

Board of Directors :

Mr. L P Sashikumar
Dr. M V S R Kamesam
Mr. S Murali Krishna
Mrs. Mahita Caddell
Mr. M Gopalakrishna
Mr. Sukesh Gupta
Mr. Dhakan Kishore Ratilal

Managing Director
Director
Director
Director
Director, w.e.f. 25th June, 2008
Director, w.e.f. 25th June, 2008

Company Secretary & Compliance Officer :

Mr. Adalat Srikanth

Auditors :

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

Bankers :

1. Syndicate Bank, Banjara Hills Branch, Hyderabad.
2. Syndicate Bank, S.D. Road Branch, Secunderabad.

Registered Office :

9-1-83 & 84,
Amarchand Sharma Complex,
S D Road, Secunderabad 500 003
Ph. : 040 2780 7640, 27800742,
27801910, Fax : 040 39120023

**Registrar & Share Transfer
Agents :**

Aarthi Consultants Private Limited
1-2-285, Domalguda
Hyderabad - 500 029
Ph. : 040-27638111, 27634445
Fax : 040-27632184

Factory :

Plot No. 1&9, IDA, Phase II,
Cherlapally, Hyderabad 500 051.

CONTENTS

Notice	03
Directors' Report	11
Management Discussion and Analysis	17
Report on Corporate Governance	20
Auditors' Report	28
Balance Sheet	32
Profit & Loss Account	33
Schedules	34
Notes to Accounts	42
Cash Flow Statement	49
Balance Sheet Abstract	51
Consolidated Financial Statements	52
Nomination Form	96
ECS Mandate	98
Attendance Slip and Proxy Form	99

REPORTS OF SUBSIDIARY COMPANIES

Newtech Stewing Telecom Ltd.	Page No.	Shree Shree Telecom Pvt.Ltd.	Page No.
1. Directors' Report	70	1. Directors' Report	86
2. Auditors' Report	72	2. Auditors' Report	88
3. Balance Sheet	76	3. Balance Sheet	91
4. Profit & Loss Account	77	4. Profit & Loss Account	92
5. Schedules	78	5. Schedules	93

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Eighth Annual General Meeting of the Members of Goldstone Infratech Limited will be held on Tuesday, the 30th September, 2008 at 3.30 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 31st March, 2008 and Profit and Loss Account for the year ended as on that date along with Directors' Report and Auditors' Report thereon.
2. To declare Dividend on Equity Shares for the year 2007-08.
3. To appoint a Director in place of Mrs. Mahita Caddell, who retires by rotation and offers herself for reappointment.
4. To appoint a Director in place of Dr. M V S R Kamesam, who retires by rotation and offers himself for reappointment.
5. To appoint Statutory Auditors and to fix their remuneration and for this purpose to consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED that P. Murali & Company, 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 at such remuneration as may be determined by the Board."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED that Mr. M. Gopalakrishna, who was appointed as an Additional Director by the Board of Directors at their meeting held on 29th October, 2007 and who holds office

up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation"

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that subject to the provisions of Section 198, 269, 309, 310, and other applicable provisions, if any, read with Schedule XIII (as amended) of the Companies Act, 1956, the consent of the members be and is hereby accorded to the re-appointment of Mr.L.P.Sashikumar as Managing Director of the company for a period of one year with effect from 1st April 2008 on the following terms and conditions:

1. Salary

Salary in the scale of Rs.1,00,000/- (Rupees One Lakh only) per month.

2. Perquisites

The following perquisites are allowed in addition to salary subject to the ceiling of an amount equal to annual salary:

Category A

1. Housing: Rent Free Accommodation or House Rent Allowance – Rs.12,000/- per month.(Rupees Twelve Thousand only)
2. Other Allowances like Maintenance, Subscription to internet, Professional Development Allowance, Gardener, Servant etc: not exceeding Rs.24,000/- per month. (Rupees Twenty Four Thousand only)
3. Reimbursement upto Rs. 18,000/- (Rupees Eighteen Thousand only) Per month, towards Entertainment, LTA, and Subscription to Professional Journals.

4. Medial Expenditure incurred for self and family subject to a ceiling of Rs 16,000/- (Rupees Sixteen Thousand only) per annum

Category B

The Company's contribution towards pension scheme or superannuation fund together with provident fund not exceeding 25% of the salary wherein contribution towards provident fund shall not exceed 12% of the salary. However, for the purpose of calculation of overall ceiling on perquisites, the company's contribution towards provident fund, superannuation fund or annuity fund will not be included to the extent these amounts either singly or put together are not taxable under the Income Tax Act.

Gratuity payable should not exceed half a month's salary for each completed year of service. One month's leave for every eleven months of service on full pay and allowances as per the rules of the company.

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 billed by the Company

3. Minimum Remuneration

In the event the company does not have profits or its profits are inadequate, Mr.L.P.Sashikumar shall be paid salary and perquisites not exceeding the statutory limits as may be prescribed from time to time. 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 any Director or the Company Secretary of the Company be and are hereby authorized to file necessary forms

with ROC to certify the resolution and to do all other things and deeds as may be required in this regard."

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

"RESOLVED that Mr.Sukesh Gupta, who was appointed as an Additional Director by the Board of Directors at their meeting held on 25th June, 2008 and who holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation"

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

"RESOLVED that Mr.Dhakan Kishore Ratilal, who was appointed as an Additional Director by the Board of Directors at their meeting held on 25th June, 2008 and who ceases to hold office at this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation"

**By Order of the Board of Directors of
Goldstone Infratech Limited**

Hyderabad
30th August, 2008

Adalat Srikanth
Company Secretary

Notes

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
2. 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.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed here with.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. Payment of Dividend through ECS:
The Company offers the facility of electronic credit of Dividend directly to the respective bank accounts of shareholders, through Electronic Clearing Services (ECS). This facility is currently available at the locations specified by the Reserve Bank of India.
 - i) Members holding shares in physical form are advised to submit the Bank mandate particulars of their bank account viz., name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 22nd September, 2008 to the Company's Registrar and Transfer Agent at Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500 029.
 - ii) Members holding shares in demat form are advised to inform the particulars of their bank account to their respective depository participants.
6. 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.
7. 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.
8. The Register of Members and Transfer Books of the Company shall remain closed from 22nd September, 2008 to 30th September, 2008 (both days inclusive) for the purpose of dividend & Annual General Meeting.
9. 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.
10. As on 31st March 2008 an amount of Rs.2,16,134/- was unclaimed out of the dividend declared on 30th September, 2002 for the financial year 2001-02 and an amount of Rs.2,14,148/- was unclaimed out of the dividend declared on 28th September, 2007 for the financial year 2006-07. Members who have not claimed the dividend are advised to claim the same at the earliest. In accordance with the provisions of Section 205C of the Companies Act, 1956 aforesaid unclaimed dividend amounts shall be liable to be transferred to Investor Education and Protection Fund on 28th October 2009 and 26th October 2014, respectively.

EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1956.)

Item No. 6:

Mr. M. Gopalakrishna has been appointed as an Additional Director by the Board of Directors at their meeting held on 29th October, 2007 and holds the office upto this Annual General Meeting. Mr. Gopalakrishna is a Science & Law Graduate and did Advanced Management course at Banff School of Management, Canada. He is a retired officer of Indian Administrative Service (IAS).

His continuation on the Board will enable the Company to gain from his considerable experience and expertise in relation to the Company's business. Notice pursuant to the provisions of Sec. 257 of the Companies Act, 1956, together with the requisite deposit has been received from a member proposing his candidature for the office of Director liable to retire by rotation. The Board recommends his appointment.

No Director of the Company other than Mr. Gopalakrishna is interested in the resolution.

Item No. 7:

Mr. L P Sashikumar was re-appointed as Managing Director of the Company by the members in the previous Annual General Meeting held on 28th September, 2007 for a period of one year with effect from 1st April 2007. His re-appointment has been recommended by the Remuneration Committee and approved by the Board of Directors in their Meetings held on 5th March, 2008. The remuneration is within the limits prescribed under Section 309 and Schedule XIII of the Companies Act, 1956. Approval of the members is required in the Annual General Meeting for his re-appointment as Managing Director and for fixing the remuneration.

This together with terms and conditions of appointment as mentioned in the notice of Annual General Meeting may be treated as an abstract in terms of Section 302 of the Companies Act, 1956.

Your directors recommend the resolution for your approval.

Except Mr. L. P. Sashikumar and Mrs. Mahita Caddell none of the Directors of the Company in any way concerned or interested in this resolution.

Item No. 8:

Mr. Sukesh Gupta has been appointed as an Additional Director by the Board of Directors at their meeting held on 25th June, 2008 and holds office upto this Annual General Meeting. Mr. Gupta is a Commerce Graduate and after completion of his formal education, he joined his family business of trading & manufacturing of Jewellery. He has a very good experience in International Marketing & Project Finance.

His continuation on the Board will enable the Company to gain from his considerable experience and expertise in relation to the Company's business. Notice pursuant to the provisions of Sec 257 of the Companies Act, 1956, together with the requisite deposit has been received from a member proposing his candidature for the office of Director liable to retire by rotation. The Board recommends his appointment.

No Director of the Company other than Mr. Gupta is interested in the resolution.

Item No. 9:

Mr. Dhakan Kishore Ratilal has been appointed as an Additional Director by the Board of Directors at their meeting held on 25th June, 2008 and holds office upto this Annual General Meeting. Mr. Dhakan Kishore Ratilal is a well known personality in world's gold business



market. Apart from the above, Mr.Dhakan also holding high positions in Dubai Gold and Jewellery group.

His continuation on the Board will enable the Company to gain from his considerable experience and expertise in relation to the Company's business. Notice pursuant to the provisions of Sec 257 of the Companies Act, 1956, together with the requisite deposit has been received from a member proposing his candidature for the office of Director liable to retire by rotation. The Board recommends his appointment.

No Director of the Company other than Mr. Dhakan is interested in the resolution.

**By Order of the Board of Directors of
Goldstone Infratech Limited**

Adalat Srikanth
Company Secretary

Hyderabad
30th August, 2008

**ADDITIONAL INFORMATION ON
DIRECTORS SEEKING APPOINTMENT /
RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING
(Pursuant to Clause 49 of the Listing Agreement)**

Name of Director	Mrs. Mahita Caddell
Date of Birth	12.01.1972
Date of Appointment	29.05.2004
Qualifications	M.S. (International Business Administration)
Expertise in specific functional areas	Significant knowledge and experience in the field of Business Management & Administration.
List of other companies in which directorship held*	1. Goldstone Exports Ltd. 2. Newtech Stewing Telecom Ltd.
List of the Committees of other Companies in which chairmanship/Membership held	NIL
Chairman/Member of the Committees of the Company	NIL
Shareholding in the Company	NIL

Name of Director	Dr. Malladi Venkata Sitaram Kamesam
Date of Birth	02.05.1948
Date of Appointment	31.07.2003
Qualifications	Post graduate in Technology (M.Tech)
Expertise in specific functional areas	Over 30 years of experience in the field of Business Management, Administration and Finance.
List of other companies in which directorship held*	Eyantra Industries Ltd
List of the Committees of other Companies in which chairmanship/Membership held	NIL
Chairman/Member of the Committees of the Company	Chairman, Investors' Grievance & Share Transfer Committee, Remuneration Committee & Audit Committee.
Shareholding in the Company	NIL

Name of Director	Mr. M. Gopalakrishna
Date of Birth	12.01.1939
Date of Appointment	29.10.2007
Qualifications	Graduate in Science & Law
Expertise in specific functional areas	Over 40 years of varied experience in the industry and business sectors.
List of other companies in which directorship held*	<ol style="list-style-type: none"> 1. A.P. Gas Power Corporation Limited 1. JOCIL Limited 2. BGR Energy Sstems Ltd. 3. Pittie Laminations Ltd. 4. Rithwik Energy Systems Ltd.
List of the Committees of other Companies in which chairmanship/Membership held	Chairman of Audit Committees of Andhra Pradesh Gas Power Corporation Limited & Rithwik Energy Systems Limited; Member of Remuneration Committee of Pittie Laminations Limited.
Chairman/Member of the Committees of the Company	Member of Remuneration Committee
Shareholding in the Company	NIL

Name of Director	Mr. Lam Paul Sashikumar
Date of Birth	25.10.1950
Date of Appointment	11.10.2000
Qualifications	Graduate in Business Administration
Expertise in specific functional areas	Over 30 years of varied experience in the industry and business sectors.
List of other companies in which directorship held*	<ol style="list-style-type: none"> 1. Goldstone Technologies Ltd. 2. Newtech Stewing Telecom Ltd. 3. Sun Plast O Met Ltd.
List of the Committees of other Companies in which chairmanship/Membership held	Member of Investors' Grievance & Share Transfer Committee & Remuneration Committee of Goldstone Technologies Ltd.
Chairman/Member of the Committees of the Company	Member, Audit Committee, Investors' Grievance & Share Transfer Committee & Remuneration Committee.
Shareholding in the Company	1310515

Name of Director	Mr. Sukesh Gupta
Date of Birth	01.09.1974
Date of Appointment	25.06.2008
Qualifications	Graduate in Commerce
Expertise in specific functional areas	Over 15 years of varied experience in the industry and business sectors.
List of other companies in which directorship held*	Goldstone Technologies Ltd.
List of the Committees of other Companies in which chairmanship/Membership held	Member of Audit Committee, Remuneration Committee and Shareholders / Investors Grievance Committee of Goldstone Technologies Limited.
Chairman/Member of the Committees of the Company	NIL
Shareholding in the Company	NIL

Name of Director	Mr. Dhakan Kishore Ratilal
Date of Birth	06.12.1960
Date of Appointment	25.06.2008
Qualifications	Graduate
Expertise in specific functional areas	Over 25 years of varied experience in the industry and business sectors.
List of other companies in which directorship held*	Goldstone Technologies Ltd.
List of the Committees of other Companies in which chairmanship/Membership held	Nil
Chairman/Member of the Committees of the Company	NIL
Shareholding in the Company	NIL

* Excludes private companies and foreign companies.

DIRECTORS' REPORT

To
The Members
Goldstone Infratech Limited

Your Directors have pleasure in presenting the Eighth Annual Report of your company with the Audited Accounts for the financial year ended on 31st March, 2008.

(Rs in Lakhs)

Particulars	2007-08	2006-07
Net Sales/Income from operations	5082.14	2554.70
Other Income	91.09	77.62
Total Income	5173.23	2632.32
Total Expenditure	3475.08	1868.56
Operating Profit	1698.15	763.76
Interest	146.58	146.33
Depreciation and Write Offs	254.66	252.35
Profit Before Tax	1296.91	365.08
Provision for Tax-		
-Current	320.00	90.00
-Deferred	(45.34)	6.23
-Fringe Benefit	10.09	5.66
Profit After Tax	1012.16	263.19
Extra-Ordinary Items:		
- Prior Period Adjustments	(10.68)	28.36
Net Profit	1001.48	291.54
Equity Share Capital (2,10,23,305 Shares of Rs. 4/- each)	840.93	840.93
EPS (After Prior Period Items)	4.76	1.39
Networth	8630.43	4,421.43
Book Value (face value Rs. 4/-)	41.05	21.50

Financial Results:

Review of Operations

Your Directors are happy to share with you that during the year under review, your Company has achieved a turnover of Rs.5082.14 lakhs as compared to Rs.2554.70 lakhs during the previous financial year, recording an increase of 99% over the previous year. The Net Profit has jumped by 244% to Rs.1001.48 lakhs as compared to Rs.291.54 lakhs for the year ended March 31, 2008.

Dividend

Your Directors are happy to recommend a dividend of 10 % i.e., Re.0.40 per equity share of Rs.4/- each for the year ended 31st March, 2008. The payment of dividend if approved by the shareholders at the ensuing Annual General Meeting will entail an outflow of Rs.98.38 lakhs inclusive of corporate dividend tax.

Transfer to Reserves

The Board has transferred a sum of Rs. 100.15 Lakhs to the General Reserve from the undistributed profits in accordance with the Companies (Transfer of Profits to Reserves) Rules, 1975.

Fixed deposits

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

Insurance

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

Subsidiaries

Your Company has two subsidiaries namely Newtech Stewing Telecom Limited (NSTL) and Shree Shree Telecom Private Limited (SSTPL).

The Reports of the Subsidiary Companies have been attached to this report.

There were no operations in these two companies during the Financial year. However,

NSTL has generated an income of Rs.2.61 lakhs during this period under the head "other income". The consolidated financial results, in brief, are as follows:

Consolidated Results

(Rs. In Lakhs)

Particulars	GIL		NSTL		SSTPL		Consolidated	
Period	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months
Year	07-08	06-07	07-08	06-07	07-08	06-07	07-08	06-07
Sales	5855.45	2886.45	0.00	252.41	0.00	0.00	5855.45	3138.86
Other Income	91.09	77.62	2.61	3.51	0.00	0.17	93.70	81.29
Total	5946.54	2964.07	2.61	255.92	0.00	0.17	5949.16	3220.15
PBIDT	1719.51	785.12	(21.75)	23.83	(0.15)	(2.97)	1697.61	805.97
PBT	1296.91	365.07	(31.59)	1.39	(0.51)	(3.35)	1264.80	363.10

Management Discussion and Analysis

Management Discussion and Analysis for the year under review as required under Clause 49 of the Listing Agreement entered with Stock Exchanges is given as a separate statement in the Annual Report.

Auditors

M/s. P Murali & Co., Chartered Accountants, Hyderabad, the Company's Statutory Auditors hold office, in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. And Being eligible, they 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 224 (1B) of the Companies Act, 1956.

Directors

Mrs. Mahita Caddell and Dr. M V S R Kamesam, Directors, retire by rotation and being eligible offer themselves for re-appointment.

The Board of Directors at their meeting held on 29th October, 2007 have appointed Mr. M Gopalakrishna as Additional Director. Mr. Gopalakrishna holds office up to the forthcoming Annual General meeting, in terms of Section 260 of the Companies Act, 1956 and being eligible offers himself for re-appointment.

The Board of Directors at their meeting held on 5th March, 2008 have re-appointed, subject to members approval, Mr. L P Sashikumar as Managing Director of the Company for one year with effect from 1st April, 2008.

The Board of Directors at their meeting held on 25th June, 2008 have appointed Mr. Sukesh Gupta and Mr. Dhakan Kishore Ratilal as Additional Directors. Mr. Sukesh Gupta and Mr. Dhakan Kishore Ratilal holds office up to the forthcoming Annual General meeting, in terms of Section 260 of the Companies Act, 1956 and being eligible offers themselves for re-appointment.

Stock Exchange Listing

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE), Madras Stock Exchange Limited (MSE), Delhi Stock Exchange Association Limited (DSE) and Ahmedabad Stock Exchange Limited (ASE). The Company confirms that it has paid Annual Listing Fees due to all the above Stock Exchanges for the year 2008-09.

Further Issues and Utilisation of Funds

During the year the Company had received an amount of Rs.33.00 crore towards share application money from Goldstone Exports Limited, to which the Company had issued 1.50 crore warrants @ Rs.22/- per share. The said warrants are yet to be converted into equity shares.

The Board of Directors confirms that the funds raised through the said issue were utilised for the purposes for which they have been issued.

Directors Responsibility Statement

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

- (a) That in the preparation of the Accounts for the financial year ended as on 31st March, 2008, the applicable accounting standards have been followed and there are no material departures there from.
- (b) That the accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit or loss of the Company for the period ended on that date.

(c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) That the accounts for the financial year ended 31st March, 2008 have been prepared on a going concern basis.

Corporate Governance

A report on Corporate Governance including Auditor Certificate thereon as per Clause 49 of the Listing Agreement is attached to this Report.

Managing Director and Accounts Head Certification:

As required under the SEBI guidelines, the Managing Director and the Accounts Head Certification is attached to this Report.

Balance Sheet Abstract And Company's General Business Profile:

Information pursuant to notification issued by Department of Company Affairs, relating to Balance Sheet Abstract and Company's General Business Profile is given in the Annual Report for information of the Shareholders.

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

Information required to be furnished as per the Companies (Disclosure of particulars in the Directors' Report) Rules 1998 is furnished below:

1. Conservation of Energy:

- a) Energy Conservation Measures taken or under implementation:

Continuous running of the sleeve manufacturing plant for Telecom.

- b) Additional investment and proposals if any, being implemented for reduction of consumption of energy:

Additional/new measures will be initiated for further reduction in energy consumption based on technical evaluation and study of the measures already implemented.

- c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.

The measures taken during the year has ensured optimum use of energy and increased production.

- d) Consumption of energy Particulars are given below :

Electricity	2007-08	2006-07
a. Purchased		
Units – KWH	12,73,849	8,47,666
Total Amount – in Rs.	50,38,724	36,86,362
Rate/Unit – in Rs.	3.96	4.35
b. Own Generation through diesel generator		
Units-KWH	45,446	79,350
Total Amount – in Rs.	4,95,552	8,04,670
Rate/Unit – in Rs.	10.90	10.14

2. Technology Absorption, Research & Development

Technology absorption adaptation and innovation

1. Efforts made for technology absorption and innovation during the year : Nil

2. Technology Imported during the year: The company has not imported any technology

- (a) Specific Areas in which R&D carried out by the Company

The company has taken up Research and Development in Polymer Insulator division. Research activity has been focused on backward integration to

reduce dependence on imports, to reduce process and material costs and to develop insulators for specific customer requirements.

- (b) Benefits derived as results of the above R&D:

- ┆ Commercial production of high voltage insulators
- ┆ Modification of existing manufacturing process and significant savings in cost of production.
- ┆ Research focused on the development of new product as mentioned above will reduce the dependence on imports and save foreign exchange.

(c) Future Plan of Action

- Commercialization of new products for which the products are under trials at development stage. Few new products have been identified after a thorough study of the market and the processes to manufacture these products will be developed in R & D Lab.

- Development of analytical methods for the new products and method validations.

(d) Expenditure on Scientific Research & Developments is Rs. 8.42 lakhs in 2007-08 as against Rs. 85.14 lakhs in 2006-07.

3. Foreign Exchange Earnings & Outgo:

The details of Foreign Exchange earnings and outgo are given below:

Particulars	2007-08	2006-07
(a) Value of Imports on CIF basis		
➤ Raw Materials	968.98	197.93
➤ Capital goods	0.00	21.15
(b) Expenditure in Foreign currency		
➤ Traveling Expenses	13.64	20.53
(c) Earnings in Foreign Currency (on receipt basis)		
➤ Export of Goods (FOB Basis)	29.79	3.02

Particulars of Employees:

None of the employees was in receipt of remuneration in excess of limits specified in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Personnel:

Personnel relations have remained very cordial during the period. The Directors place on record their appreciation for the dedicated work put in by the employees at various levels.

Acknowledgements:

Your directors convey their sincere thanks to Syndicate Bank, Banjara Hills branch and

S D Road branch, Hyderabad for their support and assistance.

Your Directors thank all the Employees of your company for their dedicated service, which enabled your company to achieve excellent 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

Dr. MVSR Kamesam
Director

L P Sashikumar
Managing Director

Hyderabad
30th August, 2008

Certificate from the Managing Director & Asst. General Manager (Accounts)

We, L P Sashikumar, Managing Director and S. Satyanarayana, Asst. General Manager (Accounts) of Goldstone Infratech Limited, responsible for the finance function and certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2008 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 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.

L P Sashikumar
Managing Director

S. Satyanarayana
Asst. General
Manager (Accounts)

Hyderabad
30th August, 2008

MANAGEMENT DISCUSSION AND ANALYSIS

(A) Industry Structure and Development:

India's infrastructure has been expanding at a rapid pace to support the economic growth rate of over 9 per cent. The six core-infrastructure industries, which account for a combined weight of 26.68 per cent in the index of industrial production (IIP), registered a growth of 8.6 per cent in 2006-07 as against 6.2 per cent during 2005-06.

On the back of such a robust growth in the previous year, the six core infrastructure-industries index rose by 5.6 per cent during April-February 2007-08. Significantly, electricity generation, petroleum refinery production and cement production grew by 6.6 per cent, 7.2 per cent and 7.5 per cent, respectively.

(B) Opportunities & threats:

With the government's focus on infrastructure development, a lot of promise is in store for the infrastructure segment. According to the consultation paper circulated by the planning commission, a massive US\$ 494 billion of investment is proposed for the eleventh plan period (2007-12), which would increase the share of infrastructure investment to 9 per cent of GDP from 5 per cent in 2006-07. This translates roughly into US\$ 40 billion annual additional investment.

The projected sector-wise shares are: 30.4 per cent in electricity, 15.4 per cent in roads and bridges, 13.7 percent in telecommunications and 12.4 per cent in railways among others. Significantly, 30 per cent of the total investment is expected to come from the private sector (including public-private partnership).

With huge opportunities opening up in this segment, private investment has been

growing at a scorching pace. Already, telecommunications, construction and power together have attracted a combined cumulative foreign direct investment of US\$ 7.553 billion over the period April 2000 to December 2007. In fact, these three account for about 16.68 per cent of the total FDI in to the country during this period.

However, the overall regulatory structure and policy regime leave much to be desired. Also, although investments in the sector have improved, they are yet to match the pace of India's economic growth. The government-released Economic Survey 2006-07 states that during the period of the eleventh five-year plan (2007 - 2012), investments of about US\$320bn would be required. These investments are to be achieved through a combination of public investment, public-private partnerships and exclusive private investments, wherever feasible. Moreover, the construction industry in India is highly fragmented with about 300,000 construction companies in operation. Of these, only about 100 are large- or medium-sized companies.

While the opportunities are undoubtedly significant (strong demographic profile, domestic demand, the offshoring story, etc.), we believe that there are big challenges ahead for the country to maintain this kind of growth. Chief among them is, of course, the country's dismal state of infrastructure. This is one of the biggest stumbling blocks that is preventing India from achieving a 10%-plus economic growth rate.

Undoubtedly, the biggest challenge facing this sector is the lack of skilled and quality human resources. This sector is not too different from the software sector, where skilled employees come at a premium. This is a major 'raw material' for all infrastructure

companies as well, as the timely and 'within-budget' execution of projects requires experienced personnel, which are scarce in this industry. As a matter of fact, in many ways, the infrastructure sector is actually worse-off than the software sector, since engineers perceive software as a 'glamorous' career, and therefore, the sector is losing out to its more glamorous software cousin.

Another risk that this sector is facing is the risk of execution, which is correlated to the above risk. Most of the companies in this sector have order books ranging from 2x to 5x their annual sales, and if they are unable to get quality personnel to staff their projects, executing them on time and within the stipulated budget will prove to be a challenge. The time taken by the government to award contracts could also be a hindrance to the order book accretion, apart from escalating raw material costs.

(C) Segment or Product wise performance

Telecom Division:

As perceived by the Management, the demand for cable jointing kits has come down and for this reason; the Company has scaled down the operations of this division and achieved a turnover of Rs.194.79 lakhs during the year 2007-08 as against a turnover of Rs.499.89 lakhs during the previous year.

Insulators Division:

As in the past, the company has achieved an excellent performance in this division by recording a growth rate of 129.29% over the previous year. This division achieved a turnover of Rs.5660.67 lakhs during the period under review as compared to Rs.2468.65 lakhs during the previous year. During the year under review, the Company has developed new product "Station and

Line Post Insulator" and also developed "New Design End Fittings", which were very well accepted in the market.

BPO Division:

As the IT/ITES business has become very complex and highly competitive, the Company has no operations in this division during the year.

(D) Outlook:

The outlook for the Company's insulators division is bright as the Company has already occupied a very good leadership position in this division. The Company is constantly working on developing new products, modifying the existing products to suit the customers' requirements. During the current year, the Company is planning to develop "Silicon Rubber Sure Arrestors; High voltage Post Insulators; Fuse Cutouts; FRP Cross Arms; and Hollow Core Insulators"

As you are already aware, your Company is venturing into other Infrastructure segments.

The 16th Electric Power Survey carried out by the Central Electricity Authority has projected a peak demand of 115,705 MW and an energy requirement of 719,097 MU by the end of Tenth Five Year Plan (2002-07), while the peak demand and energy requirement by the end of the Eleventh Five Year Plan (2007- 12) has been projected at 157,107 MW and 975,222 MU respectively.

Your company poised to take advantage of the growth in these segments and foresee good business opportunity which will contribute to the turnover and profitability of your Company in future.

(E) Risks and Concerns:

Unhealthy competition from the un-organized sector, timely execution of

proposed projects, efficient mobilization of resources and the policies of the Government are the matters of concern.

(F) Internal Control Systems and their adequacy:

The internal audit and other internal controls and internal checks implemented in the Company are adequate and commensurate with the size and nature of operations providing sufficient assurance and safe guarding all assets, authorizing all transactions and its recording and reporting properly and timely. The audit committee constituted by the Board of Directors reviews regularly the financial and other related aspects as per the requirements of the Corporate Governance.

(G) Discussion of Financial Performance with respect to Operational Performance:

The period under review witnessed an increase in net sales revenue from Rs.2886.45 lakhs to Rs.5855.45 lakhs. During the year under review, the company has produced 46,064 heat shrinkable sleeves/jointing kits/sub-kits and 2,77,792 polymer insulators against production of 90,972 heat shrinkable sleeves/jointing kits/sub-kits and 2,46,993 polymer insulators during the previous year. During the year, the company sold 46,109 heat shrinkable sleeves/jointing

kits/sub-kits and 2,77,750 polymer insulators. During the year under report, the financial as well as operational performance of the company was satisfactory. The company achieved better performance during the year as the company has produced and sold high value products.

(H) Material developments in Human Resources / Industrial Relations front:

Industrial relations are harmonious. The Company recognizes the importance and contribution of the human resources for its growth and development.

As on 31st March 2008 the Company has total strength of 156 employees.

Cautionary Statement:

The statement in this section describes the Company's objectives, projections, estimates, expectations and predictions, which may be "forward looking statements" within the meaning of the applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates changes in the Government regulations, tax laws and other incidental factors.

CORPORATE GOVERNANCE

1. Company's Philosophy

The Company envisages the attainment of highest level of transparency in all facets of its operations and in all its interactions with its shareholders, employees and the Company.

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

2. Board of Directors:

The Board comprised of five directors as on 31st March, 2008 out of which one Director

is Executive Director and the remaining Directors are Non Executive Directors. Out of the four Non Executive Directors, three are Independent. Mr. L P Sashikumar, the Managing Director of the Company is a Promoter Director. The directors bring with them rich and varied experience in different fields of corporate functioning.

The Board held six meetings during the financial year 2007-08 i.e. on (i) 30th April, 2007, (ii) 4th June, 2007, (iii) 28th July, 2007, (iv) 29th October, 2007, (v) 30th January, 2008 and (vi) 3rd March, 2008.

Attendance at the meetings of the Board and at the last Annual General Meeting was as follows:

Name of the Director	Category	No. of Meetings attended	Last AGM attendance (YES/NO)
Mr. L P Sashikumar	Promoter, Managing Director	6	Yes
Dr. M V S R Kamesam	Non Executive Independent Director	6	Yes
Mr. S Murali Krishna	Non Executive Independent Director	3	Yes
Mrs. Mahita Caddell	Non Executive Promoter, Director	2	Yes
Mr. M Gopalakrishna *	Non Executive Independent Director	2	NA

* Appointed as Additional Director with effect from 29th October, 2007

Number of other Board or Board Committees of which the Company's Directors are Members:

Name of the Director	No. of other Directorships**		No. of other Board Committees he/she is a Member / Chairman*	
	Public	Private	Member	Chairman
Mr. L P Sashikumar	3	2	1	Nil
Dr. M V S R Kamesam	1	1	Nil	Nil
Mr. S Murali Krishna	1	2	Nil	Nil
Mrs. Mahita Caddell	2	Nil	Nil	Nil
Mr. M Gopalakrishna	6	2	Nil	2

* viz., the Audit Committee and the Shareholders' Grievance Committee

** Only Indian Companies are considered.

3. Audit Committee

Brief description of Terms of Reference

The Audit Committee of the Board is responsible for oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible; and reviewing with management the annual financial statements before submission to the Board. The Committee periodically reviews with the management the adequacy of internal control systems.

The Committee periodically interacts with the internal auditors to review the manner

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

Composition, name of members and Chairman are as follows :

Name of the Director	Designation	Category
Dr. M V S R Kamesam	Chairman	Independent non-executive
Mr. L P Sashikumar	Member	Managing Director
Mr. S Murali Krishna	Member	Independent non-executive

The Committee held four meetings during the period ended 31st March, 2008, i.e. on (i) 30th April, 2007, (ii) 28th July, 2007, (iii) 29th October, 2007 and (iv) 30th January, 2008. All the Members of the Committee have attended all the Meetings.

4. Remuneration Committee

Brief description of terms of reference

- To recommend compensation terms for Executive Directors

Composition, name of members and Chairman are as follows :

Name of the Director	Designation	Category
Dr. M V S R Kamesam	Chairman	Independent non-executive
Mr. M Gopalakrishna	Member	Independent non-executive
Mr. S Murali Krishna	Member	Independent non-executive
Mr. L P Sashikumar	Member	Promoter, Executive Director

Meetings and Attendance during the year

- Two meetings were held during the period under review. All the members of

the Committee attended all the Meetings.

Remuneration policy

The remuneration policy is to pay compensation and benefits adequately so as to attract, motivate and retain talent.

5. Remuneration of Directors

Details of remuneration paid to Directors during the financial year 2007-08:

(In Rupees)

Name of the Director	Category	Sitting fee	Salary	Benefits	Total
Mr. L P Sashikumar	Promoter, Managing Director	Nil	16,08,000	21,925	16,29,925
Dr. M V S R Kamesam	Independent Director	45,000	Nil	Nil	45,000
Mr. S Murali Krishna	Independent Director	30,000	Nil	Nil	30,000
Mrs. Mahita Caddell	Promoter Director	10,000	Nil	Nil	10,000
Mr. M Gopalakrishna	Independent Director	10,000	Nil	Nil	10,000

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 31st March, 2008.

6. Investors' Grievance & Share Transfer Committee

Composition, name of members and Chairman are as follows :

Name of the Director	Designation	Category
Dr. M V S R Kamesam	Chairman	Independent non-executive
Mr. L P Sashikumar	Member	Managing Director
Mr. S Murali Krishna	Member	Independent non-executive

The Committee held four meetings during the period ended 31st March, 2008, i.e. on (i) 30th April, 2007, (ii) 28th July, 2007, (iii) 29th October, 2007 and (iv) 30th January, 2008. All the Members of the Committee have attended all the Meetings.

During the year under review, the company has resolved/replied back to the complaints

received by it and there are no complaints pending as on 31st March, 2008.

Name and Designation of Compliance Officer:

➤ Mr. Adalat Srikanth, Company Secretary

7. General Body Meetings

i) Location, date and time of last three Annual General Meetings are given below :

Year	Location	Date	Time
2007	Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad – 51.	28.09.2007	10.30 A.M.
2006	Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad – 51.	28.09.2006	04:00 P.M.
2005	Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad – 51.	12.09.2005	10.30 A.M.

ii) Special resolutions passed in previous three AGM's were:

AGM	Special Resolution
	Re-appointment of Mr. L P Sashikumar as the Managing Director of the Company
	Change of Name of the Company
2007	Approval of Employee Stock Option Plan, 2007 applicable to the employees and Directors of the Company
	Approval of Employee Stock Option Plan, 2007 applicable to the employees and Directors of Holding or Subsidiary Companies, etc.
	Re-appointment of Mr. L P Sashikumar as the Managing Director of the Company
2006	Increase in Authorized Capital from Rs.10.00 crore to Rs.17.00 crore
	Alteration of Articles of Association
2005	Rights issue of securities

iii) Resolutions passed last year through Postal Ballot:

1. Special Resolution under Section 372A of the Companies Act, 1956 to invest an amount not exceeding Rs.150.00 crore, in one or more trenches, in the Equity Capital of T F SolarPower Private Limited;
2. Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 to increase the Borrowing Powers of

the Company upto a sum of Rs 150 Crores (Rupees One Hundred and Fifty Crore) over and above the aggregate of the then paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose);

3. Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 for creation of charge on the assets of the company

➤ Following was the voting pattern:

Particulars		No. of votes - Reso.1		No. of votes – Reso. 2		No. of votes – Reso. 3	
		For	Against	For	Against	For	Against
Total votes received	2818034	2818034	Nil	2817249	785	2817299	735
Resolution passed with %		100% of the total votes received		99.97% of the total votes received		99.97% of the total votes received	

- (e) Ms. Savita Jyothi, Practicing Company Secretary, Hyderabad, conducted the Postal Ballot exercise.

8. Management Discussion & Analysis

Report on Management Discussion & Analysis is separately published in this Report.

9. Disclosures

- i) As required by the Accounting Standard-18, issued by the Institute of Chartered Accountants of India, details of related-party transactions are at Schedule 22 of Notes to Accounts.
- ii) There were no instances of non-compliances by the Company, no penalties were imposed or strictures passed against the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- iii) Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement.

10. Means of Communication

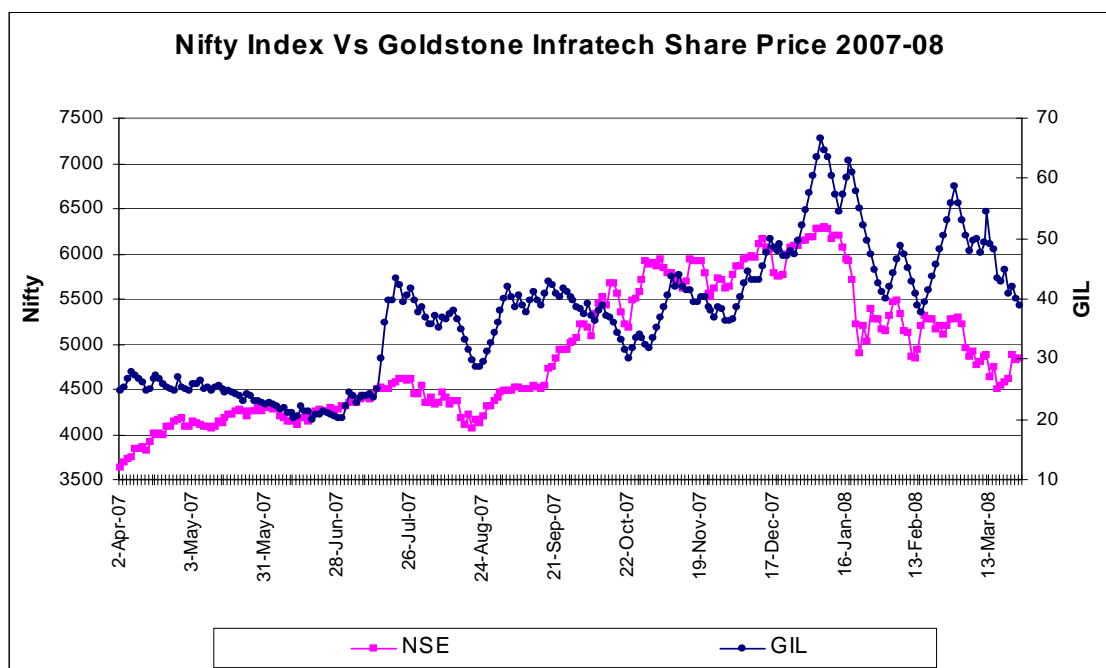
The Company's quarterly un-audited results and audited annual results are intimated in prescribed form and within prescribed time to stock exchanges and to the public.

Generally the results are published in *The Financial Express* (National newspaper) and *Andhra Prabha* (regional newspaper).

11. General Information for Shareholders

- i) **Annual General Meeting** will be held on 30th September, 2008 at 3.30 p.m. at the Plot No. 1&9, IDA, Phase II, Cherlapally, Hyderabad - 500 051.
- ii) **Financial Year** of the Company is 1st April to 31st March.
- iii) **Financial Reporting** for the quarter ending 30th September, 2008, 31st December, 2008, 31st March, 2008 and 30th June, 2009 will be in the last week of the month following the closure of the quarter.
- iv) **Dates of Book Closure** will be from 22nd September, 2008 to 30th September, 2008 (both days inclusive).
- v) **Dividend Payment Date** is within 30 days from the date of declaration
- vi) **Company's shares are listed** on the Bombay Stock Exchange, National Stock Exchange, Madras Stock Exchange, Delhi Stock Exchange and Ahmedabad Stock Exchange.
- vii) **Stock Code** of the Company's scrip is 532439.
- viii) **ISIN Code** is INE260D01016.
- ix) **High & Low Market Price** during each month in the accounting year was as follows:

Month	NSE		BSE	
	High	Low	High	Low
April 2007	29.10	23.60	28.90	23.65
May 2007	27.45	22.20	27.45	22.30
June 2007	23.25	19.70	23.50	19.70
July 2007	44.95	20.10	44.75	20.00
August 2007	40.50	27.20	40.55	27.10
September 2007	44.65	37.10	44.50	36.10
October 2007	31.75	29.90	40.20	29.90
November 2007	45.80	35.05	44.55	35.05
December 2007	52.30	37.00	52.25	37.75
January 2008	70.05	39.10	69.60	39.15
February 2008	61.50	36.25	61.50	36.75
March 2008	56.50	38.00	55.00	38.00



- x) **Registrar & Share Transfer Agents** of the Company is Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500 029, Ph. No. 040-27638111; 27634445 Fax.No.040-2763218 Mail: info@aarthiconsultants.com

- xi) **Share Transfer System:** The Registrar and Share Transfer Agents, Aarthi Consultants Private Limited, handle share transfers under the overall supervision of the Shareholders' Grievance Committee.

- xii) **Distribution of Shareholding as of 31st March, 2008** was as follows:

Sl. No.	Category of Shareholders	No of equity shares held	% of Shareholding
1	Promoters	3310515	15.75
2	Mutual Funds & IFI's	102259	0.49
3	Private Bodies Corporate	6161089	29.31
4	Public	11221923	53.37
5	NRI's	227519	1.08
	GRAND TOTAL	21023305	100.00

- xiii) **Dematerialization of Shares & Liquidity:** To facilitate trading in dematerialized form, the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shares of the Company are actively traded on BSE & NSE. As on 31st March, 2008, 93.36% shares were held in dematerialized form.

- xiv) **Compliance Officer:** Mr. Adalat Srikanth, Company Secretary, Ph. 040 – 27807640, Fax No. 040-39120023. e-mail: cs@goldstone.net

- xv) **Plant Location:** Plot No.1 & 9, IDA Phase II, Cherlapally, Hyderabad – 500 051.

- xvi) **Address of correspondence:** Goldstone Infratech Limited, Shares Department, 9-1-83 & 84, Amarchand Sharma Complex, S D Road,

Secunderabad – 500 003. Tel.No. 040-2780 7640, Fax No. 040-3912 0023 e-mail: cs@goldstone.net

- xvii) **Investor Relations:** All the queries received from shareholders during the accounting year 2007-08 have been responded to. The Company generally replies to the queries within a week of their receipt.

- xviii) **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 109A of the Companies Act, 1956, are requested to submit to the Company's Share Transfer Agents, Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500 029. Prescribed Form (Form 2B) is annexed to this report.

Nomination facility in respect of shares held in Electronic form is also available with the Depository Participant (DP) as per the Byelaws and Business rules applicable to NSDL and CDSL.

11.Compliance:

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

Dr. MVSR Kamesam
Director

Hyderabad
30th August, 2008

L P Sashikumar
Managing Director

ANNUAL DECLARATION BY THE MANAGING DIRECTOR PURSUANT TO CLAUSE 49 (I) (D) (ii) OF THE LISTING AGREEMENT

I, L P Sashikumar, Managing Director of the Company, hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the Financial Year 2007-08.

For Goldstone Infratech Limited

L P Sashikumar
Managing Director

Hyderabad
30th August, 2008

Certificate on compliance of Corporate Governance

**To
The Members of
Goldstone Infratech Limited**

We have examined the compliance of conditions of Corporate Governance by Goldstone Infratech Limited for the period ended on 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us by the Directors and the Management, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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

P. Murali Mohan Rao
Partner

Place: Hyderabad
Date: 30th August 2008

AUDITORS' REPORT

To

The Members

GOLDSTONE INFRATECH LIMITED.

We have audited the attached Balance Sheet of **GOLDSTONE INFRATECH LIMITED** as at 31st March, 2008 and also the Profit & Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) order 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of the sub-section(4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit ;
- (ii) In our opinion, proper books of account as required by law have been kept by the

company so far as appears from our examination of those books ;

- (iii) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account ;
- (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting stand-ards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors disqualified as on 31st March, 2008 from being appointed as Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956 ;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - (b) In the case of the Profit & Loss Account, of the Profit for the period ended on that date; and
 - (c) In the case of the Cash Flow, of the cash flows for the period ended on that date ;

For **P.MURALI & CO.,**
CHARTERED ACCOUNTANTS

P. Murali Mohana Rao
Partner

PLACE : HYDERABAD

DATE : 30th August, 2008

ANNEXURE TO THE AUDITORS' REPORT

I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.

(c) The Company has not disposed off substantial part of the Fixed Assets during the year.

II. (a) The Inventory has been physically verified during the year by the Management and in our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.

III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) As the Company has not granted any loans, the Clause of whether

the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under Section 301 prejudicial to the interest of company, is not applicable.

(c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.

(d) No loans have been granted to Companies, Firms and other parties listed in the register U/S 301 of the Companies Act, 1956. Hence overdue amount of more than rupees one Lac does not arise and the clause is not Applicable.

(e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.

(f) As the Company has not taken any loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.

(g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties, is not applicable to the company.

IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its

business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.

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

by the provisions of special statute applicable to Chit Fund in respect of Nidhi/ Mutual Benefit Fund/Societies.

- XIV.** According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV.** According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company .
- XVI.** According to the information and explanations given to us, the Term Loans obtained by the company were applied for the purpose for which such loans were obtained by the company .
- XVII.** According to the information and explanations given to us no funds are raised by the Company on short-term basis. Hence the Clause of Short term funds being used for Long term investment does not arise.
- XVIII.** According to the information and explanations given to us, the Company has

not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.

- XIX.** According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX.** According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by public issue is not applicable.
- XXI.** According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

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

P. Murali Mohana Rao
Partner

PLACE : HYDERABAD
DATE : 30th August, 2008

Balance Sheet as at 31st March, 2008

	Sch.	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
I. SOURCE OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	84,093,220	84,093,220
Reserves and Surplus	2	455,215,081	366,451,655
Share Warrants Money		330,000,000	—
		869,308,301	450,544,875
LOAN FUNDS			
Secured Loans	3	91,739,333	106,955,331
Unsecured Loans	4	84,366,346	63,440,665
		176,105,679	170,395,996
DEFERRED TAX LIABILITY		42,111,969	46,645,955
Total		1,087,525,949	667,586,826
II. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	412,720,731	331,806,634
Less: Depreciation		162,387,530	138,101,110
Net Block		250,333,201	193,705,524
Capital work in progress (including Land Advances)		576,845,590	230,158,664
		827,178,791	423,864,188
INVESTMENTS	6	23,117,000	21,647,000
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	74,967,516	40,141,089
Sundry Debtors	8	252,169,133	152,020,880
Cash and Bank Balances	9	14,347,958	32,362,378
Loans and Advances	10	113,516,433	72,631,818
		455,001,040	297,156,165
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	11	153,841,731	47,421,382
Provisions	12	70,194,389	36,061,094
		224,036,120	83,482,476
Net Current Assets		230,964,920	213,673,689
MISCELLANEOUS EXPENDITURE	13	6,265,238	8,401,949
Total		1,087,525,949	667,586,826
Accounting policies & Notes to Accounts The Schedules referred to above form an integral part of Balance Sheet	22		

per our report attached
For **P. MURALI & CO.**
Chartered Accountants
P. Murali Mohana Rao
Partner
Membership No. 23412

For and on behalf of the Board

L P Sashikumar
Managing Director

Dr. M V S R Kamesam
Director

Place : Hyderabad
Date : 30th August, 2008

Adalat Srikanth
Company Secretary

Profit and Loss Account for the year ended 31st March, 2008

	Sch.	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
INCOME			
Sales and Services	14	585,545,281	288,645,148
Less: Excise Duty		77,330,934	33,174,788
		508,214,347	255,470,360
Other Income	15	9,109,050	7,761,598
Total		517,323,397	263,231,958
EXPENDITURE			
Material Consumption	16	241,518,373	134,240,697
Accretion / Decretion to stocks	17	(2,639,583)	(15,158,367)
Manufacturing Expenses	18	30,197,939	23,225,296
Personnel Expenses	19	35,555,323	21,526,235
Administrative and Selling Expenses	20	40,739,869	20,885,991
Financial Expenses	21	14,658,339	14,633,265
Depreciation		25,465,719	25,235,358
Miscellaneous Expenses Written off		2,136,711	2,136,711
Total		387,632,690	226,725,186
Profit before taxation		129,690,707	36,506,772
Provision for taxation			
- Current Tax		32,000,000	9,000,000
- Deferred Tax		(4,533,986)	622,957
- Fringe Benefit Tax		1,008,765	566,291
Profit after taxation		101,215,928	26,317,524
Prior period adjustments		(1,068,338)	2,835,717
Net Profit		100,147,590	29,153,241
Balance in Profit and Loss Account brought forward		94,439,862	78,040,012
Balance available for appropriation		194,587,452	107,193,253
APPROPRIATIONS			
Proposed Dividend		8,409,322	8,409,322
Provision for Dividend Tax		1,429,164	1,428,744
Transfer to General Reserve		10,014,759	2,915,325
Balance carried to Balance Sheet		174,734,207	94,439,862
Earnings per Share (Basic / diluted) (Nominal Value of Share Rs. 4 each)		4.76	1.39
No. of Shares used in computing Earning per Share	22	21,023,305	21,023,305
Accounting policies & Notes to Accounts The Schedules referred to above form an integral part of Profit & Loss Account			

per our report attached

For P. MURALI & CO.

Chartered Accountants

P. Murali Mohana Rao

Partner

Membership No. 23412

For and on behalf of the Board

L P Sashikumar

Managing Director

Dr. M V S R Kamesam

Director

Place : Hyderabad

Date : 30th August, 2008

Adalat Srikanth
Company Secretary

Schedules to the Balance Sheet as at 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE : 1		
SHARE CAPITAL		
Authorised:		
4,25,00,000 Equity Shares of Rs.4 each	170,000,000	170,000,000
Issued,Subscribed and Paid-up		
2,10,23,305 (Previous Year 2,10,23,305)		
Equity Shares of Rs.4/- each fully paid - up	84,093,220	84,093,220
Total	84,093,220	84,093,220
SCHEDULE : 2		
RESERVES AND SURPLUS		
Share Premium	156,513,494	156,513,494
Grant received from DSIR	11,037,296	12,582,974
General Reserve	112,930,084	102,915,325
Balance in Profit and Loss Account 94,439,862		
Add: Transferred from Profit & Loss Account 80,294,345	174,734,207	94,439,862
Total	455,215,081	366,451,655
SCHEDULE : 3		
SECURED LOANS		
From Banks		
- Term Loans	38,135,892	50,517,561
- Working Capital	25,582,403	28,592,926
From Others		
- Technology Development Board	26,000,000	26,000,000
- Vehicle Loans	2,021,038	1,844,844
Total	91,739,333	106,955,331
SCHEDULE : 4		
UNSECURED LOANS		
Sales Tax Deferment Loan (interest free)	84,366,346	63,440,665
Total	84,366,346	63,440,665

Schedules to the Balance Sheet as at 31st March, 2008
SCHEDULE : 5 FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as at 01.04.2007	Additions	Deletions	Cost As at 31.03.2008	As at 01.04.2007	For the year	Deletions	As at 31.03.2008	As on 31.03.2008	As on 31.03.2007
Land	1,606,095	—	—	1,606,095	—	—	—	—	1,606,095	1,606,095
Buildings	14,305,777	3,379,931	—	17,685,708	5,209,995	538,760	—	5,748,755	11,936,953	9,095,782
Plant & Machinery	183,627,959	73,809,960	—	257,437,919	51,373,578	10,628,160	—	62,001,738	195,436,181	132,254,381
Furniture & Fixures	7,099,374	207,246	—	7,306,620	2,895,522	456,725	—	3,352,247	3,954,373	4,203,852
Lab Tools & Equipment	5,375,194	3,600,415	415,834	8,559,775	1,789,718	339,453	—	2,129,171	6,430,604	3,585,476
Electrical Equipment/ Installation	9,660,166	130,521	—	9,790,687	5,085,049	461,746	—	5,546,795	4,243,892	4,575,117
Vehicles	13,448,403	1,032,565	1,834,593	12,646,375	8,132,415	1,251,185	1,179,296	8,204,304	4,442,071	5,315,988
Computer system	56,004,020	354,213	—	56,358,233	43,437,300	7,633,610	—	51,070,910	5,287,323	12,566,720
Office equipment	4,117,561	398,073	—	4,515,634	1,131,139	204,576	—	1,335,715	3,179,919	2,986,422
Generator	4,774,177	—	—	4,774,177	2,119,079	226,773	—	2,345,852	2,428,325	2,655,098
Leasehold Improvements	6,060,777	—	—	6,060,777	1,019,444	202,430	—	1,221,874	4,838,903	5,041,333
Air Conditioners	2,217,185	170,600	—	2,387,785	494,094	110,281	—	604,375	1,783,410	1,723,091
Network Equipments	20,028,922	—	—	20,028,922	13,985,382	3,246,688	—	17,232,070	2,796,852	6,043,540
Electronic Equipment & UPS	2,569,680	—	—	2,569,680	525,075	122,060	—	647,135	1,922,545	2,044,605
Tools & Spares	16,414	—	—	16,414	8,390	780	—	9,170	7,244	8,024
Temporary Sheds	894,930	81,000	—	975,930	894,930	42,492	—	937,422	38,508	—
Total	331,806,634	83,164,524	2,250,427	412,720,731	138,101,110	25,465,719	1,179,296	162,387,533	250,333,198	193,705,524
Previous year	310,983,778	21,267,247	444,391	331,806,634	113,212,048	25,235,359	346,296	138,101,111	193,705,523	197,771,730

Schedules to the Balance Sheet as at 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE : 6		
INVESTMENTS		
Quoted Investments		
9,700 Equity Shares of 10 (Previous year : 9700) each, in GTCL Mobile Technology Limited	97,000	97,000
Unquoted Investments:		
In Subsidiary Companies		
14,59,067 (Previous year: 14,59,067) Equity Shares of Rs. 10 each in Newtech Stewing Telecom Limited	20,050,000	20,050,000
1,50,000 (Previous year: 1,50,000) Equity Shares of Rs.10 each in Shree Shree Telecom Private Limited	1,500,000	1,500,000
Others		
7,083 Equity shares of Rs. 1000/- each in Sun Plast O Met Limited	1,470,000	—
Total	23,117,000	21,647,000
SCHEDULE : 7		
INVENTORIES		
(As per inventories taken and certified by the management)		
Rawmaterials, Components and Packing Materials	50,896,951	18,710,107
Work -in-process	24,070,565	21,430,982
Total	74,967,516	40,141,089
SCHEDULE : 8		
SUNDRY DEBTORS		
Unsecured, considered good		
Debts outstanding for a period exceeding six months	109,886,950	102,958,929
Other Debts	142,282,183	49,061,951
Total	252,169,133	152,020,880

Schedules to the Balance Sheet as at 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE : 9		
CASH AND BANK BALANCES		
Cash in hand	113,580	173,669
Balances with Scheduled Banks		
- In Current Accounts	3,546,197	3,709,896
- In Margin Money Deposits	10,688,181	28,478,813
Total	14,347,958	32,362,378
SCHEDULE : 10		
LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	41,462,406	28,020,669
Advances to Staff	745,801	323,412
Advances to suppliers	987,376	1,220,863
Balance with Government Departments	22,112,795	18,508,771
Prepaid Taxes	39,277,831	16,098,199
Prepaid expenses	1,063,209	745,842
Deposits	7,867,015	7,714,062
Total	113,516,433	72,631,818
SCHEDULE : 11		
CURRENT LIABILITIES		
Sundry Creditors		
- Dues of Small Scale Industrial undertakings	—	—
- Others	106,209,457	21,634,746
Advances from Customers	4,006,656	1,295,225
Statutory Liabilities	11,412,544	4,449,510
Payable to Subsidiary Companies	21,392,800	11,396,339
Other liabilities	10,820,274	8,645,562
Total	153,841,731	47,421,382

Schedules to the Balance Sheet as at 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE : 12		
PROVISIONS		
Provision for		
- Income Tax	54,632,579	22,632,579
- Wealth Tax	100,000	50,000
- Fringe Benefit Tax	1,575,056	566,291
Provision for		
- Dividend	8,409,322	8,409,322
- Dividend Tax	1,429,164	1,428,744
Provision for		
- Bonus	322,995	150,300
- Gratuity	2,335,714	1,856,667
- Earned Leave Encashment	1,389,559	967,191
Total	70,194,389	36,061,094
SCHEDULE : 13		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Scientific Research Expenditure	4,267,791	5,690,387
Less: Amount written off during the year	1,422,596	1,422,596
	2,845,195	4,267,791
Miscellaneous Expenditure	3,883,289	4,530,504
Less: Amount written off during the year	647,215	647,215
	3,236,074	3,883,289
Preliminary expenses	250,869	317,769
Less: Amount written off during the year	66,900	66,900
	183,969	250,869
Total	6,265,238	8,401,949

Schedules to the Profit And Loss Account for the year ended 31st March, 2008

	For the year 31st March, 2008 Rupees	For the year 31st March, 2007 Rupees
SCHEDULE : 14		
SALES AND SERVICES		
Insulator Division		
- Domestic turnover	558,720,006	236,930,921
- Export turnover	7,346,700	—
Telecom Divison		
- Domestic turnover	18,507,659	47,356,570
- Export turnover	970,916	345,657
BPO Division	—	4,012,000
Total	585,545,281	288,645,148
SCHEDULE: 15		
OTHER INCOME		
Interest received (including tax deducted at source of Rs.3,79,965/- ; Previous year Rs.2,10,364/-)	1,575,273	991,489
Interest on Excise Refund	2,403,023	2,422,774
Profit on sale of investments	39,836	—
Transfer from DSIR Grant received	1,545,678	1,545,678
Miscellaneous Income	3,545,240	2,801,657
Total	9,109,050	7,761,598
SCHEDULE: 16		
MATERIAL CONSUMPTION		
Opening Stock	18,710,107	10,751,369
Add: Purchase of materials	267,478,270	139,541,615
Expenses related to purchases	6,226,947	2,657,820
	292,415,324	152,950,804
Less: Closing Stock	50,896,951	18,710,107
Total	241,518,373	134,240,697

Schedules to the Profit And Loss Account for the year ended 31st March, 2008

	For the year 31st March, 2008 Rupees	For the year 31st March, 2007 Rupees
SCHEDULE: 17		
ACCRETION / (DECRETION) TO STOCKS		
Closing Stock as on March 31, 2008		
Work - in - process	24,070,565	21,430,982
Less: Opening Stock as on April 1, 2007		
Work - in - process	21,430,982	6,272,615
Total	2,639,583	15,158,367
SCHEDULE: 18		
MANUFACTURING EXPENSES		
Power and fuel	5,998,253	4,497,083
Consumables	1,015,217	2,054,781
Job Work Charges	18,534,780	12,026,137
Testing and Inspection Charges	2,879,654	2,455,603
Repairs and Maintenance - Plant and Machinery	1,770,035	2,191,692
Total	30,197,939	23,225,296
SCHEDULE: 19		
PERSONNEL EXPENDITURE		
Salaries, Wages	33,613,683	20,066,395
Contribution to Provident Fund & ESI	1,246,406	872,905
Staff Welfare	695,234	586,935
Total	35,555,323	21,526,235
SCHEDULE: 20		
ADMINISTRATIVE AND SELLING EXPENSES		
Rent	2,205,710	602,400
Rates and Taxes	355,472	360,190
Office Electricity	891,915	322,406

Schedules to the Profit And Loss Account for the year ended 31st March, 2008

	For the year 31st March, 2008 Rupees	For the year 31st March, 2007 Rupees
Insurance charges	872,949	1,232,566
Printing and Stationary	634,247	380,665
Communication expenses	2,585,064	1,772,168
Travelling expenses	5,192,178	2,538,835
Conveyance	975,138	735,537
Vehicle Maintenance	1,133,134	712,956
Gifts and Donations	737,000	608,500
Advertisement	1,074,114	260,479
Business Promotion	1,006,306	667,960
Commission Paid	2,276,476	—
Exhibition expenses	1,055,929	—
Carriage Outward	6,437,240	2,520,320
Liquidated Damages	358,900	1,242,202
Directors' Remuneration	1,724,925	1,372,027
Legal Fees	140,824	115,000
Professional and Consultancy	1,491,787	1,388,408
Auditors Remuneration	300,000	175,000
Office Maintenance	485,985	262,908
Miscellaneous Expenses	6,173,213	1,910,893
Repairs and maintenance - Buildings	28,676	24,707
Repairs and maintenance - others	1,662,611	1,209,313
Listing Fees	130,788	85,994
Security Charges	274,106	311,462
Wealth Tax	50,000	50,000
Loss on sale of Assets	485,182	23,095
Total	40,739,869	20,885,991
SCHEDULE: 21		
FINANCIAL EXPENSES		
Interest on Term Loans	6,304,222	5,889,495
Interest on Working Capital	4,847,755	5,384,482
Bank Charges & Commission	2,898,569	1,528,102
Other Finance Charges	607,793	1,831,186
Total	14,658,339	14,633,265

SCHEDULE – 22

Accounting Policies and Notes on Accounts

I. SIGNIFICANT ACCOUNTING POLICIES

a) Preparation of financial statements

The financial statements have been prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India and the provisions of Companies Act, 1956.

b) Method of Accounting

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

c) Fixed Assets

Fixed Assets are stated at their original cost of acquisition, net of accumulated depreciation and CENVAT credit, and include taxes, freight and other incidental expenses related to their acquisition / construction / installation. Pre-operative expenses relating to a specific project are capitalised till all the activities necessary to prepare the qualifying asset for its intended use are completed. Expenses capitalized also include applicable borrowing costs.

d) Investments

Investments are classified into current and long-term investments. Current Investments are carried at lower of cost or fair market value. Any diminution in their value is recognized in the profit and loss account. Long-term investments, including investment in subsidiaries, are carried at cost. Diminution of temporary nature in the value of such long-term investments is not provided for except when such diminution is determined to be of a permanent nature.

e) 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 including excise duty 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.

f) 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.

g) Research and Development

Capital expenditure on Research and Development is included in the Schedule of Fixed Assets. Revenue expenditure relating to the Research phase is charged to the Profit and Loss account. Revenue Expenditure relating to the Development phase is amortized over the period in which the future economic benefits are expected to accrue to the Company, but not exceeding a period of five years, and the amortization commences from the year in which the company realizes these benefits for the first time.

h) Revenue Recognition

Income is recognized when the goods are dispatched in accordance with terms of sale. Sale is inclusive of excise duty.

In respect of income from services, income is recognized as and when the rendering of

services is complete. Revenue from time period services is recognized on the basis of time incurred in providing such services.

i) Retirement Benefits

Company makes monthly contribution to the Employees Provident Fund and Pension Fund under the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952. Company provides for accrued liability in respect of gratuity and leave encashment on actuarial valuation.

j) 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.

k) Depreciation

Depreciation is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on assets added, sold or discarded is provided for on pro-rata basis.

l) Foreign Currency Transaction

Foreign currency transactions, being in the nature of integral operations, are accounted for at the rates of exchange prevailing as on the date of transaction. Gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account. Exchange differences relating to fixed assets are adjusted to the cost of the asset.

m) Government Grants / Incentives

Amounts receivable from Government by way of Grants / Incentives are accounted for

on receipt basis as Capital Reserve. Incentives by way of Sales tax deferment are recognized as loan to the extent of their utilization.

n) 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.

o) Income and Deferred Tax

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

p) 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.

q) 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.

II. NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for

- a) Letter of credit – Rs. 104.58 lakhs (Previous year: Rs. 187.49 lakhs)

- b) Bank Guarantees – Rs. 197.88 lakhs (Previous year: Rs.217.17 lakhs)
- c) Corporate Guarantees given to Banks for financial assistance extended to subsidiary – Nil (Previous year: Rs. 90.00 lakhs)
- d) Commitments on capital contracts remaining to be executed – Rs . 110 lakhs (Previous year: Rs. 8.02 lakhs)
- e) Un-claimed dividend amount for the year 2006-2007 is lying in the Dividend Account at ICICI bank for an amount of Rs.2,14,148/-

2. Share warrants money

During the year the company has issued 1,50,00,000 Equity share warrants @ Rs.22/- per share warrant amounting to Rs. 33 Cr. by way of preferential allotment. Company has received the entire share warrants money amounting to Rs. 33 Cr. Share warrants are pending for conversion.

3. Secured Loans

- a) Term Loan from Syndicate Bank is secured by
 - i) Hypothecation of plant and machinery acquired out of the said loan.
 - ii) Hypothecation against first charge on all unencumbered fixed assets of the company both present and future.
 - iii) Equitable Mortgage of immovable property of Goldstone Exports Limited
 - iv) Corporate Guarantees of Goldstone Exports Limited and Goldstone Technologies Limited.
 - v) Personal guarantee of a promoter director of the company.
- b) Term Loan from Technology Development Board is secured by

- i) Hypothecation of fixed assets acquired out of the said loan.
- ii) Corporate Guarantees of Goldstone Exports Limited.
- iii) Personal guarantee of a promoter director of the company.
- c) Working Capital Facilities from Syndicate Bank are secured by
 - i) Hypothecation against first charge on Current Assets of the company both present and future.
 - ii) Equitable Mortgage of immovable property of Goldstone Exports Limited
 - iii) Corporate Guarantees of Goldstone Exports Limited and Goldstone Technologies Limited.
 - iv) Personal guarantee of a promoter director of the company.
- d) Vehicles loans availed are secured by hypothecation of vehicles acquired out of the said loans.

4. Unsecured Loan

The Company has availed Sales Tax deferment of Rs.2,09,25,681/- during the year (Previous Year: Rs.77,63,230) and the repayment of deferment commences from April 2010.

5. Capital Work in progress (including Land Advances):

During the year Company has invested an amount of Rs. 32,00,00,000/- towards advance for purchase of Lands and same has been shown under the head of Capital work in progress.

6. Investments

The investments in subsidiaries companies viz., Newtech Stewing Telecom Limited and

Shree Shree Telecom Private Limited are long-term in nature and hence diminution in the value of investment, if any, is considered temporary in nature.

During the year the Company has invested an amount of Rs. 14,70,000/- towards acquisition of 7083 equity shares representing 49% of the Share Capital in Sun Plast O Met Ltd.

7. Sundry Debtors

The Company has initiated legal pro-

ceedings against Sundry Debtors of Rs. 2,87,03,795/- (Previous year: Rs. 2,87,03,795/-). As the Company is confident of recovering the same, no provision has been made in the books of account and these debtors have been considered as good.

8. Segment Reporting

Segment wise results at the financial year 2007-08 for Insulator Division, Telecom Division and BPO Division are given as under

Rs in lakhs

Particulars	Insulator	Telecom	BPO	Total
Revenue	5660.67	194.79	—	5855.46
Other Income	89.85	1.24	—	91.09
Segment Revenue	5750.52	196.03	—	5946.55
Segment Results	1583.84	(18.40)	(121.95)	1443.49
Less: Financial Exp.	144.44	2.14	—	146.58
Profit before Taxation	1439.40	(20.54)	(121.95)	1296.91
Provision for Taxation	320.00	—	—	320.00
Pro. for Deferred Tax	0.78	(12.63)	(33.49)	(45.34)
Pro. for Fringe Benefit Tax	10.09	—	—	10.09
Profit after taxation	1108.53	(7.91)	(88.46)	1012.16
Prior period adjust.	(10.42)	(0.26)	—	(10.68)
Net Profit	1098.11	(8.17)	(88.46)	1001.48
Segment Assets	11049.72	801.06	1202.19	13052.97
Segment Liabilities	4231.84	130.82	59.88	4422.54
Capital employed	6817.88	670.24	1142.31	8630.43

9. Related Party Disclosures

Name and nature of relationship of the related party where control exists:

Newtech Stewing Telecom Limited, a subsidiary company to Goldstone Infratech Limited (Holds 14,59,067 Equity shares i.e., 97.59% of the Equity Share Capital as at 31.03.2008)

Shree Shree Telecom Pvt Limited, 100% subsidiary company of Goldstone Infratech Limited.

Transactions with subsidiary companies :

Newtech Stewing Telecom Ltd:

(Rs.in lacs)

	2007-2008	2006-2007
Sale of goods	—	8.13
Purchase of goods	—	95.64
Transactions with Key Management Personnel :	Nil	Nil

10. Managerial Remuneration:

Managing Director	2007-2008	2006-2007
Salary	16.08	13.20
Reimbursement of Expenses	0.22	0.17

11. Earnings Per Share:

Calculation of EPS

(Rs. In Lakhs)

	2007-2008	2006-2007
Total No. of Shares outstanding (Nos.)	2,10,23,305	2,10,23,305
Profit after taxes before Exceptional items	1012.16	263.17
Profit after taxes after Exceptional items	1001.48	291.53
EPS before Non-recurring and Exceptional items (Rs.)	4.81	1.25
EPS after Non-recurring and Exceptional items (Rs.)	4.76	1.39

12. Prior Period Adjustments:

Prior period adjustment of Rs. 10,68,338/- (Previous year 28,35,717/-) 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 PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 AND 4 OF SCHEDULE VI TO THE COMPANIES ACT, 1956:

	2007-2008		2006-2007	
a. Licenced Capacity	NA		NA	
b. Installed capacity				
- Heat Shrinkable Sleeves	690,000		690,000	
- Polymer Insulators	Depends on product mix		Depends on product mix	
	Quantity	Value	Quantity	Value
c. Production				
- Heat Shrinkable Sleeves	46,064	—	90,972	—
- Polymer Insulators	2,77,792	—	2,46,993	—
d. Sales				
- Jointing Kits	46,109	1,94,78,575	10,507	54,15,946
- Sub Kits	—	---	81,525	55,72,960
- Polymer Insulators	2,77,750	56,60,66,706	2,46,993	23,69,30,921
BPO Division	—	—	—	40,12,000
Trading	—	—	—	3,67,13,321
Total		58,55,45,281		28,86,45,148
e. Material consumption including trading material				
- Hot melt Adhesive	7,950	10,24,545	16,385	21,07,088
- Granules	60,344	42,56,927	34,565	24,75,029
- HVI – 753 U	82,560	1,70,14,475	1,02,320	2,38,69,990
- Fibre Glass Tex – 4800	1,52,626	1,07,01,934	68,671	54,18,985
- Others	—	20,85,20,492	—	8,74,56,217
- Insulators semi finished	—	—	—	1,29,13,388
		24,15,18,373		13,42,40,697

	2007-2008		2006-2007	
f. Break-up of material consumption including trading material				
Indigenous	43.87%	10,59,43,724	86.00%	11,54,41,167
Imported	56.13%	13,55,74,649	14.00%	1,87,99,530
g. Earnings in Foreign currency				
Export of goods		29,79,448	—	3,01,833
h. Value of imports on CIF Basis				
- Materials including trading materials		9,68,98,298	—	1,97,92,932
- Capital Goods		—	—	21,14,600
i. Expenditure in foreign currency				
On travel		13,64,107	—	20,53,370
j. Auditors' remuneration				
As Statutory auditors		2,50,000	—	1,50,000
For Tax Audit		50,000	—	25,000

14. Figures have been rounded off to the nearest rupee.

15. Previous year's figures have been regrouped / rearranged wherever necessary.

per our report attached
For P. MURALI & CO.
Chartered Accountants

For and on behalf of the Board

P. Murali Mohana Rao
Partner
Membership No. 23412

L P Sashikumar
Managing Director

Dr. M V S R Kamesam
Director

Place : Hyderabad
Date : 30th August, 2008

Adalat Srikanth
Company Secretary

Statement of Cash Flows for the year ended 31st March, 2008

Rs. In lakhs

	31st March, 2008	31st March, 2007
A. Cash Flow from Operating Activity		
Net Profit before tax	1296.91	365.07
Adjustments for:		
Depreciation	242.86	248.89
Miscellaneous expenditure written off	21.37	21.37
Provision for Gratuity & Earned Leave	10.74	10.81
Other Income	(91.09)	(77.62)
Operating Profit before working capital changes	1480.79	568.52
Adjustments for:		
Trade and other receivables	(1001.48)	318.41
Inventories	(348.26)	(231.17)
Trade advances	(177.05)	1092.91
Trade Payable	1064.20	(213.53)
Cash generated from operations	1018.20	1535.14
Direct Taxes paid (net)	(231.30)	(135.35)
Cashflow before extraordinary items	786.90	1399.79
Extra ordinary items	(10.68)	28.35
Net Cash flow from operating activity	776.22	1428.14
B. Cash Flow from Investing Activity		
Purchase of fixed assets	(809.14)	(208.23)
Capital work in progress	(3466.87)	(1627.34)
Sale of investments	(14.70)	175.00
Other income	91.09	77.62
Net Cash used for investing activity	(4199.62)	(1582.95)

Statement of Cash Flows for the year ended 31st March, 2008

Rs. In lakhs

	31st March, 2008	31st March, 2007
C. Cash Flow from financing activities		
Repayment of Working capital Loan	(30.11)	(61.72)
Term Loan from State Bank of Hyderabad	(123.82)	90.20
Vehicle Loan	1.76	(6.67)
Deferred sales tax loan	209.26	77.63
Share warrants money received	3300.00	0.00
Dividend paid	(98.38)	0.00
Grant received from DSIR	(15.46)	(15.46)
Loan received from TDB	0.00	260.00
Net cash generated from financing activity	3243.26	343.98
Cash and cash equivalents (Opening Balance)	323.63	134.46
Net increase in Cash & Cash equivalents (A+B+C)	(180.14)	189.17
Cash and cash equivalents (Closing Balance)	143.49	323.63

For P. MURALI & CO.
Chartered Accountants

For and on behalf of the Board

P. Murali Mohana Rao
Partner
Membership No. 23412

L P Sashikumar
Managing Director

Dr. M V S R Kamesam
Director

Place : Hyderabad
Date : 30th August, 2008

Adalat Srikanth
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE:

I. Registration Details:

Registration No.	35451	State Code:	01
Balance Sheet Date:	31.03.2008		

II. Capital Raised during the year (Amount in Rs. Lacs)

Public Issue:	NIL	Rights Issue:	NIL
Bonus Issue:	NIL	Private Placement:	NIL

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

Sources of Funds:

Total Liabilities:	10875.26	Total Assets:	10875.26
Paid-up Capital	840.93	Reserves and Surplus	7852.15
Secured Loans:	917.39	Unsecured Loans:	843.67
Deferred Tax Liability	421.12		

Application of Funds:

Net Fixed Assets	8271.79	Investments	231.17
Net Current Assets:	2309.65	Misc. Expenditure	62.65
Accumulated Losses:	NIL		

IV. Performance of company (Amount in Rs. Lacs)

Turnover/Income	5173.23	Total Expenditure	3876.33
Profit before tax	1296.91	Profit after tax	1012.16
Earning per Share in Rs.	4.76	Dividend Rate	10%

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	:	754690
Product Description	:	Thermoweld Filled Heat Shrinkable Sleeves
Item Code No. (ITC Code)	:	854790
Product Description	:	Jelly Filled Telephone Cable Jointing Kits & Sub Kits
Item Code No. (ITC Code)	:	854620
Product Description	:	Composite Polymer Insulators

Goldstone Infratech Limited
Consolidated
Financial Statements

AUDITORS' REPORT

To
The Board of Directors of
GOLDSTONE INFRATECH LIMITED

1. We have audited the attached consolidated Balance Sheet of **Goldstone Infratech Limited and its subsidiaries (the Group)** as at March 31, 2008, the consolidated Profit and Loss Account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Goldstone Infratech Limited's management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect group's share of total assets of Rs. 295.41 lakhs as at March 31, 2008 and the group's share of total revenues of Rs.2.61 lakhs for the year ended on that date. These financial statements and other information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts

included in respect of these subsidiaries is based solely on the reports of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Goldstone Infratech Limited's management in accordance with requirements of Accounting Standard 21 on "Consolidated Financial Statements," issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and other financial information of the components, in our opinion and according to the best of our information and according to the information and explanations given to us, the attached consolidated financial statements, and subject to non provision for bad and doubtful debts amounting to Rs.287.04 lakhs resulting in overstatement of profit for the year to that extent (Refer to Note No. 3 of Schedule 23 to the Accounts the attached financial statements give a true and fair view in conformity with the accounting principles generally accepted in India
 - i. in the case of the consolidated Balance Sheet of the state of affairs of the Goldstone Infratech Limited group as at March 31, 2008;
 - ii. in the case of the Profit and Loss account, of the Profit of the group for the year ended on that date, and
 - iii. in the case of Cash Flow statement, of the Cash flows of the group for the year ended on that date.

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

P Muralimohan Rao
Partner,
No. 23412

HYDERABAD
30th August, 2008

Consolidated Balance Sheet as at 31st March, 2008

	Sch.	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
I. SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	84,093,220	84,093,220
Reserves and Surplus	2	460,879,565	375,196,961
Share warrants money		330,000,000	
		874,972,785	459,290,181
MINORITY INTEREST	3	202,196	273,846
LOAN FUNDS:			
Secured Loans	4	91,739,333	106,955,331
Unsecured Loans	5	84,366,346	63,440,665
		176,105,679	170,395,996
DEFERRED TAX LIABILITY		43,964,403	48,796,436
Total		1,095,245,063	678,756,459
II. APPLICATION OF FUNDS			
FIXED ASSETS:			
Gross Block	6	436,666,917	355,752,820
Less: Depreciation		177,639,556	152,414,173
Net Block		259,027,361	203,338,647
Capital work in progress (including land advances)		576,845,590	230,158,664
		835,872,951	433,497,311
INVESTMENTS	7	1,732,735	262,735
CURRENT ASSETS, LOANS & ADVANCES:			
Inventories	8	74,967,516	41,712,205
Sundry Debtors	9	253,418,932	153,864,851
Cash and Bank Balances	10	16,000,829	37,834,839
Loans and Advances	11	110,046,939	76,866,276
		454,434,216	310,278,171
CURRENT LIABILITIES & PROVISIONS:			
Current liabilities	12	132,695,385	37,443,332
Provisions	13	70,394,389	36,329,448
		203,089,774	73,772,780
Net Current Assets		251,344,442	236,505,391
MISCELLANEOUS EXPENDITURE	14	6,294,935	8,491,022
Total		1,095,245,063	678,756,459
Notes to Accounts	23		
The Schedules referred to above form an integral part of Balance Sheet			

per our report attached
For **P. MURALI & CO.**
Chartered Accountants
P. Murali Mohana Rao
Partner
Membership No. 23412

For and on behalf of the Board

L.P.Sashikumar
Managing Director

Dr.M.V.S.R.Kamesam
Director

Place : Hyderabad
Date : 30th August, 2008

Adalat Srikanth
Company Secretary

Consolidated Profit and Loss Account for the year ended 31st March, 2008

	Sch.	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
INCOME			
Sales	15	585,545,281	304,321,739
Less: Excise Duty		77,330,934	35,192,180
		508,214,347	269,129,559
Other Income	16	9,370,461	8,129,170
Total		517,584,808	277,258,729
EXPENDITURE			
Material Consumption	17	243,024,911	143,627,872
Accretion / (Decretion) to stocks	18	(2,575,005)	(14,933,897)
Personnel Expenditure	19	36,051,714	22,104,178
Manufacturing Expenses	20	30,409,789	23,331,321
Administrative and Selling Expenses	21	40,911,719	22,531,914
Financial Expenses	22	14,680,527	15,761,518
Depreciation		26,404,682	26,329,462
Miscellaneous Expenses Written off		2,196,087	2,196,087
Total		391,104,424	240,948,455
Profit before Taxation		126,480,384	36,310,274
Provision for taxation			
- Current		32,000,000	9,050,000
- Deferred		(4,832,033)	242,908
- Fringe Benefit Tax		1,008,765	566,291
Profit after taxation		98,303,652	26,451,075
Prior period adjustments		(1,308,534)	1,470,683
Net Profit		96,995,118	27,921,758
Minority Interest (+)		(71,650)	(28,479)
Profit brought forward from previous year		85,637,309	70,440,463
Amount available for appropriation		182,704,077	98,390,700
APPROPRIATIONS			
Proposed Dividend		8,409,322	8,409,322
Provision for Dividend Tax		1,429,164	1,428,744
Transfer to General Reserve		10,014,759	2,915,325
Balance carried to Balance Sheet		162,850,832	85,637,309
Earnings per share (Basic/diluted) (Nominal Value of Share of Rs. 4 each)		4.61	1.33
No of Shares used in computing Earnings per share		21,023,305	21,023,305
Notes to Accounts	23		
The Schedules referred to above form an integral part of Profit and Loss Account			

per our report attached

For P. MURALI & CO.

Chartered Accountants

P. Murali Mohana Rao

Partner

Membership No. 23412

For and on behalf of the Board

L.P.Sashikumar

Managing Director

Dr.M.V.S.R.Kamesam

Director

Place : Hyderabad

Date : 30th August, 2008

Adalat Srikanth
Company Secretary

Schedules to the Consolidated Balance Sheet as at 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE : 1		
SHARE CAPITAL		
Authorised		
4,25,00,000 Equity Shares of Rs.4/- each,	<u>170,000,000</u>	<u>170,000,000</u>
Issued,Subscribed and Paid up		
2,10,23,305 (Previous Year 1,36,65,150)	84,093,220	84,093,220
Equity Shares of		
Rs. 4 each fully Paid - Up		
Total	84,093,220	84,093,220
SCHEDULE : 2		
RESERVES AND SURPLUS		
Share Premium	156,513,494	156,513,494
Grant received from DSIR		
12,582,974		
Less: Amount transfer to P & L A/c	<u>1,545,678</u>	
	11,037,296	12,582,974
General Reserve	113,356,663	103,341,904
Capital Reduction Account	17,121,280	17,121,280
Surplus	162,850,832	85,637,309
Total	460,879,565	375,196,961
SCHEDULE : 3		
MINORITY INTEREST		
As at the commencement of the year	273,846	302,325
Current Year Profit / (Loss)	(71,650)	(28,479)
Total	202,196	273,846
SCHEDULE : 4		
SECURED LOAN		
From Syndicate Bank		
- Term Loans	38,135,892	50,517,561
- Working Capital	25,582,403	28,592,926
From others		
- Technology Developemnt Board	26,000,000	26,000,000
- Vehicle Loans	2,021,038	1,844,844
Total	91,739,333	106,955,331
SCHEDULE : 5		
UNSECURED LOANS		
Sales Tax Deferment Loan (interest free)	84,366,346	63,440,665
Total	84,366,346	63,440,665

Schedules to the Consolidated Balance Sheet as at 31st March, 2008
SCHEDULE : 6 FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Cost as at 01.04.2007	Additions	Deletions	Cost As at 31.03.2008	As at 01.04.2007	For the year	Deletions	As at 31.03.2008	As on 31.03.2007
Goodwill	5,459,330	---	---	5,459,330	---	---	---	5,459,330	5,459,330
Land	1,606,095	---	---	1,606,095	---	---	---	1,606,095	1,606,095
Buildings	14,305,777	3,379,931	---	17,685,708	5,209,995	538,760	---	11,936,953	9,095,782
Plant & Machinery	199,561,320	73,809,960	---	273,371,280	63,536,002	11,384,995	---	198,450,283	136,025,318
Furniture & Fixtures	7,099,374	207,246	---	7,306,620	2,895,522	456,725	---	3,954,373	4,203,852
Lab Tools & Equipment	5,493,575	3,600,415	415,834	8,678,156	1,826,230	345,076	---	6,506,850	3,667,345
Electrical Equipment/ Installation	9,773,007	130,521	---	9,903,528	5,119,879	467,106	---	4,316,543	4,653,128
Vehicles	13,448,403	1,032,565	1,834,593	12,646,375	8,132,415	1,251,185	1,179,296	4,442,071	5,315,988
Computer system	57,888,645	354,213	---	58,242,858	45,171,566	7,783,967	---	5,287,325	12,717,079
Office equipment	4,555,210	398,073	---	4,953,283	1,476,168	225,364	---	3,251,751	3,079,042
Generator	4,774,177	---	---	4,774,177	2,119,079	226,773	---	2,345,852	2,655,098
Leasehold Improvements	6,060,777	---	---	6,060,777	1,019,444	202,430	---	4,838,903	5,041,333
Air Conditioners	2,217,185	170,600	---	2,387,785	494,094	110,281	---	1,783,410	1,723,091
Network Equipments	20,028,922	---	---	20,028,922	13,985,382	3,246,688	---	2,796,852	6,043,540
Electronic Equipments & UPS	2,569,680	---	---	2,569,680	525,075	122,060	---	1,922,545	2,044,605
Tools & Spares	16,414	---	---	16,414	8,390	780	---	7,244	8,024
Temporary Sheds	894,930	81,000	---	975,930	894,930	42,492	---	38,508	---
Total	355,752,821	83,164,524	2,250,427	436,666,917	152,414,171	26,404,682	1,179,296	259,027,361	203,338,650
Previous year	335,323,842	21,267,248	444,391	356,146,699	126,824,882	26,329,463	346,296	203,338,650	208,498,960

Schedules to the Consolidated Balance Sheet as at 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE : 7		
INVESTMENTS		
Quoted Investments		
9,700 (Previous year: 9,700) Equity Shares of 10/- each, in GTCL Mobilecom Technology Ltd	97,000	97,000
3,683 (Previous year: 3,683) Equity Shares of 10/- each, in Bharti Televenture Ltd	165,735	165,735
Unquoted Investments		
7083 Equity Shares of Rs. 1000/- each in Sun Plast O Met Ltd	1,470,000	
Total	1,732,735	262,735
Market value of Quoted Shares	3,043,079	2,810,129
SCHEDULE : 8		
INVENTORIES		
(As per the inventories taken and certified by the Management)		
Raw materials, Components and Packing Materials	50,896,951	20,216,645
Work - in - Process & Finished stocks	24,070,565	21,495,560
Total	74,967,516	41,712,205
SCHEDULE : 9		
SUNDRY DEBTORS		
Unsecured, considered good		
Debts outstanding for a period exceeding six months	111,136,749	104,569,733
Other Debts	142,282,183	49,295,118
Total	253,418,932	153,864,851
SCHEDULE : 10		
CASH AND BANK BALANCES		
Cash on hand	113,685	173,774
Balances with Scheduled Banks		
- In Current Accounts	3,923,076	5,819,465
- In Margin Money Deposits	11,964,068	31,841,600
Total	16,000,829	37,834,839
SCHEDULE : 11		
LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	36,435,780	30,602,922
Advances to Staff	745,801	327,412

Schedules to the Consolidated Balance Sheet as at 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Advances to suppliers	987,376	1,232,913
Balance with Government Departments	22,658,783	19,170,388
Prapaid Taxes	40,101,725	16,885,487
Prepaid Expenses	1,063,209	745,842
Deposits	8,054,265	7,901,312
Total	110,046,939	76,866,276
SCHEDULE : 12		
CURRENT LIABILITIES		
Sundry Creditors		
-Dues of Small Scale Industrial Under takings	---	---
-Others	106,209,457	22,735,588
Advances from Customers	4,006,656	1,295,225
Statutory Liabilities	11,521,752	4,473,806
Other Creditors / Liabilities	10,957,520	8,938,713
Total	132,695,385	37,443,332
SCHEDULE : 13		
PROVISIONS		
Provision for		
- Income Tax	54,832,579	22,832,579
- Fringe Benefit Tax	1,575,056	566,291
- Wealth Tax	100,000	50,000
Provision for		
- Dividend	8,409,322	8,409,322
- Dividend Tax	1,429,164	1,428,744
Provision for		
- Bonus	322,995	150,300
- Gratuity	2,335,714	1,915,335
- Earned leave encashment	1,389,559	976,877
Total	70,394,389	36,329,448
SCHEDULE : 14		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Scientific Research Expenditure	4,267,791	5,690,387
Less: Amount written off during the year	1,422,596	1,422,596
	2,845,195	4,267,791
Miscellaneous Expenditure	3,883,289	4,530,504
Less: Amount written off during the year	647,215	647,215
	3,236,074	3,883,289
Preliminary Expenses	339,942	466,218
Less: Written off during the year	126,276	126,276
	213,666	339,942
Total	6,294,935	8,491,022

**Schedules to the Consolidated The Profit And Loss Account for the year ended
31st March, 2008**

	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
SCHEDULE : 15		
SALES AND SERVICES		
Telecom & Insulators		
- Domestic Turnover	577,227,665	299,964,082
- Exports Turnover	8,317,616	345,657
BPO Division	—	4,012,000
Total	585,545,281	304,321,739
SCHEDULE : 16		
OTHER INCOME		
Interest received	1,836,684	1,310,445
Commission received	—	—
Interest on Excise Refund	2,403,023	2,422,774
Profit on Sale of Investments	39,836	—
Amount Transfer from DSIR Grant Received	1,545,678	1,545,678
Miscellaneous Income	3,545,240	2,850,273
Total	9,370,461	8,129,170
SCHEDULE : 17		
MATERIAL CONSUMPTION		
Opening Stock	20,216,645	11,920,818
Add: Purchase of materials	267,478,270	149,233,134
Expenses related to Purchases	6,226,947	2,690,565
	293,921,862	163,844,517
Less: Closing Stock	50,896,951	20,216,645
Total	243,024,911	143,627,872
SCHEDULE : 18		
ACCRETION / (DECRETION) TO STOCKS		
Closing Stock of WIP & Finished Goods	24,070,565	21,495,560
Less: Opening Stock of WIP & Finished Goods	21,495,560	6,561,663
Total	2,575,005	14,933,897
SCHEDULE : 19		
PERSONNEL EXPENDITURE		
Salaries, Wages	34,083,002	20,618,930
Contribution to Provident Fund & ESI	1,271,746	895,532
Staff Welfare	696,966	589,716
Total	36,051,714	22,104,178
SCHEDULE : 20		
MANUFACTURING EXPENSES		
Power and fuel	5,998,253	4,497,083
Consumables	1,015,217	2,059,794
Job Work Charges	18,745,780	12,095,556
Testing & Inspection charges	2,879,654	2,476,091
Repairs and Maintenance - Plant and Machinery	1,770,885	2,202,797
Total	30,409,789	23,331,321

**Schedules Forming Part of the Consolidated The Profit And Loss Account For the year ended
31st March, 2008**

	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
SCHEDULE : 21		
ADMINISTRATIVE AND SELLING EXPENSES		
Rent	2,205,710	803,850
Rates and Taxes	360,679	510,463
Office Electricity	891,915	322,406
Insurance Charges	886,450	1,352,763
Printing and Stationery	634,247	386,590
Communication Expenses	2,585,064	1,772,198
Travelling Expenses	5,192,178	2,542,464
Conveyance	975,138	735,567
Vehicle Maintenance	1,133,134	712,956
Gifts and Donations	737,000	608,500
Advertisement	1,074,114	260,479
Business Promotion	1,006,306	668,490
Commission Paid	2,276,476	—
Exhibition expenses	1,055,929	—
Carriage Outward	6,437,240	3,260,138
Liquidated Damages	368,396	1,376,208
Directors Remuneration	1,724,925	1,372,027
Legal Fees	140,824	115,000
Professional and Consultancy	1,498,187	1,445,738
Auditors Remuneration	385,000	260,000
Office Maintenance	485,985	262,908
Miscellaneous expenses	6,225,459	2,000,347
Repairs and Maintenance - Buildings	28,676	24,707
Repairs and Maintenance - Others	1,662,611	1,213,913
Listing Fees	130,788	85,994
Security Charges	274,106	365,113
Wealth Tax	50,000	50,000
Loss on sale of Investments / Assets	485,182	23,095
Total	40,911,719	22,531,914
SCHEDULE : 22		
FINANCIAL EXPENSES		
Interest on Term Loans	6304222	6116076
Interest on Working Capital	4847755	5764781
Bank Charges & Commission	2920757	1858859
Other Finance Charges	607793	2021802
Total	14680527	15761518

Accounting Policies and Notes to Consolidated Accounts

SCHEDULE :23

I. DESCRIPTION OF BUSINESS

Goldstone Infratech Limited (GIL or the Company) and its consolidated subsidiaries are mainly engaged in the business of manufacture of Telecom Cable Jointing Kits and Composite Polymer Insulators with production facilities situated at IDA, Cherlapally, Hyderabad, R.R. Dist., Andhra Pradesh.

II. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of

Name of the Company	Relationship	Percentage of ownership interest	
		March 31, 2008	March 31, 2008
Newtech Stewing Telecom Limited	Subsidiary	100%	100%
Shree Shree Telecom Private Limited	Subsidiary	97.59%	97.59%

III. SIGNIFICANT ACCOUNTING POLICIES

a) Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention, in accordance with generally accepted accounting principles in India and the provisions of Companies Act, 1956.

b) Method of accounting

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

c) Fixed Assets

Fixed assets are stated at their original cost of acquisition, net of accumulated depreciation and cenvat credit, and include taxes, freight and other incidental expenses related to their acquisition / construction / installation. Pre-operative expenses relating to a specific project are capitalised till all the activities

Goldstone Infratech Ltd and its subsidiaries have been prepared under the historical cost convention in accordance with the generally accepted accounting principles, the provisions of the Companies Act 1956 and the Accounting Standard 21 on consolidation of financial statements issued by the Institute of Chartered Accountants of India to the extent possible in the same format as that adopted by the parent company, Goldstone Infratech Ltd., for its separate financial statements.

The companies considered in the consolidated financial statements are listed below:

necessary to prepare the qualifying asset for its intended use are completed. Expenses capitalized also include applicable borrowing costs.

d) Investments

Investments are classified into current and long-term investments. Current investments are carried at lower of cost or fair market value. Any diminution in their value is recognized in the profit and loss account. Long-term investments, including investment in subsidiaries, are carried at cost. Diminution of temporary nature in the value of such long-term investments is not provided for except when such diminution is determined to be of a permanent nature.

e) 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 including excise duty 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.

f) 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.

g) Research and Development

Capital expenditure on research and development is included in the schedule of fixed assets. Revenue expenditure relating to the research phase is charged to the profit and loss account. Revenue expenditure relating to the development phase is amortized over the period in which the future economic benefits are expected to accrue to the company, but not exceeding a period of five years, and the amortization commences from the year in which the company realizes these benefits for the first time.

h) Revenue Recognition

Income is recognized when the goods are dispatched in accordance with terms of sale. Sale is inclusive of excise duty.

In respect of income from services, income is recognized as and when the rendering of services is complete. Revenue from time period services is recognized on the basis of time incurred in providing such services.

i) Retirement Benefits

Company makes monthly contribution to the employees provident fund and pension fund under the provisions of employees provident fund and miscellaneous provisions act, 1952. Company provides for accrued liability in respect of gratuity and leave encashment on actuarial valuation.

j) 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.

k) Depreciation

Depreciation is provided on straight-line method at the rates specified in schedule xiv to the companies act, 1956. Depreciation on assets added, sold or discarded is provided for on pro-rata basis.

l) Foreign Currency Transactions

Foreign currency transactions, being in the nature of integral operations, are accounted for at the rates of exchange prevailing as on the date of transaction. Gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account. Exchange differences relating to fixed assets are adjusted to the cost of the asset.

m) Government Grants / Incentives

Amounts receivable from government by way of grants / incentives are accounted for on receipt basis as capital reserve. Incentives by way of sales tax

deferment are recognized as loan to the extent of their utilization.

n) 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.

o) Income and Deferred Tax

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

p) 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.

q) 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.

iv. Notes on Accounts

1. Share Warrants Money

During the year the company has issued 1,50,00,000 equity share warrants @ Rs.22/- per share warrant amounting to Rs.33 cr. by way of preferential allotment.

Company has received the entire share warrants money amounting to Rs. 33 cr. share warrants are pending for conversion.

2. Secured loans

a) Term loan from syndicate bank is secured by

- i) Hypothecation of plant and machinery acquired out of the said loan.
- ii) Hypothecation against first charge on all unencumbered fixed assets of the company both present and future.
- iii) Equitable mortgage of immovable property of goldstone exports limited
- iv) Corporate guarantees of goldstone exports limited and goldstone technologies limited.

b) Term loan from technology development board is secured by

- i) Hypothecation of fixed assets acquired out of the said loan.
- ii) Corporate Guarantees Of Goldstone Exports Limited.

c) Working Capital Facilities From Syndicate Bank Are Secured By

- i) Hypothecation against first charge on current assets of the Company both present and future.
- ii) Equitable mortgage of immovable property of Goldstone Exports Limited
- iii) Corporate guarantees of Goldstone Exports Limited and Goldstone Technologies Limited.

d) Vehicles loans availed are secured by hypothecation of vehicles acquired out of the said loans.

3. Unsecured Loan

The company has availed sales tax deferment of rs. 2,09,25,681 during the year (previous year: Rs. 77,63,230) and the repayment of deferment commences from april 2010.

4. Capital Work In Progress (Including Land Advances)

During the year company has invested an amount of rs. 32,00,00,000/- towards advance for purchase of land and same has been shown under the head of capital work in progress.

5. Investments

The investments in subsidiaries companies viz., Newtech Stewing Telecom Limited and Shree Shree Telecom Private Limited are long-term in nature and hence diminution in the value of investment, if any, is considered temporary in nature.

During the year the company has invested an amount of rs. 14,70,000/- towards acquisition of 7083 equity shares representing 49% of the share capital in sun plast o met ltd.

6. Sundry Debtors

The company has initiated legal proceedings against sundry debtors of rs. 2,87,03,795/- (previous year: Rs. 2,87,03,795/-). As the company is confident of recovering the same, no provision has been made in the books of account and these debtors have been considered as good.

7. Segment Reporting

Segment wise results for insulator division, telecom division and bpo division are given as under:

Rs. In Lakhs

Particulars	Insulator	Telecom	BPO	Total
Revenue	5660.67	194.79	0	5855.46
Other Income	89.85	3.85	0	93.70
Segment Revenue	5750.52	196.03	0	5949.16
Segment Results	1583.84	(50.28)	(121.95)	1411.61
Less:Financial Exp.	144.44	2.36	0	146.80
Profit before Taxation	1439.40	(52.64)	(121.95)	1264.81
Provisionfor Taxation	320.00	0	0	320.00
Pro.for Deferred Tax	0.78	(15.61)	(33.49)	(48.32)
Pro.for Fringe Benefit Tax	10.09	0	0	10.09
Profit after taxation	1108.53	(37.03)	(88.46)	983.04
Prior period adjust.	(10.42)	(2.67)	0	(13.09)
Net Profit	1098.11	(39.70)	(88.46)	969.95
Segment Assets	11049.72	883.28	1202.19	13135.19
Segment Liabilities	4231.84	156.69	59.88	4448.41
Capital employed	6817.88	726.59	1142.31	8686.78

8. Related Party Disclosures

Name and nature of relationship of the related party where control exists:

Newtech Stewing Telecom Limited, a subsidiary company to Goldstone Infratech Limited (Holds 14,59,067 Equity shares i.e., 97.59% of the Equity Share Capital as at 31.03.2008)

Shree Shree Telecom Pvt Limited, 100% subsidiary company of Goldstone Infratech Limited.

Transactions with subsidiary companies :

(Rs. In Lakhs)

	2007-2008	2006-2007
Newtech Stewing Telecom Ltd:		
Sale of goods	0.00	8.13
Purchase of goods	0.00	95.64
Transactions with Key Management Personnel :	Nil	Nil

9. Managerial Remuneration:

(Rs. In Lakhs)

Managing Director	2007-2008	2006-2007
Salary	16.08	13.20
Reimbursement of Expenses	0.22	0.17

10. Earnings Per Share:

Calculation of EPS

(Rs. In Lakhs)

	2007-08	2006-07
Total No. of Shares outstanding (Nos.)	2,10,23,305	2,10,23,305
Profit after taxes before Exceptional items	983.04	264.51
Profit after taxes after Exceptional items	969.95	279.22
EPS before Non-recurring and Exceptional items (Rs.)	4.68	1.26
EPS after Non-recurring and Exceptional items (Rs.)	4.61	1.33

11. Contingent Liabilities not provided for

- a) Letter of credit – Rs. 104.58 lakhs (Previous year: Rs.187.49 lakhs)
- b) Bank Guarantees – Rs.206.71 lakhs (Previous year: Rs.252.96 lakhs)
- c) Corporate Guarantees given to Banks for financial assistance extended to subsidiary - Rs. Nil. lakhs (Previous year: Rs. 90.00 lakhs)
- d) Commitments on capital contracts remaining to be executed – Rs . 110.00 lakhs (Previous year: Rs. 8.02 lakhs)

12. Figures have been rounded off to the nearest rupee.

13. Previous year's figures have been regrouped / rearranged wherever necessary.

per our report attached
For P. MURALI & CO.
Chartered Accountants

For and on behalf of the Board

P. Murali Mohana Rao
Partner
Membership No. 23412

L.P.Sashikumar
Managing Director

Dr.M.V.S.R.Kamesam
Director

Place : Hyderabad
Date : 30th August, 2008

Adalat Srikanth
Company Secretary

Statement of Consolidated Cash Flows for the year ended 31st March, 2008 Rs. In lakhs

	31st March, 2008	31st March, 2007
A Cash Flow from operating activity		
Net Profit before tax	1264.80	363.10
Adjustments for:		
Depreciation	252.25	255.89
Miscellaneous expenditure written off	21.96	21.96
Provision for Gratuity & Earned Leave	10.06	10.87
Other Income	(93.70)	(81.29)
Operating Profit before working capital changes	1455.37	570.53
Adjustments for:		
Trade and other receivables	(995.54)	366.37
Inventories	(332.55)	(232.30)
Trade advances	(99.64)	1319.31
Trade Payable	952.52	(287.34)
Cash generated from operations	980.15	1736.57
Direct Taxes paid (net)	(231.66)	(139.06)
Cashflow before extraordinary items	748.49	1597.51
Extra ordinary items	(13.09)	14.71
Net Cash flow from operating activity	735.40	1612.22
B. Cash Flow from Investing Activity		
Purchase of fixed assets	(809.14)	(204.29)
Capital work in progress	(3466.87)	(1627.34)
Sale of investments	(14.70)	0.00
Other income	93.70	81.29
Net Cash used for investing activity	(4197.01)	(1750.34)
C. Cash Flow from financing activities		
Repayment of Working capital Loan	(30.11)	(116.06)
Term Loan from State Bank of Hyderabad	(123.82)	90.20
Vehicle Loan	1.76	(6.67)
Deferred sales tax loan	209.26	77.63
Share warrants money received	3300.00	---
Dividend paid	(98.38)	0.00
Grant received from DSIR	(15.46)	(15.46)
Loan received from TDB	0.00	260.00
Net cash generated from financing activity	3243.26	289.64
Cash and cash equivalents (Opening Balance)	378.35	226.83
Net increase in Cash & Cash equivalents (A+B+C)	(218.35)	151.52
Cash and cash equivalents (Closing Balance)	160.00	378.35

For P. MURALI & CO.
Chartered Accountants

For and on behalf of the Board

P. Murali Mohana Rao
Partner
Membership No. 23412

L.P.Sashikumar
Managing Director

Dr.M.V.S.R.Kamesam
Director

Place : Hyderabad
Date : 30th August, 2008

Adalat Srikanth
Company Secretary

*Reports of
Subsidiary Companies*

*Newtech Stewing Telecom Limited
&
Shree Shree Telecom Private Limited*

Directors' Report

To
The Members
Newtech Stewing Telecom Limited

Your Directors have pleasure in presenting the Eighteenth Annual Report on the business and operations of your company and the Audited Financial Accounts for the year ended on 31st March, 2008.

Financial Results (Rs. In Lakhs)

Particulars	2007-2008	2006-2007
Net Sales from Operations	—	250.25
Other Income	2.61	3.51
Total Income	2.61	253.76
Total Expenditure	24.36	229.93
Operating Profit (PBIDT) /Loss	(21.75)	23.83
Interest	0.22	11.26
Depreciation and Write Offs	9.63	11.18
Profit Before Tax	(31.60)	1.39
Provision for Tax		
-Current	—	0.50
-Deferred	(2.98)	(3.74)
Extra-Ordinary Items		
-Prior Period Adjustments	(1.87)	(13.20)
Net Profit	(30.48)	(8.57)
Equity Share Capital	149.51	149.51
Tangible Net Worth	266.36	296.25

Fixed deposits

Your Company has not accepted any Fixed Deposits.

Auditors

The Statutory Auditors M/s. Srinivas P & Associates Chartered Accountants, Hyderabad, retire at the conclusion of the ensuing Annual General Meeting and 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 224(1B) of the Companies Act, 1956.

Director's Responsibility Statement

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

- That in the preparation of the Accounts for the year ended 31st March 2008, the applicable accounting standards have been followed and there are no material departures there from.
- That the accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2008 and the profit or loss of the Company for the period ended on that date.
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- d) That the accounts for the year ended 31st March 2008 have been prepared on a going concern basis.

Secretarial Compliance Report:

Secretarial Compliance Report as per Section 383(A) has been obtained from Puttaparthi Jagannatham & Co.,

Disclosure of 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.

Though the manufacturing process is not power intensive, continuous efforts are made to ensure conservation of energy

Foreign Exchange Earnings and Outgo:- NIL

Particulars of Employees as per Section 217(2A)

There are no employees covered under this Section

Acknowledgements

Your Directors convey their sincere thanks to the and State Bank of India, and other government and statutory authorities for their support and guidance.

Your Directors thank all the Employees of your company for their dedicated service.

For and on behalf of the Board

L.P.Sashikumar
Director

P.V.S.Sarma
Director

Place: Secunderabad
Date: 30th August, 2008

AUDITORS' REPORT

To
The Members of Newtech Stewing Telecom Limited

1. We have audited the attached Balance Sheet of Newtech Stewing Telecom (the Company) as at March 31, 2008 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the balance sheet, of the state of affairs of the Company as at 31st March 2008,
 - b) In the case of the profit and loss account, of the loss for the year ended on that date; and
 - c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For Srinivas P&Associates
Chartered Accountants

P. Srinivas
Proprietor

Place: Secunderabad
Date: 30th August, 2008

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our Report of even date on the accounts of Newtech Stewing Telecom Limited as at 31st March, 2008)

1. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets. The Company has a policy of verifying fixed assets at reasonable intervals. In terms of the policy, the Company has carried out a physical verification of fixed assets during the year and, the discrepancies noted were not material when compared to the books.
(b) The fixed assets of the Company have not been revalued during the year.
(c) There was no substantial disposal of fixed assets during the year.
2. (a) The management has conducted physical verification of inventory at reasonable intervals.
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification. The obsolete inventories were written off and charged to the Profit and loss account.
3. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
5. The Company has given loans or advances in the nature of loans to its employees, the principal amounts of which together with interest thereon, where applicable, are repaid as stipulated.
6. In our opinion and according to the information and explanations given to us, having regard to the explanations that some items are of a special nature for which alternative quotations cannot be obtained, there are adequate internal control procedures generally commensurate with the size of the Company and the nature of its business with regard to purchases of stores and spare parts, plant and machinery, equipment and other assets, and with regard to sale of software and other services and products.
7. In our opinion and according to information and explanations given to us, the transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating to Rs.50,000/- (Rupees Fifty Thousand only) or more during the year in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services on the prices at which transactions for similar goods and services have been made with other parties.
8. As informed to us the Company has no unserviceable or damaged stores.
9. The Company has not accepted any deposits during the year and hence

provisions of Section 58A of the Companies Act, 1956 and the rules framed there under are not applicable.

10. We are informed that in the operation of the Company no realizable by-products and or scrap are generated.
11. The Company has no outside internal audit function.
12. We have been informed that the Central Government has not prescribed the maintenance of Cost records under Section 209 (1) (d) under the Companies Act, 1956 for the Company and any of its products.
13. The Company has been generally regular in depositing Provident Fund & Employees' State Insurance dues with the appropriate authorities.
14. According to the information and explanations given to us, there are no undisputed amounts payable in respect of wealth tax, sales-tax, customs duty and excise duty outstanding as at 31st March, 2008 for a period exceeding six months from the date they became payable.
15. The Company has a policy of authorizing expenditure based on reasonable checks and balances. The policy is intended to ensure that expenses are authorized on the basis of contractual obligations or accepted business practices, having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to revenue account.
16. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.

17. In respect of services/consultancy rendered by the Company:

There is a reasonable system of recording receipts, issues and consumption of material and stores, where applicable and allocating materials consumed to each project. There is a reasonable system of allocating man-hours utilized to the relevant consultancy and/or project contracts. There is a reasonable system of authorization at proper levels and an adequate system of internal control on the issue and allocation of stores and labour to jobs.

18. In respect of trading activity, in our opinion the company has a reasonable system of determining the damaged goods.
19. The Company has no accumulated losses at the end of the financial year and has incurred a cash loss of Rs. 22.56 lacs and achieved a cash profit of Rs. 12.55 lacs in the financial year immediately preceding such financial year.
20. The Company has no working capital loan from a nationalized bank and did not issue any debentures. Accordingly, clause 4 (xi) of the order is not applicable.
21. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the order is not applicable.
22. The Company is not chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4 (xiii) of the order is not applicable.
23. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the order is not applicable.

24. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the order is not applicable.
25. The Company has not obtained any term loans. Accordingly, clause 4 (xvi) of the order is not applicable.
26. According to the information and explanations given to us, the Company has not raised any funds or short-term basis. All assets have been funded by shareholders' funds.
27. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
28. The Company has not issued any debentures. Accordingly, clause 4 (xix) of the order is not applicable.
29. The Company has not raised any money by public issues during the year. Accordingly, clause 4 (xx) of the order is not applicable.
30. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
31. All the investments are held by the Company in its own name.

For **Srinivas P&Associates**
Chartered Accountants

P. Srinivas
Proprietor

Place: Secunderabad
Date: 30th August, 2008

Balance Sheet As At 31st March, 2008

	Sch.	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
I. SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	14,951,120	14,951,120
Reserves and Surplus	2	11,714,571	14,763,066
		26,665,691	29,714,186
DEFERRED TAX LIABILITY		1,384,949	1,682,996
Total		28,050,640	31,397,182
II. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	17,733,382	17,733,382
Less: Depreciation		14,986,017	14,082,844
Net Block		2,747,365	3,650,538
INVESTMENTS	4	165,735	165,735
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	5	—	1,571,116
Sundry Debtors	6	962,808	1,556,980
Cash and Bank Balances	7	1,497,385	5,316,692
Loans and Advances	8	23,034,104	20,673,691
		25,494,297	29,118,479
CURRENT LIABILITIES & PROVISIONS			
Current liabilities	9	186,454	1,426,643
Provisions	10	200,000	200,000
		386,454	1,626,643
Net Current Assets		25,107,843	27,491,836
MISCELLANEOUS EXPENDITURE	11	29,697	89,073
Total		28,050,640	31,397,182
Accounting policies and Notes to Accounts	20		
The Schedules referred to above forms an integral part of Balance Sheet			

per our reported attached

For Srinivas P&Associates

Chartered Accountants

P .Srinivas

Proprietor

Place: Secunderabad

Date : 30th August, 2008

For and on behalf of the board

L.P. Sashikumar

Director

P.V. S. Sarma

Director

Profit and Loss Account for the year ended 31st March, 2008

	Sch.	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
<u>INCOME</u>			
Sales	12	—	25,240,808
Less: Excise Duty		—	2,017,392
		—	23,223,416
Other Income	13	261,411	350,817
Total		261,411	23,574,233
<u>EXPENDITURE</u>			
Material Consumption	14	1,506,538	18,951,392
(Accretion) / Decretion to stocks	15	64,578	224,470
Manufacturing Expenses	16	211,850	106,025
Personnel Expenditure	17	496,391	577,943
Administrative and Selling Expenses	18	156,850	1,331,800
Financial Expenses	19	21,905	1,126,407
Depreciation		903,173	1,058,314
Miscellaneous Expenses Written off		59,376	59,376
Total		3,420,661	23,435,727
Profit before Taxation		(3,159,250)	138,506
Provision for taxation			
- Current		—	50,000
- Deferred (+)		(298,047)	(374,019)
Profit after taxation		(2,861,203)	462,525
Prior period adjustments		187,292	1,319,793
Net Profit		(3,048,495)	(857,268)
Profit brought forward from previous period		(2,795,331)	(1,938,063)
Balance transferred to Balance Sheet		(5,843,826)	(2,795,331)
Accounting policies and Notes to accounts	20		
The Schedules referred to above forms an integral part of Profit and Loss Account			

per our reported attached

For Srinivas P&Associates

Chartered Accountants**P .Srinivas**

Proprietor

Place: Secunderabad

Date : 30th August, 2008

For and on behalf of the board

L.P. Sashikumar

Director

P.V. S. Sarma

Director

Schedules to the Balance Sheet As At 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE : 1		
SHARE CAPITAL		
Authorised:		
60,00,000 Equity Shares of Rs.10/- each	<u>60,000,000</u>	<u>60,000,000</u>
Issued, Subscribed and Paid up:		
1495112 Equity Shares of Rs.10/- each fully paid up	14,951,120	14,951,120
Total	14,951,120	14,951,120
SCHEDULE : 2		
RESERVES AND SURPLUS		
General Reserve	437,117	437,117
Capital Reduction	17,121,280	17,121,280
Surplus	(5,843,826)	(2,795,331)
Total	11,714,571	14,763,066

SCHEDULE : 3

Fixed Assets

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost as at 01.04.2007	Additions during the year	As At 31.3.2008	Upto 01.04.2007	For the year	As At 31.3.2008	As At 31.3.2008	As At 31.3.2007
Office equipments	437,649	—	437,649	345,029	20,788	365,817	71,832	92,620
Computers & Software	1,884,624	—	1,884,624	1,734,267	150,357	1,884,624	—	150,357
Plant & machinery	15,411,109	—	15,411,109	12,003,548	732,028	12,735,576	2,675,533	3,407,561
Total	17,733,382	—	17,733,382	14,082,844	903,173	14,986,017	2,747,365	3,650,538
Previous Year	17,733,382	—	17,733,382	13,024,530	1,058,314	14,082,844	3,650,538	4,708,852

Schedules to the Balance Sheet As At 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE : 4		
INVESTMENTS		
Quoted Investments		
3,683 (Previous year: 3,683) Equity Shares of Rs.10 each , in Bharti Televentures Ltd	165,735	165,735
Total	165,735	165,735
SCHEDULE : 5		
INVENTORIES		
As per inventories taken and certified by the Management		
Rawmaterials and Components	—	1,506,538
Work-in-Process	—	64,578
Total	—	1,571,116
SCHEDULE : 6		
SUNDRY DEBTORS		
Unsecured,considered good		
Debts outstanding for a period exceeding six months	962,808	1,324,513
Other Debts	—	232,467
Total	962,808	1,556,980
SCHEDULE : 7		
CASH AND BANK BALANCES		
Cash on hand	105	105
Balances with Scheduled Banks in:		
- Current Accounts	329,212	2,061,619
- Margin Money Deposits	1,168,068	3,254,968
Total	1,497,385	5,316,692

Schedules to the Balance Sheet As At 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE : 8		
LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	21,681,618	19,226,132
Advances to Staff	—	4,000
Advances to suppliers	—	12,050
Balance with Govt Departments	540,900	656,529
Deposits	164,550	164,550
Prepaid Taxes	647,036	610,430
Total	23,034,104	20,673,691
SCHEDULE : 9		
CURRENT LIABILITIES		
Sundry Creditors		
-Dues of Small Scale Industrial undertakings	—	—
-Others	—	1,100,842
Statutory Liabilities	109,208	92,650
Other creditors / liabilities	77,246	233,151
Total	186,454	1,426,643
SCHEDULE : 10		
PROVISIONS		
Provision for Taxation	200,000	200,000
Total	200,000	200,000
SCHEDULE : 11		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	89,073	148,449
Less: Written off during the year	59,376	59,376
Total	29,697	89,073

Schedules to the Profit And Loss Account for the Year ended 31st March, 2008

	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
SCHEDULE : 12		
SALES AND SERVICES		
Telecom Jointing Kits		
- Domestic turnover	—	25,240,808
Total	—	25,240,808
SCHEDULE : 13		
OTHER INCOME		
Interest received	261,411	302,201
Miscellaneous Income	—	48,616
Total	261,411	350,817
SCHEDULE : 14		
MATERIAL CONSUMPTION		
Opening Stock	1,506,538	1,169,449
Add: Purchase of materials	—	19,255,736
Expenses related to purchases	—	32,745
	1,506,538	20,457,930
Less: Closing Stock	—	1,506,538
Total	1,506,538	18,951,392
SCHEDULE : 15		
ACCRETION / (DECRETION) TO STOCKS		
Closing stocks as on March 31, 2008		
Work - in - Process	—	64,578
Less: Opening Stocks as on April 01, 2007		
Work - in - Process	64,578	289,048
Total	(64,578)	(224,470)
SCHEDULE : 16		
MANUFACTURING EXPENSES		
Consumables	—	5013
Job Work Charges	211,000	69,419
Testing and Inspection Charges	—	20,488
Repairs and Maintenance - Plant & Machinery	850	11,105
Total	211,850	106,025

Schedules to the Profit And Loss Account for the Year ended 31st March, 2008

	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
SCHEDULE : 17		
PERSONNEL EXPENDITURE		
Salaries, Wages	469,319	552,535
Contribution to Provident Fund & ESI	25,340	22,627
Staff Welfare	1,732	2,781
Total	496,391	577,943
SCHEDULE : 18		
ADMINISTRATIVE AND SELLING EXPENSES		
Rates and Taxes	5,207	135,555
Insurance charges	13,501	120,197
Printing and Stationary	—	4,425
Communication expenses	—	30
Travelling expenses	—	3,629
Conveyance	—	30
Business Promotion	—	530
Carriage Outward	—	739,818
Liquidated Damages	9,496	134,006
Professional and Consultancy	1,400	52,834
Auditors Remuneration	75,000	75,000
Miscellaneous Expenses	52,246	61,146
Repairs and Maintenance -others	—	4,600
Total	156,850	1,331,800
SCHEDULE : 19		
FINANCIAL EXPENSES		
Interest on Working Capital Loan	—	380,299
Interest on Term loan	—	226,581
Bank Charges & Commission	21,905	328,911
Other Finance Charges	—	190,616
Total	21,905	1,126,407

SCHEDULE – 20

Accounting Policies and Notes on Accounts

I. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Financial Statements:

The Financial statements have been prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act 1956.

Revenue recognition :

1. All incomes and expenditure are accounted on accrual basis
2. Sales are recognized when goods are supplied in accordance with the terms of sale and include Sales Tax.
3. Excise Duty is accounted for on clearance of goods from factory, customs duty on goods kept in bonded warehouses or lying at port is accounted for on clearance

Fixed Assets:

1. Fixed Assets are stated at cost, net of CENVAT credit and including acquisition costs like freight, installation cost, finance cost, duties and taxes and other incidental expenses incurred during construction/installation stage. Project expenses are capitalised to the respective asset heads on a proportionate basis. Any capital grant or subsidy received is reduced from the cost of eligible assets.
2. Depreciation is provided on straight-line method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

Investments:

Investments are classified into current investments and long term investments. Current investments are carried at lower of cost or fair market value. Any deduction in carrying amount and any reversals of such reductions are charged or credited to Profit & Loss account. Long term investments are carried at cost less provisions made to recognize any decline, other than temporary, in the value of such investments.

Inventories:

All inventories are valued at cost or net realizable value whichever is less.

Sundry Debtors and Loans & Advances:

Debts and advances considered doubtful are written off in the year in which those are considered irrecoverable.

Miscellaneous Expenditure:

One-tenth of the Miscellaneous Expenditure is charged to revenue every year.

Foreign Currency Transactions:

Foreign currency transactions are accounted at the exchange rates prevailing at the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the profit and loss account. Exchange differences relating to fixed assets are adjusted in the cost of the asset.

Government Grants/incentives:

Government grants and subsidies are accounted for on receipt basis. Grants like

State investment subsidy as and when received are set off and reduced from the cost of capital asset acquired under the scheme evolved by the government. Incentives like sales tax deferment are accounted for as unsecured loans.

Retirement Benefits

Contributions to defined Schemes such as Provident Fund, Employees State Insurance Scheme and Gratuity are charged on accrual basis. Provision for gratuity and Leave Encashment benefits are made on the basis of actuarial valuation.

Income Tax

Income tax for the year comprises current and deferred tax.

Provision for income tax is made on the basis of estimated taxable income. The Company provides for deferred tax using the liability method, based on the tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current income tax provision.

II. NOTES TO ACCOUNTS

1. Sundry Debtors, Loans and advances and sundry creditors are subject to confirmation by parties.

2. Prior Period Adjustments

Prior period adjustments of Rs.1,87,292 /-(Previous year Rs 13,20,372/-) shown in the Profit & Loss account is the net amount of the debits and credits pertaining to previous years, which were not provided during those period.

3. Deferred Tax Liability

Deferred Tax asset or liability is recognized for timing differences between the profit as per the financial statements and the profit offered for income taxes as per Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

4. Retirement Benefits

Provisions for Gratuity and Leave encashment are made in the accounts in respect of employees on the basis of actuarial valuation.

5. Previous Year figures have been regrouped /recast/rearranged wherever necessary .

6. Contingent Liabilities

Particulars	Rs in lakhs	
	As at 31.3.08	As at 31.3.07
Contingent Liabilities:		
Bank Guarantees issued by State Bank of India towards Performance Guarantees on behalf of the Company	7.92	34.84

7. Additional Information Pursuant To The Provisions Of Paragraphs 3 And 4 Of Schedule VI To The Companies Act, 1956:

	2007-2008		2006-2007	
a. Licenced Capacity	5,00,000		5,00,000	
b. Installed capacity				
-Heat Shrinkable Sleeves	4,00,000		4,00,000	
	Quantity	Value	Quantity	Value
c. Production				
-Heat Shrinkable Sleeves	—	—	66,917	—
d. Sales				
- Jointing Kits	—	—	66,792	1,74,77,900
- Sub Kits	—	—	—	—
- Trading	—	—	—	—
- Others	—	—	—	95,64,217
Total		—		2,70,42,117
e. Material consumption including trading material				
- Hot melt Adhesive	—	—	9,160	11,06,948
- Granules	—	—	8,500	6,21,350
- Trading	—	—	—	1,84,23,094
		—		2,01,51,392
f. Break-up of material consumption including trading material				
Indigenous	100%	—	100%	2,01,51,392
Imported	0.00%	—	—	—
g. Auditors' remuneration				
As auditors		75,000		75,000

8. Figures have been rounded off to the nearest rupee.

9. Previous year's figures have been regrouped / rearranged wherever necessary.

per our reported attached
For **Srinivas P&Associates**
Chartered Accountants

For and on behalf of the board

P .Srinivas
Proprietor

L.P. Sashikumar
Director

P.V. S. Sarma
Director

Place: Secunderabad
Date : 30th August, 2008

Directors' Report

To
The Members
Shree Shree Telecom Private Limited

Your Directors have pleasure in presenting the Eighth Annual Report on the business and operations of your company and the Audited Financial Accounts for the year ended on 31st March, 2008.

Financial Results (Rupees)

Particulars	2007-2008	2006-2007
Net Sales from Operations	—	—
Other Income	—	16,755
Total Income	—	16,755
Total Expenditure	15,000	3,14,123
Operating-Profit (PBITD) /Loss	(15,000)	2,97,368
Interest	283	1,846
Depreciation and Write Offs	35,790	35,790
Profit Before Tax	(51,073)	(3,35,004)
Provision for Tax		
-Current	—	—
-Deferred	—	6,030
Extra-Ordinary Items		
-Prior Period Adjustments	52,904	45,241
Net Profit	(103,977)	(3,74,215)
Equity Share Capital	15,00,000	15,00,000
Tangible Net Worth	7,708,341	7,604,364

Fixed deposits

Your Company has not accepted any Fixed Deposits,

Auditors

The Statutory Auditors M/s. Boppudi & Associates Chartered Accountants, Hyderabad, retire at the conclusion of the ensuing Annual General Meeting and being eligible are recommended for re-appointment. They have furnished a certificate stating that their re-appointment, if made, will be within the limits laid down under Section 224(1B) of the Companies Act, 1956.

Director's Responsibility Statement

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

- That in the preparation of the Accounts for the year ended 31st March 2008, the applicable accounting standards have been followed and there are no material departures there from.
- That the accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2008 and the profit or loss of the Company for the period ended on that date.
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the accounts for the year ended 31st March 2008 have been prepared on a going concern basis.

Secretarial Compliance Report:

Secretarial Compliance Report as per Section 383(A) has been obtained from Puttaparthi Jagannatham & Co.,

Disclosure of 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.

Though the manufacturing process is not power intensive, continuous efforts are made to ensure conservation of energy

Foreign Exchange Earnings and Outgo:- NIL

Particulars of Employees as per Section 217(2A)

There are no employees covered under this Section.

Acknowledgements

Your Directors convey their sincere thanks to the Government of India, Government of Andhra Pradesh and State Bank of India, for their support and guidance.

Your Directors thank all the Employees of your company for their dedicated service, which enabled your company to achieve good results during the year

For and on behalf of the board

S. Muralikrishna
Director

P.V. S. Sarma
Director

Place: Secunderabad

Date : 30th August, 2008

AUDITORS REPORT

To
THE MEMBERS OF
SHREE SHREE TELECOM PRIVATE LIMITED

1. We have audited the attached Balance Sheet of SHREE SHREE TELECOM PRIVATE LIMITED as at 31st March, 2008 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies Auditors' Report Order, 2003, issued by Central Government in terms of section 227 (4A) of the Companies Act, 1956 (the Act) and 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 set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our

knowledge and belief were necessary for the purposes of our audit;

- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report have been prepared in compliance with the applicable Accounting Standards referred to in Sub-Section (3C) of Section 211 the Act.
- e) On the basis of written representations received from the Directors as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the notes thereon, 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;
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - ii. In the case of the Profit and Loss Account, of the Loss for the year ended on that date and
 - iii. In the case of Cash flow statement, of the cash flow for the year ended on that date.

For Boppudi & Associates
Chartered Accountants

Place : Secunderabad
Date : 30th August, 2008

B Appa Rao
Partner

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our Report of even date to the members of Shree Shree Telecom Private Limited for the year 31st March, 2008)

- (i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year based on a phased programme of verifying all the assets over a period of two years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on physical verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The Company has inventory during year under audit and hence the clauses 4
- (ii) (a), (b) & (c) for the year.
- (iii) In our opinion, the company has neither granted nor taken any loans, secured or unsecured from companies, firms or other parties listed in the Register Maintained under Section 301 of the Company Act, 1956. As the Company has not granted/ taken any loans, secured or unsecured. To/ from parties listed in the registers maintained under Section 301 of the companies Act, 1956 clauses iii (b), iii (c) and iii(d) of paragraph 4 of the order, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its

business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been observed in the internal controls.

- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (b) The transactions made with each of such parties during the year are below rupees five lakhs.
- (vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A of the Act and the rules framed there under apply.
- (vii) The company has engaged to services of a firm of Chartered Accountants for carrying out its internal audit function which in our opinion, is commensurate with the size and natural of its business.
- (viii) We are informed that the Central Government had not prescribed maintenance of cose records under clause (d) of sub section (1) of section 209 of the Act for the products of the Company.
- (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth tax, customs duty, excise duty, cess have generally been regularly deposited by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax,

customs duty and excise duty were outstanding, at the year end for a period of more than six months from the date they became payable.

(b) According to the records of the company information and explanation given by the managements, there are no dues outstanding on account of sales tax, income tax, customs duty, excise duty and cess on account of any dispute.

- (ix) The Company has accumulated losses at the end of the financial year and it has incurred cash losses during the current and immediately preceding financial year
- (x) The Company has not defaulted in repayments of dues to banks. The Company had no transactions with financial institutions and had no debentures outstanding during the year.
- (xi) The Company had not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) The nature of activities of the company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/ societies.
- (xiii) The Company does not deal or trade in shares, securities, debentures and except sale of investment.

- (xiv) According to the information and explanations given to us, the Company has not given corporate guarantee to any one.
- (xv) Based on information and explanations given to us by the managements, the company has not obtained any loan from bank or institutions.
- (xvi) According to the information and explanations given to us and on over all examination of the Balance Sheet of the company as at March 31, 2008 we report that no funds raised on short term basis have been used for long term Investment.
- (xvii) The Company had not made any preferential allotments of shares during the year.
- (xviii) The company did not have any debentures outstanding during the year.
- (xix) The Company has not raised any money through a public issue during the year.
- (xx) Based upon the audit procedures performed and information and explanations given by the managements, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Boppudi & Associates**
Chartered Accountants

B Appa Rao
Partner

Place : Secunderabad
Date : 30th August, 2008

Balance Sheet as at 31st March, 2008

	Sch.	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
I SOURCES OF FUNDS			
SHAREHOLDERS FUNDS:			
Share Capital	1	1,500,000	1,500,000
Deferred Tax Liability		467,485	467,485
Total		1,967,485	1,967,485
II APPLICATION OF FUNDS			
FIXED ASSETS:			
Gross Block	2	753,474	753,474
Less: Depreciation		266,009	230,219
Net Block		487,465	523,255
CURRENT ASSETS, LOANS & ADVANCES			
Sundry Debtors	3	286,991	286,991
Cash and Bank Balances	4	155,486	155,769
Loans and Advances	5	204,646	204,646
		647,123	647,406
CURRENT LIABILITIES & PROVISIONS			
Current liabilities	6	5,375,444	5,307,540
Net Current Assets		(4,728,321)	(4,660,134)
Profit and Loss A/c		(6,208,341)	(6,104,364)
Total		1,967,485	1,967,485
Accounting policies & Notes to Accounts	10		
The Schedules referred to above forms an integral part of Balance Sheet			

per our reported attached
For **Boppudi & Associates**
Chartered Accountants

For and on behalf of the board

B. Appa Rao
Partner

S. Muralikrishna
Director

P.V. S. Sarma
Director

Place: Secunderabad
Date : 30th August, 2008

Profit and Loss Account for the year ended 31st March, 2008

	Sch.	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
INCOME			
Sales		—	—
Less: Excise Duty		—	—
Other Income	7	—	—
			16,755
Total		—	16,755
EXPENDITURE			
Administrative and Selling Expenses	8	15,000	314,123
Financial Expenses	9	283	1,846
Depreciation		35,790	35,790
Total		51,073	351,759
Profit before Taxation		(51,073)	(335,004)
Provision for taxation			
- Deferred		—	6,030
Profit after taxation		(51,073)	(328,974)
Prior period adjustments (Net)		52,904	45,241
Net Profit		(103,977)	(374,215)
Balance in Profit and Loss Account brought forward		(6,104,364)	(5,730,149)
Balance carried to Balance Sheet		(6,208,341)	(6,104,364)
Accounting policies & Notes to Accounts	10		
The Schedules referred to above forms an integral part of Profit and Loss Account			

per our reported attached
For **Boppudi & Associates**
Chartered Accountants

For and on behalf of the board

B. Appa Rao
Partner

S. Muralikrishna
Director

P.V. S. Sarma
Director

Place: Secunderabad
Date : 30th August, 2008

Schedules to the Balance Sheet as at 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE : 1		
SHARE CAPITAL		
Authorised:		
1,50,000 Equity Shares of Rs. 10 each	<u>1,500,000</u>	<u>1,500,000</u>
Issued, Subscribed and Paid up:		
1,50,000 Equity Shares of Rs. 10/- each fully paid up	1,500,000	1,500,000
Total	1,500,000	1,500,000

SCHEDULE : 2 FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2007	Additions	Deletions	As At 31.03.2008	As on 01.04.2007	For the year	Deletions	As At 31.03.2008	As At 31.03.2008	As At 31.03.2007
Electrical Equipment	89,988	—	—	89,988	27,773	4,274	—	32,047	57,941	62,215
Electrical Installation	22,853	—	—	22,853	7,056	1,086	—	8,142	14,711	15,797
Plant & Machinery	522,252	—	—	522,252	158,877	24,807	—	183,684	338,568	363,375
Lab tools and Equipment	118,381	—	—	118,381	36,512	5,623	—	42,135	76,246	81,869
Total	753,474	—	—	753,474	230,218	35,790	—	266,008	487,466	523,256
Previous year	753,474	—	—	753,474	194,428	35,790	—	230,218	523,256	559,046

SCHEDULE : 3		
SUNDRY DEBTORS		
Unsecured, considered good		
Debts outstanding for a period		
exceeding six months	286,991	286,991
Total	286,991	286,991
SCHEDULE : 4		
CASH AND BANK BALANCES		
Balances with Scheduled Banks		
- In Current Accounts	47,667	47,950
- In Margin money Deposits	107,819	107,819
Total	155,486	155,769

Schedules to the Balance Sheet as at 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE : 5		
LOANS AND ADVANCES		
Unsecured, considered good		
Balance with Govt. departments	5,088	5,088
Deposits	22,700	22,700
Prepaid Taxes	176,858	176,858
Total	204,646	204,646
SCHEDULE : 6		
CURRENT LIABILITIES		
Statutory Liabilities	—	—
Other Liabilities	5,375,444	5,307,540
Total	5,375,444	5,307,540

Schedules to the Profit & Loss Account for the year ended 31st March, 2008

	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
SCHEDULE : 7		
OTHER INCOME		
Interest on Fixed Deposits	—	16,755
Total	—	16,755
SCHEDULE : 8		
ADMINISTRATIVE AND SELLING EXPENSES		
Rent	—	201,450
Rates and Taxes	—	14,718
Printing and Stationary	—	1,500
Professional and Consultancy	5,000	4,496
Auditors Remuneration	10,000	10,000
Miscellaneous Expenses	—	28,308
Security Charges	—	53,651
Total	15,000	314,123
SCHEDULE : 9		
FINANCIAL EXPENSES		
Bank Charges	283	1,846
Total	283	1,846

SCHEDULE :10

Accounting Policies and Notes on Accounts

I. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The Financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act 1956, as adopted consistently by the company.

Revenue recognition :

- i) All incomes and expenditure are accounted on accrual basis
- ii) Sales are recognized when goods are supplied in accordance with the terms of sale and include Sales Tax.
- iii) Excise Duty is accounted for on clearance of goods from factory, customs duty on goods kept in bonded warehouses or lying at port is accounted for on clearance

Fixed Assets:

- i) Fixed Assets are stated at cost, net of CENVAT credit and including acquisition costs like freight, installation cost, finance cost, duties and taxes and other incidental expenses incurred during construction/installation stage
- ii) Depreciation is provided on straight-line method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

Inventories:

All inventories are valued at cost or net realizable value whichever is less.

Foreign Currency Transactions During the year:
Nil

CENVAT CREDIT

Excise duty paid on inputs and capital goods is debited to a separate account. This account is credited as and when CENVAT credit is actually utilised against payment of excise duty on final products. Balance in CENVAT is shown on the assets side of Balance Sheet under current assets.

Miscellaneous Expenditure:

One- tenth of the Miscellaneous Expenditure is charged to revenue every year.

Income Tax

Provision for income tax is not made during the year since there is no taxable income.

II. NOTES TO ACCOUNTS

1. Sundry Debtors, Loans and advances and sundry creditors are subject to confirmation by parties.
2. Interest earned on the company's fixed deposits against Bank guarantees with scheduled banks is accounted on accrual basis. During the year, the company earned interest of Rs NIL (Previous year Rs. 16755/-) which has been included in the Profit & Loss A/c.
3. There are no outstanding overdues to SSI undertakings and /or ancillary industrial suppliers on account of principal and/or interest at the close of the year. This disclosure is based on the documents / information available with the company.
4. Previous year figures have been regrouped/ rearranged wherever necessary.
5. Contingent Liabilities
Bank guarantees issued by bank towards Bid/ Performance guarantees Rs.90,935/- (Previous Year Rs 90,935/-)

For and on behalf of the Board

S.Muralikrishna **P.V. S. Sarma**
Director Director

As per our report of even date
For Boppudi & Associates
Chartered Accountants

B.Apparao
Partner

Place: Secunderabad
Date : 30th August, 2008

Account No. :

No. of Shares :

**FORM 2B
NOMINATION FORM**

(To be filled by individual(s) applying singly or jointly)

I/We _____ and _____
and _____ the Members of Goldstone Infratech Limited holding _____ shares
bearing Distinctive Numbers _____ wish to make a
nomination and do hereby nominate the following person in whom all rights of transfer and/or amount
payable in respect of shares shall vest in the event of my or our death.

Name and Address of Nominee

Name	
Address	
Date of Birth(if nominee is a Minor)	

payable in respect of shares shall vest in the event of my or our death.

Name	
Address	

SHARE HOLDERS INFORMATION

1 Signature	
Name	
Address	
Date	
2 Signature	
Name	
Address	
Date	
3 Signature	
Name	
Address	
Date	

Name, Address and Signature of two Witnesses

Name and Address	Signature with Date
1.	
2.	
3.	

Instructions:

1. The Nomination can be made by Individuals holding shares on their own behalf singly or jointly. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, Holder of Power of Attorney cannot nominate. If the Shares are held jointly, all Joint holders shall sign the nomination form.
2. A Minor can be nominated by a Holder of shares and in that event, the name and address of the Guardian should be provided.
3. The Nominee shall not be a Trust, Society, Body Corporate, Partnership firm, Karta of Hindu Undivided Family or a Power of Attorney Holder. A Non-Resident Indian can be a nominee on repatriable basis.
4. Nomination stands rescinded upon transfer of shares.
5. Transfer of shares in favour of Nominee shall be valid discharge by the Company against the Legal heir.
6. The Nomination form shall be filed in duplicate with the Company's Share Transfer Agents, Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500 029, which will return one copy thereof to the Shareholder.

FOR OFFICE USE ONLY

Nomination Registration Number :
Date of Registration :
Checked by (Name and Signature):

GOLDSTONE INFRATECH LIMITED

Regd. Office: 9-1-83 & 84, amarchand Sharma Complex S D Road,
Secunderabad – 500 003

ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)
ECS Mandate for payment of dividend on Equity Shares

1. First Shareholder's Name(IN BLOCK LETTERS) :
2. Shareholders Folio No. :
3. Particulars of Bank Account
 - A Bank Name :
 - B Branch Name, Address & Phone Number :
 - C Account No.(as appearing on the cheque book) :
 - D Account Type (SB Account / Credit A/c or Cash Credit). Please tick the correct box :

S.B A/c	Current A/c	Cash
	Credit A/c	
 - E Ledger Folio No. of the Bank A/c. (as if appearing on the Cheque Book) :
 - F 9 Digit Code No. of the Bank & Branch appearing on the MICR Cheque issued by the bank. :

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete information, I would not hold the Company responsible.

Date : _____ Signature of the First Shareholder

Notes:

1. Please attach photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the code number.
2. You are advised to submit the ECS Bank details in the format prescribed latest by 22.09.2008 to enable us to include the same for the payment of the current years dividend.

* * *

GOLDSTONE INFRATECH LIMITED

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

PROXY FORM

I/Weof being a member/ members of the above named company hereby appoint of as my/our proxy to vote for me/us on my/our behalf at the 8th Annual General Meeting of the company to be held on Tuesday, the 30th September, 2008 at 3.30 P.M at Plot No. 1 & 9 IDA Phase II, Cherlapally, Hyderabad – 500 051 and at any adjournment thereof.

Please Affix
Revenue
Stamp

Signed this..... day of _____ 2008.

NOTE :

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

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

GOLDSTONE INFRATECH LIMITED

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

ATTENDANCE SLIP

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

Regd. Folio/ : Shares held :

Client ID/ DPID :

I hereby record my presence at the 8th Annual General Meeting to be held on Tuesday, the 30th September, 2008 at 3.30 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.

Members are requested to register their names at least 15 minutes prior to the commencement of the meeting.

