

CORPORATE INFORMATION

Board of Directors

Mr. M. Gopalakrishna, IAS (Retd.)
Mr. S. Murali Krishna
Mrs. Mahita Caddell
Mr. B. Appa Rao
Mr. S D Rama Krishna [w.e.f 13th May 2011]
Mr. L P Sashikumar (Managing Director)

Board Committees

Audit Committee

Mr. B. Appa Rao
Mr. S. Murali Krishna
Mr. M. Gopalakrishna

Shareholders/Investors Grievance Committee

Mr. S. Murali Krishna
Mr. B. Appa Rao
Mr. L P Sashikumar

Compensation cum Remuneration Committee

Mr. M. Gopalakrishna
Mr. S. Murali Krishna
Mr. B. Appa Rao

Management Team

Mr. Surendra Kabra (President)
Mr. D P K Udas (VP, Marketing)
Mr. B. Kiran Kumar Reddy (AGM, Production)
Mr. Adalat Srikanth (Company Secretary & Compliance Officer)

Statutory Auditors

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

Principal Bankers

State Bank of Hyderabad
Allahabad Bank
Syndicate Bank

Registrars & Share Transfer Agents

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

Stock Exchanges where Company's Securities are listed

Bombay Stock Exchange Limited
National Stock Exchange of India Limited
Madras Stock Exchange

Registered Office

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

Factory

- 1) Plot No. 1&9, IDA, Phase II, Cherlapally, Hyderabad - 500 051.
- 2) Plot No. 8, IDA, Gaddapotharam, Jinnaram Mandal, Medak Dist., A.P.

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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Aarthi Consultants Private Limited.

NOTICE TO SHAREHOLDERS:

Notice is hereby given that the 11th Annual General Meeting of the Company will be held on Friday, the 30th day of September 2011 at 4.00 p.m. at Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance sheet as at 31st March, 2011 and Profit and Loss Account for the year ended as on that date along with Directors' Report and Auditors' Report thereon.
2. To declare Dividend on Equity Shares for the year 2010-11.
3. To appoint a Director in place of Mr. S. Murali Krishna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. Gopalakrishna, who retires by rotation and being eligible, offers himself for re-appointment.
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 modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that M/s. P. Murali & Company (FRN: 007257S), Chartered Accountants, Hyderabad, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting 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. S. Dasaradha Rama Krishna, who was appointed as an Additional Director by the Board of Directors at their meeting held on 13th May, 2011 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"

By order of the Board of Directors

Sd/-

Adalat Srikanth
Company Secretary

Place: Secunderabad

Date: 30th August, 2011

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 21st September, 2011 to the Company's Registrar and Share Transfer Agent at Aarathi 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 26th September, 2011 to 30th September, 2011 (both days inclusive) for the purpose of Dividend and 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 2011 an amount of ₹ 2,07,645.60 was unclaimed out of the dividend declared on 28th September, 2007 for the financial year 2006-07, an amount of ₹ 2,25,440.00 was unclaimed out of the dividend declared on 30th September, 2008 for the financial year 2007-08, an amount of ₹ 2,21,975.00 was unclaimed out of the dividend declared on 30th September,

2009 for the financial year 2008-09 and an amount of Rs. 1,34,205.00/- was unclaimed out of the dividend declared on 29th September, 2010 for the financial year 2009-10. 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 29th October 2014; 31st October, 2015; 31st October, 2016 and 30th October 2017, respectively.

Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956:

Item No. 6: Information about the Appointee:

Mr. S. Dasaradha Rama Krishna has done Masters Degree in Civil Engineering from Virginia Tech University, USA and has more than 12 years of variegated experience in Civil Engineering, Real Estate, Banking, Technology, and Telecom industry verticals.

In his career span, Mr. Rama Krishna played key role of CEO since the inception of System Services Inc. (SSi) in 1999 in USA and expanded operations to India and instrumental in its success to grow to a multi-million dollar operation Company. He had also been engaged as an expert technical consultant and architected several business critical software packages and technology infrastructure with many companies including Morgan Stanley, Verisign, Mohawk, IBM Global Services, JP Morgan Chase Bank, Alcatel Network Systems, Lucent, MetroPCS, NEC, and XO Communications.

Mr. Rama Krishna has been the managing director of Goldstone Technologies Limited since October, 2010. He is not holding any shares of Goldstone Infratech Ltd.

His continuation on the Board will enable the Company to gain from his considerable experience and expertise. 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. Rama Krishna is interested in the resolution.

Your Directors recommend the resolution for your approval.

By order of the Board of Directors

Sd/-
Adalat Srikanth
Company Secretary

Place: Secunderabad
Date: 30th August, 2011

**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 th April, 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 | <ol style="list-style-type: none"> 1. GEL Infrastructure Pvt. Ltd. 2. Noble Cold Storages Pvt. Ltd. 3. Noble Distilleries & Power Ltd. 4. Sammuk Hotels Pvt. Ltd. 5. D M Cements Pvt. Ltd. |
| List of the Committees of other Companies in which chairmanship/Membership held | NIL |
| Chairman/Member of the Committees of the Company | Audit Committee - Member Investors Grievance & Share Transfer Committee - Chairman Remuneration Committee - Member |
| Shareholding in the Company | NIL |

| | |
|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| Name of Director | Mr. S.D. Rama Krishna |
| Date of Birth | 25 th October, 1970 |
| Date of Appointment | 13 th May, 2011 |
| Qualifications | Masters Degree in Civil Engineering |
| Expertise in specific functional areas | Over 12 years of varied experience in the industry and business sectors. |
| List of other companies in which directorship held | Goldstone Technologies Ltd. Sailram Infratech Pvt. Ltd. |
| List of the Committees of other Companies in which chairmanship/Membership held | Member, Audit Committee; and Member, Shareholders/Investors Grievance Committee of Goldstone Technologies Limited |
| Chairman/Member of the Committees of the Company | NIL |
| Shareholding in the Company | NIL |

| | |
|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of Director | Mr. M. Gopalakrishna, IAS (Retd.) |
| Date of Birth | 12 th January, 1939 |
| Date of Appointment | 29 th October, 2007 |
| Qualifications | Graduate in Science & Law |
| Expertise in specific functional areas | Over 40 Years of experience in Industry and Business Sectors |
| List of other companies in which directorships held | NSL Textiles Limited BGR Energy Systems Limited JOCIL Limited Pitti Laminations Limited Vijayshri Organics Limited Kernex Microsystems Limited Nuzuveedu Seeds Pvt. Limited Sentini Bio-Products Pvt. Limited Avra Laboratories Pvt. Limited Arani Power Systems Pvt. Limited NSL Renewable Power Pvt. Limited |
| List of the Committees of other Companies in which chairmanship/Membership held | 1. Pitti Laminations Limited - Remuneration Committee Member 2. Kernex Microsystems Limited - Audit Committee Member 3. BGR Energy Limited - Remuneration Committee - Chairman Audit Committee - Member Shareholders Grievance Committee - Chairman |
| Chairman/Member of the Committees of the Company | Audit Committee - Member Remuneration Committee - Chairman |
| Shareholding in the Company | NIL |

By order of the Board of Directors

Sd/-
Adalat Srikanth
Company Secretary

Place : Secunderabad
Date : 30th August, 2011

DIRECTORS' REPORT

To
The Members
Goldstone Infratech Limited

Your Directors have pleasure in presenting the 11th Annual Report together with the Audited Statements of Accounts of the company for the financial year ended 31st March 2011.

Financial Results

The summarized financial results (Standalone) of the Company for the year ended 31st March, 2011 as compared to the preceding year are as under:

₹ in Lakhs

| Particulars | 2010-11 | 2009-10 |
|---------------------------------------------------------|----------------|---------|
| Gross Sales | 7295.39 | 7035.09 |
| Net Sales | 6804.08 | 6560.70 |
| Other Income | 122.61 | 205.67 |
| Total Income | 6926.69 | 6766.37 |
| Total Expenditure | 5788.08 | 5304.03 |
| Operating Profit (PBIDT) | 1138.61 | 1462.35 |
| Interest | 372.26 | 263.82 |
| Depreciation and Write Offs | 289.82 | 288.99 |
| Profit Before Tax | 476.52 | 909.53 |
| Provision for taxation - | | |
| - Current | 100.00 | 200.00 |
| - Deferred | 51.94 | 40.68 |
| Profit after Tax | 324.58 | 668.85 |
| Extra-Ordinary Items | | |
| - Taxes pertains to previous year | (0.02) | (2.15) |
| - Prior period adjustments | (1.10) | 6.53 |
| Net Profit | 323.47 | 673.23 |
| Surplus brought forward from previous year | 2544.46 | 2022.69 |
| Balance available for appropriation | 2867.92 | 2695.93 |
| Appropriations: | | |
| - Proposed Dividend on Equity Shares | 72.16 | 72.16 |
| - Provision for Dividend Tax | 11.71 | 11.99 |
| - Transfer to General Reserves | 32.35 | 67.32 |
| Surplus carried forward to Balance Sheet | 2751.71 | 2544.46 |
| Equity Share Capital (3,60,80,737 Shares of ₹ 4/- each) | 1443.23 | 1443.23 |
| E.P.S (After Prior Period Items) (Rupees) | 0.90 | 1.87 |
| Net Worth | 9914.40 | 9667.83 |
| Book Value in rupees (face Value of ₹ 4/- each) | 27.48 | 26.79 |

Review of Operations

During the year under review, your Company has achieved a gross turnover of ₹ 7295.39 Lakhs as compared to ₹ 7035.09 Lakhs during the previous financial year. In spite of slight increase in the turnover, the Net Profit has come down to ₹ 323.47 lakhs from ₹ 673.23 lakhs. This was mainly due to the reduction in selling prices of the products, increased competition and higher interest costs.

To achieve forward integration and to reduce the dependency on outside suppliers for End Fittings, which is crucial for manufacture of Insulators, the Company has set up a foundry in its manufacturing unit no. 2 at Plot No. 8, IDA, Gaddapotharam Village, Jinnaram Mandal, Medak District. The Management is working to bring this foundry into operation by April, 2012. When the foundry becomes fully operational, the company would be having all the facilities (end to end) under one roof and any excess production from this foundry could also be sold, which will give a contribution to the bottom line.

Surge Arrestors

As informed to the Members in the previous annual report, the Company sold a small quantity of this product during the year under review. The Company is expecting to increase the volume of this product during the years to come.

Solid Core Insulators

Substation Equipments like Solid Core and Hollow Core insulators are presently being manufactured by the other players in the market with Porcelain material which has certain disadvantages like causing heavy losses to the transmission sector, low level of resistance to bad weather conditions, frequent maintenance, etc.

With a view to expand the operations in this area and to offer high quality product, the Management is proposing to manufacture Solid Core Insulators. The company has already completed feasibility study and the in-house R&D is working on this Project with an aim to commence the commercial production of Solid core Insulators during the current financial year. Keeping in view the existing market for this product and the advantages that the product is having, the Management is confident that once the commercial production commences, it will further improve the financial performance of the Company in the years to come. After successful commencement of commercial production of this product, the Company is planning to go for the production of hollow core insulators, which may take one more year.

High Voltage Insulators

Your Management is happy to inform that with the objective to manufacture high voltage insulators (which are more profitable), the Company had entered into a Technical Collaboration Agreement with a reputed foreign company (Technology Provider). This collaboration consists of transfer of technological details for the manufacture of Silicon Rubber Polymer Insulators from and above 400KV to 1100 KV of AC and DC of all combinations of mechanical-strengths as may be required by your Company. The Technology Provider will offer activation or installation support, including assisting with the implementation of any Licensor software, diagrams or technological upgradation, wherever applicable. Once the remaining formalities are over, your Management is of the opinion that the Company would be in a position to commence commercial production of high voltage insulators and thereby increase the profitability of the company.

Dividend

Keeping in view the funds requirement for reduction of interest costs, expansion and diversifications plans of the Company, your Directors have recommended a dividend of ₹ 0.20 (i.e. 5%) per equity share of ₹ 4/- each for the year ended 31st March 2011. The payment of dividend, if approved by the Shareholders at the ensuing Annual General Meeting, will entail an outflow of ₹ 83,86,786 inclusive of Corporate Dividend Tax.

Transfer to Reserves

The Board has transferred a sum of ₹ 32,34,675/- lacs to the General Reserve from the undistributed profits.

Consolidated Financial Statements:

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, the audited Consolidated Financial Statements are provided in the Annual Report.

Subsidiary Company:

TF SolarPower Private Limited is the wholly owned subsidiary of the Company. In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary company are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary company and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary company will also be kept open for inspection at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company.

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 & Company (FRN: 007257S), Chartered Accountants, Hyderabad, Statutory Auditors of the Company holds office in accordance with the provisions of the Companies Act, 1956 upto the conclusion of this Annual General Meeting and are eligible for reappointment. They being eligible, offer themselves for re-appointment. They have furnished a certificate stating that their reappointment, 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 retire by rotation and being eligible offer themselves for re-appointment.

The Board of Directors in their Meeting held on 13th May 2011 has appointed Mr. S.D. Rama

Krishna as Additional Director w.e.f 13.05.2011

Stock Exchange Listing

Presently, the Equity Shares of the Company are listed on National Stock Exchange of India (NSE), Bombay Stock Exchange Limited (BSE) and Madras Stock Exchange (MSE). As informed to the members in the previous Annual Report, the de-listing approval from Madras Stock Exchange is still awaited. The Company confirms that it has paid Annual Listing Fees due to all the Stock Exchanges where the Company's securities are listed for the year 2011-12, except to the Madras Stock Exchange.

Director's Responsibility Statement

In accordance with the Section 217(2AA) of the Companies Act, 1956, the Directors of the Company, in respect of the financial year ended 31st March, 2011, confirm that:

- (a) in preparation of the Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that year;

- (c) They have taken proper care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) They have prepared the Annual Accounts 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 the Ministry of Corporate Affairs relating to the 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

During the period the company had 1) Installed Energy Meters to each and every machine to analyze power consumption on daily basis; 2) Installed new software in Desma 400 ton machines to save power consumption at the time of mould curing period. Arranged Hydraulic Motor OFF option at the time of curing time; 3) Installed star Delta starters in the place of normal D.O.L starters to reduce power consumption on water pumps which are using at water chillers; 4) Installed Variable frequency drive for Air Compressor Motor and saved energy at loading and unloading time; 5) Reconditioned the Moulding m/c - 1 screw and increased its efficiency. Now its production has been increased by utilizing the same energy; 6) Arranged additional chilled water line from 30 TR chiller to injection moulding machines so that the 85

TR chiller can be stopped while running less no of machines and 7) Increased FRP rods production from 2 rods to 4 rods(M/c-2) and increased FRP machine efficiency by using same power.

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 efficiency.

d. Consumption of Energy Particulars.

| Electricity | 2010-2011 | 2009-2010 |
|---------------------------------------------------|------------------|-----------|
| A. Purchased | | |
| Units — KWH | 20,45,163 | 17,58,672 |
| Total Amount — In Rupees | 96,44,049 | 76,31,504 |
| Rate/Unit — In Rupees | 4.72 | 4.34 |
| B. Own Generation through Diesel Generator | | |
| Units — KWH | 1,60,281 | 2,33,583 |
| Total Amount — In Rupees | 21,63,508 | 27,87,444 |
| Rate/Unit — In Rupees | 13.50 | 11.93 |

2. TECHNOLOGY ABSORPTION : Research and Development

a. Specific Areas in which R&D carried out by the company

The Company has taken up Research and Development in Solid Core Insulators and

High Voltage insulators with a view to offer most viable and efficient product to the market. Research activity has been focused on backward integration to reduce dependence on outside suppliers, to reduce the process loss so as to be more competitive in the market.

b. Benefits derived as results of the above R & D:

- Achieved higher productivity in distribution class insulators
- Able to reduce wastages
- Able to increase efficiency
- Dependency on imports reduced
- Achieved better quality control

c. Future Plan of Action

- Manufacture of Silicon Rubber Polymer Insulators of 400 KV and above up to

1100 KV and manufacture of Solid Core Insulators.

- A few new products have been identified after a thorough study of the market; and the technology for manufacturing the related products would be developed in the In house R & D Lab
- Focus to improve the existing process technology

3. FOREIGN EXCHANGE EARNINGS AND OUT GO

(₹ In lakhs)

| Particulars | 2010-11 | 2009-10 |
|----------------------------------------------------|----------------|---------|
| a) Value of Imports on CIF Basis | | |
| • Raw Materials | 1378.76 | 1876.18 |
| • Capital Goods | 110.12 | 136.19 |
| b) Expenditure in Foreign Currency | | |
| • Traveling Expenses | 5.82 | 9.88 |
| • Others | 72.31 | 5.61 |
| c) Earnings in Foreign Currency (on receipt basis) | | |
| • Export of Goods (FOB Basis) | 124.32 | Nil |

Particulars of Employees

None of the Employees are drawing remuneration prescribed in Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

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

Personnel

Personnel relations have remained very cordial during the period.

For and on behalf of the Board

Acknowledgements

Your Directors convey their sincere thanks to State Bank of Hyderabad, Syndicate Bank, Allahabad Bank and Technology Development Board for their support, guidance and assistance.

Sd/-

Sd/-

L P Sashikumar
Managing Director

B Appa Rao
Director

Place: Secunderabad
Date: 30th August, 2011

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, 2011 and that to the best of our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - (ii) these statements give a true and fair view of the Company's affairs and of the results of operations and cash flow. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have not noticed any deficiency that need to be rectified or disclosed to the Auditors and the Audit Committee.
- (d) During the year under reference -
- (i) there were no significant changes in the internal control and overall financial reporting;
 - (ii) no significant changes in accounting policies were made that require disclosure in the notes to the financial statements; and
 - (iii) no instance of significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting, has come to our notice.

Sd/-
L P Sashikumar
Managing Director

Sd/-
Surendra Kabra
President

Place: Secunderabad

Date: 30th August, 2011

MANAGEMENT DISCUSSION ANALYSIS AND BUSINESS OUTLOOK

A. INDUSTRY OVERVIEW:

Economic growth and infrastructure development have lent impetus to the growth of the electrical insulator industry. Insulators are integral to power transmission through overhead lines since they provide mechanical support and electrical protection. Globally, the size of insulator industry is valued at ₹ 15,000 crore and the Indian market at ₹ 1500 crore. The industry is posting a healthy growth and demand is growing. Apart from capacity addition and new projects, replacement and up gradation are other growth drivers.

This industry is considered to be mature in India and the technology level too is contemporary. India also exports a large quantity of insulators to many countries including developed markets. The insulator industry has gained global recognition and standing by its sheer performance.

- B.** Indian Electrical Equipment industry has experienced sustained growth momentum in the FY 2010-11 and registered a growth of 13.68% as compared to 11.25% growth registered in 2009-10. However, one has to observe that the Transmission Line Sector, in which the company is operating, has witnessed a moderate overall growth of 4% in the FY 2010-11.

C. Transmission Sector in India:

The Power Transmission sector is receiving greater focus than ever before due to an increasing power deficit and the Government's thrust on the power sector. The country's bulk transmission has increased from 3,708 ckm in 1950 to 170,800 ckm (Circuit Kilometers) in 1990-91 and to more

than 265,000 ckm in 2009. The Government of India has initiated development of secure and economic national and regional grids, while working towards improving redundancy levels guided by international standards and practices. The existing inter-regional power transfer capacity of 17,000 MW is expected to be enhanced to 37,150 MW by 2012 (and to 50,000 MW by 2016) through creation of 'Transmission Super Highways'. This initiative offers a great opportunity for the products of your Company.

Likewise, the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), a rural electrification program to provide electricity to all villages by 2012, will provide ample opportunities for equipment suppliers like your Company.

An investment of about ₹ 71,000 crore is envisaged in transmission under the Central Sector. While Power Grid Corporation of India Ltd. (PGCIL) is expected to invest about ₹ 50,000 crore, the balance ₹ 21,000 crore is expected to be invested by private investors. Thus the outlook for the transmission line sector, in which your company operates, appears to be bright.

Further implementation of Accelerated Power Development and Reforms Programme (APDRP) has also generated demand from SEBs / Transmission companies of states for their transmission and sub-transmission lines.

Central Government's thrust on Rural Electrification has also opened up huge opportunity for creation of new and reliable power distribution infrastructure, mainly from lesser electrified states through their SEBs / Distribution companies, under 'Rajiv Gandhi Grameen Vidhyutikaran Yojana'.

For transmission and distribution business, implementation of National Grid by PGCIL

is expected to sustain the present demand surge in the medium term. Further, implementation of APDRP by SEBs and thrust on rural electrification will also contribute to the demand.

D. OPPORTUNITIES & THREATS:

The Addition to power generation (more than 1.2GW till 2017) coupled with necessary plans of transmission and distribution (more than USD 400 billion) in balance year of 11th Plan, followed by 12th Plan period will offer significant opportunities to Indian Industry. Apart from this, Indian exports of electrical equipment are less than 1% of the global trade. With due support from Government in enhancing global competitiveness; Indian industry can substantially increase its footprint in other countries due to products of excellent quality and reliability and at a competitive price.

On the other hand, Indian industry is facing challenges like cheap imports, various loopholes in FTAs/RTAs which provide easier access to unhealthy imports, overcapacity, one sided warranty/payment terms, multiplicities of duties and taxes, lack of testing facilities and innovations, poor infrastructure, etc.

It is worth noting here that the imports of electrical equipment from China have increased from just ₹ 37 crore in 2002-03 to ₹ 5748 crore in 2009-10 (source: DGCI &S, Ministry of Commerce & Industry, Kolkata). Apart from this, it is also worth noting that the existing established manufacturers have almost doubled the capacities over the last two years so as to meet the total projected requirement of Insulators for various power sector programs planned by the Government up to 2017.

E. SEGMENT OR PRODUCT WISE PERFORMANCE:

The performance of the Company's product is broadly in line with the rate of growth of transmission line industry. During the year under review, in spite of increase in the cost of raw materials, increase in interest costs and other overheads, the Company was able to achieve a gross turnover of ₹ 72.95 crore as against ₹ 70.35 crore in the previous year. With a view to reduce the costs and minimize the dependency on other parties for supply of end fittings (a crucial part of the insulators), the Company has set up a foundry by purchasing the required machinery. Once the foundry becomes fully operational, the company would be having all the facilities (end to end) under one roof and any excess production from this foundry could also be sold, which will make a contribution to the bottom line.

F. OUTLOOK:

Indian insulator industry is a mature industry with players in large, medium and small sector who are capable of adapting themselves to the challenges. Keeping in view the factors like 1) expected growth in transmission sector; 2) growth in power sector; 3) Government initiatives; 4) growth potential of composite insulators and 5) opportunities offered by private sector, the outlook for the Indian insulator industry appears to be bright.

In short, Indian electrical equipment industry is expecting good times ahead; however, it needs to overcome the challenges posed to ride on the sustained demand growth in the medium term.

G. RISKS AND CONCERNS:

Enhancement of capacities by the existing players in the market, entry of Chinese

players in Indian market at cheap rates is a matter of concern. Prices of major inputs such as Steel (End fittings), Silicone Rubber and other Raw materials are highly volatile and are in sync with the global markets. This volatility in the prices could impact the profitability of the Company. While there is no formal 'futures' mechanism to enable hedging against Raw materials prices volatility at the moment, your Company is insulating itself from these adverse price movements by resorting to acceptance of the orders on "Variable" basis, which means the increase / decrease in the prices of the key raw materials are passed onto the customer. As and when the hedging mechanisms are made available, your Company would be the first one to take advantage of these instruments. However, as of now, your Company is utilizing various options to procure the material by entering into term contracts.

H. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The internal audit and other 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 timely reporting. Consequent to the Ministry of Corporate Affairs notification amending the Cost Audit Rules, the Company has appointed a Cost Auditor.

I. DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

During the year, the Company has achieved a gross turnover of ₹ 72.95 crore as compared to ₹ 70.35 crore during the

previous financial year. During the year under review, the Company has produced 6,32,031 Polymer Insulators and 14,126 Surge Arrestors as against 5,26,443 Polymer Insulators during the previous year. During the year the Company sold 6,31,873 Polymer Insulators as against 3,96,793 Polymer Insulators during the previous year. During the year under report, keeping in view the prevailing economic and market scenario in the country, the financial as well as operational performance of the Company was satisfactory.

J. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES /INDUSTRIAL RELATIONS FRONT:

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

As on 31st March 2011 the Company has total strength of 195 employees.

CAUTIONERY 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:

The Board comprised of six directors as on 30th August, 2011 out of which one Director

is Executive Director and the remaining Directors are Non Executive Directors. Out of the five 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 four meetings during the period ended 31st March, 2011, i.e. on (i) 13th May, 2010, (ii) 11th August, 2010, (iii) 12th November, 2010 (iv) 14th February, 2011.

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

| Name of the Director | Category | No. of Meetings attended | Last AGM attendance (YES/NO) |
|------------------------|--------------------------------|--------------------------|------------------------------|
| Mr. L P Sashikumar | Promoter, Managing Director | 4 | Yes |
| Mr. S Murali Krishna | Independent, Director | 1 | No |
| Mrs. Mahita Caddell | Promoter, Director | 3 | No |
| Mr. M Gopalakrishna | Independent, Director | 4 | Yes |
| Mr. B Appa Rao | Independent, Director | 4 | Yes |
| Mr. S.D. Rama Krishna* | Non Executive, Non Independent | Nil | No |

* Appointed as Additional Director with effect from 13th May, 2011.

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 | 1 | 4 | 1 | Nil |
| Mr. B Appa Rao | Nil | 3 | 2 | Nil |
| Mr. S Murali Krishna | 1 | 4 | Nil | Nil |
| Mrs. Mahita Caddell | 1 | Nil | Nil | Nil |
| Mr. M Gopalakrishna | 6 | 5 | 2 | 2 |
| Mr. S.D. Rama Krishna | 1 | 1 | 2 | Nil |

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

* Only Indian Companies are considered.

3. Audit Committee

- Brief description of Terms of Reference

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

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

- Composition, name of members and Chairman

| | | |
|----------------------|----------|------------------------------------|
| Mr. B Appa Rao | Chairman | Independent non-executive Director |
| Mr. S Murali Krishna | Member | Independent non-executive Director |
| Mr. M. Gopalakrishna | Member | Independent non-executive Director |

- The Committee held four meetings during the period ended 31st March, 2011, i.e. on (i) 13th May, 2010, (ii) 11th August, 2010, (iii) 12th November, 2010, and (iv) 14th February, 2011. All the Members of the Committee have attended all the Meetings.

4. Compensation cum Remuneration Committee

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

| | | |
|----------------------|----------|------------------------------------|
| Mr. M. Gopalakrishna | Chairman | Independent non-executive Director |
| Mr. S Murali Krishna | Member | Independent non-executive Director |
| Mr. B. Appa Rao | Member | Independent non-executive Director |

- Meetings and Attendance during the year**

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

- Remuneration policy**

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



5. Remuneration of Directors

Details of remuneration paid to Directors during the financial year 2010-11: (Amount in ₹)

| Name of the Director | Category | Sitting fee | Salary | Benefits | Total |
|----------------------|-----------------------------|-------------|-----------|----------|-----------|
| Mr. L P Sashikumar | Promoter, Managing Director | Nil | 24,00,000 | Nil | 24,00,000 |
| Mr. B Appa Rao | Independent, Director | 45,000 | Nil | Nil | 45,000 |
| Mr. S Murali Krishna | Independent, Director | 10,000 | Nil | Nil | 10,000 |
| Mrs. Mahita Caddell | Promoter, Director | 15,000 | Nil | Nil | 15,000 |
| Mr. M Gopalakrishna | Independent, Director | 45,000 | Nil | Nil | 45,000 |

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

There was no Employee Stock Option Scheme during the financial year ended 31st March, 2011. Members approval has been taken in the previous Annual General Meeting held on 29th September, 2010, but the Company did not give effect to this resolution.

6. Investors' Grievance & Share Transfer Committee

- Composition, name of members & Chairman

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

- The Committee held four meetings during the period ended 31st March, 2011, i.e. on (i) 13th May, 2010, (ii) 11th August, 2010, (iii) 12th November, 2010 and (iv) 14th February, 2011. All the Members of the

Committee have attended all the Meetings, except Mr. S. Murali Krishna who could not attend the meetings held on 11th August, 2010 & 14th February, 2011.

Number of shareholder complaints received, number resolved and number of pending complaints as on 31st March, 2011:

| Nature of grievances | Received | Resolved |
|-----------------------------------------------|----------|----------|
| Non Receipt Share Certificates after transfer | Nil | Nil |
| Non Receipt of Annual Reports | Nil | Nil |
| Dividend related complaints | 02 | 02 |
| Other Miscellaneous | Nil | Nil |

- Name and Designation of Compliance Officer:
Mr. Adalat Srikanth, Company Secretary

7. General Body Meetings

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

| Year | Location | Date | Time |
|------|------------------------------------------------------------------|------------|------------|
| 2010 | Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad — 500 051. | 29.09.2010 | 03.30 P.M. |
| 2009 | Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad — 500 051. | 30.09.2009 | 03.30 P.M. |
| 2008 | Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad — 500 051. | 30.09.2008 | 03.30 P.M. |

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

| AGM | Special Resolution |
|------|--------------------------------------------------------------------------------------------------------|
| 2010 | (1) Re-appointment of Mr. L P Sashikumar as the Managing Director of the Company |
| | (2) Allotment of Shares to Employees and Directors of the Company under ESOPS |
| | (3) Allotment of Shares to Employees and Directors of the Holding and Subsidiary Companies under ESOPS |
| 2009 | Re-appointment of Mr. L P Sashikumar as the Managing Director of the Company |
| 2008 | 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. The Company has also fulfilled the following non mandatory requirements as prescribed in Annexure I D to the Clause 49 of the Listing Agreement entered with the Stock Exchanges:
 - (a) The Company has set up a Remuneration Committee, details of which have been given earlier in this Report
 - (b) The Statutory financial statements of the Company are unqualified

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

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

vi. Compliance: At every Board meeting, a statement of Compliance with all laws and regulations as certified by the Managing Director is placed before the Board for its review. The Board reviews the compliance of all the applicable laws and gives appropriate directions wherever necessary.



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

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

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, 2011 at 4.00 pm 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, 2011, 31 st December, 2011, 31 st March, 2012 and 30 th June, 2012 will be within forty five days from the closure of the quarter. |
| iv) | Dates of Book Closure will be from 26 th September to 30 th September, 2011 (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 and Madras Stock Exchange (De-listing approval from Madras Stock Exchange is awaited) |
| vii) | Stock Code of the Company's scrip is 532439 in BSE and GOLDINFRA in NSE |
| viii) | ISIN Code is INE260D01016 |
| ix) | High & Low Market Price during each month in the accounting year was as follows: |

| Month | NSE | | BSE | |
|----------------|-------|-------|-------|-------|
| | High | Low | High | Low |
| April 2010 | 33.65 | 27.15 | 33.40 | 27.15 |
| May 2010 | 28.70 | 26.60 | 28.80 | 26.70 |
| June 2010 | 27.15 | 25.70 | 27.05 | 25.80 |
| July 2010 | 27.10 | 25.40 | 27.05 | 25.50 |
| August 2010 | 26.25 | 24.10 | 26.20 | 24.10 |
| September 2010 | 25.75 | 23.05 | 25.75 | 23.05 |
| October 2010 | 23.65 | 21.50 | 23.70 | 21.50 |
| November 2010 | 22.15 | 18.35 | 22.35 | 18.60 |
| December 2010 | 20.35 | 18.45 | 20.30 | 18.65 |
| January 2011 | 20.10 | 18.20 | 20.10 | 18.35 |
| February 2011 | 18.85 | 17.30 | 18.85 | 17.40 |
| March 2011 | 17.80 | 17.00 | 18.10 | 17.00 |

| | |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| x) | Registrar & Share Transfer Agents of the Company is Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad - 500 029, Ph. No. 040-27638111; 27634445; Fax.No. 040-27632184, Mail: info@aarthicconsultants.com |
| xi) | Share Transfer System: The Registrar and Share Transfer Agents, Aarthi Consultants Private Limited handle share transfers under the overall supervision of the Shareholders' Grievance Committee. |
| xii) | Distribution of Shareholding as of 31st March, 2011 was as follows: |

| Category | No. of shares | % to share capital |
|------------------------------|---------------|--------------------|
| Promoters | 18310515 | 50.75 |
| Financial Institutions/Banks | 100459 | 0.28 |
| Private Bodies Corporate | 7687506 | 21.31 |
| Indian Public | 9547566 | 26.46 |
| NRI's / OCBs | 294825 | 0.82 |
| Trust | 1000 | 0.00 |
| Clearing Members | 138866 | 0.38 |
| Grand Total | 36080737 | 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 and National Stock Exchange of India Limited. As on 31.03.2011, 56.16% shares were held in dematerialized form. |
| xiv) | Compliance Officer: Mr. Adalat Srikanth, Company Secretary Ph. 040 — 27807640, Fax No. 040-39100023/39100012. e-mail: cs@goldstone.net |
| xv) | Plant Location: 1) Plot No. 1 & 9, IDA Phase II, Cherlapally, Hyderabad — 500 051. 2) Plot No. 8, IDA, Gaddapotharam, Jinnaram Mandal, Medak Dist. |
| 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. 040-39120023, 39100012 e-mail: cs@goldstone.net |
| xvii) | Investor Relations: All the queries received from shareholders during the accounting year 2010-11 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 contact the Company's Share Transfer Agents Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad - 500 029. |



Goldstone

Goldstone Infratech Limited

12. Compliance:

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

For and on behalf of the Board

Sd/-

L P Sashikumar
Managing Director

Sd/-

B Appa Rao
Director

Place: Secunderabad

Date: 30th August, 2011

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 of the Listing Agreement entered 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 2010-11.

For Goldstone Infratech Limited

Sd/-

L P Sashikumar
Managing Director

Place: Secunderabad

Date: 30th August, 2011

Auditor's Certificate on Corporate Governance

To
The Members of
Goldstone Infratech Limited

We have examined the relevant records relating to compliance condition of corporate governance of **Goldstone Infratech Limited** ("the company") for the year ended 31st March, 2011 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 manner described in the Guidance note on "Certification of Corporate Governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring 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 : 26th August, 2011

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

Sd/-
Mukund Vijayrao Joshi
Partner
Membership No. 024784

AUDITORS' REPORT

To
The Members
GOLDSTONE INFRATECH LIMITED.

We have audited the attached Balance Sheet of **GOLDSTONE INFRATECH LIMITED** as at 31st March, 2011 and also the Profit & Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;

- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
- (iii) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting 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 , 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March , 2011 from being appointed as 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, 2011 ;
- (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
FRN : 007257S

Sd/-

P. Murali Mohana Rao
Partner
Membership No.: 23412

Place : Hyderabad

Date : 30th August,2011

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. Hence, over due Amount of more than rupees one Lac does not arise and the clause is not Applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained 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 the information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by public issue is not applicable.
- XXI.** According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

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

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

Place : Hyderabad
Date : 30th August,2011



BALANCE SHEET AS AT 31.03.2011

| | SCHEDULE | As at 31.03.2011 ₹ | As at 31.03.2010 ₹ |
|------------------------------------------------------------------------|----------|--------------------------|--------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS FUNDS: | | | |
| Share Capital | 1 | 14,43,22,948 | 14,43,22,948 |
| Reserves and Surplus | 2 | 84,84,11,813 | 82,44,51,852 |
| | | 99,27,34,761 | 96,87,74,800 |
| LOAN FUNDS: | | | |
| Secured Loans | 3 | 21,19,40,143 | 20,74,90,312 |
| Unsecured Loans | 4 | 8,81,82,596 | 9,20,33,881 |
| | | 30,01,22,739 | 29,95,24,193 |
| DEFERRED TAX LIABILITY | | | |
| | | 5,35,03,160 | 4,83,09,349 |
| Total | | 1,34,63,60,660 | 1,31,66,08,342 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS: | | | |
| Gross Block | 5 | 1,08,52,42,871 | 1,05,73,02,494 |
| Less: Depreciation | | 25,74,66,179 | 24,43,86,235 |
| Net Block | | 82,77,76,692 | 81,29,16,259 |
| Capital work in progress | | 10,25,36,387 | 9,10,39,984 |
| | | 93,03,13,079 | 90,39,56,243 |
| INVESTMENTS | | | |
| | 6 | 6,01,00,000 | 97,000 |
| CURRENT ASSETS, LOANS & ADVANCES: | | | |
| Inventories | 7 | 10,48,41,478 | 12,21,73,258 |
| Sundry Debtors | 8 | 35,26,10,754 | 23,80,23,003 |
| Cash and Bank Balances | 9 | 3,14,78,295 | 3,63,56,661 |
| Loans and Advances | 10 | 8,28,63,313 | 14,80,30,213 |
| | | 57,17,93,840 | 54,45,83,135 |
| CURRENT LIABILITIES & PROVISIONS: | | | |
| Current liabilities | 11 | 16,74,16,109 | 9,55,79,910 |
| Provisions | 12 | 4,97,24,579 | 3,84,39,939 |
| | | 21,71,40,688 | 13,40,19,849 |
| Net Current Assets | | 35,46,53,152 | 41,05,63,286 |
| MISCELLANEOUS EXPENDITURE | | | |
| | 13 | 12,94,429 | 19,91,813 |
| Total | | 1,34,63,60,660 | 1,31,66,08,342 |
| 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
FRN : 007257S

Sd/-
P. Murali Mohana Rao
Partner
M No. 23412
Place: Secunderabad
Date : 30th August 2011

For and on behalf of the Board

Sd/-
LP Sashikumar
Managing Director

Sd/-
B Appa Rao
Director

Sd/-
Srikanth Adalat
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

| | SCHEDULE | For the year ended 31.03.2011 ₹ | For the year ended 31.03.2010 ₹ |
|----------------------------------------------------------------------------------|----------|---------------------------------------|---------------------------------------|
| INCOME | | | |
| Sales | 14 | 72,95,38,558 | 70,35,09,244 |
| Less: Excise Duty | | 4,91,30,730 | 4,74,39,277 |
| | | 68,04,07,828 | 65,60,69,967 |
| Other Income | 15 | 1,22,60,719 | 2,05,67,216 |
| Total | | 69,26,68,547 | 67,66,37,183 |
| EXPENDITURE | | | |
| Material Consumption | 16 | 41,82,35,858 | 41,98,34,233 |
| (Accretion) / Decretion to stocks | 17 | 1,18,03,820 | (1,47,57,812) |
| Personnel Expenditure | 18 | 6,17,43,031 | 5,98,96,388 |
| Manufacturing Expenses | 19 | 3,01,90,662 | 1,76,58,708 |
| Administrative and Selling Expenses | 20 | 5,68,35,021 | 4,77,71,187 |
| Financial Expenses | 21 | 3,72,25,792 | 2,63,82,173 |
| Depreciation | | 2,82,84,766 | 2,81,84,880 |
| Miscellaneous Expenses Written off | | 6,97,384 | 7,14,115 |
| Total | | 64,50,16,334 | 58,56,83,872 |
| Profit before Taxation | | 4,76,52,213 | 9,09,53,311 |
| Provision for taxation | | | |
| - Current | | 1,00,00,000 | 2,00,00,000 |
| - Deferred | | 51,93,811 | 40,68,065 |
| Profit after taxation | | 3,24,58,402 | 6,68,85,246 |
| Taxes pertains to previous years | | (1,539) | (2,14,999) |
| Prior period adjustments | | (1,10,116) | 6,53,208 |
| Net Profit | | 3,23,46,747 | 6,73,23,455 |
| Profit brought forward from previous year | | 25,44,45,727 | 20,22,69,367 |
| Amount available for appropriation | | 28,67,92,474 | 26,95,92,822 |
| APPROPRIATIONS | | | |
| Proposed Dividend | | 72,16,147 | 72,16,147 |
| Provision for Dividend Tax | | 11,70,639 | 11,98,602 |
| Transfer to General Reserve | | 32,34,675 | 67,32,346 |
| Balance carried to Balance Sheet | | 27,51,71,013 | 25,44,45,727 |
| Earnings per share (Basic/diluted) (Nominal Value of Share of Rs. 4 each) | | 0.90 | 1.87 |
| No of Shares used in computing Earnings per share | | 3,60,80,737 | 3,60,80,737 |
| 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
FRN : 007257S

For and on behalf of the Board

Sd/-
P. Murali Mohana Rao
Partner
M No. 23412
Place: Secunderabad
Date : 30th August 2011

Sd/-
LP Sashikumar
Managing Director

Sd/-
B Appa Rao
Director

Sd/-
Srikanth Adalat
Company Secretary



SCHEDULES TO BALANCE SHEET AS AT 31.03.2011

| | As at 31.03.2011 ₹ | As at 31.03.2010 ₹ |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| SCHEDULE : 1 | | |
| SHARE CAPITAL | | |
| Authorised 6,16,25,000 (Previous 6,16,25,000) Equity Shares of ` 4/- each, | 24,65,00,000 | 24,65,00,000 |
| Issued,Subscribed and Paid up 3,60,80,737 (Previous Year 3,60,80,737) Equity Shares of ` 4 each fully Paid - Up | 14,43,22,948 | 14,43,22,948 |
| Total | 14,43,22,948 | 14,43,22,948 |
| SCHEDULE : 2 | | |
| RESERVES AND SURPLUS | | |
| Share Premium | 42,65,13,494 | 42,65,13,494 |
| General Reserve | 14,67,27,306 | 14,34,92,631 |
| Surplus | 27,51,71,013 | 25,44,45,727 |
| Total | 84,84,11,813 | 82,44,51,852 |
| SCHEDULE : 3 | | |
| SECURED LOAN | | |
| From State Bank of Hyderabad | | |
| - Term Loans | 7,97,09,959 | 7,42,08,464 |
| - Working Capital | 10,91,48,032 | 10,06,80,964 |
| From others | | |
| - Technology Development Board | 2,16,88,801 | 3,05,34,105 |
| - Vehicle Loans | 13,93,351 | 20,66,779 |
| Total | 21,19,40,143 | 20,74,90,312 |
| SCHEDULE : 4 | | |
| UNSECURED LOANS | | |
| Sales Tax Deferment Loan (interest free) | 8,81,82,596 | 9,20,33,881 |
| Total | 8,81,82,596 | 9,20,33,881 |

SCHEDULES TO BALANCE SHEET AS AT 31.03.2011
SCHEDULE 5: FIXED ASSETS

| Description | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|-------------------------------------|-------------------------|--------------------|--------------------|-------------------------|---------------------|--------------------|--------------------|---------------------|---------------------|
| | Cost as at 01.04.2010 ₹ | Additions ₹ | Deletions ₹ | Cost As at 31.03.2011 ₹ | As at 01.04.2010 ₹ | For the year ₹ | Deletions ₹ | As at 31.03.2011 ₹ | As at 31.03.2010 ₹ |
| Goodwill | 13,60,489 | - | - | 13,60,489 | - | - | - | 13,60,489 | 13,60,489 |
| Land | 41,54,69,715 | 1,18,31,288 | - | 42,73,01,003 | - | - | - | 42,73,01,003 | 41,54,69,715 |
| Buildings | 5,36,38,587 | 2,06,078 | - | 5,38,44,665 | 99,57,978 | 17,92,686 | - | 4,20,94,001 | 4,36,80,609 |
| Plant & Machinery | 43,23,15,269 | 2,84,23,420 | 1,52,11,109 | 44,55,27,580 | 12,15,42,260 | 2,16,19,220 | 1,49,12,659 | 31,72,78,759 | 31,07,73,009 |
| Furniture & Fixtures | 76,37,278 | 9,618 | - | 76,46,896 | 44,47,526 | 4,83,963 | - | 27,15,407 | 31,89,752 |
| Lab Tools & Equipment | 1,10,58,376 | 23,56,905 | - | 1,34,15,281 | 30,74,941 | 5,88,662 | - | 97,51,678 | 79,83,435 |
| Electrical Equipment/ Installation | 1,60,87,097 | 2,54,816 | - | 1,63,41,913 | 67,01,148 | 7,74,572 | - | 88,66,193 | 93,85,949 |
| Vehicles | 1,37,42,566 | - | - | 1,37,42,566 | 92,07,025 | 13,05,544 | - | 32,29,997 | 45,35,541 |
| Computer system & Network Equipment | 8,12,31,836 | 5,45,805 | - | 8,17,77,641 | 8,06,30,375 | 4,83,031 | - | 6,64,235 | 6,01,461 |
| Office equipment | 54,39,684 | 2,75,916 | - | 57,15,600 | 23,40,676 | 2,68,080 | - | 31,06,844 | 30,99,008 |
| Generator | 93,69,269 | - | 7,52,360 | 86,16,909 | 28,90,531 | 4,36,718 | 2,92,163 | 55,81,823 | 64,78,738 |
| Leasehold Improvements | 60,60,777 | - | - | 60,60,777 | 16,26,733 | 2,02,430 | - | 42,31,614 | 44,34,044 |
| Air Conditioners | 25,39,440 | - | - | 25,39,440 | 8,41,901 | 1,20,623 | - | 15,76,916 | 16,97,539 |
| Tools & Spares | 30,589 | - | - | 30,589 | 11,403 | 1,453 | - | 17,733 | 19,186 |
| Temporary Sheds | 13,21,522 | - | - | 13,21,522 | 11,13,738 | 2,07,784 | - | - | 2,07,784 |
| Total | 1,05,73,02,494 | 4,39,03,846 | 1,59,63,469 | 1,08,52,42,871 | 24,43,86,235 | 2,82,84,766 | 1,52,04,822 | 82,77,76,692 | 81,29,16,259 |
| Previous year | 97,45,67,421 | 8,44,34,748 | 16,99,675 | 1,05,73,02,494 | 21,76,37,271 | 2,81,84,880 | 14,35,916 | 81,29,16,259 | 75,69,30,150 |



SCHEDULES TO BALANCE SHEET AS AT 31.03.2011

| | As at 31.03.2011 ₹ | As at 31.03.2010 ₹ |
|---------------------------------------------------------------------------------------|--------------------------|--------------------------|
| SCHEDULE : 6 | | |
| INVESTMENTS | | |
| Quoted Investments | | |
| 9,700 (Previous year : 9,700) | - | 97,000 |
| Equity Shares of ₹ 10 each, fully paid up in GTCL Mobilecom Technology Ltd. | | |
| Un Quoted : | | |
| 60,10,000 equity shares of ₹ 10/- each fully paid up in TF SolarPower Private Limited | 6,01,00,000 | - |
| Total | 6,01,00,000 | 97,000 |
| Market value of Quoted Shares | - | - |
| SCHEDULE : 7 | | |
| INVENTORIES | | |
| (As per the inventories taken and certified by the Management) | | |
| Rawmaterials, Components & Packing Materials | 4,27,92,268 | 4,83,20,228 |
| Work - in - Process & Finished stocks | 6,20,49,210 | 7,38,53,030 |
| Total | 10,48,41,478 | 12,21,73,258 |
| SCHEDULE : 8 | | |
| SUNDRY DEBTORS | | |
| Unsecured, considered good | | |
| Debts outstanding for a period exceeding six months | 1,80,19,615 | 1,75,38,091 |
| Other Debts | 33,45,91,139 | 22,04,84,912 |
| Total | 35,26,10,754 | 23,80,23,003 |
| SCHEDULE : 9 | | |
| CASH AND BANK BALANCES | | |
| Cash on hand | 48,475 | 27,386 |
| Balances with Scheduled Banks | | |
| - In Current Accounts | 18,97,566 | 1,08,37,905 |
| - In Margin Money Deposits | 2,95,32,254 | 2,54,91,370 |
| Total | 3,14,78,295 | 3,63,56,661 |

SCHEDULES TO BALANCE SHEET AS AT 31.03.2011

| | As at 31.03.2011 ₹ | As at 31.03.2010 ₹ |
|-----------------------------------------------|--------------------------|--------------------------|
| SCHEDULE : 10 | | |
| LOANS AND ADVANCES | | |
| Unsecured , considered good | | |
| Advances recoverable in cash or kind | | |
| or for value to be received | 52,22,858 | 1,75,90,074 |
| Advance for investments | - | 6,01,00,000 |
| Advances to Staff | 2,32,160 | 2,14,932 |
| Advances to suppliers | 39,14,925 | 26,27,524 |
| Advances for Purchase of Machinery and Others | 1,12,11,559 | 2,18,64,473 |
| Balance with Government Departments | 1,99,46,639 | 2,46,92,139 |
| Prapaid Taxes | 2,96,06,381 | 93,17,009 |
| Prepaid Expenses | 29,32,809 | 34,61,812 |
| Deposits | 97,95,982 | 81,62,250 |
| Total | 8,28,63,313 | 14,80,30,213 |
| SCHEDULE : 11 | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors | 7,70,93,715 | 6,37,94,909 |
| Advances from Customers | 64,24,664 | 16,56,846 |
| Statutory Liabilities | 1,03,58,101 | 50,69,425 |
| Payable to Corporate Company | 4,00,00,000 | |
| Liabilities to Transporters | 64,44,816 | 25,42,153 |
| Liabilities to Consultants and individuals | 33,72,296 | 34,31,609 |
| Liabilities to Capital Purchases | 11,70,922 | 68,38,660 |
| Other Creditors / Liabilities | 2,25,51,595 | 1,22,46,308 |
| Total | 16,74,16,109 | 9,55,79,910 |



SCHEDULES TO BALANCE SHEET AS AT 31.03.2011

| | As at 31.03.2011 ₹ | As at 31.03.2010 ₹ |
|---------------------------------------------|--------------------------|--------------------------|
| SCHEDULE : 12 | | |
| PROVISIONS | | |
| Provision for | | |
| - Income Tax | 3,22,37,526 | 2,22,37,526 |
| - Wealth Tax | - | 1,50,000 |
| Provision for | | |
| - Dividend | 72,16,147 | 72,16,147 |
| - Dividend Tax | 11,70,639 | 11,98,602 |
| Provision for | | |
| - Bonus | 4,09,859 | 4,76,008 |
| - Gratuity | 60,33,725 | 55,92,642 |
| - Earned leave encashment | 26,56,683 | 15,69,014 |
| Total | 4,97,24,579 | 3,84,39,939 |
| SCHEDULE : 13 | | |
| MISCELLANEOUS EXPENDITURE | | |
| (To the extent not written off or adjusted) | | |
| Miscellaneous Expenditure | 19,91,813 | 25,88,859 |
| Less: Amount written off during the year | 6,97,384 | 6,47,215 |
| | 12,94,429 | 19,41,644 |
| Preliminary Expenses | - | 1,17,069 |
| Less: Written off during the year | - | 66,900 |
| | - | 50,169 |
| Total | 12,94,429 | 19,91,813 |

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

| | For the year ended 31.03.2011 ₹ | For the year ended 31.03.2010 ₹ |
|-----------------------------------------------|---------------------------------------|---------------------------------------|
| SCHEDULE : 14 | | |
| SALES AND SERVICES | | |
| Telecom & Insulators | | |
| - Domestic Turnover | 70,85,64,320 | 70,16,15,444 |
| - Exports Turnover | 2,09,74,238 | 18,93,800 |
| Total | 72,95,38,558 | 70,35,09,244 |
| SCHEDULE : 15 | | |
| OTHER INCOME | | |
| Interest received | 26,49,519 | 21,17,700 |
| Profit on Sale of Investments | - | 22,30,418 |
| Miscellaneous Income | 96,11,200 | 1,62,19,098 |
| Total | 1,22,60,719 | 2,05,67,216 |
| SCHEDULE : 16 | | |
| MATERIAL CONSUMPTION | | |
| Opening Stock | 4,83,20,228 | 4,63,93,722 |
| Add: Purchase of materials | 39,78,75,341 | 41,20,79,156 |
| Expenses related to Purchases | 1,48,32,557 | 96,81,583 |
| | 46,10,28,126 | 46,81,54,461 |
| Less: Closing Stock | 4,27,92,268 | 4,83,20,228 |
| Total | 41,82,35,858 | 41,98,34,233 |
| SCHEDULE : 17 | | |
| (ACCRETION) / DECRETION TO STOCKS | | |
| Closing Stock of WIP & Finished Goods | 6,20,49,210 | 7,38,53,030 |
| Less: Opening Stock of WIP & Finished Goods | 7,38,53,030 | 5,90,95,218 |
| Total | 1,18,03,820 | (1,47,57,812) |
| SCHEDULE : 18 | | |
| PERSONNEL EXPENDITURE | | |
| Salaries, Wages | 5,88,39,163 | 5,71,27,225 |
| Contribution to Provident Fund & ESI | 22,79,077 | 18,22,027 |
| Staff Welfare | 6,24,791 | 9,47,136 |
| Total | 6,17,43,031 | 5,98,96,388 |
| SCHEDULE : 19 | | |
| MANUFACTURING EXPENSES | | |
| Power and fuel | 1,18,07,557 | 1,04,18,948 |
| Consumables | 16,82,225 | 20,27,295 |
| Testing & Inspection charges | 1,60,01,327 | 34,15,389 |
| Repairs and Maintenance - Plant and Machinery | 6,99,553 | 17,97,076 |
| Total | 3,01,90,662 | 1,76,58,708 |



SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

| | For the year ended 31.03.2011 ₹ | For the year ended 31.03.2010 ₹ |
|--------------------------------------------|---------------------------------------|---------------------------------------|
| SCHEDULE : 20 | | |
| ADMINISTRATIVE AND SELLING EXPENSES | | |
| Rent | 8,89,428 | 10,00,300 |
| Rates and Taxes | 12,66,151 | 10,53,506 |
| Office Electricity | 7,11,299 | 19,34,986 |
| Insurance Charges | 18,62,985 | 7,28,283 |
| Printing and Stationery | 13,44,102 | 9,37,980 |
| Communication Expenses | 20,51,854 | 22,38,692 |
| Travelling Expenses | 43,67,771 | 53,07,288 |
| Conveyance | 9,15,337 | 7,02,959 |
| Vehicle Maintenance | 18,04,592 | 7,69,780 |
| Advertisement | 5,58,854 | 8,11,764 |
| Business Promotion | 9,49,288 | 9,41,659 |
| Commission Paid | 47,16,257 | 72,74,780 |
| Exhibition expenses | 2,09,303 | 9,38,071 |
| Carriage Outward | 1,28,24,105 | 94,84,921 |
| Liquidated Damages | 83,92,455 | 1,871 |
| Directors Remuneration | 25,15,000 | 17,57,000 |
| Legal Fees | 81,600 | 20,000 |
| Professional and Consultancy | 31,75,022 | 44,62,008 |
| Auditors Remuneration | 3,00,000 | 3,00,000 |
| Office Maintenance | 4,18,577 | 1,48,191 |
| Miscellaneous expenses | 42,45,281 | 26,58,014 |
| Repairs and Maintenance - Buildings | 1,97,458 | 2,93,662 |
| Repairs and Maintenance - Others | 15,46,247 | 26,29,905 |
| Listing Fees | 1,32,592 | 2,03,408 |
| Security Charges | 12,39,013 | 8,49,496 |
| Gifts and Donations | 22,000 | 2,43,664 |
| Loss on sale of Investments / Assets | 98,450 | 78,999 |
| Total | 5,68,35,021 | 4,77,71,187 |
| SCHEDULE : 21 | | |
| FINANCIAL EXPENSES | | |
| Interest on Term Loans | 1,53,77,583 | 56,64,873 |
| Interest on Working Capital | 1,31,29,005 | 1,03,75,015 |
| Bank Charges & Commission | 47,40,245 | 51,67,320 |
| Other Finance Charges | 39,78,959 | 51,74,965 |
| Total | 3,72,25,792 | 2,63,82,173 |

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, & the amortization commences from the year in which the company realizes these benefits for the first time.

h) Revenue Recognition

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

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

i) Retirement Benefits

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

j) Borrowing Costs

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

k) Depreciation

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

l) Foreign Currency Transaction

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

m) Government Grants / Incentives

Amounts receivable from Government by way of Grants / Incentives are accounted for on receipt basis 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. Secured Loans

- a)** Term Loan from State Bank of Hyderabad 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 Trinity Infraventures Limited (formerly known as Goldstone Exports Limited)
 - iv) Corporate Guarantees of Trinity Infraventures Limited (formerly known as 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 Trinity Infraventures Limited (formerly known as Goldstone Exports Limited.)
 - iii) Personal guarantee of a promoter director of the company.
- c) Working Capital Facilities from State Bank of Hyderabad 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 Trinity Infraventures Limited (formerly known as Goldstone Exports Limited)
 - iii) Corporate Guarantee given by Trinity Infraventures Limited (formerly known as Goldstone Exports Limited) for above loan.
 - 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.**

2. Unsecured Loan

The Company has availed Sales Tax deferment of ₹ Nil during the year (Previous Year : ₹ 9,56,849/-). During this financial year the company has started repayment of Deferment and paid an amount of ₹ 38,51,285/-.

3. Confirmation of Balances with Sundry Debtors and Sundry Creditors

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

4. Investments:

Company has invested ₹ 6.00 Cr in TF Solar Power Pvt Limited towards Equity Share Capital and allotted 60,00,000 shares @ ₹ 10/- each on 14.04.2010.

Company has acquired 10000 Shares of TF Solar Power Pvt Ltd from its Promoters on payment of ₹ 1,00,000/-.

5. Employee Benefits (AS - 15)

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

| Particulars | 31.03.2011 (₹) | 31.03.2010 (₹) |
|------------------|-------------------|-------------------|
| Gratuity | 6,81,108 | 29,36,921 |
| Leave Encashment | 12,62,417 | 5,50,265 |
| Bonus | 4,09,859 | 4,76,008 |

Defined contribution plan

During year ended March 31, 2011, the Group contributed ₹ 17,22,754/- to provident fund.

Defined benefit plan - gratuity

The amounts recognized in the balance sheet as at March 31, 2011 are as follows:

The valuation has been carried out using the projected Unit Credit Method. (Amount in ₹)

| | 31.03.2011 | 31.03.2010 |
|-------------------------------------------------------|-------------------|------------|
| Present value of funded obligation | | |
| Fair value of plan assets | | |
| Present value of Unfunded obligations | 60,33,725 | 55,92,642 |
| Unrecognized Past Service cost | - | - |
| Amount not Recognized as an asset(limit in Para59(b)) | - | - |
| Net liability | 60,33,725 | 55,92,642 |
| <u>Amounts in Balance Sheet</u> | | |
| Liability | 60,33,725 | 55,92,642 |
| Asset | - | - |
| Net Liability | 60,33,725 | 55,92,642 |

The amounts recognized in the profit and loss account for the year ended

March 31, 2011 are as follows:

(Amount in ₹)

| | 31.03.2011 | 31.03.2010 |
|-------------------------------------------------|-------------------|------------|
| Current service cost | 7,43,011 | 4,87,524 |
| Interest on Defined Benefit Obligation | 4,61,631 | 2,39,174 |
| Expected return on plan assets | - | - |
| Net Actuarial Losses/(Gains) Recognized in Year | (5,23,534) | 10,58,949 |
| Past Service Cost | - | 11,51,274 |
| Losses/(Gains) on "Curtailements & Settlements" | - | - |
| Losses/(Gains) on "Acquisition/Divestiture" | - | - |
| Effects of the limit in Para 59 (b) | - | - |
| Total, included in "Employee Benefit Expense" | 6,81,108 | 29,36,921 |
| Actual Return on Plan Assets | | |

The assumptions used in accounting for the gratuity plan are set out as below:

| | 31.03.2011 | 31.03.2010 |
|--------------------------------|-------------------------------------------------|----------------------------------------------------|
| Discount Rate | 8.20% | 8.25% |
| Expected return on plan assets | 0.00% | 0.00% |
| Salary Escalation | 10.00% for the first 2 years & 7% thereafter | 10.00% for the first 3 years & 7.00% thereafter |

Discount Rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for estimated term of the obligations.

Expected Rate of Return on Plan Assets:

This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

Salary Escalation Rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors

6. Segment Reporting (AS - 17)

Since the Company Operate in one segment — Composite Polymer Insulators , segment reporting as required under Accounting Standard — 17 is not disclosed here separately.

7. Related Party Transactions (AS - 18)

(₹ in Lakhs)

| SL No. | Name of the Party | Nature of Transaction | 2010-11 | 2009-10 |
|--------|------------------------|------------------------------------|---------------|---------|
| 1 | LP Sashikumar | MD Remuneration and other benefits | 24.00 | 19.05 |
| 2 | TFSolar Power Pvt. Ltd | Investment | 601.00 | 600.00 |

8. Earnings Per Share (EPS) (AS - 20)

Calculation of EPS

| | 2010-11 | 2009-10 |
|-----------------------------------------------------------------------|-------------|-------------|
| Profit after tax during the year (₹) | 3,23,46,747 | 6,73,23,455 |
| Earnings available to Equity Shareholders for Basic & Diluted EPS (₹) | 3,23,46,747 | 6,73,23,455 |
| Weighted Average Number of Shares taken for computation of EPS | | |
| - Basic | 3,60,80,737 | 3,60,80,737 |
| - Diluted | 3,60,80,737 | 3,60,80,737 |
| Earning per Share | | |
| - Basic (₹) | 0.90 | 1.87 |
| - Diluted (₹) | 0.90 | 1.87 |
| Face Value of the Share (₹) | 4.00 | 4.00 |

9. Deferred Tax Assets & Liabilities (AS - 22)

In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounting to the ₹ 51,93,811/- towards deferred Income Tax Liability. (Previous year ₹ 40,68,065/- towards Deferred Tax Liability)

10. Impairment of Assets (AS - 28)

There is no impairment Loss on any assets that has occurred in terms of AS 28.



11. Remuneration:

(₹ in Lakhs)

| | Year ended 31.03.2011 | Year ended 31.03.2010 |
|-----------------------------------|----------------------------------|--------------------------|
| Managing Director | | |
| Salary | 24.00 | 16.32 |
| Reimbursements and other benefits | 0.00 | 2.73 |
| | - - - - | - - - - |
| Total (₹ In lacs) | 24.00 | 19.05 |
| | ===== | ===== |
| Auditors Remuneration | | |
| Statutory Audit Fee | 2.50 | 2.50 |
| Tax Audit Fee | 0.50 | 0.50 |
| | - - | - - |
| Total (₹ In lacs) | 3.00 | 3.00 |
| | ===== | ===== |

12. Prior Period Adjustments: (AS-4)

Prior period adjustment of ₹ 1,10,116/- (Previous year 6,53,208/-) 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:

| | 2010-11 | | 2009-10 | |
|-----------------------------------------------------------------------|------------------------|---------------------|------------------------|---------------------|
| a. Licenced Capacity | NA | | NA | |
| b. Installed capacity | 6,90,000 | | 6,90,000 | |
| - Heat Shrinkable Sleeves (Nos.) | Depends on product mix | | Depends on product mix | |
| - Polymer Insulators | Depends on product mix | | Depends on product mix | |
| | Quantity | Value | Quantity | Value |
| c. Production | | | | |
| - Polymer Insulators (Nos.) | 6,32,031 | - | 5,26,443 | - |
| d. Sales | | | | |
| - Polymer Insulators | 6,31,873 | 55,46,45,660 | 5,34,330 | 69,96,32,141 |
| Others | | 17,48,92,898 | - | 38,77,102 |
| Total | | 72,95,38,558 | | 70,35,09,243 |
| e. Material consumption including trading material | | | | |
| | Kgs | | Kgs | |
| - Elastosil R | 3,16,700.00 | 7,24,73,410 | - | - |
| - HVI - 753 U | 2,609.20 | 5,64,008 | 70,360.00 | 1,54,55,559 |
| - Fibre Glass Tex - 4800 | 3,17,266.73 | 2,06,22,337 | 2,13,731.00 | 1,40,08,703 |
| - ATH Hydral 6584 | 45,104.14 | 39,68,184 | 2,84,496.00 | 2,50,52,621 |
| - Others | | 32,06,07,919 | - | 36,53,14,570 |
| | | 41,82,35,858 | | 41,98,31,453 |
| f. Break-up of material consumption including trading material | | | | |
| Indigenous | 66.23% | 27,70,11,646 | 54.08% | 22,70,42,178 |
| Imported | 33.77% | 14,12,24,212 | 45.92% | 19,27,89,275 |
| | 100.00% | 41,82,35,858 | 100.00% | 41,98,31,453 |
| g. Earnings in Foreign currency | | | | |
| Export of goods | | 1,24,31,780 | | - |
| h. Value of imports on CIF Basis | | | | |
| - Materials including trading materials | | 13,78,76,054 | | 18,76,18,229 |
| - Capital Goods | | 1,10,11,854 | | 1,36,18,905 |
| i. Expenditure in foreign currency | | | | |
| On travel | | 5,81,561 | | 9,88,203 |
| Others | | 72,30,755 | | 5,61,022 |



Goldstone

Goldstone Infratech Limited

14. Contingent Liabilities not provided for

- a) Letter of credit - ₹ 403.97 lakhs (Previous year: ₹ 263.34 lakhs)
- b) Bank Guarantees - ₹ 1166.21 lakhs (Previous year: ₹ 955.37 lakhs)
- c) Commitments on capital contracts remaining to be executed ₹ 350 lakhs (Previous year: ₹ 25.00 lakhs)
- d) Un-claimed dividend amount for the years 2006-07, 2007-08, 2008-2009 and 2009-2010 is lying in the Dividend Account at ,ICICI & Axis Bank for an amount of ₹ 2,07,645.60, ₹ 2,25,440.00 ₹ 2,21,975.00 and ₹ 1,34,205.00 respectively

15. During the year company has not made any provision for Intangible Assets - Goodwill.

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

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

per our Report attached
For P Murali & Co.
Chartered Accountants
FRN : 007257S

For and on behalf of the Board

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

Sd/-
L P Sashikumar
Managing Director

Sd/-
B Appa Rao
Director

Place: Secunderabad
Date : 30th August, 2011

Sd/-
Srikanth Adalat
Company Secretary

Statement of Cash Flows for the year ended 31.03.2011

(₹ In lakhs)

| | 31.03.2011 | 31.03.2010 |
|---------------------------------------------------|-----------------|-----------------|
| A Cash Flow from operating activity | | |
| Net Profit before tax | 476.52 | 909.53 |
| Adjustments for: | | |
| Depreciation | 130.80 | 267.49 |
| Miscellaneous expenditure written off | 6.98 | 7.14 |
| Share Warrants money forfeiture | 0.00 | 0.00 |
| Provision for Gratuity & Earned Leave | 23.53 | 39.63 |
| Loss on sale of Assets/ Investments | 0.98 | 0.79 |
| Other Income | (122.61) | (205.67) |
| Operating Profit before working capital changes | 516.20 | 1018.91 |
| Adjustments for: | | |
| Trade and other receivables | (1145.88) | (971.66) |
| Inventories | 173.32 | (166.84) |
| Trade advances | 854.56 | (182.74) |
| Trade Payable | 718.36 | 317.46 |
| Cash generated from operations | 1116.57 | 15.13 |
| Direct Taxes paid (net) | (204.39) | (253.97) |
| Gratuity Paid | (8.91) | (10.26) |
| Cashflow before extraordinary items | 903.27 | (249.10) |
| Extra ordinary items | (1.12) | 4.38 |
| Net Cash flow from operating activity | 902.15 | (244.72) |
| B. Cash Flow from Investing Activity | | |
| Purchase of fixed assets | * (279.40) | (827.35) |
| Capital work in progress | (114.96) | 2.34 |
| Investments | (600.03) | 1.66 |
| Miscellaneous Expenditure | 0.00 | 0.00 |
| Other income | 122.61 | 205.67 |
| Loss on Sale of Assets/ Investments | (0.98) | (0.79) |
| Net Cash used for investing activity | (872.77) | (618.47) |
| C. Cash Flow from financing activities | | |
| Repayment of Working capital Loan | 84.67 | 507.28 |
| Term Loan | 55.01 | 502.80 |
| Vehicle Loan | (6.73) | 2.79 |
| Deferred sales tax loan | (38.51) | 9.57 |
| Dividend paid | (84.15) | (168.59) |
| Loan received from TDB | (88.45) | 16.04 |
| Net cash generated from financing activity | (78.16) | 869.89 |
| Cash and cash equivalents (Opening Balance) | 363.56 | 356.86 |
| Net increase in Cash & Cash equivalents (A+B+C) | (48.78) | 6.70 |
| Cash and cash equivalents (Closing Balance) | 314.78 | 363.56 |

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

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 : 30th August, 2011

Sd/-
Srikanth Adalat
Company Secretary

Auditors' Report on Consolidated Financials:

To the Board of directors on the Consolidated Financial Statements of **Goldstone Infratech Limited** & its Subsidiaries:

1. We have examined the attached Consolidated Balance Sheet of Goldstone Infratech Limited as at 31st March 2011 and also the Consolidated Profit and Loss and also the Consolidated Cash Flow Statement for the year ended on that date Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain responsible 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 statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have audit the financial statements of the subsidiaries of Goldstone Infratech Limited whose financial statements reflect total assets of Rs. 939.36 Lakhs as at 31st March 2011 and total revenue of Rs. Nil (Commercial activities not yet commenced) for the year ended on that date.

4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited/certified financial statements of the Company and its subsidiaries in our opinion the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (i) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of the Company and its subsidiaries as at March 31, 2011.
- (ii) In the case of Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended March 31, 2011.
- (iii) In the case of the Consolidated Cash Flows statement, of the consolidated cash flows of the company and its subsidiaries for the year ended March 31, 2011.

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

Sd/-

P. Murali Mohana Rao
Partner
Membership No. 23412

Place: Hyderabad
Date: 30th August, 2011

CONSOLIDATED BALANCE SHEET AS AT 31.03.2011

| | SCHEDULE | As at 31.03.2011 ₹ |
|------------------------------------------------------------------------|-----------------|-----------------------------------|
| SOURCES OF FUNDS | | |
| SHAREHOLDERS FUNDS: | | |
| Share Capital | 1 | 14,43,22,948 |
| Reserves and Surplus | 2 | 84,84,11,813 |
| | | 99,27,34,761 |
| LOAN FUNDS: | | |
| Secured Loans | 3 | 21,19,40,143 |
| Unsecured Loans | 4 | 8,81,82,596 |
| | | 30,01,22,739 |
| DEFERRED TAX LIABILITY | | |
| Total | | 5,35,03,160 |
| | | 1,34,63,60,660 |
| APPLICATION OF FUNDS | | |
| FIXED ASSETS: | | |
| Gross Block | 5 | 1,08,70,95,378 |
| Less: Depreciation | | 25,83,12,080 |
| Net Block | | 82,87,83,298 |
| Capital work in progress | | 19,50,22,568 |
| | | 1,02,38,05,866 |
| CURRENT ASSETS, LOANS & ADVANCES: | | |
| Inventories | 6 | 10,48,41,478 |
| Sundry Debtors | 7 | 35,26,10,754 |
| Cash and Bank Balances | 8 | 3,19,00,289 |
| Loans and Advances | 9 | 7,98,84,879 |
| | | 56,92,37,400 |
| CURRENT LIABILITIES & PROVISIONS: | | |
| Current liabilities | 10 | 19,82,73,724 |
| Provisions | 11 | 4,97,24,579 |
| | | 24,79,98,303 |
| Net Current Assets | | 32,12,39,097 |
| MISCELLANEOUS EXPENDITURE | | |
| Total | 12 | 13,15,697 |
| | | 1,34,63,60,660 |
| Notes to Accounts | 21 | |
| The Schedules referred to above form an integral part of Balance Sheet | | |

per our report attached
for **P. Murali & Co.**
Chartered Accountants, FRN : 007257S
Sd/-

P. Murali Mohana Rao
Partner
Membership No. 23412
Place: Secunderabad
Date : 30th August, 2011

For and on behalf of the Board

Sd/-
L.P. Sashikumar
Managing Director

Sd/-
B. Appa Rao
Director

Sd/-
Srikanth Adalat
Company Secretary



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

| | SCHEDULE | For the year ended 31.03.2011 ₹ |
|----------------------------------------------------------------------------------|-----------------|-----------------------------------------------|
| INCOME | | |
| Sales | 13 | 72,95,38,558 |
| Less: Excise Duty | | 4,91,30,730 |
| | | 68,04,07,828 |
| Other Income | 14 | 1,22,60,719 |
| Total | | 69,26,68,547 |
| EXPENDITURE | | |
| Material Consumption | 15 | 41,82,35,858 |
| (Accretion) / Decretion to stocks | 16 | 1,18,03,820 |
| Personnel Expenditure | 17 | 6,17,43,031 |
| Manufacturing Expenses | 18 | 3,01,90,662 |
| Administrative and Selling Expenses | 19 | 5,68,35,021 |
| Financial Expenses | 20 | 3,72,25,792 |
| Depreciation | | 2,82,84,766 |
| Miscellaneous Expenses Written off | | 6,97,384 |
| Total | | 64,50,16,334 |
| Profit before Taxation | | 4,76,52,213 |
| Provision for taxation | | |
| - Current | | 1,00,00,000 |
| - Deferred | | 51,93,811 |
| Profit after taxation | | 3,24,58,402 |
| Taxes pertains to previous years | | (1,539) |
| Prior period adjustments | | (1,10,116) |
| Net Profit | | 3,23,46,747 |
| Profit brought forward from previous year | | 25,44,45,727 |
| Amount available for appropriation | | 28,67,92,474 |
| APPROPRIATIONS | | |
| Proposed Dividend | | 721,16,147 |
| Provision for Dividend Tax | | 11,70,639 |
| Transfer to General Reserve | | 32,34,675 |
| Balance carried to Balance Sheet | | 27,51,71,013 |
| Earnings per share (Basic/diluted) | | 0.90 |
| (Nominal Value of Share of ₹ 4 each) | | |
| No of Shares used in computing Earnings per share | | 3,60,80,737 |
| Notes to Accounts | 21 | |
| The Schedules referred to above form an integral part of Profit and Loss Account | | |

per our report attached

for **P. Murali & Co.**

Chartered Accountants, FRN : 007257S

Sd/-

P. Murali Mohana Rao

Partner

Membership No. 23412

Place: Secunderabad

Date : 30th August, 2011

For and on behalf of the Board

Sd/-

L.P. Sashikumar

Managing Director

Sd/-

B. Appa Rao

Director

Sd/-

Srikanth Adalat

Company Secretary

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31.03.2011

| | As at 31.03.2011 ₹ |
|-------------------------------------------|-----------------------------------|
| SCHEDULE : 1 | |
| SHARE CAPITAL | |
| Authorised | |
| 6,16,25,000 (Previous 6,16,25,000) | |
| Equity Shares of ₹ 4/- each, | 24,65,00,000 |
| Issued,Subscribed and Paid up | |
| 3,60,80,737 (Previous Year 3,60,80,737) | |
| Equity Shares of ₹ 4 each fully Paid - Up | 14,43,22,948 |
| Total | 14,43,22,948 |
| SCHEDULE : 2 | |
| RESERVES AND SURPLUS | |
| Share Premium | 42,65,13,494 |
| General Reserve | 14,67,27,306 |
| Surplus | 27,51,71,013 |
| Total | 84,84,11,813 |
| SCHEDULE : 3 | |
| SECURED LOAN | |
| From State Bank of Hyderabad | |
| - Term Loans | 7,97,09,959 |
| - Working Capital | 10,91,48,032 |
| From others | |
| - Technology Development Board | 2,16,88,801 |
| - Vehicle Loans | 13,93,351 |
| Total | 21,19,40,143 |
| SCHEDULE : 4 | |
| UNSECURED LOANS | |
| Sales Tax Deferment Loan (interest free) | 8,81,82,596 |
| Total | 8,81,82,596 |

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31.03.2011
SCHEDULE 5: FIXED ASSETS

| Description | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|-------------------------------------|-------------------------|--------------------|--------------------|-------------------------|---------------------|--------------------|--------------------|---------------------|---------------------|
| | Cost as at 01.04.2010 ₹ | Additions ₹ | Deletions ₹ | Cost As at 31.03.2011 ₹ | As at 01.04.2010 ₹ | For the year ₹ | Deletions ₹ | As at 31.03.2011 ₹ | As at 31.03.2010 ₹ |
| Goodwill | 13,60,489 | - | - | 13,60,489 | - | - | - | 13,60,489 | 13,60,489 |
| Land | 41,54,69,715 | 1,18,31,288 | - | 42,73,01,003 | - | - | - | 42,73,01,003 | 41,54,69,715 |
| Buildings | 5,36,38,587 | 2,06,078 | - | 5,38,44,665 | 99,57,978 | 17,92,686 | - | 4,20,94,001 | 4,36,80,609 |
| Plant & Machinery | 43,23,15,269 | 2,84,23,420 | 1,52,11,109 | 44,55,27,580 | 12,15,42,260 | 2,16,19,220 | 1,49,12,659 | 31,72,78,759 | 31,07,73,009 |
| Furniture & Fixtures | 76,73,478 | 9,618 | - | 76,83,096 | 44,58,008 | 4,86,254 | - | 27,38,834 | 32,15,470 |
| Lab Tools & Equipment | 1,10,58,376 | 23,56,905 | - | 1,34,15,281 | 30,74,941 | 5,88,662 | - | 97,51,678 | 79,83,435 |
| Electrical Equipment/ Installation | 1,60,87,097 | 2,54,816 | - | 1,63,41,913 | 67,01,148 | 7,74,572 | - | 88,66,193 | 93,85,949 |
| Vehicles | 1,51,38,862 | - | - | 1,51,38,862 | 96,76,812 | 14,38,193 | - | 40,23,857 | 54,62,050 |
| Computer system & Network Equipment | 8,15,23,742 | 5,87,305 | - | 8,21,11,047 | 8,07,89,621 | 5,33,611 | - | 7,87,815 | 7,34,121 |
| Office equipment | 54,56,204 | 2,88,416 | - | 57,44,620 | 23,44,311 | 2,68,937 | - | 31,31,372 | 31,11,893 |
| Generator | 93,69,269 | - | 7,52,360 | 86,16,909 | 28,90,531 | 4,36,718 | 2,92,163 | 55,81,823 | 64,78,738 |
| Leasehold Improvements | 60,60,777 | - | - | 60,60,777 | 16,26,733 | 2,02,430 | - | 42,31,614 | 44,34,044 |
| Air Conditioners | 25,97,025 | - | - | 25,97,025 | 8,55,541 | 1,23,358 | - | 16,18,126 | 17,41,484 |
| Tools & Spares | 30,589 | - | - | 30,589 | 11,403 | 1,453 | - | 17,733 | 19,186 |
| Temporary Sheds | 13,21,522 | - | - | 13,21,522 | 11,13,738 | 2,07,784 | - | - | 2,07,784 |
| Total | 1,05,91,01,001 | 4,39,57,846 | 1,59,63,469 | 1,08,70,95,378 | 24,50,43,025 | 2,84,73,878 | 1,52,04,822 | 82,87,83,297 | 81,40,57,976 |
| Previous year | 97,45,67,421 | 8,44,34,748 | 16,99,675 | 1,05,73,02,494 | 21,76,37,271 | 2,81,84,880 | 14,35,916 | 81,29,16,259 | 75,69,30,150 |

Note : The Depreciation of TF Solar Power of ₹ 189112/- has been capitalized. Hence it is not changed in consolidated P&L Account.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31.03.2011

| | As at 31.03.2011 ₹ |
|---------------------------------------------------------------------|-----------------------------------|
| SCHEDULE : 6 | |
| INVENTORIES | |
| (As per the inventories taken and certified by the Management) | |
| Rawmaterials, Components and Packing Materials | 4,27,92,268 |
| Work - in - Process & Finished stocks | 6,20,49,210 |
| Total | 10,48,41,478 |
| SCHEDULE : 7 | |
| SUNDRY DEBTORS | |
| Unsecured, considered good | 1,80,19,615 |
| Debts outstanding for a period exceeding six months | 33,45,91,139 |
| Other Debts | |
| Total | 35,26,10,754 |
| SCHEDULE : 8 | |
| CASH AND BANK BALANCES | |
| Cash on hand | 48,475 |
| Balances with Scheduled Banks | |
| - In Current Accounts | 23,19,560 |
| - In Margin Money Deposits | 2,95,32,254 |
| Total | 3,19,00,289 |
| SCHEDULE : 9 | |
| LOANS AND ADVANCES | |
| Unsecured , considered good | |
| Advances recoverable in cash or kind or for value to be received | 22,44,424 |
| Advance for investments | - |
| Advnances to Staff | 2,32,160 |
| Advances to suppliers | 39,14,925 |
| Advances for Purchase of Machinery and Others | 1,12,11,559 |
| Balance with Government Departments | 1,99,46,639 |
| Prapaid Taxes | 2,96,06,381 |
| Prepaid Expenses | 29,32,809 |
| Deposits | 97,95,982 |
| Total | 7,98,84,879 |



SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31.03.2011

| | As at 31.03.2011 ₹ |
|----------------------------------------------|-----------------------------------|
| SCHEDULE : 10 | |
| CURRENT LIABILITIES | |
| Sundry Creditors | 7,70,93,715 |
| Advances from Customers | 64,24,664 |
| Statutory Liabilities | 1,41,22,694 |
| Payable to Corporate Company | 4,00,00,000 |
| Liabilities to Transporters | 64,44,816 |
| Liabilities to Consultants and individuals | 33,72,296 |
| Liabilities to Capital Purchases | 1,40,88,385 |
| Other Creditors / Liabilities | 3,67,27,154 |
| Total | 19,82,73,724 |
| SCHEDULE : 11 | |
| PROVISIONS | |
| Provision for | |
| - Income Tax | 3,22,37,526 |
| - Wealth Tax | - |
| Provision for | |
| - Dividend | 72,16,147 |
| - Dividend Tax | 11,70,639 |
| Provision for | |
| - Bonus | 4,09,859 |
| - Gratuity | 60,33,725 |
| - Earned leave encashment | 26,56,683 |
| Total | 4,97,24,579 |
| SCHEDULE : 12 | |
| MISCELLANEOUS EXPENDITURE | |
| (To the extent not written off or adjusted) | |
| Miscellaneous Expenditure | 19,91,813 |
| Less: Amount written off during the year | 6,97,384 |
| | 12,94,429 |
| Preliminary Expenses | 21,268 |
| Less: Written off during the year | - |
| | 21,268 |
| Total | 13,15,697 |

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

| | For the year ended 31.03.2011 |
|-----------------------------------------------|------------------------------------------|
| | ₹ |
| SCHEDULE : 13 | |
| SALES AND SERVICES | |
| Telecom & Insulators | |
| - Domestic Turnover | 70,85,64,320 |
| - Exports Turnover | 2,09,74,238 |
| Total | 72,95,38,558 |
| SCHEDULE : 14 | |
| OTHER INCOME | |
| Interest received | 26,49,519 |
| Profit on Sale of Investments | - |
| Miscellaneous Income | 96,11,200 |
| Total | 1,22,60,719 |
| SCHEDULE : 15 | |
| MATERIAL CONSUMPTION | |
| Opening Stock | 4,83,20,228 |
| Add: Purchase of materials | 39,78,75,341 |
| Expenses related to Purchases | 1,48,32,557 |
| | 46,10,28,126 |
| Less: Closing Stock | 4,27,92,268 |
| Total | 41,82,35,858 |
| SCHEDULE : 16 | |
| (ACCRETION) / DECRETION TO STOCKS | |
| Closing Stock of WIP & Finished Goods | 6,20,49,210 |
| Less: Opening Stock of WIP & Finished Goods | 7,38,53,030 |
| Total | 1,18,03,820 |
| SCHEDULE : 17 | |
| PERSONNEL EXPENDITURE | |
| Salaries, Wages | 5,88,39,163 |
| Contribution to Provident Fund & ESI | 22,79,077 |
| Staff Welfare | 6,24,791 |
| Total | 6,17,43,031 |
| SCHEDULE : 18 | |
| MANUFACTURING EXPENSES | |
| Power and fuel | 1,18,07,557 |
| Consumables | 16,82,225 |
| Testing & Inspection charges | 1,60,01,327 |
| Repairs and Maintenance - Plant and Machinery | 6,99,553 |
| Total | 3,01,90,662 |



SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

| | For the year ended 31.03.2011 |
|--------------------------------------------|------------------------------------------|
| | ₹ |
| SCHEDULE : 19 | |
| ADMINISTRATIVE AND SELLING EXPENSES | |
| Rent | 8,89,428 |
| Rates and Taxes | 12,66,151 |
| Office Electricity | 7,11,299 |
| Insurance Charges | 18,62,985 |
| Printing and Stationery | 13,44,102 |
| Communication Expenses | 20,51,854 |
| Travelling Expenses | 43,67,771 |
| Conveyance & Vehicle Hire charges | 9,15,337 |
| Vehicle Maintenance | 18,04,592 |
| Advertisement | 5,58,854 |
| Business Promotion | 9,49,288 |
| Commission Paid | 47,16,257 |
| Exhibition expenses | 2,09,303 |
| Carriage Outward | 1,28,24,105 |
| Liquidated Damages | 83,92,455 |
| Directors Remuneration | 25,15,000 |
| Legal Fees | 81,600 |
| Professional and Consultancy | 31,75,022 |
| Auditors Remuneration | 3,00,000 |
| Office Maintenance | 4,18,577 |
| Miscellaneous expenses | 42,45,281 |
| Repairs and Maintenance - Buildings | 1,97,458 |
| Repairs and Maintenance - Others | 15,46,247 |
| Listing Fees | 1,32,592 |
| Security Charges | 12,39,013 |
| Gifts and Donations | 22,000 |
| Loss on sale of Investments / Assets | 98,450 |
| Total | 5,68,35,021 |
| SCHEDULE : 20 | |
| FINANCIAL EXPENSES | |
| Interest on Term Loans | 1,53,77,583 |
| Interest on Working Capital | 1,31,29,005 |
| Bank Charges & Commission | 47,40,245 |
| Other Finance Charges | 39,78,959 |
| Total | 3,72,25,792 |

21. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS TO CONSOLIDATED ACCOUNTS

A) 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.

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) PRINCIPLES OF CONSOLIDATION

A. The consolidated Financial statements relate to GOLDSTONE INFRATECH LIMITED (the company) and its subsidiary companies. The Consolidated Financial Statements have been prepared on the following basis.

- a. The Financial statements of the company and its subsidiary companies are

combined on a line-by-line basis by adding together the book values of like items of assets , liabilities , income and expenses after fully eliminating intra - group balances and intra group transactions in accordance with Accounting Standard - 21 on "Consolidated Financial Statements".

B. The subsidiary Companies considered in the Consolidated Financial statements are.

| Sl No. | Name of the Subsidiary Company | Country of incorporation | Ownership Interest % |
|--------|--------------------------------|--------------------------|----------------------|
| 1 | TF SolarPower Private Limited | India | 100% |

III. NOTES ON ACCOUNTS

1. Secured Loans

a) Term Loan from State Bank of Hyderabad 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 Trinity Infraventures Limited (formerly known as Goldstone Exports Limited)
- iv)** Corporate Guarantees of Trinity Infraventures Limited (formerly known as 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 Trinity Infraventures Limited (formerly known as Goldstone Exports Limited.)

iii) Personal guarantee of a promoter director of the company.

c) Working Capital Facilities from State Bank of Hyderabad 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 Trinity Infraventures Limited (formerly known as Goldstone Exports Limited)

iii) Corporate Guarantee given by Trinity Infraventures Limited (formerly known as Goldstone Exports Limited) for above loan.

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.

2. Unsecured Loan

The Company has availed Sales Tax deferment of ₹ **Nil** during the year (Previous Year: ₹ 9,56,849/-). During this financial year the company has started repayment of Deferment and paid an amount of ₹ 38,51,285/-.

3. Confirmation of Balances with Sundry Debtors and Sundry Creditors

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

4. Investments:

Company has invested Rs. 6.00 Cr in TF Solar Power Pvt. Limited towards Equity Share Capital and allotted 60,00,000 shares @ ₹ 10/- each on 14.04.2010.

Company has acquired 10000 Shares of TF Solar Power Pvt Ltd from its Promoters on payment of ₹ 1,00,000/-.

5. Employee Benefits (AS - 15)

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

| Particulars | 31.03.2011 (₹) | 31.03.2010 (₹) |
|------------------|-------------------|-------------------|
| Gratuity | 6,81,108 | 29,36,921 |
| Leave Encashment | 12,62,417 | 5,50,265 |
| Bonus | 4,09,859 | 4,76,008 |

Defined contribution plan

During year ended March 31, 2011, the Group contributed ₹ **17,22,754/-**.to provident fund.

Defined benefit plan - gratuity

The amounts recognized in the balance sheet as at March 31, 2011 are as follows:

The valuation has been carried out using the projected Unit Credit Method.

(Amount in ₹)

| | 31.03.2011 | 31.03.2010 |
|-------------------------------------------------------------|------------|------------|
| Present value of funded obligation | | |
| Fair value of plan assets | | |
| Present value of Unfunded obligations | 60,33,725 | 55,92,642 |
| Unrecognized Past Service cost | - | - |
| Amount not Recognized as an asset (limit in Para 59 (b)) | - | - |
| Net liability | 60,33,725 | 55,92,642 |
| Amounts in Balance Sheet | | |
| Liability | 60,33,725 | 55,92,642 |
| Asset | - | - |
| Net Liability | 60,33,725 | 55,92,642 |

The amounts recognized in the profit and loss account for the year ended 31.03.2011 are as follows:

(Amount in ₹)

| | 31.03.2011 | 31.03.2010 |
|-------------------------------------------------|-------------------|-------------------|
| Current service cost | 7,43,011 | 4,87,524 |
| Interest on Defined Benefit Obligation | 4,61,631 | 2,39,174 |
| Expected return on plan assets | - | - |
| Net Actuarial Losses/(Gains) Recognized in Year | (523534) | 10,58,949 |
| Past Service Cost | - | 11,51,274 |
| Losses/(Gains) on "Curtailments & Settlements" | | |
| Losses/(Gains) on "Acquisition/Divestiture" | - | - |
| Effects of the limit in Para 59 (b) | | |
| Total, included in "Employee Benefit Expense" | 6,81,108 | 29,36,921 |
| Actual Return on Plan Assets | | |

The assumptions used in accounting for the gratuity plan are set out as below:

| | 31.03.2011 | 31.03.2010 |
|--------------------------------|-------------------------------------------------|----------------------------------------------------|
| Discount Rate | 8.20% | 8.25% |
| Expected return on plan assets | 0.00% | 0.00% |
| Salary Escalation | 10.00% for the first 2 years & 7% thereafter | 10.00% for the first 3 years & 7.00% thereafter |

Discount Rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for estimated term of the obligations.

Expected Rate of Return on Plan Assets:

This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

Salary Escalation Rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors

6. Segment Reporting (AS - 17)

Since the Company Operate in one segment — Composite Polymer Insulators , segment reporting as required under Accounting Standard — 17 is not disclosed here separately.

7. Related Party Transactions (AS - 18)

(₹ in lacs)

| SL No. | Name of the Party | Nature of Transaction | 2010-11 | 2009-10 |
|--------|-------------------------|--------------------------------------|---------|---------|
| 1 | LP Sashikumar | MD Remuneration, and other benefits. | 24.00 | 19.05 |
| 2 | TF SolarPower Pvt. Ltd. | Investment | 601.00 | 600.00 |

8. Earnings Per Share (EPS) (AS - 20)

Calculation of EPS

| | 2010-11 | 2009-10 |
|-------------------------------------------------------------------------|-------------|-------------|
| Profit after tax during the year (₹) | 3,23,46,747 | 6,73,23,455 |
| Earnings available to Equity Shareholders for Basic & Diluted EPS (₹) | 3,23,46,747 | 6,73,23,455 |
| Weighted Average Number of Shares taken for computation of EPS | | |
| - Basic | 3,60,80,737 | 3,60,80,737 |
| - Diluted | 3,60,80,737 | 3,60,80,737 |
| Earning per Share (₹) | | |
| - Basic | 0.90 | 1.87 |
| - Diluted | 0.90 | 1.87 |
| Face Value of the Share (₹) | 4.00 | 4.00 |

9. Deferred Tax Assets & Liabilities (AS - 22)

In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounting to the ₹ 51,93,811/- towards deferred Income Tax Liability. (Previous year ₹ 40,68,065/- towards Deferred Tax Liability)

10. Impairment of Assets (AS - 28)

There is no impairment Loss on any assets that has occurred in terms of AS 28.

11. Remuneration:

| | Year ended | |
|-----------------------------------|--------------|--------------|
| | 31.03.2011 | 31.03.2010 |
| Managing Director | | |
| Salary | 24.00 | 16.32 |
| Reimbursements and other benefits | 0.00 | 2.73 |
| | --- | --- |
| Total (₹ In lacs) | 24.00 | 19.05 |
| | ===== | ===== |
| Auditors Remuneration | | |
| Statutory Audit Fee | 2.50 | 2.50 |
| Tax Audit Fee | 0.50 | 0.50 |
| | --- | --- |
| Total (₹ In lacs) | 3.00 | 3.00 |
| | ===== | ===== |

12. Prior Period Adjustments: (AS - 4)

Prior period adjustment of ₹ 1,10,116/- (Previous year ₹ 6,53,208/-) 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:

| | 2010-11 | | 2009-10 | |
|-----------------------------------------------------------------------|------------------------|---------------------|------------------------|---------------------|
| a. Licenced Capacity | NA | | NA | |
| b. Installed capacity | 6,90,000 | | 6,90,000 | |
| - Heat Shrinkable Sleeves (Nos.) | Depends on product mix | | Depends on product mix | |
| - Polymer Insulators | Depends on product mix | | Depends on product mix | |
| | Quantity | Value | Quantity | Value |
| c. Production | | | | |
| - Polymer Insulators(Nos.) | 6,32,031 | - | 5,26,443 | - |
| d. Sales | | | | |
| - Polymer Insulators | 6,31,873 | 55,46,45,660 | 5,34,330 | 69,96,32,141 |
| - Others | | 17,48,92,898 | - | 38,77,102 |
| Total | | 72,95,38,558 | | 70,35,09,243 |
| e. Material consumption including trading material | | | | |
| | Kgs. | | Kgs. | |
| - Elastosil R | 3,16,700.00 | 7,24,73,410 | - | - |
| - HVI - 753 U | 2,609.20 | 5,64,008 | 70,360.00 | 1,54,55,559 |
| - Fibre Glass Tex - 4800 | 3,17,266.73 | 2,06,22,337 | 2,13,731.00 | 1,40,08,703 |
| - ATH Hydral 6584 | 45,104.14 | 39,68,184 | 2,84,496.00 | 2,50,52,621 |
| - Others | | 32,06,07,919 | | 36,53,14,570 |
| | | 41,82,35,858 | | 41,98,31,453 |
| f. Break-up of material consumption including trading material | | | | |
| Indigenous | 66.23% | 27,70,11,646 | 54.08% | 22,70,42,178 |
| Imported | 33.77% | 14,12,24,212 | 45.92% | 19,27,89,275 |
| | 100.00% | 41,82,35,858 | 100.00% | 41,98,31,453 |
| g. Earnings in Foreign currency | | | | |
| Export of goods (₹) | | 1,24,31,780 | | - |
| h. Value of imports on CIF Basis | | | | |
| - Materials including trading materials (₹) | | 13,78,76,054 | | 18,76,18,229 |
| - Capital Goods (₹) | | 1,10,11,854 | | 1,36,18,905 |
| i. Expenditure in foreign currency | | | | |
| On travel (₹) | | 5,81,561 | | 9,88,203 |
| Others (₹) | | 72,30,755 | | 5,61,022 |

14. Contingent Liabilities not provided for

- a) Letter of credit - ₹ 403.97 lakhs (Previous year: ₹ 263.34 lakhs)
- b) Bank Guarantees - ₹ 1166.21 lakhs (Previous year: ₹ 955.37 lakhs)
- c) Commitments on capital contracts remaining to be executed ₹ 350 lakhs
(Previous year: ₹ 25.00 lakhs)
- d) Un-claimed dividend amount for the years 2006-07, 2007-08, 2008-2009 and 2009-2010 is lying in the Dividend Account at ,ICICI & Axis Bank for an amount of ₹ 2,07,645.60, ₹ 2,25,440.00 ₹ 2,21,975.00 and ₹ 1,34,205.00 respectively

15. Since this has been first instance of the consolidated financial statements, previous year comparatives are not applicable and hence not disclosed.

16. During the year company has not made any provision for intangible asset - Goodwill.

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

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

per our Report attached
For P Murali & Co.
Chartered Accountants
FRN 007257S

For and on behalf of the Board

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

Sd/-
L P Sashikumar
Managing Director

Sd/-
B Appa Rao
Director

Place: Secunderabad
Date : 30th August, 2011

Sd/-
Srikanth Adalat
Company Secretary

**Statement of Consolidated Cash Flows for the year ended 31.03.2011** (₹ in Lakhs)

| | 31.03.2011 |
|---------------------------------------------------|-------------------|
| A Cash Flow from operating activity | |
| Net Profit before tax | 476.52 |
| Adjustments for: | |
| Depreciation | 139.26 |
| Miscellaneous expenditure written off | 6.98 |
| Share Warrants money forfeiture | 0.00 |
| Provision for Gratuity & Earned Leave | 23.53 |
| Loss on sale of Assets/ Investments | 0.98 |
| Other Income | (122.61) |
| Operating Profit before working capital changes | 524.66 |
| Adjustments for: | |
| Trade and other receivables | (1145.88) |
| Inventories | 173.32 |
| Trade advances | 884.35 |
| Trade Payable | 1026.94 |
| Cash generated from operations | 1463.39 |
| Direct Taxes paid (net) | (204.39) |
| Gratuity Paid | (8.91) |
| Cashflow before extraordinary items | 1250.09 |
| Extra ordinary items | (1.12) |
| Net Cash flow from operating activity | 1248.97 |
| B. Cash Flow from Investing Activity | |
| Purchase of fixed assets * | (297.93) |
| Capital work in progress | (1039.83) |
| Investments | 0.97 |
| Miscellaneous Expenditure | (0.21) |
| Other income | 122.61 |
| Loss on Sale of Assets/ Investments | (0.98) |
| Net Cash used for investing activity | (1215.36) |
| C. Cash Flow from financing activities | |
| Repayment of Working capital Loan | 84.67 |
| Term Loan | 55.01 |
| Vehicle Loan | (6.73) |
| Deferred sales tax loan | (38.51) |
| Dividend paid | (84.15) |
| Loan received from TDB | (88.45) |
| Net cash generated from financing activity | (78.16) |
| Cash and cash equivalents (Opening Balance) | 363.56 |
| Net increase in Cash & Cash equivalents (A+B+C) | (44.56) |
| Cash and cash equivalents (Closing Balance) | 319.00 |

per our report attached

for **P. Murali & Co.**

Chartered Accountants, FRN 007257S

Sd/-

P. Murali Mohana Rao

Partner

Membership No. 23412

Place: Secunderabad

Date : 30th August, 2011

on behalf of the Board

Sd/-

L.P. Sashikumar

Managing Director

Sd/-

B. Appa Rao

Director

Sd/-

Srikanth Adalat

Company Secretary

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANY**

Name of the Subsidiary : **TF SolarPower Pvt. Ltd.**

(Amount in ₹)

| S. No. | Particulars | Amount |
|---------------|----------------------------------------------------------------------------------------------------------------------------|-----------------|
| 1 | The financial year for the subsidiary company ended on | 31.03.2011 |
| 2 | Shares of the subsidiary company held by holding company as on above date | |
| | (i) Number | 6010000 |
| | (ii) Extent of holding | 100% |
| 3 | Date from which it became a subsidiary | 14.04.2010 |
| 4 | The net aggregate amount of Profits / (Losses) of the Subsidiary so far as they concern the member of the Holding Company. | |
| | a) Dealt within the Holding Company's accounts | NIL |
| | i) for the financial year of the subsidiary | NIL |
| | ii) for the previous financial years of the subsidiary since it became the Holding Company's subsidiary | NIL |
| | b) Not dealt within the Holding Company's accounts | |
| | i) for the financial year of the subsidiary | NIL |
| | ii) for the previous financial years of the subsidiary since it became the Holding Company's subsidiary | NIL |
| 5 | Issued, Subscribed & Paid-up Capital | 60100000 |
| 6 | Reserves & Surplus | - |
| 7 | Liabilities | 33836049 |
| 8 | Total Liabilities | 93936049 |
| 9 | Total Assets | 93936049 |
| 10 | Investments | NIL |
| 11 | Turnover | NIL |
| 12 | Profit before Tax | NIL |
| 13 | Provision for Taxation | NIL |
| 14 | Profit after Tax | NIL |
| 15 | Proposed Dividend | NIL |

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE:

I. Registration Details:

| | | | |
|---------------------|------------|-------------|----|
| Registration No. | 35451 | State Code: | 01 |
| Balance Sheet Date: | 31.03.2011 | | |

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: | 13463.61 | Total Assets: | 13463.61 |
| Paid-up Capital | 1443.23 | Reserves and Surplus | 8484.12 |
| Secured Loans: | 2119.40 | Unsecured Loans: | 881.83 |
| Deferred Tax Liability | 535.03 | | |

Application of Funds:

| | | | |
|---------------------|---------|-------------------|--------|
| Net Fixed Assets | 9303.13 | Investments | 601.00 |
| Net Current Assets: | 3546.53 | Misc. Expenditure | 12.95 |

* includes Deferred Tax Liabilities

Accumulated Losses: NIL

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

| | | | |
|--------------------------|---------|-------------------|---------|
| Turnover/Income | 6926.68 | Total Expenditure | 6450.16 |
| Profit before tax | 476.52 | Profit after tax | 324.58 |
| Earning per Share in Rs. | 0.90 | Dividend Rate | 5% |

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

| | | |
|--------------------------|---|------------------------------|
| Item Code No. (ITC Code) | : | 85462090 |
| Product Description | : | Composite Polymer Insulators |
| Item Code No. (ITC Code) | : | 85354030 |
| Product Description | : | Surge Arrestors |