

BOARD OF DIRECTORS

Mr. L P Sashikumar	Managing Director
Mr. S. Murali Krishna	Director
Mrs. Mahita Caddell	Director
Mr. M. Gopalakrishna	Director
Mr. B Appa Rao	Director w.e.f 20 th April 2009

President

Mr. Surendra Kabra

Company Secretary & Compliance Officer

Mr. Adalat Srikanth

Auditors:

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

Bankers:

1. Syndicate Bank, Banjara Hills,
Hyderabad
2. ICICI Bank, S D Road, Secunderabad
3. Allahabad Bank,
Himayatnagar, Hyderabad

Registered Office

9-1-83 & 84, Amarchand Sharma
Complex, SD Road,
Secunderabad - 500003.
Ph. Nos. 040 — 2780 7640, 27800742,
Fax Nos. 040 — 39120023

Registrar & Share Transfer Agents

Aarathi Consultants Private Limited, 1-2-
285, Domalguda, Hyderabad — 500 029,
Ph. No. 040-27638111; 27634445;
Fax.No. 040-27632184

Factory

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

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Ninth Annual General Meeting of the Members of Goldstone Infotech Limited will be held on Wednesday, the 30th September, 2009 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, 2009 and Profit and Loss Account for the year ended as on that date along with Directors' Report and Auditors' Report thereon.
2. To declare the Dividend on Equity Shares for the year 2008-09
3. To appoint a Director in place of Mr. S Murali Krishna, who retires by rotation and offers himself for reappointment.
4. To appoint a Director in place of Mr. M Gopalakrishna, 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 & Co., 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. B. Appa Rao, who was appointed as an Additional Director by the Board of Directors on 20th April, 2009 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 Special Resolution:**

“RESOLVED that subject to the provisions of Section 198, 269, 309, 310, 314 and other applicable provisions, if any, read along with Schedule XIII (as amended) of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of Mr. L. P. Sashikumar as the Managing Director of the Company for a period of one year with effect from 1st April, 2009 on the following terms and conditions:

1. Salary

Salary of Rs.1,00,000/- (Rupees One Lakh Only) per month.

2. Perquisites

The following perquisites may be 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 / reimbursements like Maintenance, LTA, Gardener, Servant, Conveyance, Subscription to Professional

journals and Medical etc: not exceeding Rs.24,000/- per month. (Rupees Twenty Four Thousand only)

3. Reimbursement of expenses upto Rs.28,000/- (Rupees Twenty Eight Thousand Only) per month, incurred by him for the business of the Company on Mobile Phone, fax, internet charges, entertainment and others.

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. Company's contribution towards Medial Insurance Policy for self and family subject to a ceiling of Rs. 16,000/- (Rupees Sixteen Thousand only) per annum. 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 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 the Board of Directors be and are hereby authorized to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule-XIII or other relevant provisions of the Companies Act, 1956 or any other amendments thereto, as may be agreed between the Board and Mr. L P Sashikumar:

"RESOLVED further that the Company Secretary of the Company be and are hereby authorized to file necessary forms with ROC and to certify the resolution and to do all other acts and things to bring effect to this resolution.

By Order of the Board of Directors of
Goldstone Infratech Limited

Sd/-
Adalat Srikanth
Company Secretary

Place : Secunderabad
Date : 28th August, 2009

NOTES

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself 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.
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, MICR code of the branch, type of account and account number latest by 22nd September, 2009 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, 2009 to 30th September, 2009 (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 2009 an amount of Rs .2,16,134.40/- was unclaimed out of the dividend declared on 30th September, 2002 for the financial year 2001-02, an amount of Rs.2,08,393.6/- was unclaimed out of the dividend declared on 28th September, 2007 for the financial year 2006-07 and an amount of Rs. 2,35,416/- was unclaimed out of the dividend declared on 30th September, 2008 for the financial year 2007-08. Members who have not claimed the dividend are advised to claim the same at the earliest. In accordance with the provisions of Section 205C of the Companies Act, 1956 aforesaid unclaimed dividend amounts shall be liable to be transferred to Investor Education and Protection Fund on 31st October 2009; 29th October 2014 and 31st October, 2015, respectively.

EXPLANATORY STATEMENT

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

Item No. 6:

Mr. B. Appa Rao has been appointed as an Additional Director by the Board of Directors on 20th April, 2009 and holds the office upto this Annual General Meeting. Mr. B Appa Rao is a Fellow member of the Institute of Chartered Accountants of India.

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. B Appa Rao is interested in the resolution.

Item No. 7:

Mr. L P Sashikumar was re-appointed as Managing Director of the Company by the shareholders in the previous Annual General Meeting held on 30th September, 2008 for a period of one year with effect from 1st April 2008. His re-appointment has been approved

by the Board of Directors vide circular resolution dated 31st March, 2009, with effect from 1st April, 2009. The remuneration is within the limits prescribed under Section 309 and Schedule XIII of the Companies Act, 1956. Approval of the Shareholders 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 is in any way concerned or interested in this resolution.

By Order of the Board of Directors
of Goldstone Infratech Limited

Sd/-
Adalat Srikanth
Company Secretary

Place : Secunderabad
Date : 28th August, 2009

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

Name of Director	Mr. S Murali Krishna
Date of Birth	25 th July, 1969
Date of Appointment	30.04.2005
Qualifications	Master in 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. GEL Infrastructure Pvt. Ltd. 2. Noble Cold Storage Pvt. Ltd. 3. Noble Distilleries and Power Ltd. 4. Samruk Hotels Pvt. Ltd. 5. D M Cements Pvt. Ltd. 6. SVE Castings Pvt. Ltd.
List of the Committees of other Companies in which chairmanship/Membership held	NIL
Chairman/Member of the Committees of the Company	Chairman of the Investors Grievance & Share Transfer Committee; Member of the Audit Committee & Remuneration 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	1. Andhra Pradesh Gas Power Corporation Limited 2. BGR Energy Systems Ltd. 3. JOCIL Ltd. 4. Pittie Laminations Ltd. 5. B2B Technologies Ltd. 6. Kernex Mycosystems Ltd. 7. PEC Potentiometers Pvt. Ltd. 8. Sentini Bio-Products Pvt. Ltd. 9. AVRA Laboratories Pvt. Ltd. 10. Arani Power Systems Pvt. Ltd.
List of the Committees of other Companies in which chairmanship/Membership held	1. Chairman, Audit Committee, Andhra Pradesh Gas Power Corporation Limited 2. Chairman, Remuneration Committee, BGR Energy Systems Ltd.



	<p>3. Chairman, Shareholders Grievance Committee, BGR Energy Systems Ltd. 4. Member, Remuneration Committee, Pittie Laminations Limited 5. Member, Audit Committee, B2B Technologies Ltd. 6. Member, Audit Committee, Kernex Micro Systems Ltd.</p>
Chairman/Member of the Committees of the Company	Member of the 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	<p>1. Goldstone Technologies Ltd. 2. Goldstone Granites Ltd. 3. Staytop Systems and Software Pvt. Ltd. 4. SPIC Electric Power Corporation Pvt. Ltd.</p>
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. B. Appa Rao
Date of Birth	5 th October, 1955
Date of Appointment	20.04.2009
Qualifications	Graduate in Commerce & Fellow Member of the Institute of Chartered Accountants of India
Expertise in specific functional areas	Over 20 years of varied experience in the industry and business sectors.
List of other companies in which directorship held	<p>1. Indur Green Power Pvt. Ltd. 2. Ambient Infratech Pvt. Ltd. 3. Mandava Cold Storage Pvt. Ltd.</p>
List of the Committees of other Companies in which chairmanship/Membership held	NIL
Chairman/Member of the Committees of the Company	Chairman of the Audit Committee and Member of the Investors Grievance and Share Transfer Committee.
Shareholding in the Company	NIL

DIRECTORS' REPORT

To
The Members
Goldstone Infratech Limited

Your Directors have pleasure in presenting the Ninth Annual Report of your company with the Audited Accounts for the financial year ended on 31st March, 2009.

Financial Results (Rs. in Lakhs)

Particulars	2008-09	2007-08
Net Sales/Income from operations	4560.62	5082.14
Other Income	88.78	91.09
Total Income	4649.40	5173.23
Total Expenditure	3319.26	3453.72
Operating Profit	1330.14	1719.51
Interest	155.48	146.58
Depreciation and Write Offs	299.42	276.02
Profit Before Tax	875.24	1296.91
Provision for Tax		
- Current	200.00	320.00
- Deferred	2.77	(45.34)
- Fringe Benefit	12.17	10.09
Profit After Tax	660.30	1012.16
Extra-Ordinary Items		
- Taxes pertains to previous year	(29.33)	00.00
- Prior Period Adjustments	(3.79)	(10.68)
Net Profit	627.18	1001.48
Equity Share Capital (3,60,23,305 equity shares of Rs.4/- each; previous year 2,10,23,305 Shares of Rs. 4/- each)	1440.93	840.93
EPS (After Prior Period Items) (Rupees)	1.74	4.76
Networth	9071.60	8630.43
Book Value (face value Rs. 4/-) (Rupees)	25.18	41.05

Financial Results:

Review of Operations:

During the year under review, your Company has achieved a turnover of Rs. 4560.62 lakhs as compared to Rs. 5082.14 lakhs during the previous financial year. The decrease in the turnover was mainly due to economic slow down and increased competitors in the market. The Net Profit decreased from Rs. 1001.48 lakhs during the year ended March 31, 2008 to Rs. 627.18 lakhs for the current year.

Dividend:

Your Directors are happy to recommend a dividend of Re.0.40 paisa (i.e., 10%) per equity share of Rs.4/- each for fully paid-up for the year ended 31st March, 2009. The payment of dividend if approved by the shareholders at the ensuing Annual General Meeting will entail an outflow of Rs. 1,68,58,907 inclusive of corporate dividend tax.

Transfer to Reserves:

The Board has transferred a sum of Rs. 62,71,804 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.

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. they being eligible, offer themselves for re-appointment. They have furnished a certificate stating that their re-appointment, if made, will be within the limits laid down under Section 224 (1B) of the Companies Act, 1956.

Directors:

Mr. S. Murali Krishna and Mr. M Gopalakrishna, Directors, retire by rotation and being eligible offer themselves for re-appointment.

The Board of Directors vide circular resolution dated 20th April, 2009 have appointed Mr. B Appa Rao as Additional Director. Mr. B Appa Rao 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 reappointment.

The Board of Directors vide circular resolution dated 31st March, 2009 have reappointed, subject to your approval, Mr. L P Sashikumar as Managing Director of the Company for one year with effect from 1st April, 2009.

Following Directors ceased to be Directors of the Company, with effect from the dates given against their names:

1. Dr. MVSR Kamesam	w.e.f. 18 th November, 2008
2. Mr. Sukesh Gupta	w.e.f. 18 th November, 2008
3. Mr. Dhakan Kishore Ratilal	w.e.f. 25 th January, 2009

Amalgamation:

Your Company has moved an application before the Hon'ble High Court of Andhra Pradesh for Amalgamation of M/s Newtech Stewing Telecom Limited, M/s Shree Shree Telecom Private Limited and M/s Sunplast O-

Met Limited with your Company. The Hon'ble High Court of Andhra Pradesh vide its order dated 30th June 2009 has approved the Scheme of Amalgamation and the appointed date of this Scheme of Amalgamation is 1st April 2008. As a result of this Amalgamation, the present subsidiaries of your Company [M/s Newtech Stewing Telecom Limited, M/s Shree Shree Telecom Private Limited] ceased to be the subsidiaries of your company. The Company has filed Form No. 21 with the Registrar of Companies, Andhra Pradesh, Hyderabad on 14th August, 2009. Accordingly, the scheme of Amalgamation has become effective from 14th August, 2009 taking effect from the appointed date specified in the Scheme of Amalgamation.

Allotment of equity shares:

Consequent to the Amalgamation of M/s Newtech Stewing Telecom Limited, M/s Shree Shree Telecom Private Limited and M/s Sunplast O-Met Limited with the Company as per the approval of Hon'ble High Court of Andhra Pradesh to the Scheme of amalgamation on 30th June, 2009, the Board of Directors of the Company at their meeting held on 28th August, 2009 had allotted 57,432 number of equity shares of Rs.4/- each to the remaining shareholders of M/s Sunplast O-Met Limited.

Stock Exchange Listing:

Presently, 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 2009-10.

Your Directors would like to inform you that the Board of Directors at their meeting held on 28th August, 2009 have approved the de-listing of the equity shares of te Company from Madras

Stock Exchange Limited (MSE), Delhi Stock Exchange Association Limited (DSE) and Ahmedabad Stock Exchange Limited (ASE). This approval of the Board was granted pursuant to the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. However, your Company's shares will continue to be listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). Delisting approvals from these three stock exchanges are awaited.

Director's 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, 2009, 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 judgments 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, 2009 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, 2009 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 Chief Financial Officer Certification:

As required under the SEBI guidelines, the Managing Director and the Head of the Finance Function 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.
- 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

POWER AND FUEL CONSUMPTION

Electricity	2008-09	2007-08
A Purchased:		
Units — KWH	10,22,669	12,73,849
Total Amount — in Rupees	41,41,722	50,38,724
Rate/Unit — in Rupees	4.05	3.96
B Own Generation through diesel generator:		
Units-KWH	54,398	45,446
Total Amount — in Rupees	6,59,920	4,95,552
Rate/Unit — in Rupees	12.13	10.90

2. Technology Absorption Research & Development

(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. A 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 & Development is Rs. NIL in 2008-09 as against Rs. 8.42 lakhs in 2007-08.

3. Foreign Exchange Earnings & Outgo:

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

(Rs.in Lakhs)

Particulars	2008-09	2007-08
(a) Value of Imports on CIF basis		
➤ Raw Materials	316.85	968.98
➤ Capital goods	125.85	0.00
(b) Expenditure in Foreign currency		
➤ Traveling Expenses	9.74	13.64
➤ Others	18.65	0.00
(c) Earnings in Foreign Currency (on receipt basis)		
➤ Export of Goods (FOB Basis)	35.37	29.79

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, ICICI Bank and Allahabad Bank, Technology Development Board and Oil & Natural Gas Corporation (ONGC) for their support, guidance and assistance.

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

Sd/-
B. Appa Rao
Director

Sd/-
L P Sashikumar
Managing Director

Place : Secunderabad
Date : 28th August, 2009

CERTIFICATE FROM THE MANAGING DIRECTOR & THE PRESIDENT

We, L P Sashikumar, Managing Director and Surendra Kabra, President of Goldstone Infratech Limited, responsible for the finance function, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2009 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 controls or 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 he 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.

Sd/-
L P Sashikumar
Managing Director

Sd/-
Surendra Kabra
President

Place : Secunderabad
Date : 28th August, 2009

MANAGEMENT DISCUSSION ANALYSIS AND BUSINESS OUTLOOK

(A) Industry Structure and Development:

The transmission of electricity is typically defined as the bulk transfer of power over a long distance at a high voltage, generally 132 KV and above. A reliable transmission and distribution system is important for the proper and efficient transfer of power from generating stations to load centers and beyond. A transmission and distribution system is typically comprised of transmission lines, sub-stations, switching stations, transformers, insulators and distribution lines. Inter regional transmission networks are required because power generation sources are unevenly distributed in India, and power needs to be carried over large distances from areas where power is generated to areas where load centres and demand exist.

The use of composite insulators for outdoor applications has rapidly increased during the last decade. Because of its excellent hydrophobicity property, polymer insulators are considered to have higher pollution withstanding voltages compared to porcelain or glass insulators.

An investment of over Rs. 1400 billion has been planned in the transmission sector in the Eleventh Five Year Plan (2007-12).

In view of the growing requirement of power transmission network, the transmission companies outsource the infrastructure rollout to turnkey project companies who in turn subcontract the power infrastructure works to infrastructure service provider companies.

(B) Opportunities & threats:

India's vibrant economy needs matching improvements in the infrastructure. Power sector will play important role in the economic development and hence needs focused attention.

Ministry of Power has taken a number of legislative and policy initiatives to expedite power sector development. All these initiatives provide many investment opportunities to FII's and other investors. The power sector reforms, if implemented as scheduled, will create large business for power sector equipment manufacturers and service providers. We can expect a continuous profitable growth for this sector for at least the next five years, if not more.

Indian Electrical Equipment Industry, though growing, is showing some signs of slowdown. IEEMA, the apex body representing the Indian Electrical Equipment industry, which monitors the growth based on the compiled and monitored production and sales data from its members on regular basis, had raised the red flag as early as the last quarter of the year 2007-08.

The Indian electrical industry is hoping for an urgent stimulus from the Government to spur the domestic demand and for faster implementation of the on-going projects for augmenting power generation, transmission and distribution systems. Whereas the funded projects may not be affected, the non-funded and BOT projects are likely to be impacted with the squeeze in money supply and cautious approach of project builders and investors.

Experts in the Industry of the opinion that a close watch is needed on the scenario emerging due to the global meltdown since a further slowdown in domestic and exports demand, resulting in over capacities could create problems for the industry. On the flip side, however, the recent reduction in prices of the major raw materials like copper, aluminium, steel, fuel and polymers could stimulate the demand with reduction in project costs. A strong dollar would also help exporters and especially those whose value additions are high and who do not depend on imports to a large extent.

(C) Segment or Product wise performance:

Telecom Division:

As a strategic move and also in order to concentrate on the main activity of manufacture of insulators, the Company has reduced the operations of this division and achieved a turnover of Rs.149.44 lakhs during the year 2008-09 as against Rs.194.79 lakhs during the previous year.

Insulators Division:

Despite the economic slow down and entry of many new players in the market, the Company was able to achieve a turnover of Rs. 4967.99 lakhs as against Rs.5660.67 lakhs during the previous year. During the year under report, the Company has made some progress on the export front also. Insulators worth around Rs.20 lakhs was exported to Ghana and the Company is exploring all possibilities of exporting to Nigeria, Chile, Kenya & South America.

BPO Division:

Since the company has not been doing any business in this division.

The Board has taken a decision to discontinue operations and close down this Division.

(D) Outlook:

The Company believes that 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 and modifying the existing products to suit the customers' requirements. Particularly, with the amalgamation of three companies which are in similar line of operations, the Company believes that by using the infrastructural facilities existing in those companies, the Company would be in a position to further improve its performance.

During the year under review, the Company has installed two Injection Moulding Machines of 500 T & 250 T capacity each and also installed one Crimping Machine and one Sheathing Machine for production of insulators of various capacities and would also be increasing the manpower to suit the requirement. With the installation of the above machineries, the Management feels that the Company would be in a position to achieve a better turnover in the years to come.

Heat Shrinkable Sleeves: This product is used by Oil and Gas sector and presently this sector is depending on imports for this product. During the year under review, the Company has made efforts in in-house R & D and was able to produce critical raw materials like Polyolefinic compound and hot melt adhesive, which is required for the production of Heat Shrinkable Sleeves. By using these raw materials, it has been proved that the final products are as per world standards like EN 12068; DIN 30672. As move forward to produce large quantities of this product, the Company has recently received full set of machineries from China and has also completed the trial production, which was a success. After completing the other necessary formalities and formal approvals, the Company would be commencing the commercial production of this product. The Company believes that if it is able to market this product, it will make a major contribution to the turnover of the Company.

The Company's in house R & D is working on developing new products like Surge Arrestors, Fuse Cut Outs, Hollow Insulators, FRP Cross Arms, etc.

(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.

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

During the year, the Company has achieved a turnover of Rs.5117.43 lakhs as against a turnover of Rs. 5855.45 lakhs in the previous year. During the year under review, the Company has produced 10,382 Heat Shrinkable Sleeves and 3,96,879 Polymer Insulators against production of 46,064 Heat Shrinkable Sleeves and 2,77,792 Polymer Insulators . During the year, the Company sold 10,382 Heat Shrinkable Sleeves and 3,96,793 Polymer Insulators. Since Heat Shrinkable Sleeves are low margin products, the Company has intentionally reduced their production during the year. During the year under report, the financial as well as operational performance of the Company was satisfactory, keeping in

view the prevailing economic and market scenario in the country.

(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 an 31st March 2009 the Company has total strength of 160 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 endeavors.

2. Board of Directors:

As on date, the Board comprised of five directors as on 31st March, 2009 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 period ended 31st March, 2009, i.e. on (i) 29th April, 2008, (ii) 25th June, 2008, (iii) 31th July, 2008, (iv) 30th August, 2008, (v) 29th October, 2008, and (vi) 29th January 2009, 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 at	Last attended (YES/NO)
Mr. L P Sashikumar	Promoter, Managing Director	6	Yes
Mr. S Murali Krishna	Independent Director	5	No
Dr. M V S R Kamesam*	Independent Director	4	Yes
Mrs. Mahita Caddell	Promoter, Director	2	No
Mr. M Gopalakrishna	Independent Director	6	Yes
Mr. Sukesh Gupta*	Independent Director	2	Yes
Mr. Dhakan Kishore Ratilal**	Independent Director	NIL	No
Mr. B Appa Rao***	Independent Director	NIL	NA

* Resigned as Directors of the Company with effect from 18th November, 2008

** Resigned as Director with effect from 25th January, 2009

*** Appointed as Additional Director with effect from 20th April, 2009

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

Name of the Director	No. of outside Directorships held		No. of other Board Committees he/she is a Member / Chairman of *	
	Public	Private	Member	Chairman
Mr. L P Sashikumar	2	2	2	Nil
Mr. M Gopalakrishna	6	4	2	2
Mr. S Murali Krishna	1	5	Nil	Nil
Mrs. Mahita Caddell	1	Nil	Nil	Nil
Mr. B. Appa Rao	Nil	3	Nil	Nil

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

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 presently

Mr. B. Appa Rao	Chairman	Independent Director
Mr. L P Sashikumar	Member	Managing Director
Mr. S Murali Krishna	Member	Independent Director

- The Committee held five meetings during the period ended 31st March, 2009, i.e. on (i) 29th April, 2008, (ii) 31st July, 2008, (iii) 30th August, 2008, (iv) 29th October, 2008 and (v) 29th January, 2009. All the then Members of the Committee have attended all the Meetings.

5. Remuneration Committee

- Brief description of terms of reference
- To recommend compensation terms for Executive Directors
- Composition, name of members and Chairman

Mr. M Gopalakrishna	Member	Independent Director
Mr. S Murali Krishna	Member	Independent Director
Mr. L P Sashikumar	Member	Promoter, Managing Director

- **Meetings and Attendance during the year**

One meeting was held during the period under review. All the members of the Committee attended all the Meetings, except Mr. L P Sashikumar, who has not attended the meeting since he was the interested director in the proceedings of the Meetings.

- **Remuneration policy**

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

6. Remuneration of Directors

Details of remuneration paid to Directors during the financial year 2008-09:

(In Rupees)

Name of the Director	Category	Sitting Fee	Salary	Benefits	Total
Mr. L P Sashikumar	Promoter, Managing Director	NIL	1848000	21448	1869448
Dr. M V S R Kamesam*	Independent, Director	40000	NIL	NIL	40000
Mr. S Murali Krishna	Independent, Director	40000	NIL	NIL	40000
Mrs. Mahita Caddell	Promoter, Director	10000	NIL	NIL	10000
Mr. M Gopalakrishna	Independent, Director	40000	NIL	NIL	40000
Mrs. Sukesh Gupta *	Independent, Director	15000	NIL	NIL	15000
Mr. Dhakan Kishore Ratilal**	Independent, Director	NIL	NIL	NIL	NIL
Mr. B. Appa Rao ***	Independent, Director	NIL	NIL	NIL	NIL

* Resigned as Directors of the Company with effect from 18th November, 2008

** Resigned as Director with effect from 25th January, 2009

*** Appointed as Additional Director with effect from 20th April, 2009.

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, 2009.

7. Investors' Grievance & Share Transfer Committee

- Composition, name of members and Chairman, presently

Mr. S Murali Krishna	Chairman	Independent non-executive Director
Mr. L P Sashikumar	Member	Managing Director
Mr. B Appa Rao	Member	Independent non-executive Director

- The Committee held four meetings during the period ended 31st March, 2009, i.e. on (i) 29th April, 2008, (ii) 31st July, 2008, (iii) 29th October, 2008 and (iv) 29th January, 2009. All the then Members of the Committee have attended all the Meetings.

Number of shareholder complaints received, number solved and number of pending complaints as on 31st March, 2009:

Nature of grievances	Received	Resolved
Non Receipt Share Certificates after transfer	2	2
Non Receipt of Annual Reports	1	1
Non Receipt of Share Certificates after change the Company	Nil	NA
Other Miscellaneous	Nil	NA

• 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:

Year	Location	Date	Time
2008	Plot No. 1 & 9, IDA, Phase-II Cherlapally, Hyderabad — 500 051	30.09.2008	03.30 P.M.
2007	Plot No. 1 & 9, IDA, Phase II Cherlapally, Hyderabad — 500 051.	28.09.2007	10.30 A.M.
2006	Plot No. 1 & 9, IDA, Phase II Cherlapally, Hyderabad — 500 051.	28.09.2006	04:00 P.M

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

AGM	Special Resolution
2008	Re-appointment of Mr. L P Sashikumar as the Managing Director of the Company
2007	Re-appointment of Mr. L P Sashikumar as the Managing Director of the Company
	Change of Name of the Company
	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.
2006	Re-appointment of Mr. L P Sashikumar as the Managing Director of the Company

iii) Resolutions passed last year through Postal Ballot: Nil

8. Management Discussion & analysis Report

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 30 th September, 2009 at 3.30 p.m. at Plot No. 1 & 9 IDA, Phase II, Cherlapally, Hyderabad — 500 051
ii)	Financial Year of the Company is 1 st April to 31 st March.
iii)	Financial Reporting for the quarter ending 30 th September, 2009, 31 st December, 2009, 31 st March, 2010 and 30 th June, 2010 will be in the last week of the month following the closure of the quarter.
iv)	Dates of Book Closure will be from 22 nd September 2009 to 30 th September, 2009 (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. However, the Board has decided to de-list the shares from Madras Stock Exchange, Delhi Stock Exchange and Ahmedabad Stock Exchange.
vii)	Stock Code of the Company's scrip is 532439 in BSE and GOLDINFRA in NSE in NSE
viii)	ISIN Code is INE260D01016.

High & Low Market Price during each month in the accounting year was as follows:

Month	NSE		BSE	
	High	Low	High	Low
April 2008	54.60	34.30	54.50	34.15
May 2008	73.85	48.50	74.15	48.65
June 2008	70.20	49.55	70.45	49.75
July 2008	49.25	40.45	49.25	40.65
August 2008	45.75	38.05	46.05	38.10
September 2008	38.15	24.50	38.60	24.65
October 2008	25.75	13.90	25.85	14.00
November 2008	19.45	15.15	19.18	15.00
December 2008	20.55	16.00	20.60	16.00
January 2009	19.95	16.15	19.80	16.15
February 2009	15.85	13.50	15.85	13.35
March 2009	15.10	13.90	14.94	13.90

x)	Registrar & Share Transfer Agents of the Company is Aarathi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad — 500 029, Ph. No. 040-27638111; 27634445; Fax.No. 040-27632184 Mail: info@aarthiconsultants.com
xi)	Share Transfer System: The Registrar and Share Transfer Agents, Aarathi Consultants Private Limited handle share transfers under the overall supervision of the Shareholders' Grievance Committee.
xii)	Distribution of Shareholding as of 31st March, 2009 was as follows:

S.No.	Category of Shareholders	No of equity shares held	%of Shareholding
1	Promoters	18310515	50.83
2	Mutual Funds & IFI's	102259	0.28
3	FII's	0	0.00
4	Private Bodies Corporate	5339448	14.82
5	Public	11930504	33.12
6	NRI's	340579	0.95
GRAND TOTAL		36023305	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 the Bombay Stock Exchange Limited. As on 31 st March, 2009, 54.52% 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. 040-27807640, Fax No. 040-39120023e-mail: adalath@goldstone.net / cs@goldstone.net
xvii)	Investor Relations: All the queries received from shareholders during the accounting year 2008-09 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 an Independent Practicing Company Secretary regarding compliance of the provisions of Clause 49 of the Listing Agreement is annexed to this Report.

For and on behalf of the Board

Sd/-
B. Appa Rao
Director

Sd/-
L P Sashikumar
Managing Director

Place : Secunderabad
Date : 28th August, 2009

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

As the Managing Director of Goldstone Infratech Limited and as required by Clause 49 (I) (D) (ii) of the Listing Agreement with the Stock Exchanges, I 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 2008-09.

For Goldstone Infratech Limited

Place : Secuderabad
Date : 28th August, 2009

Sd/-
L P Sashikumar
Managing Director

Certificate on Compliance of Corporate Governance

**To
The Members of
Goldstone Infratech Limited**

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of Corporate Governance of Goldstone Infratech Limited ("The Company") for the year ended 31st March 2009 as stipulated in Clause 49 of the listing agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, 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.

Place: Hyderabad
Date: 28th August 2009

P. Murali & Co.
Chartered ccountants

Sd/-
P. Murali Mohan Rao
Partner

AUDITORS' REPORT

To
The Members

GOLDSTONE INFRA TECH LIMITED.

We have audited the attached Balance Sheet of **GOLDSTONE INFRA TECH LIMITED** as at 31st March, 2009 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 responsibilities 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 standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 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 , 2009;
 - (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

Sd/-

Place : Hyderabad P. Murali Mohana Rao
Date: 28-08-2009. Partner

ANNEXURE TO THE AUDITORS' REPORT

- I.** (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II.** (a) The Inventory has been physically verified during the year by the Management and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
- III.** (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, the Clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under Section 301 prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
- (d) No loans have been granted to Companies, Firms and other parties listed in the register U/S 301 of the Companies Act, 1956. Have over due Amount of more than rupees one Lac does not arise and the clause is not Applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained 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

Sd/-

PLACE : HYDERABAD P. Murali Mohana Rao
DATE : 28-08-2009 PARTNER

BALANCE SHEET AS AT MARCH 31, 2009

	Sch.	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS:			
Share Capital	1	144,322,948	84,093,220
Reserves and Surplus	2	765,543,144	455,215,081
Share warrants money		-	330,000,000
		909,866,092	869,308,301
LOAN FUNDS:			
Secured Loans	3	104,599,381	91,739,333
Unsecured Loans	4	91,077,032	84,366,346
		195,676,413	176,105,679
DEFERRED TAX LIABILITY		44,241,284	42,111,969
Total		1,149,783,789	1,087,525,949
APPLICATION OF FUNDS			
FIXED ASSETS:			
Gross Block	5	974,567,421	412,720,731
Less: Depreciation		217,637,272	162,387,530
Net Block		756,930,149	250,333,201
Capital work in progress		88,434,029	576,845,590
		845,364,178	827,178,791
INVESTMENTS	6	262,735	23,117,000
CURRENT ASSETS, LOANS & ADVANCES:			
Inventories	7	105,488,940	74,967,516
Sundry Debtors	8	140,857,320	252,169,133
Cash and Bank Balances	9	35,686,192	14,347,958
Loans and Advances	10	126,178,841	113,516,433
		408,211,293	455,001,040
CURRENT LIABILITIES & PROVISIONS:			
Current liabilities	11	63,834,264	153,841,731
Provisions	12	42,926,081	70,194,389
		106,760,345	224,036,120
Net Current Assets		301,450,948	230,964,920
MISCELLANEOUS EXPENDITURE	13	2,705,928	6,265,238
Total		1,149,783,789	1,087,525,949
Notes to Accounts	22		
The Schedules referred to above form an integral part of Balance Sheet			

per our report attached
for P.Murali & Co.
Chartered Accountants

For and on behalf of the Board

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

Sd/-
LP Sashikumar
Managing Director

Sd/-
B. Appa Rao
Director

Place: Secunderabad
Date :28th August, 2009

Sd/-
Srikanth Adalat
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Sch.	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
INCOME			
Sales	14	511,742,821	585,545,281
Less: Excise Duty		55,680,809	77,330,934
		456,062,012	508,214,347
Other Income	15	8,878,211	9,109,050
Total		464,940,223	517,323,397
EXPENDITURE			
Material Consumption	16	252,927,667	260,053,153
(Accretion) / Decretion to stocks	17	(35,024,653)	(2,639,583)
Personnel Expenditure	18	49,784,216	35,555,323
Manufacturing Expenses	19	16,671,896	11,663,159
Administrative and Selling Expenses	20	47,567,173	40,739,869
Financial Expenses	21	15,547,980	14,658,339
Depreciation		26,352,815	25,465,719
Miscellaneous Expenses Written off		3,589,007	2,136,711
Total		377,416,101	387,632,690
Profit before Taxation		87,524,122	129,690,707
Provision for taxation			
- Current		20,000,000	32,000,000
- Deferred		276,881	(4,533,986)
- Fringe Benefit Tax		1,216,786	1,008,765
Profit after taxation		66,030,455	101,215,928
Taxes pertains to previous years		(2,932,809)	-
Prior period adjustments		(379,611)	(1,068,338)
Net Profit		62,718,035	100,147,590
Profit brought forward from previous year		162,682,041	94,439,862
Amount available for appropriation		225,400,076	194,587,452
APPROPRIATIONS			
Proposed Dividend		14,409,322	8,409,322
Provision for Dividend Tax		2,449,585	1,429,164
Transfer to General Reserve		6,271,804	10,014,759
Total		202,269,365	174,734,207
Earnings per share (Basic/diluted) (Nominal Value of Share of Rs. 4 each)		1.74	4.76
No of Shares used in computing Earnings per share		36,023,305	21,023,305
Notes to Accounts	22		
The Schedules referred to above form an integral part of Profit and Loss Account			

per our report attached
for P.Murali & Co.

Chartered Accountants

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

For and on behalf of the Board

Sd/-
LP Sashikumar
Managing Director

Sd/-
B. Appa Rao
Director

Sd/-
Srikanth Adalat
Company Secretary

Place: Secunderabad
Date :28th August, 2009

Schedules to the Balance Sheet as at 31st March, 2009

	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
SCHEDULE : 1		
SHARE CAPITAL		
Authorised		
6,16,25,000 (Previous 4,25,00,000)		
Equity Shares of Rs.4/- each,	246,500,000	170,000,000
Issued,Subscribed and Paid up		
3,60,23,305 (Previous Year 2,10,23,305)		
Equity Shares of	144,093,220	84,093,220
Rs. 4 each fully Paid - Up		
Share Capital Suspense Account (57432 Nos. @ 4/- each)	229,728	-
Total	144,322,948	84,093,220
SCHEDULE : 2		
RESERVES AND SURPLUS		
Share Premium	426,513,494	156,513,494
Grant received from DSIR	-	11,037,296
General Reserve	119,639,005	112,930,084
Capital Reduction Account	17,121,280	-
Surplus	202,269,365	174,734,207
Total	765,543,144	455,215,081
SCHEDULE : 3		
SECURED LOAN		
From Syndicate Bank		
- Term Loans	23,928,929	38,135,892
- Working Capital	49,952,934	25,582,403
From others		
- Technology Development Board	28,930,105	26,000,000
- Vehicle Loans	1,787,413	2,021,038
Total	104,599,381	91,739,333
SCHEDULE : 4		
UNSECURED LOANS		
Sales Tax Deferment Loan (interest free)	91,077,032	84,366,346
Total	91,077,032	84,366,346

Schedules to the Balance Sheet as at 31st March, 2009
SCHEDULE 5: FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.04.2008	Assets transferred on account of merger	Additions	Deletions	Cost As at 31.03.2009	Depn. Reserve transferred on account of merger	For the year	Deletions	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Goodwill	-	-	1,360,489	-	1,360,489	-	-	-	1,360,489	-
Land	1,606,095	960,000	411,991,620	-	414,557,715	-	-	-	414,557,715	1,606,095
Buildings	17,685,708	5,699,970	18,502,459	-	41,888,137	1,962,376	845,847	-	8,556,978	11,936,953
Plant & Machinery	257,437,919	40,679,850	88,429,254	11,559,548	374,987,475	26,410,596	14,145,938	183,684	102,374,588	195,436,181
Furniture & Fixtures	7,306,620	196,160	134,498	-	7,637,278	133,972	477,867	-	3,964,086	3,954,373
Lab Tools & Equipment	8,559,775	118,381	568,189	-	9,246,345	42,135	423,735	-	2,595,041	6,430,604
Electrical Equipment/Installation	9,790,687	112,841	2,062,737	-	11,966,265	40,189	471,205	-	6,058,189	4,243,892
Vehicles	12,646,375	195,591	1,390,482	232,077	14,000,371	195,591	1,210,082	204,804	9,405,173	4,442,071
Computer system	56,358,233	-	361,750	-	56,719,983	-	5,062,915	-	56,133,825	5,287,323
Office equipment	4,515,634	629,364	157,525	-	5,302,523	500,553	248,942	-	2,085,210	3,179,919
Generator	4,774,177	-	-	-	4,774,177	-	226,773	-	2,572,625	2,428,325
Leasehold Improvements	6,060,777	-	-	-	6,060,777	-	202,430	-	1,424,304	4,838,903
Air Conditioners	2,387,785	-	87,155	-	2,474,940	-	117,389	-	721,764	1,783,410
Network Equipments	20,028,922	-	-	-	20,028,922	-	2,796,852	-	20,028,922	2,796,852
Electronic Equipment & UPS	2,569,680	-	-	-	2,569,680	-	122,060	-	769,195	1,922,545
Tools & Spares	16,414	-	-	-	16,414	-	780	-	9,950	7,244
Temporary Sheds	975,930	-	-	-	975,930	-	-	-	937,422	38,508
Total	412,720,731	48,592,157	525,046,158	11,791,625	974,567,421	29,285,412	26,352,815	388,488	217,637,272	149,250,333,198
Previous year	331,806,634	-	83,164,524	2,250,427	412,720,731	138,101,110	25,465,719	1,179,296	162,387,533	193,705,524

Schedules to the Balance Sheet as at 31st March, 2009

	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
SCHEDULE : 6		
INVESTMENTS		
Quoted Investments		
9,700 (Previous year: 9700) Equity Shares of 10 each, in GTCL Mobilecom Technology Ltd	97,000	97,000
3,683 Equity Shares of 10 each, in Bharti Televenture Ltd	165,735	-
Un Quoted investments:		
In Subsidiary / Associated Companies		
14,59,067 Equity Shares of Rs. 10/- each in Newtech Stewing Telecom Limited	-	20,050,000
1,50,000 Equity Shares of Rs. 10/- each in Shree Shree Telecom Private Limited	-	1,500,000
7,083 Equity Shares of Rs. 1000/- each in Sun Plast O Met Ltd	-	1,470,000
Total	262,735	23,117,000
Market value of Quoted Shares	2,302,096	-
SCHEDULE : 7		
INVENTORIES		
(As per the inventories taken and certified by the Management)		
Rawmaterials, Components and Packing Materials	46,393,722	50,896,951
Work - in - Process & Finished stocks	59,095,218	24,070,565
Total	105,488,940	74,967,516
SCHEDULE : 8		
SUNDRY DEBTORS		
Unsecured, considered good		
Debts outstanding for a period exceeding six months	14,196,119	109,886,950
Other Debts	126,661,201	142,282,183
Total	140,857,320	252,169,133

Schedules to the Balance Sheet as at 31st March, 2009

	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
SCHEDULE : 9		
CASH AND BANK BALANCES		
Cash on hand	8,809	113,580
Balances with Scheduled Banks		
- In Current Accounts	6,735,575	3,546,197
- In Margin Money Deposits	28,941,808	10,688,181
Total	35,686,192	14,347,958
SCHEDULE : 10		
LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	4,342,240	39,502,638
Advance for investments	62,154,018	-
Advnances to Staff	564,891	745,801
Advances to suppliers	2,381,943	987,376
Advances for Purchase of Machinery and others	16,108,068	1,959,768
Balance with Government Departments	27,113,763	22,112,795
Prepaid Taxes	2,899,454	39,277,831
Prepaid Expenses	1,532,783	1,063,209
Deposits	9,081,681	7,867,015
Total	126,178,841	113,516,433
SCHEDULE : 11		
CURRENT LIABILITIES		
Sundry Creditors	30,719,998	106,209,457
Advances from Customers	2,515,979	4,006,656
Statutory Liabilities	1,295,772	11,412,544
Payable to Subsidiary Companies	-	21,392,800
Liabilities to Transporters	2,265,395	1,417,820
Liabilities to Consultants and individuals	1,885,512	440,273
Liabilities to Capital Purchases	6,159,217	2,227,349
Other Creditors / Liabilities	18,992,391	6,734,832
Total	63,834,264	153,841,731

Schedules to the Balance Sheet as at 31st March, 2009

	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
SCHEDULE : 12		
PROVISIONS		
Provision for		
- Income Tax	20,000,000	54,632,579
- Fringe Benefit Tax	1,216,786	1,575,056
- Wealth Tax	150,000	100,000
Provision for		
- Dividend	14,409,322	8,409,322
- Dividend Tax	2,449,585	1,429,164
Provision for		
- Bonus	151,406	322,995
- Gratuity	2,796,115	2,335,714
- Earned leave encashment	1,752,867	1,389,559
Total	42,926,081	70,194,389
SCHEDULE : 13		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Scientific Research Expenditure	2,845,195	4,267,791
Less: Amount written off during the year	2,845,195	1,422,596
	-	2,845,195
Miscellaneous Expenditure	3,236,074	3,883,289
Less: Amount written off during the year	647,215	647,215
	2,588,859	3,236,074
Preliminary Expenses	183,969	250,869
Less: Written off during the year	66,900	66,900
	117,069	183,969
Total	2,705,928	6,265,238

Schedules to the Balance Sheet as at 31st March, 2009

	For the year ended March 31, 2009 Rs.	For the year ended March 31, 2008 Rs.
SCHEDULE : 14		
SALES AND SERVICES		
Telecom & Insulators		
- Domestic Turnover	503,214,315	577,227,665
- Exports Turnover	8,528,506	8,317,616
Total	511,742,821	585,545,281
SCHEDULE : 15		
OTHER INCOME		
Interest received	1,207,107	1,575,273
Interest on Excise Refund	-	2,403,023
Profit on Sale of Investments	12,727	39,836
Amount Transfer from DSIR Grant Received	-	1,545,678
Miscellaneous Income	7,658,377	3,545,240
Total	8,878,211	9,109,050
SCHEDULE : 16		
MATERIAL CONSUMPTION		
Opening Stock	112,721,915	18,710,107
Add: Purchase of materials	160,253,436	267,478,270
Expenses related to Purchases	26,346,037	24,761,727
	299,321,388	310,950,104
Less: Closing Stock	46,393,721	50,896,951
Total	252,927,667	260,053,153
SCHEDULE : 17		
(ACCRETION)/ DECRETION TO STOCKS		
Closing Stock of WIP & Finished Goods	59,095,218	24,070,565
Less: Opening Stock of WIP & Finished Goods	24,070,565	21,430,982
Total	(35,024,653)	(2,639,583)
SCHEDULE : 18		
PERSONNEL EXPENDITURE		
Salaries, Wages	47,501,490	33,613,683
Contribution to Provident Fund & ESI	1,472,243	1,246,406
Staff Welfare	810,483	695,234
Total	49,784,216	35,555,323

Schedules to the Balance Sheet as at 31st March, 2009

	For the year ended March 31, 2009 Rs.	For the year ended March 31, 2008 Rs.
SCHEDULE : 19		
MANUFACTURING EXPENSES		
Power and fuel	6,634,713	5,998,253
Consumables	2,060,748	1,015,217
Testing & Inspection charges	6,412,828	2,879,654
Repairs and Maintenance - Plant and Machinery	1,563,607	1,770,035
Total	16,671,896	11,663,159
SCHEDULE : 20		
ADMINISTRATIVE AND SELLING EXPENSES		
Rent	3,288,097	2,205,710
Rates and Taxes	778,275	355,472
Office Electricity	895,584	891,915
Insurance Charges	1,324,757	872,949
Printing and Stationery	899,288	634,247
Communication Expenses	2,258,869	2,585,064
Travelling Expenses	7,107,516	5,192,178
Conveyance	1,396,261	975,138
Vehicle Maintenance	1,303,192	1,133,134
Advertisement	1,722,266	1,074,114
Business Promotion	1,392,013	1,743,306
Commission Paid	4,832,124	2,276,476
Exhibition expenses	903,986	1,055,929
Carriage Outward	6,737,313	6,437,240
Liquidated Damages	1,628,981	358,900
Directors Remuneration	1,993,000	1,724,925
Legal Fees	44,000	140,824
Professional and Consultancy	2,182,341	1,491,787
Auditors Remuneration	300,000	300,000
Office Maintenance	359,184	485,985
Miscellaneous expenses	2,572,301	6,173,213
Repairs and Maintenance - Buildings	184,073	28,676
Repairs and Maintenance - Others	1,546,951	1,662,611
Listing Fees	310,557	130,788
Security Charges	1,267,677	274,106
Wealth Tax	50,000	50,000
Loss on sale of Investments / Assets	288,567	485,182
Total	47,567,173	40,739,869
SCHEDULE : 21		
FINANCIAL EXPENSES		
Interest on Term Loans	4,527,043	6,304,222
Interest on Working Capital	7,094,684	4,847,755
Bank Charges & Commission	3,294,276	2,898,569
Other Finance Charges	631,977	607,793
Total	15,547,980	14,658,339

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 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.

Accounting Policies and Notes on Accounts (Contd.)

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 and same is to adjust against the cost of the assets. 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. Share Capital

During the year the company has converted 1,50,00,000 Equity share warrants issued @ 22/- per warrant each into 1,50,00,000 equity shares of Rs. 4/- each, Amount in excess of face value i.e., Rs. 18/- per share amounting to Rs. 27,00,00,000/- has been shown as share premium.

Accounting Policies and Notes on Accounts

Share Capital Suspense Account showing of Rs 2,29,728 (57432 No. of shares @ Rs.4/- each) and same amount will be allotted to the remaining share holders of Sun Plast O Met Ltd, towards purchase consideration for acquiring the shares .

2. Reserves & Surplus

Grant Received from DSIR during the earlier years of Rs 1,10,37,296 has been adjusted against the Cost of the Machinery.

Capital Reduction account of Rs 1,71,21,280 has been consider in the books of account on account of amalgamation of Subsidiary company.

3. Amalgamation:

As per the Order of The Hon'ble High Court of Andhra Pradesh, Hyderabad and its Petition Nos 60, 61, and 63 of 2009 the Subsidiary companies of Goldstone Infratech

Limited, i.e., Shree Shree Telecom Private Limited, New Tech Stewing Telecom limited and associated company Sun Plast O Met Limited Amalgamated with Goldstone Infratech Limited as per Section 391 and 394 of the Companies Act 1956.

Net Goodwill arised out of the Amalgamation:

As per the Scheme of Amalgamation which has been approved by The Hon'ble High Court of Andhra Pradesh, Hyderabad on 30th June, 2009, the appointed date is 1st April 2008.

As per the approved Scheme of Amalgamation, the net assets and liabilities of the three transferor companies have been taken over by the transferee company (Goldstone Infratech Ltd.) and by which an amount of Rs. 13,60,489/- has been arrived towards goodwill. The calculation for arriving the amount Rs. 13,60,489/- is as follows:

Name of the Company	Share Holding As on 1 st Apr'08 (%)	Goodwill/Capital Reserve
1. Shree Shree Telecom Pvt. Ltd.	100%	-Nil-
2. Newtech Stewing Telecom Ltd.	100%	Rs. 50,98,880/- (Goodwill)
3. Sunplast O Met Limited	49%	Rs. 37,38,391/- (Capital Reserve)
Net Goodwill		Rs. 13,60,489/-

Consequent to the Amalgamation of the Sunplast O Met Limited, Newtech Stewing Telecom Ltd. and Shree Shree Telecom Pvt. Ltd. with the Goldstone Infratech Limited the following amounts have been regroup and considered.

Description	Sunplast	Newtech	Shree Shree
Fixed Assets	3,19,89,925	1,58,48,758	7,53,474
Depreciation Reserve	1,59,18,013	1,31,01,393	2,66,008
P & L A/c	-Nil-	(58,43,826)	(62,08,341)
Deferred tax	-Nil-	13,84,949	4,67,485
Stocks	6,18,24,964	-Nil-	-Nil-
General Reserve	-Nil-	4,37,117	-Nil-

Accounting Policies and Notes on Accounts

4. 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
 - 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.
 - iv) Provision for Accrued Interest of Rs 29,30,105 has been considered in the books of accounts .
- 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 .
 - 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.

5. Unsecured Loan

The Company has availed Sales Tax deferment of Rs. 67,10,686/- during the year (Previous Year: Rs. 2,09,25,681)

6. Investments

The investment amount in Subsidiary companies has been squared up with their equity on account of Amalgamation.

7. Loans & Advances

During the year company has been paid of Rs 6,21,54,018/- to TF Solar Power Private Limited towards advance for purchase of shares of the company, which is shown under the Loans & Advance in Schedule No. 10.

8 Segment Reporting

Segment wise results for Insulator Division, Telecom Division are given as under:

Rs. in lakhs

Particulars	Insulator	Telecom	Total
Revenue	4,967.99	149.44	5,117.43
Other Income	83.02	5.76	88.78
Segment Revenue	5,051.01	155.20	5,206.21
Segment Results	1,073.73	(43.01)	1,030.72
Less: Financial Exp.	155.48	0.00	155.48
Profit before Taxation	918.25	(43.01)	875.24
Provision for Taxation	200.00	0.00	200.00
Pro. for Deferred Tax	16.86	(14.09)	2.77
Pro. for Fringe Benefit Tax	12.17	0.00	12.17
Profit after taxation	689.22	(28.92)	660.30
Prior period adjust.	33.37	(0.25)	33.12
Net Profit	655.85	(28.67)	627.18
Segment Assets	11,851.40	686.98	12,538.38
Segment Liabilities	3,350.16	116.61	3,466.77
Capital employed	8,501.24	570.37	9,071.61

9. Related Party Disclosures

Name and nature of relationship of the related party where control exist : Nil
Transactions with Key Management Personnel : Nil

10. Managerial Remuneration:

	Year ended 31.03.2009	Year ended 31.03.2008
Managing Director		
Salary	18.48	16.08
Reimbursement of Expenses	0.21	0.22

11. Earnings Per Share:

Calculation of EPS

(Rs. In Lakhs)

	2008-09	2007-08
Total No. of Shares outstanding (Nos.)	3,60,23,305	2,10,23,305
Profit after taxes before Exceptional items	660.30	1012.16
Profit after taxes after Exceptional items	627.18	1001.48
EPS before Non-recurring and Exceptional items (Rs.)	1.83	4.81
EPS after Non-recurring and Exceptional items (Rs.)	1.74	4.76

12. Prior Period Adjustments:

Prior period adjustment of Rs.3,79,611/- (Previous year 10,68,338/-) 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:

	2008-09		2007-08	
a. Licenced Capacity	NA		NA	
b. Installed capacity	690,000		690,000	
- Heat Shrinkable Sleeves	Depends on product mix		Depends on product mix	
- Polymer Insulators				
	Quantity	Value	Quantity	Value
c. Production				
- Heat Shrinkable Sleeves	10,382	-	46,064	-
- Polymer Insulators	3,96,879	-	2,77,792	-
d. Sales				
- Jointing Kits	10,382	1,45,88,547	46,109	1,94,78,575
- Polymer Insulators	3,96,793	49,63,18,368	2,77,750	56,60,66,706
Others	-	8,35,906	-	-
Total		51,17,42,821		58,55,45,281
e. Material consumption including trading material				
- Hot melt Adhesive	9395	11,64,980	7,950	10,24,545
- Granules	34960	22,65,736	60,344	42,56,927
- HVI—753 U	15815	44,22,500	82,560	1,70,14,475
- Fibre Glass Tex—4800	1,55,555	1,06,51,284	1,52,626	1,07,01,934
- ATH Hydral 6584	1,87,780	1,43,95,151	-	0
- Others	-	22,00,28,016	-	22,70,55,272
Total		25,29,27,667		26,00,53,153
f. Break-up of material consumption including trading material				
Indigenous	86.97%	21,99,62,585	47.87%	12,44,78,504
Imported	13.03%	3,29,65,082	52.13%	13,55,74,649
Total	100.00%	25,29,27,667	100.00%	26,00,53,153
g. Earnings in Foreign currency				
Export of goods		35,37,271		29,79,448
h. Value of imports on CIF Basis				
- Materials including trading materials		3,16,84,908		9,68,98,298
- Capital Goods		1,25,85,010		-
i. Expenditure in foreign currency				
On travel		9,74,342		13,64,107
Others		18,65,457		0
j. Auditors' remuneration				
As Statutory auditors		2,50,000		2,50,000
For Tax Audit		50,000		50,000

14. Contingent Liabilities not provided for

- a) Letter of credit — Rs.72.53 lakhs (Previous year: Rs.104.58 lakhs)
- b) Bank Guarantees — Rs 562.25 lakhs (Previous year: Rs.197.88 lakhs)
- c) Commitments on capital contracts remaining to be executed Rs 40.00 lakhs (Previous year: Rs.110.00 lakhs)
- d) Un-claimed dividend amount for the year 2002-03,2006-07, 2007-08 is lying in the Dividend Account at SBH,ICICI & Axis Bank for an amount of Rs.2,16,134/- , 2,08,394/- and 2,35,416/- respectively.

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

16. 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

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

Sd/-
LP Sashikumar
Managing Director

Sd/-
B. Appa Rao
Director

Place: Secunderabad
Date :28th August, 2009

Sd/-
Srikanth Adalat
Company Secretary

Statement of Cash Flows for the year ended 31.03.2009

	31.03.2009	31.03.2008
A Cash Flow from operating activity		
Net Profit before tax	875.24	1296.91
Adjustments for:		
Depreciation	552.50	242.86
Miscellaneous expenditure written off	35.59	21.37
Provision for Gratuity & Earned Leave	6.52	10.74
Loss on sale of vehicles	2.89	-
Other Income	(88.78)	(91.09)
Operating Profit before working capital changes	1383.96	1480.79
Adjustments for:		
Trade and other receivables	1113.12	(1001.48)
Inventories	(305.21)	(348.26)
Trade advances	(1372.41)	(177.05)
Trade Payable	(900.07)	1064.20
Cash generated from operations	(80.62)	1018.20
Direct Taxes paid (net)	(199.02)	(231.30)
Cashflow before extraordinary items	(279.64)	786.90
Extra ordinary items	(33.10)	(10.07)
Net Cash flow from operating activity	(312.74)	776.83
B. Cash Flow from Investing Activity		
Purchase of fixed assets	(5618.47)	(809.14)
Capital work in progress	5766.12	(3466.87)
Sale of investments	228.54	(14.70)
Miscellaneous Expenditure	(35.59)	-
Other income	88.78	91.09
Loss on Sale of Vehicle	(2.89)	-
Net Cash used for investing activity	426.49	(4199.62)
C. Cash Flow from financing activities		
Repayment of Working capital Loan	243.71	(30.11)
Term Loan from Syndicate Bank	(142.07)	(123.82)
Vehicle Loan	(2.34)	1.76
Deferred sales tax loan	67.11	209.26
Share warrants money received	-	3300.00
Dividend paid	(98.38)	(98.38)
Grant received from DSIR	-	(15.46)
Loan received from TDB	29.30	-
Capital Suspense Account	2.30	-
Net cash generated from financing activity	99.62	3243.25
Cash and cash equivalents (Opening Balance)	143.49	323.63
Net increase in Cash & Cash equivalents (A+B+C)	213.37	(180.14)
Cash and cash equivalents (Closing Balance)	356.86	143.49

per our report attached
for P.Murali & Co.
Chartered Accountants

For and on behalf of the Board

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

Sd/-
LP Sashikumar
Managing Director

Sd/-
B. Appa Rao
Director

Place: Secunderabad
Date :28th August, 2009

Sd/-
Srikanth Adalat
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE:

I. Registration Details:

Registration No.	35451	State Code:	01
Balance Sheet Date:	31.03.2009		

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:	11497.84	Total Assets:	11491.84
Paid-up Capital	1443.23	Reserves and Surplus	7655.43
Secured Loans:	1046.00	Unsecured Loans:	910.77
Deferred Tax Liability	442.41		

Application of Funds:

Net Fixed Assets	8453.64
Net Current Assets:	3014.51
Accumulated Losses:	NIL

TO BE UPDATED

Investments	2.63
Misc. Expenditure	27.06

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

Turnover/Income	4649.40	Total Expenditure	3774.16
Profit before tax	875.24	Profit after tax	660.30
Earning per Share in Rs.	1.71	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

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)	
Name	
Address	

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, Aarhi 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 INFRA TECH 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) :

S.B A/c	Current A/c	Cash
---------	-------------	------

D Account Type (SB Account /
Credit A/c or Cash Credit).
Please tick the correct box

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 20.09.2009 to enable us to include the same for the payment of the current years dividend.

GOLDSTONE INFRA TECH LIMITED

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

PROXY FORM

I/We of
being member(s) of the above named company, hereby appoint
of as my / our proxy to vote for me / us on my /
our behalf at the Ninth Annual General Meeting of the Company, to be held on Wednesday, the
30th September, 2009 at 03.30 p.m. at Plot No. 1&9, IDA, Phase-II, Cherlapally, Hyderabad-
500 051 and at any adjournment thereof.

Affix
Revenue
Stamp

Signed this day of _____ 2009.

NOTE :

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

GOLDSTONE INFRA TECH LIMITED

Regd. Office: 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/ : Share held:

Client ID/DPID :

I hereby record my presence at the 9th Annual General Meeting to be held on Wednesday, 30th September, 2009 at 03.30 P.M. at Plot No. 1 & 9, IDA, Phase-II, Cherlapally, Hyderabad - 51.

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.

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