 34,749,898         | 1,783,689          |
| (b) Long term provisions                | 4       | 7,191,215          | 5,364,640          |
| <b>(4) Current Liabilities</b>          |         |                    |                    |
| (a) Short-term borrowings               | 5       | 133,142,982        | 135,018,998        |
| (b) Trade payables                      | 6       | 70,371,401         | 61,934,423         |
| (c) Other current liabilities           | 7       | 4,632,706          | 9,488,674          |
| (d) Short-term provisions               | 8       | 50,681,855         | 30,961,980         |
| <b>Total</b>                            |         | <b>988,259,042</b> | <b>982,589,643</b> |
| <b>II. ASSETS</b>                       |         |                    |                    |
| <b>(1) Non-current assets</b>           |         |                    |                    |
| (a) Fixed assets                        |         |                    |                    |
| (i) Tangible assets                     | 9       | 106,128,643        | 131,340,366        |
| (ii) Intangible assets                  | 9       | 234,457,953        | 275,947,964        |
| (iii) Tangible assets under development | 9       | 132,736,793        | 132,736,793        |
| (b) Non-current investments             | 10      | -                  | -                  |
| (c) Long term loans and advances        | 11      | 108,656,380        | 100,882,403        |
| (d) Other non-current assets            | 12      | 61,027,816         | 42,721,197         |
| <b>(2) Current assets</b>               |         |                    |                    |
| (a) Trade receivables                   | 13      | 108,457,883        | 119,578,391        |
| (b) Cash and cash equivalents           | 14      | 177,356,205        | 107,535,550        |
| (c) Short-term loans and advances       | 15      | 59,437,369         | 71,846,979         |
| <b>Total</b>                            |         | <b>988,259,042</b> | <b>982,589,643</b> |

Significant Accounting Policies

23

The accompanying Notes are an Integral part of the Financial statements

As per our report attached

For **GOLDSTONE TECHNOLOGIES LIMITED**

For **P.Murali & Co.,**

Chartered Accountants

FRN. No: 007257S

Sd/-

**P.Murali Mohana Rao**

Partner

M.No. 023412

Place : Hyderabad

Date : 16th May, 2015

Sd/-

**L.P.Sashikumar**

Director

Sd/-

**P.S.Parthasarathy**

Director

Sd/-

**Vithal VSSNK Popuri**

CFO & Compliance Officer



## Consolidated Profit and Loss statement for the year ended 31st March, 2015

(Amount In ₹)

| Particulars  | Note No | For the year ended 2014-2015 | For the year ended 2013-2014 |
|--|---------|------------------------------|------------------------------|
| I. Revenue from operations   | 16      | 697,175,591                  | 736,486,149                  |
| II. Other Income   | 17      | 11,091,721                   | 18,000,729                   |
| <b>III. Total Revenue (I +II)</b>  |         | <b>708,267,312</b>           | <b>754,486,878</b>           |
| <i>IV. Expenses:</i>   |         |                              |                              |
| Cost of materials consumed/purchased                                     | 18      | 36,600,521                   | 13,461,577                   |
| Employee benefit expense   | 19      | 551,119,069                  | 583,446,096                  |
| Other operating expenses   | 20      | 18,800,352                   | 24,262,143                   |
| Administrative Expenses  | 21      | 35,964,451                   | 48,985,461                   |
| Financial costs  | 22      | 1,053,623                    | 4,954,801                    |
| Depreciation and amortization expenses                                   | 9       | 47,650,494                   | 47,668,646                   |
| <b>Total Expenses</b>  |         | <b>691,188,510</b>           | <b>722,778,724</b>           |
| V. Profit before exceptional and extraordinary items and tax ( III - IV) |         | 17,078,803                   | 31,708,154                   |
| VI. Exceptional Items  |         | -                            | -                            |
| VII. Profit before extraordinary items and tax (V-VI)                    |         | 17,078,803                   | 31,708,154                   |
| VIII. Extraordinary Items  |         | 1,448,370                    | 61,544                       |
| IX. Profit before tax (VII - VIII)                                       |         | <b>15,630,433</b>            | <b>31,646,610</b>            |
| X. Tax expense:  |         |                              |                              |
| (1) Current tax  |         | 9,932,512                    | 13,092,055                   |
| (2) Deferred tax Liability/(Asset)                                       |         | 32,966,209                   | (1,076,198)                  |
| XI. Profit/(Loss) from the period from continuing operations ( IX - X)   |         | (27,268,288)                 | 19,630,753                   |
| 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)                              |         | <b>(27,268,288)</b>          | <b>19,630,753</b>            |
| No. of equity shares:  |         | 18,782,066                   | 18,782,066                   |
| XVI. Earning per equity share:   |         |                              |                              |
| (1) Basic  |         | (1.45)                       | 1.05                         |
| (2) Diluted  |         | (1.45)                       | 1.05                         |

Significant Accounting Policies

23

The accompanying Notes are an Integral part of the Financial statements

As per our report attached

For **GOLDSTONE TECHNOLOGIES LIMITED**

For **P.Murali & Co.,**

Chartered Accountants

FRN. No: 007257S

Sd/-

**P.Murali Mohana Rao**

Partner

M.No. 023412

Place : Hyderabad

Date : 16th May, 2015

Sd/-

**L.P.Sashikumar**

Director

Sd/-

**P.S.Parthasarathy**

Director

Sd/-

**Vithal VSSNK Popuri**

CFO & Compliance Officer

**Note Numbers to Consolidated Balance Sheet**

| Particulars   | As on 31/03/2015        |                    | As on 31/03/2014        |                    |
|---|-------------------------|--------------------|-------------------------|--------------------|
|   | No. of Shares           | Amount In ₹        | No. of Shares           | Amount In ₹        |
| <b>NOTE NO. 1 : SHARE CAPITAL</b>   |                         |                    |                         |                    |
| 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<br>Par value per share @ ₹ 10/-  | 18,782,066              | 187,820,660        | 18,782,066              | 187,820,660        |
| <b>Total Equity Share capital</b>   |                         | <b>187,820,660</b> |                         | <b>187,820,660</b> |
| <b>Total Share capital</b>  |                         | <b>187,820,660</b> |                         | <b>187,820,660</b> |
| 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  |                         | <b>18,782,066</b>  |                         | <b>18,782,066</b>  |
| c Details of Shareholder holding more than 5% shares of the company:<br>Equity Shares of ₹ 10 each held by Trinity Infraventure Limited<br>- No. Of Shares ( C.Y ) 3419872 and<br>No. Of Shares ( P.Y ) 3419872 | % of Share Holding      |                    | % of Share Holding      |                    |
|   |                         | <b>18.20%</b>      |                         | <b>18.20%</b>      |
| <b>NOTE NO. 2 : RESERVES AND SURPLUS</b>  |                         |                    |                         |                    |
|   | <b>As on 31/03/2015</b> |                    | <b>As on 31/03/2014</b> |                    |
|   | Amount In ₹             |                    | Amount In ₹             |                    |
| <b>RESERVES AND SURPLUS</b>   |                         |                    |                         |                    |
| As at the commencement of the year :  |                         | 59,780,538         |                         | 59,780,538         |
| Add: Additions during the year  |                         | -                  |                         | -                  |
| Less: Utilised for during the year  |                         | -                  |                         | -                  |
| <b>Total</b>  |                         | <b>59,780,538</b>  |                         | <b>59,780,538</b>  |
| 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  |                         | -                  |                         | -                  |
|   |                         | <b>218,379,399</b> |                         | <b>218,379,399</b> |
| 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  |                         | -                  |                         | -                  |
| <b>Total</b>  |                         | <b>18,300,679</b>  |                         | <b>18,300,679</b>  |
| d) Surplus :  |                         |                    |                         |                    |
| Opening Balance -Profit and Loss Account  |                         | 253,754,963        |                         | 234,124,210        |
| Less: Prior Period Taxes  |                         | 2,494,450          |                         | -                  |
| Less: Depreciation Adjustment   |                         | -                  |                         | -                  |
| Transfer to Profit & Loss Account   |                         | 20,785,515         |                         | -                  |
| Add: Transfer from Profit & Loss Account  |                         | (27,268,289)       |                         | 19,630,753         |
| <b>Total</b>  |                         | <b>203,206,709</b> |                         | <b>253,754,963</b> |
| <b>Total Reserves and Surplus</b>   |                         | <b>499,667,325</b> |                         | <b>550,215,579</b> |

| Particulars  | As on 31/03/2015<br>Amount In ₹ | As on 31/03/2014<br>Amount In ₹ |
|--|---------------------------------|---------------------------------|
| <b>NOTE NO. 3 : DEFERRED TAX LIABILITY (NET)</b>   |                                 |                                 |
| Opening Deferred tax Liability   | 1,783,689                       | 2,859,887                       |
| Less:  | -                               | -                               |
| Deferred Tax Asset for the year ( Due to SLM and WDV Difference & others )                               | 32,966,209                      | 1,076,198                       |
| <b>Gross Deferred tax Liability</b>  | <b>34,749,898</b>               | <b>1,783,689</b>                |
| <b>Deferred Tax Liability/ ( Asset ) - Net</b>   | <b>34,749,898</b>               | <b>1,783,689</b>                |
| <b>NOTE NO. 4 : LONG TERM PROVISIONS</b>   |                                 |                                 |
| Provisions for employee benefits :   |                                 |                                 |
| - Provision for Gratuity   | 2,501,949                       | 2,444,559                       |
| - Provision for Leave Encashment   | 4,689,266                       | 2,920,081                       |
| <b>Total Long Term Provisions</b>  | <b>7,191,215</b>                | <b>5,364,640</b>                |
| <b>NOTE NO.5 : SHORT TERM BORROWINGS</b>   |                                 |                                 |
| Short term borrowings :  |                                 |                                 |
| a) Working Capital from Banks  |                                 |                                 |
| Secured  | -                               | 7,634,570                       |
| b) Unsecured Borrowings  | 133,142,982                     | 127,384,428                     |
| (Refer notes on accounts note Sl.No.16)  | -                               | -                               |
| <b>Total short term borrowings</b>   | <b>133,142,982</b>              | <b>135,018,998</b>              |
| <b>NOTE NO. 6 : TRADE PAYABLES</b>   |                                 |                                 |
| Trade Payables :   | 70,371,401                      | 61,934,423                      |
| (There is no outstanding amount payable to Micro,Small & Medium Enterprises Development(MSMED) Act,2006) |                                 |                                 |
| <b>Total Trade Payables</b>  | <b>70,371,401</b>               | <b>61,934,423</b>               |
| <b>NOTE NO.7 : OTHER CURRENT LIABILITES</b>  |                                 |                                 |
| Other liabilities payables   | 4,632,706                       | 9,410,809                       |
| Advances received from Customers   | -                               | 77,865                          |
| <b>Total other current liabilities</b>   | <b>4,632,706</b>                | <b>9,488,674</b>                |
| <b>NOTE NO.8 : SHORT TERM PROVISIONS</b>   |                                 |                                 |
| Others :   | -                               | -                               |
| Provision for Liabilities  | 39,812,423                      | 23,136,178                      |
| Provision for Tax  | 10,869,432                      | 7,825,802                       |
| <b>Total short term provisions</b>   | <b>50,681,855</b>               | <b>30,961,980</b>               |

**Note Number : 9**  
**FIXED ASSETS AS ON 31st MARCH, 2015**

(Amount In ₹)

| Sl. No. | Particulars   | Gross Block        |                           | Useful Life        | Depreciation/Amortization |                       |                             |                       | Net Block as on 31.03.2015 | Net Block as on 31.03.2014 |
|---------|---|--------------------|---------------------------|--------------------|---------------------------|-----------------------|-----------------------------|-----------------------|----------------------------|----------------------------|
|         |   | As on 01.04.2014   | Additions during the year |                    | As on 31.03.2015          | Dep. As on 01.04.2014 | Dep. For the year 2014-2015 | Adjustment to Reserve |                            |                            |
| (i)     | <b>TANGIBLE ASSETS:</b>                                   |                    |                           |                    |                           |                       |                             |                       |                            |                            |
| 1       | LAND  | 76,671,399         | -                         | 76,671,399         | -                         | -                     | -                           | -                     | 76,671,399                 | 76,671,399                 |
| 2       | BUILDING  | 27,438,522         | -                         | 27,438,522         | 12,427,684                | 830,303               | -                           | 13,257,987            | 14,180,535                 | 15,010,838                 |
| 3       | PLANT & MACHINERY   | 4,747,527          | -                         | 4,747,527          | 3,371,499                 | 86,917                | -                           | 3,458,416             | 1,289,111                  | 1,376,028                  |
| 4       | ELECTRICAL EQUIPMENT                                      | 14,006,589         | -                         | 14,006,589         | 5,841,899                 | 520,951               | 6,525,261                   | 12,888,111            | 1,118,478                  | 8,164,690                  |
| 5       | OFFICE EQUIPMENT  | 11,278,188         | 91,289                    | 11,369,477         | 7,580,733                 | 1,094,928             | 1,782,517                   | 10,458,178            | 911,299                    | 3,697,455                  |
| 6       | COMPUTERS   | 152,294,444        | 1,574,824                 | 153,869,268        | 143,810,969               | 1,368,699             | 5,669,567                   | 150,849,235           | 3,020,033                  | 8,483,475                  |
| 7       | FURNITURE & FIXTURES                                      | 15,879,547         | 29,662                    | 15,909,209         | 6,636,021                 | 718,885               | 5,160,595                   | 12,515,501            | 3,393,708                  | 9,243,526                  |
| 8       | VEHICLES  | 15,295,261         | -                         | 15,295,261         | 7,223,230                 | 1,476,450             | 1,647,575                   | 10,347,255            | 4,948,006                  | 8,072,031                  |
| 9       | LEASE HOLD IMPROVEMENTS                                   | 5,382,386          | 38,500                    | 5,420,886          | 4,761,462                 | 63,351                | -                           | 4,824,813             | 596,073                    | 620,924                    |
|         | <b>TOTAL</b>  | <b>322,993,863</b> | <b>1,734,275</b>          | <b>324,728,138</b> | <b>191,653,497</b>        | <b>6,160,483</b>      | <b>20,785,515</b>           | <b>218,599,496</b>    | <b>106,128,642</b>         | <b>131,340,366</b>         |
| (ii)    | <b>INTANGIBLE ASSETS:</b>                                 |                    |                           |                    |                           |                       |                             |                       |                            |                            |
| 10      | COST OF MOVIE RIGHTS & COLOURISATION (Refer note S.No.15) | 123,563,869        | -                         | 123,563,869        | 24,712,774                | 24,712,774            | -                           | 49,425,548            | 74,138,321                 | 98,851,095                 |
| 11      | INTANGIBLE FIXED ASSETS                                   | 167,772,365        | -                         | 167,772,365        | 83,338,929                | 16,777,237            | -                           | 100,116,166           | 67,656,199                 | 84,433,436                 |
| 12      | GOODWILL  | 92,663,433         | -                         | 92,663,433         | -                         | -                     | -                           | -                     | 92,663,433                 | 92,663,433                 |
|         | <b>TOTAL</b>  | <b>383,999,667</b> | <b>-</b>                  | <b>383,999,667</b> | <b>108,051,703</b>        | <b>41,490,011</b>     | <b>-</b>                    | <b>149,541,714</b>    | <b>234,457,953</b>         | <b>275,947,964</b>         |
| (iii)   | <b>TANGIBLE ASSETS UNDER DEVELOPMENT:</b>                 |                    |                           |                    |                           |                       |                             |                       |                            |                            |
| 13      | CAPITAL WORK IN PROGRESS                                  | 132,736,793        | -                         | 132,736,793        | -                         | -                     | -                           | -                     | 132,736,793                | 132,736,793                |
|         | <b>TOTAL</b>  | <b>132,736,793</b> | <b>-</b>                  | <b>132,736,793</b> | <b>-</b>                  | <b>-</b>              | <b>-</b>                    | <b>-</b>              | <b>132,736,793</b>         | <b>132,736,793</b>         |
|         | <b>GRAND TOTAL</b>  | <b>839,730,323</b> | <b>1,734,275</b>          | <b>841,464,598</b> | <b>299,705,200</b>        | <b>47,650,494</b>     | <b>20,785,515</b>           | <b>368,141,210</b>    | <b>473,323,389</b>         | <b>540,025,123</b>         |
|         | PREVIOUS YEAR   | 713,147,062        | 1,26,583,261              | 839,730,323        | 252,036,554               | 47,668,646            | -                           | 299,705,200           | 540,025,123                | 455,609,684                |



| Particulars  | As on 31/03/2015<br>Amount In ₹ | As on 31/03/2014<br>Amount In ₹ |
|--|---------------------------------|---------------------------------|
| <b>NOTE NO. 10: NON-CURRENT INVESTMENTS</b>  |                                 |                                 |
| <b>Non- Current Investments</b>  |                                 |                                 |
| Investment in Subsidiaries :   |                                 |                                 |
| Equity Shares - Unquoted   |                                 |                                 |
| Staytop Systems Inc., and 100% of holding  | -                               | -                               |
| Staytop Systems & Software Pvt Ltd and   |                                 |                                 |
| 99% of holding   | -                               | -                               |
| <b>Total Non - Current Assets ( Net )</b>  | <b>-</b>                        | <b>-</b>                        |
| <b>NOTE NO. 11: LONG TERM LOANS AND ADVANCES</b>   |                                 |                                 |
| Unsecured  |                                 |                                 |
| Long term loans and advances   | 108,656,380                     | 100,882,403                     |
|  | <b>108,656,380</b>              | <b>100,882,403</b>              |
| <b>NOTE NO.12:OTHER NON-CURRENT ASSETS</b>   |                                 |                                 |
| I Long term Trade receivable ( Including trade receivables on deferred credit basis)           | -                               | -                               |
| Unamortised Expenses   | -                               | -                               |
| Interest Accrued on Deposits   | 2,210,016                       | 2,271,862                       |
| II Others :  | 58,817,800                      | 40,449,335                      |
| Total other non current assets   | <b>61,027,816</b>               | <b>42,721,197</b>               |
| <b>Total Non - current assets( net )</b>   | <b>61,027,816</b>               | <b>42,721,197</b>               |
| <b>NOTE NO. 13 : TRADE RECEIVABLES</b>   |                                 |                                 |
| <b>I. Outstanding for a period exceeding six months from the date they are due for payment</b> |                                 |                                 |
| Secured, Considered Good   | -                               | -                               |
| Unsecured, Considered Good   | 7,554,978                       | 18,212,218                      |
| Doubtful   | -                               | -                               |
|  | <b>7,554,978</b>                | <b>18,212,218</b>               |
| <b>II. Other Receivables:</b>  |                                 |                                 |
| Secured, Considered Good   | -                               | -                               |
| Unsecured, Considered Good   | 100,902,905                     | 113,354,415                     |
| Doubtful   | -                               | -                               |
|  | <b>100,902,905</b>              | <b>113,354,415</b>              |
| <b>Total trade receivable</b>  | 108,457,883                     | 131,566,633                     |
| Less : Allowance for bad & doubtful debts  | -                               | (11,988,242)                    |
| <b>Total Trade Receivables(net)</b>  | <b>108,457,883</b>              | <b>119,578,391</b>              |

| Particulars  | As on 31/03/2015<br>Amount In ₹ | As on 31/03/2014<br>Amount In ₹ |
|--|---------------------------------|---------------------------------|
| <b>NOTE NO. 14 : CASH AND CASH EQUIVALENTS</b>   |                                 |                                 |
| Cash and cash equivalents :  |                                 |                                 |
| a) Balances with banks :   | 169,159,443                     | 94,943,166                      |
| b) Cheques, Draft on hand  | -                               | -                               |
| c) Cash on hand  | 25,858                          | 21,200                          |
| <b>Sub Total</b>   | <b>169,185,301</b>              | <b>94,964,366</b>               |
| <b>Other Bank Balances</b>   |                                 |                                 |
| 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                                    | -                               | -                               |
| 3) On Margin Money Deposit Accounts  | 8,170,904                       | 12,571,184                      |
| <b>Sub Total</b>   | <b>8,170,904</b>                | <b>12,571,184</b>               |
| <b>Total Cash and Cash Equivalents</b>   | <b>177,356,205</b>              | <b>107,535,550</b>              |
| <b>NOTE NO. 15 : SHORT TERM LOANS AND ADVANCES</b>   |                                 |                                 |
| short - term loans and advances:   |                                 |                                 |
| a) Security Deposit  |                                 |                                 |
| Secured  | -                               | -                               |
| Unsecured  | 4,577,755                       | 5,975,705                       |
| Doubtful   | -                               | -                               |
| b) Loans and advances to related parties :   |                                 |                                 |
| Secured  | -                               | -                               |
| Unsecured  | 48,120,076                      | 46,547,377                      |
| Doubtful   | -                               | -                               |
| c) Other loans And advances (Others) :   |                                 |                                 |
| Advances with Statutory Bodies   | 1,004,131                       | 18,675,684                      |
| Unsecured  | 5,735,407                       | 648,213                         |
| Doubtful   | -                               | -                               |
| Total short term loans & advances  | <b>59,437,369</b>               | <b>71,846,979</b>               |
| Total short term loans & advances( net )   | <b>59,437,369</b>               | <b>71,846,979</b>               |

**Note Numbers to Consolidated Statement of Profit and Loss Account**

| Particulars   | For the year ended<br>2014-2015<br>Amount In ₹ | For the year ended<br>2013-2014<br>Amount In ₹ |
|---|--|--|
| <b>NOTE NO. 16: REVENUE FROM OPERATIONS</b>                       |  |  |
| Revenue from operations in respect of non-finance company :       |  |  |
| (a) Sale of Services-Exports                                      | 442,713,499                                    | 591,449,016                                    |
| (b) Sale of Product & Services-Domestic                           | 254,462,092                                    | 145,037,133                                    |
| <b>Total Revenue from Operations</b>                              | <b>697,175,591</b>                             | <b>736,486,149</b>                             |
| <b>NOTE NO. 17 : OTHER INCOME</b>                                 |  |  |
| (a) Interest income   | 621,992  | 1,069,280                                      |
| (b) Other non-operating income                                    | 10,469,729                                     | 10,749,609                                     |
| (c) Net gain/loss on foreign currency translation and transaction | -  | 6,181,840                                      |
| <b>Total Other Income</b>   | <b>11,091,721</b>                              | <b>18,000,729</b>                              |
| <b>NOTE NO. 18: COST OF MATERIALS CONSUMED</b>                    |  |  |
| Purchase cost of software   | 36,600,521                                     | 13,461,577                                     |
| <b>Total Cost Of Material Consumed</b>                            | <b>36,600,521</b>                              | <b>13,461,577</b>                              |
| <b>NOTE NO. 19 : EMPLOYEE BENEFIT EXPENSES</b>                    |  |  |
| (a) Salaries & Wages  | 528,316,669                                    | 566,646,319                                    |
| (b) Contribution to Provident & Other Funds                       | 8,967,801                                      | 2,616,348                                      |
| (d) Staff Welfare Expenses  | 13,834,599                                     | 14,183,429                                     |
| <b>Total Employee Benefit Expenses</b>                            | <b>551,119,069</b>                             | <b>583,446,096</b>                             |
| <b>NOTE NO. 20 : OTHER OPERATING EXPENSES</b>                     |  |  |
| (a) Power/Electricity & Fuel                                      | 2,945,622                                      | 3,284,717                                      |
| (b) Rent  | 5,128,991                                      | 10,646,769                                     |
| (c) Repairs to Building   | 553,400  | 528,726  |
| (d) Repairs to Office equipment                                   | 472,822  | 521,601  |
| (e) Insurance   | 8,113,773                                      | 6,233,823                                      |
| (f) Car Hire charges & transportation                             | 1,104,558                                      | 2,567,358                                      |
| (g) Payment to Auditors:  |  |  |
| (i) As Auditor  | 450,000  | 450,000  |
| (ii) For Other Services   | 25,000   | 25,000   |
| (iii) For Reimbursement of expenses                               | 6,186  | 4,149  |
| <b>Total Other Expenses</b>                                       | <b>18,800,352</b>                              | <b>24,262,143</b>                              |

| Particulars                                    | For the year ended<br>2014-2015<br>Amount In ₹ | For the year ended<br>2013-2014<br>Amount In ₹ |
|--|--|--|
| <b>NOTE NO. 21 : ADMINISTRATIVE EXPENSES</b>   |  |  |
| (a) Telephone, Postage and Others              | 3,155,791                                      | 3,487,200                                      |
| (b) Business Promotion Expenses                | 3,453,301                                      | 6,030,205                                      |
| (c) Conveyance & Travelling Expenses           | 9,402,333                                      | 7,887,736                                      |
| (d) Office Maintenance                         | 2,086,614                                      | 2,932,451                                      |
| (e) Printing & Stationery Expenses             | 482,258  | 339,668  |
| (f) Security Charges                           | 585,409  | 710,287  |
| (g) Rates & Taxes                              | 552,979  | 650,175  |
| (h) Invoice processing Charges                 | 8,047,231                                      | 6,335,202                                      |
| (i) Seminar Fee/Training/Legal Fee/Listing Fee | 1,514,945                                      | 1,284,284                                      |
| (j) Web Development Expenses                   | 194,689  | 388,589  |
| (k) Professional Consultancy fee               | 3,470,396                                      | 5,123,123                                      |
| (l) Director Sitting Fee                       | 585,000  | 300,000  |
| (m) Vehicle maintenance Charges                | 98,261   | 73,679   |
| (n) Secretarial expenses                       | 146,275  | 77,920   |
| (o) Foreign exchange Loss                      | 1,045,520                                      | -  |
| (p) Other expenses                             | 1,143,449                                      | 13,364,942                                     |
| <b>Total Administrative Expenses</b>           | <b>35,964,451</b>                              | <b>48,985,461</b>                              |
| <b>NOTE NO. 22 : FINANCE COST</b>              |  |  |
| Interest Expenses :                            |  |  |
| - Interest on loans                            | 607,575  | 3,964,569                                      |
| - Bank Charges                                 | 446,048  | 990,232  |
| <b>Total Finance Cost</b>                      | <b>1,053,623</b>                               | <b>4,954,801</b>                               |



## Consolidated Statement of Cash Flows for the year ended 31-03-2015

(₹ In Millions)

| Particulars   | 31/03/2015     | 31/03/2014      |
|---|----------------|-----------------|
| <b>A Cash Flow from Operating Activity</b>                |                |                 |
| Net Profit before tax                                     | 15.63          | 31.71           |
| <b>Adjustments for:</b>                                   |                |                 |
| Depreciation  | 47.65          | 47.67           |
| Other income  | (11.09)        | (11.82)         |
| Interest Expenditure on Long Term Loan                    | 0.61           | 3.96            |
| Foreign Exchange Fluctuation Loss                         | -              | (6.18)          |
| <b>Operating Profit before working capital Changes</b>    | <b>52.80</b>   | <b>65.34</b>    |
| <b>Adjustments for:</b>                                   |                |                 |
| Trade and other receivables                               | 11.12          | 58.43           |
| Inventory   | -              | 123.55          |
| Trade advances  | 12.41          | (15.45)         |
| Trade payables  | 8.44           | (91.30)         |
| Provisions  | 2.44           | 7.86            |
| <b>Cash generated from Operations</b>                     | <b>87.20</b>   | <b>148.43</b>   |
| Direct Taxes paid (net) - Prior period adj.               | -              | -               |
| <b>Cash flow before extraordinary items</b>               | <b>87.20</b>   | <b>148.43</b>   |
| Prior Period Items  | -              | -               |
| <b>Net Cash Flow from Operating Activity</b>              | <b>87.20</b>   | <b>148.43</b>   |
| <b>B Cash Flow from Investing Activity</b>                |                |                 |
| Purchase of fixed assets                                  | (1.73)         | (3.02)          |
| Cost of movie rights                                      | -              | (123.56)        |
| Other Income  | 11.09          | 18.00           |
| <b>Net Cash Used for Investing Activity</b>               | <b>9.36</b>    | <b>(108.58)</b> |
| <b>C Cash Flow from Financing Activities</b>              |                |                 |
| Long Term Loans & Advances                                | (24.26)        | (15.78)         |
| Secured loans Repayment                                   | (1.88)         | (54.90)         |
| Interest Paid   | (0.61)         | (3.96)          |
| <b>Net Cash generated from Financing Activity</b>         | <b>(26.74)</b> | <b>(74.64)</b>  |
| Cash and Cash Equivalents (Opening Balance)               | 107.54         | 142.33          |
| <b>Net Increase in Cash &amp; Cash Equivalents(A+B+C)</b> | <b>69.82</b>   | <b>(34.79)</b>  |
| Cash and Cash Equivalents (Closing Balance)               | <b>177.36</b>  | <b>107.54</b>   |

As per our report attached  
For **P.Murali & Co.,**  
Chartered Accountants  
FRN. No: 007257S  
Sd/-  
**P.Murali Mohana Rao**  
Partner  
M.No. 023412  
Place : Hyderabad  
Date : 16th May, 2015

For **GOLDSTONE TECHNOLOGIES LIMITED**

Sd/- Sd/-  
**L.P.Sashikumar** **P.S.Parthasarathy**  
Director Director

Sd/-  
**Vithal VSSNK Popuri**  
CFO & Compliance Officer

## **23. SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

### **A) Statement on Significant Accounting Policies**

#### **i) a) Basis of Accounting**

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost conversion on accrual basis, except certain tangible assets which are being carried at revalued amounts. Pursuant to section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act 1956, shall continue to apply. Consequently these financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 (Companies Accounting Standards Rules, 2006 as amended) and the relevant provisions of the Companies Act, 2013 ('the Act'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### **b) Basis of Consolidation**

The Group financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the accounting standard on Consolidation Financial

Statements issued by the Institute of Chartered Accountants of India. The Group financial statements incorporate the financial information of Goldstone Technology Enterprises Limited, its Subsidiaries made up to March 31, 2015. Subsidiaries are those entities that are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of the enterprise so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is acquired by the Group and no longer consolidated from the date such control ceases. The financial statements of the parent company and subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and any resulting unrealized gain/loss arising from intra group transactions. Unrealized losses resulting from intra group transactions are also eliminated unless cost cannot be recovered. Amounts reported in the financial statements of Subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group. The companies which were taken into consolidation are as follows:

- 1) Staytop Systems, Inc.
- 2) Staytop Systems and Software Pvt Ltd

#### **c) Method of Accounting**

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

**ii) Revenue Recognition:**

- a) All incomes and expenditure are accounted on accrual 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.

**iii) Fixed Assets:**

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.

**iv) Depreciation:**

- i) Depreciation on Fixed Assets is provided on straight-line method.
- ii) Effective from 1st April 2014, the Company depreciates its fixed assets over the useful life as prescribed in Schedule II of the Act 2013, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of 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 changed off after adjusting the reserve.

**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) 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.

**xi) 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.

**xii) 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 it's 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.

**xiii) 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.

**xiv) 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.





**B. NOTES ON ACCOUNTS:**

**1. Contingent Liability:**

Outstanding Bank Guarantees – ₹79.88 Lakhs (Previous year ₹125.67 Lakhs)

**2. Investments:**

A) 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 up to 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.

B) The company has holding of 9900 share @ ₹10/- of M/s Staytop Systems and Software Pvt Ltd.,

**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 provision for Tax of ₹9.93 Millions as per the provisions of the Income Tax Act, 1961 and other relevant Tax Laws applicable to its Subsidiaries.

**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:

₹ In Millions

|   |       |
|---|-------|
| Deferred Tax Liability as at 1 <sup>st</sup> April, 2014  | 1.78  |
| Deferred Tax Liability as at 31 <sup>st</sup> March, 2015 | 34.75 |

**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                              | ₹ In Millions |
|---------------------------|--|---------------|
| Staytop Systems, Inc.     | Income – Sale of Information Technology Services   | 2.99          |
| Staytop Systems, Inc.     | Expenses spent for Information Technology Services | 7.77          |

**7. Earnings Per Share:**
**Calculation of EPS Basic & Diluted:**

(Amount in ₹)

| Particulars                                   | Current Year<br>2014-15 | Previous Year<br>2013-14 |
|---|-------------------------|--------------------------|
| Net Profit/(Loss) After Tax                   | (25,819,919)            | 19,630,753               |
| Net Profit /(Loss) after Extraordinary Items  | (27,268,288)            | 19,630,753               |
| Weighted average numbers of shares considered | 18,782,066              | 18,782,066               |
| Basic EPS (in ₹)                              | (1.45)                  | 1.05                     |
| Diluted EPS (in ₹)                            | (1.45)                  | 1.05                     |

**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.

(₹ in millions)

| Segment wise standalone financial results for the year ended March 31, 2015 |                            |                             |
|---|----------------------------|-----------------------------|
| Particulars   | Current Year<br>31.03.2015 | Previous Year<br>31.03.2014 |
| <b>1 Segment Revenue</b>  |                            |                             |
| a) U.S.A.   | 445.71                     | 651.63                      |
| b) India  | 254.46                     | 145.04                      |
| c) Unallocated  | 0.00                       | 0.00                        |
| <b>Less: Inter Company Sales</b>  | <b>(2.99)</b>              | <b>(60.18)</b>              |
| <b>Total Revenue from Operations</b>  | <b>697.18</b>              | <b>736.49</b>               |
| <b>2. Segment Results</b>   |                            |                             |
| Profit (+)/Loss(-) before tax ,Depreciation.<br>& interest from :           |                            |                             |
| a) U.S.A.   | 41.77                      | 45.83                       |
| b) India  | 24.01                      | 38.51                       |
| c) Unallocated  | 0.00                       | 0.00                        |
| <b>Total</b>  | <b>65.78</b>               | <b>84.34</b>                |
| Less: Interest (not allocable)  | 1.05                       | 4.95                        |
| Less: Depreciation (not allocable)  | 47.65                      | 47.67                       |
| Less: Unallocable Income (not allocable)                                    | 0.00                       | 0.00                        |
| <b>Total Profit/(Loss) Before Tax</b>                                       | <b>17.08</b>               | <b>31.72</b>                |



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:**

(₹ In Millions)

| Particulars                       | Current Year | Previous Year |
|-----------------------------------|--------------|---------------|
| Revenue:                          |              |               |
| India – Exports                   | 36.20        | 116.72        |
| India – Others                    | 254.46       | 145.04        |
| Outside India                     | 406.52       | 474.71        |
| Additions to Fixed Assets:        |              |               |
| India                             | 1.73         | 126.58        |
| Outside India                     | -            | -             |
| Carrying Amount of Segment Assets |              |               |
| India                             | 473.32       | 540.02        |

**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      | 31.03.2015<br>(₹) | 31.03.2014<br>(₹) |
|------------------|-------------------|-------------------|
| Gratuity         | 25,01,949/-       | 24,44,559/-       |
| Leave Encashment | 46,89,266/-       | 29,20,081/-       |

**11. 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 ICAI.

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.

### 12. Prior Period Adjustments:

Prior period adjustment of ₹ 14,48,369/- (Previous year ₹61,544/-) 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.

### 13. Additional Information required as per Para's 3 & 4 of Part II of Schedule VI to the companies Act, 2013:

**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, 2013.

### 13.2 Managerial Remuneration:

| Particulars               | Current Year<br>2014-15<br>₹ | Previous Year<br>2013-14<br>₹ |
|---------------------------|------------------------------|-------------------------------|
| Managing Director Salary  | -                            | -                             |
| Other perquisite          | -                            | -                             |
| Executive Director Salary | -                            | -                             |
| Other perquisite          | -                            | -                             |
| <b>Total</b>              | -                            | -                             |

### 13.3 Foreign Exchange Transaction:

(₹ In Millions)

| Particulars  | Current Year<br>2014-15 | Previous Year<br>2013-14 |
|--|-------------------------|--------------------------|
| 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                             | 3.25                    | 1.70                     |
| b) Other Payments paid In Foreign Exchange         | 28.78                   | 9.85                     |
| 3) Earnings in Foreign Currency (on Receipt basis) |                         |                          |
| a) Software Exports                                | 30.72                   | 190.21                   |

### 13.4 Auditors Remuneration:

(Amount in ₹)

| Particulars        | Current Year<br>2014-15 | Previous Year<br>2013-14 |
|--------------------|-------------------------|--------------------------|
| Audit Fees         | 4,50,000                | 4,50,000                 |
| Certification Work | 25,000                  | 25,000                   |



#### 14. Inventory:

During the year the company has no Inventories.

#### 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 unallocated expenditure pertaining there to.

#### 16. Short term Borrowings:

Working Capital Facilities from Central Bank of India are secured by:

- i). Hypothecation against first charge on receivables of the company both present and future.
- ii). Equitable Mortgage of immovable property of M/s Goldstone Technologies Limited & M/s Goldstone Infratech Limited.
- iii). Corporate Guarantee given by M/s Trinity Infraventures Limited & M/s Goldstone Infratech Limited for above loan.
- iv) Personal guarantee of a promoter director of the company
- v) The said working capital facility has been sanctioned for a period of one year and renewable on a yearly basis with rate of interest -base rate of the bank plus 3.5% and renewable on a yearly basis.

#### 17. Trade payables:

"The Company has no information as to whether any of its vendors constitute a "Supplier" within the meaning of Section 2 (n) of the Micro, Small and Medium Enterprises Development Act, 2006 as no declarations were received under the said Act from them".

#### 18. Short-term provisions:

Includes foreign exchange notional gain on account of conversion of closing balance of reserves and surplus for an amount of Rs 39.81 Millions.

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

As per our report attached  
For **P.Murali & Co.,**  
Chartered Accountants  
FRN. No: 007257S  
Sd/-  
**P.Murali Mohana Rao**  
Partner  
M.No. 023412

Place : Hyderabad  
Date : 16th May, 2015

For **GOLDSTONE TECHNOLOGIES LIMITED**

|                       |                          |
|-----------------------|--------------------------|
| Sd/-                  | Sd/-                     |
| <b>L.P.Sashikumar</b> | <b>P.S.Parthasarathy</b> |
| Director              | Director                 |

Sd/-  
**Vithal VSSNK Popuri**  
CFO & Compliance Officer

|  |   |
|--|---|
|  <b>GOLDSTONE</b><br>TECHNOLOGIES | <b>GOLDSTONE TECHNOLOGIES LIMITED</b><br>CIN : L72200TG1994PLC017211<br>Regd. Office: 9-1-83 & 84, Amarchand Sharma Complex<br>S D Road, Secunderabad – 500 003<br>Phone No. 91-40-27807640<br>E-mail id: corporate@goldstonetech.com<br>website: www.goldstonetech.com |
|--|---|

**ATTENDANCE SLIP**  
(To be present at the entrance)

Regd. Folio/ : \_\_\_\_\_ Shares held: \_\_\_\_\_

Client ID/ DPID: \_\_\_\_\_

I hereby certify that I am registered shareholder/proxy/representatives of the registered shareholder (s) of Goldstone Technologies Limited.

I hereby record my presence at the 21<sup>st</sup> Annual General Meeting to be held on Tuesday, the September 29<sup>th</sup>, 2015 at 3.00 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.

|   |   |
|---|---|
|  <b>GOLDSTONE<br/>TECHNOLOGIES</b> | <b>GOLDSTONE TECHNOLOGIES LIMITED</b><br>CIN : L72200TG1994PLC017211<br>Regd. Office: 9-1-83 & 84, Amarchand Sharma Complex<br>S D Road, Secunderabad – 500 003. Phone No. 91-40-27807640<br>E-mail id: corporate@goldstonetech.com<br>website: www.goldstonetech.com |
|---|---|

**FORM-No-MGT-11**

**Proxy Form**

(Pursuant to Section 105 (6) of the Companies Act 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014)

|                        |  |
|------------------------|--|
| Name of the Member(s): |  |
| Registered Address:    |  |
| E-Mail Id:             |  |
| Folio No/Client Id:    |  |
| DP Id:                 |  |

I/We, being the member(s) of \_\_\_\_\_ Shares of the above named Company, hereby appoint

|                         |           |
|-------------------------|-----------|
| 1. Name                 |           |
| Address                 |           |
| Email Id or failing him | Signature |
| 2. Name                 |           |
| Address                 |           |
| Email Id or failing him | Signature |
| 3. Name                 |           |
| Address                 |           |
| Email Id or failing him | Signature |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty First Annual General Meeting of the Company to be held on Tuesday, September 29th, 2015 at 3.00 P.M. Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051 and at any adjournment thereof in respect of such resolutions as are indicated below:

| S.No | Resolutions   | For | Against |
|------|---|-----|---------|
| 1.   | Consider and Adopt Audited Financial Statement, Reports of the Board of Directors and Auditors. |     |         |
| 2.   | Re-Appointment of Mr. L.P. Sashikumar who retires by rotation.                                  |     |         |
| 3.   | Re-Appointment of Auditors and fixing of their remuneration.                                    |     |         |
| 4.   | Appointment of Mr. P.S. Parthasarathy as a Managing Director                                    |     |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Signature of shareholder; \_\_\_\_\_ Signature of Proxy holder(s) \_\_\_\_\_

|                           |
|---------------------------|
| Affix<br>Revenue<br>Stamp |
|---------------------------|

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before commencement of the Meeting.

**GOLDSTONE TECHNOLOGIES LIMITED**

CIN : L72200TG1994PLC017211

Regd. Office: 9-1-83 & 84, Amarchand Sharma Complex  
S D Road, Secunderabad – 500 003. Phone No. 91-40-27807640

E-mail id: corporate@goldstonetech.com

website: www.goldstonetech.com

**FORM-No-MGT-12****Polling Paper**

(Pursuant to Section 109 (5) of the Companies Act 2013 and Rule 21 (1) (c) of the Companies (Management and Administration) Rules, 2014).

|                                       |   |
|---------------------------------------|---|
| Name of the Company                   | GOLDSTONE TECHNOLOGIES LIMITED  |
| Registered Address:                   | 9-1-83 & 84, AMARCHAND SHARMA COMPLEX<br>S D ROAD, SECUNDERABAD – 500 003 |
|                                       | BALLOT PAPER  |
| Name of the First named Shareholder : |   |
| Postal Address:                       |   |
| Folio No/Client Id & DP Id:           |   |
| Class of Share                        |   |

I hereby exercise my vote in respect of Ordinary/Special Resolution enumerated to be considered in Twenty First Annual General Meeting of the Company to be held on Tuesday, September 29th, 2015 at 3.00 p.m. Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051 by recording my assent or dissent to the said resolutions in the following manner.

| No | Item No.  | No. of Shares held by me | I Assent to the Resolution | I dissent to the Resolution |
|----|---|--------------------------|----------------------------|-----------------------------|
| 1. | Consider and Adopt Audited Financial Statement, Reports of the Board of Directors and Auditors. |                          |                            |                             |
| 2. | Re-Appointment of Mr.L.P.Sashikumar who retires by rotation.                                    |                          |                            |                             |
| 3. | Re-Appointment of Auditors and fixing of their remuneration.                                    |                          |                            |                             |
| 4. | Appointment of Mr.PS.Parthasarathy as a Managing Director                                       |                          |                            |                             |

Place :

Date :

[Signature of the shareholder]





if undelivered please return to :



**Goldstone Technologies Limited**

Cin : L72200TG1994PLC017211

9-1-83 & 84 Amarchand Complex,  
Sarojini Devi Road, Secunderabad - 500 003.

Ph. 040-27807640

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