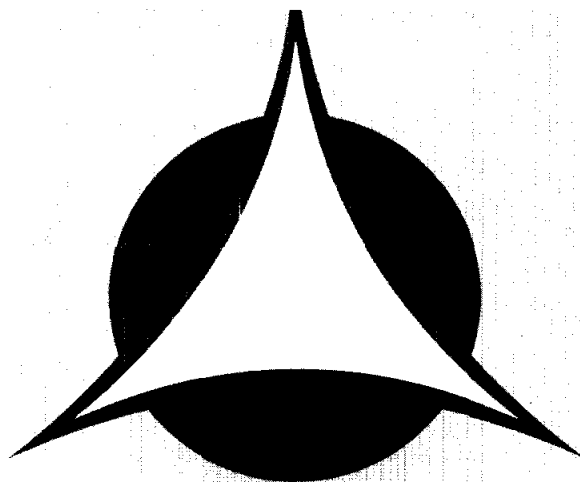




**Goldstone**

**Goldstone Telecommunications Limited**



***First Annual Report 2000–2001***

## Board of Directors

Mr.Gopalakrishna	Chairman
Mr.L.P.Sashikumar	Managing Director
Mr.J.A.Rao	Director
Mr.K.Vasudeva Rao	Director
Mr.K.K.Krishnan Kuffy	Director

### Registered Office

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

### Factory

Plot No. 1 & 9, IDA , Phase II  
Cherlapally  
Hyderabad-500051

### Bankers to the Company

State Bank of Hyderabad  
Punjagutta Branch  
Hyderabad-500482

### Statutory Auditors

Srivas & Pramodkumar  
Chartered Accountants  
c-16, IVA Block,  
Bharani Complex, Minister Road  
Secunderabad-500003.

### Internal Auditors

CKS Associates  
# 87 Nagarjuna, Road #3  
Gaganmahal Colony,  
Hyderabad-500029.



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## Notice

Notice is hereby given that the First Annual General Meeting of the Company would be held on Monday, the 31st December, 2001 at 3.00 P.M at Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad-500 051, to transact the following business :

### ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit and Loss Account for the period ended 30th June, 2001 and the Balance Sheet as on the date and the reports of the Board of Directors and Auditors thereon.
2. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT the first Auditors, M/s. Srivas & Pramodkumar, Chartered Accountants, appointed by the Board, be and are hereby reappointed as Auditors of the Company to hold office from conclusion of this meeting till the conclusion of next Annual General Meeting at such remuneration as may be determined by the Board".

### SPECIAL BUSINESS :

#### APPOINTMENT OF DIRECTORS

3. To consider, and if thought fit, to pass with or without modification, the following resolution as an **Ordinary** Resolution :  
"RESOLVED THAT Mr. L P Sashikumar be and is hereby appointed as Director of the Company, liable to retire by rotation."
4. To consider, and if thought fit, to pass with or without modification, the following resolution as an **Ordinary** Resolution :  
"RESOLVED THAT Mr. J A Rao be and is hereby appointed a Director of the Company, liable to retire by rotation."
5. To consider, and if thought fit, to pass with or without modification, the following resolution as an **Ordinary** Resolution :  
"RESOLVED THAT Mr. K Vasudeva Rao be and is hereby appointed as Director of the Company, liable to retire by rotation."
6. To consider, and if thought fit, to pass with or without modification, the following resolution as an **Ordinary** Resolution :

"RESOLVED THAT Mr. M.Gopalakrishna be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Dr. K K Krishnan Kutty be and is hereby appointed as Director of the Company, liable to retire by rotation."

#### 8. APPOINTMENT OF MANAGING DIRECTOR

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

"RESOLVED THAT pursuant to Sec. 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 with Schedule XIII thereof, the consent of the Company be and is hereby accorded for appointment of Mr. L.P.Sashikumar, as Managing Director of the Company for a period of five years w.e.f 1st April, 2001 on the following terms and conditions.

The remuneration payable by way of salary and perquisites be as below:

- a) Salary : Rs. 90,000 per month

#### Perquisites:

##### CATEGORY A

1. Housing : Rent Free Accommodation or House Rent Allowance of Rs. 10,000 per month.
2. Medical Reimbursement for self and family, value not exceeding one month's salary per annum.
3. Leave Travel Assistance; value not exceeding one month's salary per annum.
4. Personal Accident Insurance Rs. 8,000 per annum.
5. Fee for two clubs, which will not include admission fees.

##### CATEGORY B

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund. This will not be included in the



computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half month's salary for each completed year of service.

2. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

## CATEGORY C

Provision of Car for use on Company's business and Telephone at residence. These will not be considered as perquisites. The Company shall bill personal long distance calls on telephone and the use of the car for private purpose."

## 9. APPOINTMENT OF EXECUTIVE DIRECTOR

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

"RESOLVED THAT pursuant to Sec. 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 with Schedule XIII thereof, the consent of the Company be and is hereby accorded for appointment of Mr. K Vasudeva Rao as Executive Director of the Company for a period of one year w.e.f 1st January, 2002 on the following terms and conditions:

The remuneration payable by way of salary and perquisites be as follows :

- a) Salary : Rs. 80,000 per month.

### Perquisites:

## CATEGORY A

1. Housing : Rent Free Accommodation or House Rent Allowance of Rs. 10,000 per month.
2. Other Allowances like Maintenance of house office, Subscription to internet, Professional Development allowance, Dress allowance, Gardener, servant etc., not exceeding Rs. 10,000/- per month.

## CATEGORY B

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund. This will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half month's salary for each completed year of service.
2. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

## CATEGORY C

Provision of Car for use on Company's business and Telephone at residence. These will not be considered as perquisites. The Company shall bill personal long distance calls on telephone and the use of the car for private purpose."

## 10. ALLOTMENT OF SHARES TO EMPLOYEES/ PROFESSIONALS UNDER ESOPS

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force); the Articles of Association of the Company and Securities Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (including any statutory modification or re-enactment thereof) and subject to such other approvals as may be required from such other appropriate authorities, and subject to such terms and conditions and stipulations, if any, while granting such approvals, permissions and sanctions, the Board of Directors of the Company (hereinafter referred to as Board which expression shall include a Committee of Directors duly authorised in this behalf) is hereby authorised and empowered to obtain, the consent of the Company be and is hereby



accorded to the Board to issue, offer, in one or more tranches, all or any of the following, in one or more combination thereof: equity shares or equity linked securities or convertible debentures (whether fully convertible or not, whether fully secured or not), non-convertible debentures (whether secured or not), secured premium notes (SPN), floating rate bonds and/or any other securities, all or any of the aforesaid with or without detachable or non-detachable warrants, convertible equity shares (hereinafter referred to as "Securities" for sake of brevity), not exceeding 5% of the Paid-up Share Capital of the Company to its employees, whether in India or abroad, whether shareholder of the company or not (hereinafter collectively referred to as "Employees"), at such prices and other terms and conditions as the Board may in its absolute discretion think fit under the Employees Stock Option Scheme."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the securities/shares allotted under the Employees Stock Option Scheme on the Stock Exchanges where the Company's shares are listed as per the terms and conditions of Listing Agreement with the concerned stock exchanges and other applicable guidelines, rules and regulations."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of the Directors of the Company to give effect to the resolution."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to do all things necessary and take such actions as may be necessary or expedient to formulate or amend or alter or adopt any modification or redefine the proposal or scheme or plan of Employees Stock Option Scheme based on the guidelines issued by the Securities Exchange Board of India or any statutory authority from time to time."

### **11. ALLOTMENT OF SHARES TO EMPLOYEES OF SUBSIDIARIES UNDER ESOPS**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force); the Articles of Association of the Company and Securities Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (including any statutory modification or re-enactment thereof) and subject to such other approvals as may be required from such other appropriate authorities, and subject to such terms and conditions and stipulations, if any, while granting such approvals, permissions and sanctions the Board of Directors of the Company (hereinafter referred to as Board which expression shall include a Committee of Directors duly authorized in this behalf) is hereby authorized and empowered to obtain, the consent of the Company be and is hereby accorded to the Board to extend the benefits of the Employees Stock option Plan proposed in Item No.10 in this notice to the eligible employees, directors of the Subsidiary Companies, existing and as and when formed, and/or to such persons, as may from time to time be allowed under the prevailing laws, rules and regulations, and/or amendments thereto from time to time on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the securities/shares allotted under the Employees Stock Option Scheme on the Stock Exchanges where the Company's shares are listed as per the terms and conditions of Listing Agreement with the concerned stock exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of the Directors of the Company to give effect to the resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to do all things necessary



and take such actions as may be necessary or expedient to formulate or amend or alter or adopt any modification or redefine the proposal or scheme or plan of Employees Stock Option Scheme based on the guidelines issued by the Securities Exchange Board of India or any statutory authority from time to time."

### 12. PREFERENTIAL ALLOTMENT

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

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the Memorandum and Articles of Association of the company, Foreign Exchange Management Act 2000 (FEMA) and the prevailing statutory guidelines, if any, in that behalf and subject to all necessary consents, permissions and approvals and/or sanctions from all appropriate authorities including the Securities Exchange Board of India (SEBI), Government of India, Reserve Bank of India (RBI), the Stock Exchanges and all such other bodies, institutions as may be relevant (hereinafter singly or collectively referred to as "the appropriate authorities") and subject to such conditions as may be prescribed or imposed by any one of them while granting such consents, permissions and approvals/sanctions (hereinafter referred to as "the requisite approvals") and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of Directors, which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot upto 30,00,000 (thirty lacs only) Equity Shares/ or Warrants, and/or such other financial instruments and all or any of the aforesaid as consented/approved by the appropriate authorities (such equity shares or

such other financial instruments, hereinafter referred to as "Securities") each in one or more offering(s)/tranche(s), as the Board in its sole discretion may at any time or times hereafter decide, which Securities, when issued singly or in combination at such price or prices, at par or at a premium, as it may deem most appropriate for subscription for cash and/or for consideration other than cash, at such premium per share as may be fixed but not less than the price as arrived in terms of 13.1.1 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 to the promoter group members [which term shall include Directors including Promoters Directors, their families, relatives, friends, and associates, whether Resident or Non Resident Indian(s) {including Overseas Corporate Body(ies) (OCBs) substantially owned by Non Resident Indian(s)} and/or Indian/Foreign Financial Institutions (FI), Investment Institution(s), Mutual Fund(s), Bank(s), Body Corporate(s), such other individuals/entity(ies) as the Board may in its sole discretion decide, whether Resident or Non-Resident Indian(s) [whether or not those entities include members of the company] and/or in anyone or more combinations thereof or to such other persons, whether through private placement, preferential allotment as permissible and/or in one or more modes or in any combination thereof as may be permitted under the then prevailing laws, and in such manner as the Board may in its absolute discretion think fit and determine from time to time in conformity with the relevant provisions of law and the Articles of Association of the Company, wherever applicable on such terms and conditions, as may be permitted in accordance with the prevailing rules/guidelines in this behalf.

"RESOLVED FURTHER THAT for the aforesaid purpose(s), the Board be and is hereby authorised to do all further acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution without being required to seek any further consent or approval of the Company or otherwise and intend that they shall be deemed to have given their approval there



to expressly by the authority of this resolution."

**13. ALTERATION OF ARTICLES OF ASSOCIATION TO INCLUDE BUY-BACK OF SECURITIES**

To consider, and if thought fit, to pass, with or without modifications(s), the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable, the Articles of Association of the Company be and is hereby altered as follows :

Article 63 A will be inserted after the existing Article 63

63 A Notwithstanding anything contained in these Articles but subject to the provisions of Section 77 A and 77 B of the Act, the Company may purchase its own securities or other specified securities (hereinafter referred to as "Buy-back") out of –

- a. its Free Reserves; or
- b. the Securities Premium Account; or
- c. the proceeds of any shares or other specified securities

in accordance with provisions of Section 77 A and 77B of the Act and rules prescribed by the Central Government or by Securities and Exchange Board of India in this behalf."

For and on behalf of the Board

Sd/-

**BUY-BACK OF SECURITIES**

Power of the Company to purchase its own securities

Place : Secunderabad

**L.P.Sashikumar**

Date : 23rd November, 2001 Managing Director

**Notes**

- a) The Explanatory Statement relating to Item Numbers 3 to 13 of the Special Business of the Meeting referred to above, is annexed to this Notice as required by Section 173(2) of the Companies Act, 1956.
- b) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the company. The Proxy in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- c) The Register of Members and Share Transfer Books of the Company shall remain closed from 26th December, 2001 to 31st December, 2001(both days inclusive) for the purpose of Annual General Meeting.
- d) The Members are requested to intimate to the Company at 9-1-83 & 84, Amarchand Sharma Complex, S.D.Road, Secunderabad – 500 003, changes, if any, in their Registered address along with Pin Code number.
- e) Members who are having multiple Folios with identical names are requested to intimate Folio Numbers, to enable the Company to consolidate the same into Single Folio.
- f) 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.
- g) Members / Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed for attending the meeting.



**Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956****Items 3 to 7**

Mr L.P. Sashikumar, Mr J.A. Rao and Mr K. Vasudeva Rao the first Directors of the Company retire at the ensuing Annual General Meeting. Mr M. Gopalakrishna and Dr K.K. Krishnan Kutty, who were appointed as Additional Directors of the Company on 22nd May, 2001 pursuant to the provisions of Section 260 of the Companies Act, 1956 retire at the ensuing Annual General Meeting, but being eligible offer themselves for re-appointment.

Notices pursuant to the Section 257 of the Companies Act, 1956 together with the required deposit have been received from the Members proposing their candidature for the office of the Directors.

Your directors recommend the resolution for your approval.

None of the Directors, except Mr L.P. Sashikumar, J.A. Rao, K. Vasudeva Rao, Mr M. Gopalakrishna and Dr K.K. Krishnan Kutty for their respective appointments is in any way concerned or interested in this resolution.

**ITEM 8**

Mr L.P. Sashikumar was the Managing Director of Goldstone Technologies Limited and has rich experience in telecom industry. Consequent to the De-merger of the telecom division and to make use of his experience it is proposed to appoint him as Managing Director of the Company. An Agreement was executed between the Company and Mr L.P. Sashikumar incorporating the remuneration and other perquisites mentioned in the proposed resolution. The remuneration is within the limits prescribed under Section 309 and Schedule XIII of the Companies Act, 2001. A copy of the draft Agreement referred to as above will be open for inspection by the members at the Registered Office, 9-1-83 & 84, Amarchand Sharma Complex, S.D. Road, Secunderabad-500 003 between 10.00 A.M to 1.00 P.M on all working days. Approval of the members is required in the Annual General Meeting for his appointment as Managing

Director and hence your directors recommend the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in this resolution except Mr L.P. Sashikumar.

**ITEM 9**

Mr K. Vasudeva Rao, was the Executive Director of Goldstone Technologies Limited and upon the De-merger of the telecom division, it is proposed to appoint him as Executive Director of the Company. An Agreement was executed between the Company and Mr K. Vasudeva Rao, incorporating the remuneration and other perquisites mentioned in the proposed resolution. The remuneration is within the limits prescribed under Section 309 and Schedule XIII of the Companies Act, 2001. A copy of the draft Agreement referred to as above will be open for inspection by the members at the Registered Office, 9-1-83 & 84, Amarchand Sharma Complex, S.D. Road, Secunderabad-500 003 between 10.00 A.M to 1.00 P.M on all working days. Approval of the members is required in the Annual General Meeting for his appointment as Executive Director and your directors recommend the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in this resolution except Mr K Vasudeva Rao.

**ITEM 10**

To motivate, reward and retain the key performers and to attract the talented personnel, your Directors seek the approval of the shareholders to set up an Employee Stock Option Scheme (ESOS) by earmarking equity shares not exceeding 5% of the Paid-up Capital (Equity Share Capital) for granting of stock options under the scheme designated as Goldstone Teleservices Employees Stock Option Scheme. Your Company has adopted a policy to cover all key employees under the Employees Stock Option Scheme at critical levels.

The Total number of options to be granted	Not exceeding 5% of the present Paid-up Equity Share Capital of the Company.
Identification of classes of employees entitled To participate in the Stock :	All employees including Directors working in key areas of the Company.
Requirements of vesting and period of vesting Exercise period and process of exercise;	The vesting period ranges from 1 to 7 Years from the date of vesting. Process involves intimation of exercise of options to the designated officer of the company.
The appraisal process for determining the eligibility of the employees to the Employees Stock Option Scheme	The Compensation Committee will decide on the eligibility of the employees based on the formal Appraisal Systems and on the advice of the Advisory board.



Maximum Number of options to be issued per employee in aggregate.	The number of options issued per employee will be recommended by the Advisory Board of the Company for the approval of the Compensation Committee, not exceeding 1% of the Paid-up capital or rupee one lakh, whichever is less.
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The Company shall conform to the accounting policies specified in Clause 13.1 of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.

The shareholders' consent is therefore, sought to authorize the Board of Directors to issue equity shares in the manner set out in the resolution.

Your directors recommend the resolution for your approval.

None of the directors of the Company is in anyway concerned or interested in the passing of the resolution except to the extent of any options, which may be granted to them pursuant to this plan.

## ITEM 11

The Company has the following subsidiaries :

- Newtech Stewing Telecom Limited
- Shree Shree Telecom Private Limited

As per the SEBI Guidelines, a separate resolution is required to be passed if the benefits of the ESOP are to be extended to the employees of the subsidiaries. This separate resolution is being proposed accordingly, to cover those employees. In addition, any other persons as may be permitted from time to time under prevailing laws, rules and regulations and/

or amendments thereto from time to time are also proposed to be covered under the ESOP. The broad features of the ESOP remain the same as explained in the explanatory statement for item no. 10.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the passing of the resolution except to the extent of any options, which may be granted to them pursuant to this plan.

## ITEM 12

To further the Strategic alliances, acquisitions or mergers and to meet the working capital requirements and investments in capital assets, your Company proposes to offer, issue and allot within the limit of the Authorised share Capital of the Company, Equity Shares/warrants or and/or such other financial instruments and all or any of the aforesaid securities.

### Identity of the parties for allotment

As per 13.1A of SEBI (Disclosure and Investor Protection) Guidelines 2000, the required details are furnished as under:

The Company has identified the following promoters and other individuals for allotment of securities.

Sl. No.	Name of the Party	Pre-issue Holding	% to Equity	Shares allotted in the Present issue	Post issue Holding	% to Equity
1.	Promoters and Associates					
2.	Goldstone Exports Limited	26,65,007	24.58	20,00,000	46,65,007	33.71
3.	L.P. Sashikumar	69,100	0.64	2,25,000	2,94,100	2.12
4.	Kishore V. Kandavalli	6,93,000	6.39	1,25,000	8,18,000	5.91
5.	J.A. Rao	100	0.001	2,25,000	2,25,100	1.63
6.	K. Vasudeva Rao	8025	0.007	1,25,000	1,33,025	0.96
7.	P. Ramesh Babu	7,900	0.007	1,25,000	1,32,900	0.96
8.	M. Gopalakrishna	Nil	Nil	50,000	50,000	0.36
9.	G. Bhagavat Reddy	Nil	Nil	1,25,000	1,25,000	0.90



The pre and post Shareholding pattern will be as follows:

Sl.No.	Category	Pre Issue		Post Issue	
		No. of Shares	% of Shares	No. of Shares holding	% of Shares Holding
1	Promoters				
	Indian	27,78,532	25.63	56,53,532	40.85
	Foreign	11,00,000	10.15	12,25,000	8.85
	Non-Promoters				
2	NRI's / FII's / OCB's	3,99,220	3.68	3,99,220	2.88
3	Govt / Banks /				
	Mutual Funds	10,46,230	9.65	10,46,230	7.56
4	Bodies Corporate	7,00,334	6.46	7,00,334	5.06
5	General Public	48,15,834	44.43	48,15,834	34.80
	Total	1,08,40,150	100.00	1,38,40,150	100.00

## Change in the control or composition of the Board

There will neither be any change in the composition of the Board nor any change in the control of the Company on account of the proposed preferential allotment. However, there will be corresponding change in the shareholding pattern as well as voting rights consequent to preferential allotment.

The allotment of the shares will be completed with in a period of 3 months from 31st December, 2001 being the date on which shareholders sanction is obtained for preferential allotment.

As per Section 81 (1A) of the Companies Act, 1956, approval of the shareholders in the General Meeting is required for allotment of Securities on Preferential basis and hence this resolution is placed before the Shareholders.

The share price is arrived at as per SEBI Preferential Issue Guidelines and Auditors Certificate as to the Issue Price will be placed before the Shareholders in the General meeting.

Your directors recommend the resolution for your approval.

None of the Directors of the Company is any way concerned or interested in the proposed resolution except to the extent the number of Securities offered to them.

## ITEM 13

To fall in line with the provisions of the Companies (Amendment ) Act, 1999, it is necessary to alter the Articles of Association of the Company to include the provisions of Buy-back of securities. Approval of the shareholders by way of special resolution in the General Meeting is required for alteration of Articles of Association and hence, this resolution is recommended by your Directors recommend the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in this resolution.

For and on behalf of the Board

Place : Secunderabad  
Date : 23rd November, 2001

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



**Additional Information on Directors Recommended for Appointment  
/ Seeking Re-election at the Ensuing Annual General Meeting**

**J.A. RAO**

Mr J.A. Rao is a professional Chartered Accountant and Company Secretary. He has two decades of wide experience in consulting, industry and Corporate Finance. He has been consultant to various large industrial undertakings, banks and Financial Institutions. He was instrumental in drawing up successful corporate restructuring, financing and revival plans for several medium and large companies.

**L.P. SASHIKUMAR**

Mr L.P. Sashikumar, is the Promoter Director of Goldstone Technologies Limited. He is a B S Graduate from the Union University, U S A and has 20 years of experience in industry and business. He has been looking after the operations of Goldstone Technologies Limited as its Managing Director since 1995 till its telecom division was de-merged as a separate Company.

**K. VASUVEVA RAO**

Mr K. Vasudeva Rao is a professional Chartered Accountant and has 15 years of experience in industry. He has been associated with Goldstone Technologies Limited as President and then Executive Director. Before joining Goldstone Technologies Limited he has worked as the Sr. Vice President for six years in XL Telecom and Kirloskar Group.

**M. GOPALAKRISHNA**

Mr. M. Gopalakrishna, is a senior Retd. I.A.S officer. He has rich experience in Administration, Industry and Management. He was erstwhile Chairman of Rural Electrification Corporation, a Public Financial Institution and also Assam Gas

Company. He was the earlier Special Chief Secretary to the Government of Andhra Pradesh and Commissioner for Industrial promotion. He was the Managing Director of Godavari Fertilisers and Chemicals Limited (GFCL) from 1983 to 1990. He was also the Commissioner of Vishakapatnam Steel Plant. He is recipient of several awards from the Government, Professional bodies and institutions for his outstanding leadership qualities as Administrator, Industrial Manager, Trainer and proponent of human resources development. He has served on the Boards of Government, Joint Venture and Public Limited Companies.

**Dr K.K. KRISHNAN KUTTY**

Dr K.K. Krishnan Kutty has more than three decades of experience in industry and other reputed Government establishments. He was the erstwhile Chairman & Managing Director of CMC Limited, one of the largest System Integration Companies in India. Dr.Kutty, a University Rank Holder for both his Graduate and Postgraduate Degrees, got his Ph.D in Mathematics/Operational Research from Tata Institute of Fundamental Research (TIFR), Bombay, where he started his career in 1964. He was on the Boards / Governing Councils of several organizations such as CMC Limited, Keltron, Center for Development of Advance Computing (CDAC) Pune, Reserve Bank of India Institute for Development & Research in Banking Technology (IDRBT), Unit Trust of India (UTI) Investor Services, Indian National Scientific Documentation Center (INSDOC), All India Council of Technical Education (AICTE Computer Education), Centre for Railway Information Systems (CRIS), Regional Computer Centers (Calcutta, Pune and Chandigarh), etc.



## Directors' Report

To  
The Members of  
**Goldstone Teleservices Limited**

Your Directors have pleasure in presenting the First Annual Report on the business and operations of the Company after its incorporation and the Audited Accounts for the period from 11th October, 2000 to 30th June, 2001.

### DEMERGER

Price Waterhouse Coopers (PWC) who were appointed to advise on corporate restructuring of Goldstone Technologies Limited recommended the transfer of the telecom business of Goldstone Technologies Limited (GTL) to a new company. Accordingly, your Company namely "Goldstone Teleservices Limited (GTSL)" was incorporated during October, 2000. As per the Scheme of Arrangement approved by members and by the Hon'ble High Court of Andhra Pradesh, the telecom division of GTL along with its investments in telecom subsidiaries namely, Newtech Stewing Telecom Limited and Shree Shree Telecom Private Limited has been transferred to GTSL on the appointed date, 1st January, 2001.

Pursuant to the scheme of restructuring and in consideration of the transfer of Telecom Division of GTL along with investments in Telecom subsidiaries to your Company, one Equity Share of Rs.4/- each, fully paid-up was allotted free of cost to the members of GTL for every fully paid up share of Rs. 10/- each held in GTL. The equity shares thus allotted were 1,08,38,400 at Rs.4/- each aggregating to Rs. 4,33,53,600/-.

The subscription to the memorandum was 1750 Equity shares of Rs4/- each fully paid up aggregating to Rs.7,000. The total equity of the company at present is 1,08,40,150 equity shares of Rs.4/- each aggregating to Rs. 4,33,60,600/-.

### FINANCIAL RESULTS:

Particulars	Rs. in Lakhs
	For the period 1st Jan'2001 to 30th Jun' 2001
Sales Revenue	1268.10
Other Income	40.35
Operating Profit (PBIDT)	272.87
Interest	30.27
Depreciation and write offs	37.37
<b>Profit before Tax</b>	<b>205.23</b>
Provision for Tax	50.00
<b>Profit after Tax</b>	<b>155.23</b>
Equity Share Capital (1,08,40,150 shares of Rs. 4/- each)	433.61
Earnings Per Share (Rs)	1.43
Net worth	2545.36
<b>Book Value (face value Rs.4/-)</b>	<b>23.48</b>

### DIVIDEND

Your Directors, in order to conserve the resources for the future plans do not propose declaration of dividends for the period ending 30th June, 2001.

### REVIEW OF OPERATIONS

During the period under review, the company did well and registered a Sales Income of Rs.1268.10 Lakhs. The Profit after Tax was Rs.155.23 Lakhs. The comparative figures are not provided since this is the first year of operation after de-merger.



## SUBSIDIARIES

### Newtech Stewing Telecom Limited (NSTL)

NSTL posted a Sales Income of Rs.957.15 Lakhs for the year ending 30th June 2001 as against Rs.1448.66Lakhs for the previous year. The Company's Profit after Tax was Rs.47.81Lakhs as against Rs.149.76 Lakhs for the previous year. There was pressure on Margins and Sales volume during the year due to unhealthy competition. The Company has been discharged from the purview of

BIFR on successful implementation of the rehabilitation package.

### Shree Shree Telecom Private Limited (SSTL)

SSTL posted a Sales Income of Rs.297.76 Lakhs and profit after tax of Rs. 12.52 lacs for the period ending 30th June, 2001.

The annual reports of subsidiary Companies namely, Newtech Stewing Telecom Limited and Shree Shree Telecom Private Limited have been attached to this report.

## COMBINED RESULTS

(Rs. in Lakhs)

Particulars	2000-2001			
	Goldstone Teleservices Limited (for six months)	Newtech Stewing Telecom Limited	Shree Shree Telecom Pvt Limited	GTSL and Subsidiaries Consolidated
Sales Income	1268.10	957.15	297.76	2523.01
Other Income	40.35	8.67	0.45	49.47
Total	<b>1308.45</b>	<b>965.82</b>	<b>298.21</b>	<b>2572.48</b>
PBDIT	272.87	98.20	23.63	394.70
PBT	<b>205.23</b>	<b>72.81</b>	<b>16.02</b>	<b>294.06</b>

## FUTURE PLANS

The Company is planning to broad base its products and services by focusing to provide cost effective end-to-end Technology Solutions in the field of Communications and Networking in wire line and wireless segment. The Company is also planning to manufacture Telecom equipment, devices, Optic Fibre Cables and Jelly filled cables.

## LISTING OF THE EQUITY SHARES

Your company has received the listing and trading approvals from the Stock Exchanges at Hyderabad, Mumbai, Madras, Delhi, and Ahmedabad. However, the National Stock Exchange has not issued the listing application on the ground that the company does not meet the minimum capital criteria of the listing requirement, as the Paid-up share capital of the Company is less than Rs. 10 crores. However the Company is taking necessary steps to represent on the issue.

## MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to the provisions of Clause 49

of the Listing Agreement, a report on Management Discussion & Analysis is set out in the Annexure – I, as an addition to this Report.

## ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Additional information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo as required to be disclosed in term of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 forms part of this report (Annexure II).

## FIXED DEPOSITS

During the year, your company has not accepted any fixed deposits falling under the provisions of Section 58A of the Companies Act 1956.

## INSURANCE

All the properties of your company including its buildings, Plant & Machinery and stocks have been adequately insured.



### HUMAN RESOURCES

Your Company has about 140 Employees. The Employee turnover is amongst the lowest in the industry. Your Employees are committed to achieve excellence in the product quality and provide total customer satisfaction. The employee relations continued to be cordial.

The particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Amendment) Act, 1988 are given in the Statement annexed hereto (Annexure-III) and forms part of this report.

### AUDITORS

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

### DIRECTORS

The first directors of the Company Mr. L.P.Sashikumar, Mr. K.Vasudeva Rao and Mr. J.A.Rao. Mr. L.P. Sashikumar, and the Additional Directors Mr M Gopalakrishna and Dr K.K. Krishnan Kutty retire at the ensuing Annual General meeting and being eligible offer themselves for re-appointment.

### DIRECTOR'S RESPONSIBILITY STATEMENT

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

- a) That in the preparation of the accounts for the year ending 30th June, 2001, the applicable accounting standards have been followed and there are no material departures therefrom.
- b) That the accounting policies have been selected and applied consistently and

judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2001 and of the profit of the Company for the year ended on that date.

- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) That the accounts for the year ended 30th June, 2001 have been prepared on a going concern basis.

### CORPORATE GOVERNANCE

Pursuant to the provisions of Clause 49 of the Listing Agreement, a Report on the Corporate Governance is forming part of the Annual Report. Your Company will strive to implement the Non-mandatory provisions of the Clause 49 of the Listing Agreement. A certificate dated 23rd November, 2001, obtained from statutory auditors on the compliance of Corporate Governance and a separate report on Corporate Governance is annexed (Annexure IV) to this Report.

### ACKNOWLEDGEMENTS

Your Directors sincerely thank the Department of Telecommunications, Government of India, Government of Andhra Pradesh and State Bank of Hyderabad for their support and assistance.

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

For and on behalf of the Board

Sd/-

Place : Secunderabad

M. Gopalakrishna

Date : 23rd November, 2001

Chairman



## Annexure I to Directors' Report

## Management Discussion and Analysis

## a Industry structure and developments

The estimated size of heat shrinkable cable closures for jelly filled telecom cables is about 4.0 million numbers valued at Rs.175 crores per annum. The telecommunication industry has been identified as thrust area by the government. The desire of the successive Governments to increase the telephone density

will help maintain a compound growth of 10% in this product category.

The Demand for Cable Jointing Kits is directly proportional to the demand for Jelly Filled Telephone Cables. According to the Perspective Plan (1997-2007) of Department of Telecommunications (now known as BSNL), the Cable requirement for the period 1997-2007 is shown below :

Year	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
Quantity (In Mln CKMs)	28.8	32.8	36.8	40.8	44.8	48.8	52.8	56.8	60.8	64.8

As may be noted the estimated Compounded Annual Growth rate is about 9.5% for jelly filled telephone cables and other accessories. The tenders opened for the years 1997-98 to 2000-01 were in line with the demand projections as per the perspective plan.

## b Opportunities

The thrust on rural telephony will provide ample opportunities for the business

## c Threats

The on-going expansion of optic fiber and wireless networks will be a threat to the business segment in which the company is operating. Further the satellite Telephone networks developed in the third world countries have curtailed the export potential of the business segment.

## d Product-wise performance

The company is operating in the manufacture of heat shrinkable Cable Closures and has been dealing with limited customers namely, BSNL and MTNL. The performance is good considering the limitations of the customer tender procedure where in the lowest bidder gets only 30% of the tendered quantities.

## e Future Plans

Please refer to the Directors Report under section future plans

## f Risks and concerns

Your company is operating in the business subject to the following risks

## Business risks

Your company is depending on the limited number of customers i.e., BSNL and MTNL. Further new players have entered the industry putting pressure on the profit margins by lowering of the sale prices.

## Technology

The telecom industry is going through a phase of technological changes and innovations to reduce the cost to the ultimate customer. Your company is continuously securing cost reduction through backward integration to face competition and gearing itself to seize any new business opportunity that may arise from technology changes.

## g Internal control systems and their adequacy

Your Company has adequate internal control systems. An Audit Committee of the Board of Directors has been constituted as per the Corporate Governance requirements. The internal control systems are continuously improved based on the recommendations of Internal auditors.

## h Discussion on financial performance with respect to operational performance

## Sales Income

The sales income was Rs. 1268.10 Lakhs from





sale of Cable Jointing kits of various sizes supplied to BSNL/MTNL. Your company has supplied 322465 Nos of Jointing kits during the period.

### **Other Income**

Other income mainly consists of Interest on fixed deposits (Rs.27.64 Lakhs) provided as margins for Letters of credit and Bank Guarantees with bankers, service charges for maintenance of telecom equipment received from BSNL/MTNL and dividend income received on short-term investments.

### **Operating Expenses**

Major operating expenses consist of Material cost, Excise duty, personnel expenses, Manufacturing expenses and Administrative and selling expenses

### **Material cost**

The main materials for manufacture of Heat shrinkable sleeves are PE Granules, Hot melt Adhesive and Film which are imported. The other components of kits like, Channels, Canisters, tape, Jelly, connectors, packing cartons are procured indigenously

### **Excise Duty**

There is no incidence of excise duty on the finished product. The intermediate product namely, HS sleeves are excisable and the excise duty is paid on clearance of the same.

### **Personnel expenses**

Personnel expenses include salaries and welfare expenses of the staff and workers employed.

### **Other Manufacturing Expenses**

Other Manufacturing Expenses Include Power and fuel, consumables and repairs & maintenance.

### **Administrative and selling expenses**

The major portion relates to sales tax , transportation cost of final products, consultancy fees, insurance and traveling.

### **Financial Expenses**

Mainly consist of Interest on working Capital borrowings and bank charges for Bank Guarantees and Letters of credit

### **Depreciation**

Depreciation is provided on straight-line method as per the rates specified in schedule XIV of the Companies Act.

### **Income Tax**

Income Tax is provided on the taxable income for the period ended 31.03.2001 since the demerger is effective from 01.01.2001.

### **Liquidity and Capital Resources**

The company has adequate liquidity and reserves for meeting the present and immediate future needs of working capital and capital expenditure.

### **i Human Resources / Industrial Relations front, including number of people employed.**

Please refer to the Directors Report under section Human Resources.



## **Annexure II to Directors' Report**

Disclosure of particulars in respect of conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under companies (Disclosure of particulars in the Directors Report) Rules 1988.

### **A. CONSERVATION OF ENERGY**

#### **a) Energy conservation measures taken or under implementation**

- Continuous running of the sleeve manufacturing plant

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

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

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

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

#### **d) The total energy consumption per unit of production**

- Not applicable

### **B. TECHNOLOGY ABSORPTION: RESEARCH AND DEVELOPMENT**

#### **1. Specific Areas in which R & D carried out by the company**

The company has taken up Research and development in heat shrinkable cable jointing sleeves division. Research activity has been focused on backward integration to reduce dependence on imports.

#### **2. Benefits derived as results of the above R & D:**

Research focused on the development of new product as mentioned in (1) above will reduce the dependence on imports and save foreign exchange.

### **3. Future Plan of Action**

The Company proposes to continue its R & D efforts for reducing the cost of inputs and indigenising the import content

### **4. Expenditure on R & D : Rs. 10.42 lakhs**

### **C. TECHNOLOGY ABSORPTION**

#### **a) Efforts made in brief for Technology Absorption, adaptation and innovation**

Regular theoretical and on job training is provided for the company's Engineers.

#### **b) Benefits expected**

- Better quality of products, Lower materials consumption and cost reduction

#### **c) Technology imported during the last 5 years : NIL**

### **D. FOREIGN EXCHANGE EARNINGS AND OUT GO**

(Amounts in Rs. Lakhs)

Foreign Exchange Transactions:

For the period ended  
30.06.2001

#### **i) Value of Imports on CIF basis**

- Raw Materials	360.36
- Capital Goods	46.96
- Tools & Spares	2.00

#### **ii) Expenditure in Foreign Currency**

- Travelling Expenses	2.51
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#### **iii) Earnings in Foreign currency (on receipt basis)**

- Export of Goods (FOB Basis)	2.64
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### Annexure III to Director's Report

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of Directors' Report for the year ended 30th June, 2001.

Name	Age Years	Qualification	Designation/ Nature of Employment	Gross Remuneration	Experience Years	Date of Commencement of Employment	Last Employment Name of the Employer/ post held
<b>Employed for part of the year</b>							
Mr L P Sashikumar		48B.Sc., B.S (USA)	Managing Director	*Rs.3,00,000	27	01-Apr-01	M.D, Goldstone Exports Limited

Note : \* This is shown as advance pending the approval of the members.



## Annexue IV to Directors' Report

### Company's Philosophy on Code of Governance

The Code of Corporate Governance is applicable to the Company as stipulated in Clause 49 of the Listing Agreement of the concerned Stock Exchanges.

Goldstone Teleservices Limited believes in good Corporate Governance to enhance long-term shareholders value. Your Company strives to induct professional Non-executive Directors on the Board and ensure greater debate and discussions in the decision-making process, review, control and superintendence of the Company. It has accordingly constituted committees to implement the tenets of good governance.

### Board of Directors

The Company has a Non-Executive Chairman. The Board of the Company has a combination of executive and non-executive directors with more than fifty percent of the Board comprising the non-executive directors.

#### Composition and Category of Directors as on 30th June, 2001

Category	No. of Directors	%
Executive Directors	1	20
Non-Executive Independent Directors	4	80
Total	5	100

Attendance of each director at the Board meetings held during the year 2000-01 and the last AGM and the membership on other Board of Directors or Board Committees.

Name of the Director	Meetings held during his tenure	Meetings attended	Last AGM attendance ##	No. of memberships in other Boards
Mr M. Gopalakrishna **	1	1	N.A	7
Mr L.P. Sashikumar	9	9	N.A	12
Mr J.A. Rao	9	9	N.A	4
Mr K. Vasudeva Rao	9	9	N.A	2
Dr K.K. Krishnan Kutty **	1	1	N.A	5

\*\* Appointed as Additional Directors on 22nd May, 2001

## The Company is incorporated on 11th October, 2000

#### Number of Board Meetings held and dates on which they were held during 2000-01

Quarter	No. of Meetings	Dates on which held
Jul-Sep	N.A ##	
Oct-Dec	5	12/10/00, 14/10/00, 18/10/00, 2/12/00, 12/12/00
Jan-Mar	2	28/03/01, 30/03/01
Apr-Jun	2	30/04/01, 22/05/01

## The Company is incorporated on 11th October, 2000

### Audit Committee

An Audit Committee has been set up with three independent Non-Executive directors on 22nd May, 2001. Mr. J A Rao, Non-Executive director is a Chartered Accountant having rich experience in Finance, corporate restructuring and is a member of the committee.

### Brief description of terms of reference

The terms of reference of the Audit Committee are in line with the provisions made in paragraphs C & D in sub-clause II of the Listing Agreement with the Stock Exchanges on which Goldstone Teleservices Limited is listed, which inter alia includes the following:

- ◆ Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ◆ Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- ◆ Reviewing with management the annual financial statements before submission to the Board of Directors.
- ◆ Reviewing with the management, external



and internal auditors, the adequacy of internal control systems.

- ◆ Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- ◆ Reviewing the Company's financial and risk management policies.

#### **Composition, name of members and Chairperson**

The Company has an Audit Committee under the Chairmanship of Mr. M Gopalakrishna with Mr. J A Rao and Dr K K Krishnan Kutty as members. Mr. J A Rao, is a Qualified Chartered Accountant having rich experience in Finance and Accounts.

#### **Meetings and attendance during the year**

The first Audit Committee Meeting was held on 29th September, 2001 and the second meeting was held on 23rd November, 2001. All the members were present at the meeting.

#### **Remuneration Committee**

##### **Brief description of terms of reference**

The Company has set up a Remuneration Committee to decide upon the remuneration of the executive and non-executive directors.

##### **Composition, name of members and Chairperson**

Remuneration Committee has been constituted formed under the Chairmanship of Mr. M Gopalakrishna with Mr. J A Rao and Dr K K Krishnan Kutty as members.

##### **Attendance during the year**

A meeting was held on 30th March, 2001 and all the members were present at the meeting.

##### **Remuneration policy**

Policy in relation to the Remuneration of the Directors is not yet framed.

##### **Details of remuneration to all the directors, as per format in main report**

The Managing Director Mr. L P Sashikumar is paid a remuneration of Rs.13, 88,000 per annum (including perquisites). Besides sitting fee for attending the Board and Committee meetings, no special compensation is paid to the Non-Executive directors.

#### **Investors Grievance Committee**

The Committee is constituted on 22nd May, 2001

##### **Brief terms of reference**

The Committee shall specifically look into the

redressing of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

##### **Composition, name of members and Chairperson**

Investors Grievance Committee is formed under the Chairmanship of Mr. M. Gopalakrishna with Mr. J.A. Rao and Dr K.K. Krishnan Kutty as members.

##### **Name and designation of compliance officer**

Mr. J.A. Rao, Director

##### **Number of shareholders complaints received as on 30th June, 2001**

The Company has allotted 1,08,38,400 equity shares consequent to the approved Scheme of Arrangement and the shares are not listed in any of the Stock Exchanges as on 30th June, 2001. Hence, there are no complaints received from the Shareholders.

##### **Number not solved to the satisfaction of shareholders**

N A

##### **Number of pending share transfers**

NIL

##### **General Body meetings**

The Company is incorporated on 11th October 2000 to undertake the telecom business of Goldstone Technologies Limited as per the approved Scheme of Arrangement

##### **Disclosures**

- ◆ Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large

NIL

- ◆ There are no instances of non-compliance on any matter related to the capital markets during the year and no penalties, strictures were imposed on the Company by Stock Exchange or SEBI or any statutory authority,

##### **Means of communication**

- ◆ Quarterly results will be published generally in Business Standard in English and Andhra Bhoomi, Regional Daily in Telugu. The Company also provides the information regularly to the Stock Exchanges at which it is listed.
- ◆ Efforts are being made by the Company to display the Quarterly results and the official news releases, presentations made to institutional investors at the website of the Company.



## General Shareholder Information

Date of Incorporation of the Company	:	11th October, 2000
Date, time and venue of Annual General Meeting	:	31st December, 2001, 3.00 P.M. Plot No. 1&9, IDA, Phase II, Cherlapally, Hyderabad - 500 051
Date of Book closure	:	26th December, 2001 to 31st December, 2001 (both Days inclusive)
Dividend Payment Date	:	No Dividend
Financial Calendar	:	The following is the tentative financial calendar of the Company which is subject to change
Second Quarter & Half-yearly Results	:	<b>21st January, 2002</b>
Third Quarter Results	:	<b>22nd April, 2002</b>
Annual Results for the year 2001-02	:	<b>30th September, 2002</b>
Listing on Stock Exchanges	:	Hyderabad Stock Exchange Ltd 3-6-275, Himayathnagar, Hyderabad-500 029
Stock Exchange Mumbai		Madras Stock Exchange Limited
Phiroze Jeejeeboy Towers, Dalal Street, Mumbai-400 001		Exchange Building, Post Box No. 183, II Second line Beach, Chennai-600 001
Ahmedabad Stock Exchange		Delhi Stock Exchange Ass'n. Ltd
Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad		DSE House, 3/1, Asaf Ali Road, New Delhi-110 002
Stock Code	:	
The Hyderabad Stock Exchange Limited		GOLDTEL 6496
The Stock Exchange, Mumbai		GOLDTEL 32439

Listing fee has been paid to all the concerned Stock Exchanges for the year 2001-02

**Market Price Data : High., Low during each month in last financial year and Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.**

The shares of the Company are listed on the Hyderabad Stock Exchange, the Regional Stock Exchange on 6th November, 2001. Hence, there is no Market Price Data for the last financial year

### **Registrar and Transfer Agents**

#### **In-house Share Transfer Department**

Goldstone Teleservices Limited  
9-1-83 & 84, Amarchand Sharma Complex,  
S D Road,  
Secunderabad-500 001  
Tel: +91-40-7807670  
Fax: +91-04-7801910  
Email: geetha@goldstone.net

#### **Electronic Transfer Agent**

M/s. Venture Capital and Corporate  
Investment Limited  
6-2-913/914, 3rd Floor, Progressive Towers,  
Khairatabad, Hyderabad-500 004.  
Tel: +91-40-332 2262/64  
Fax: +91-04-332 4804  
Email: vccil\_hyd@yahoo.co.in



**Share Transfer System**

The Applications for transfers, transmissions, demat / remat request forms etc., are received by the Company at the above mentioned In-house Share Transfer Department.. Since the Company's shares are traded in dematerialized form, the transfers are processed and approved in the electronic form by NSDL/ CDSL through their depository participants.

Shares sent for physical transfer are generally registered and returned within two weeks from the date of receipt, provided the documents are perfect in all respects.

**Distribution of shareholding as on 30th June, 2001**

Share Holding of Nominal Value	Share Holders		Share Amount	
	Number	% of Total	Rs.	% of Total
(1)	(2)	(3)	(4)	(5)
Upto-5000	9830	85.16	6543632	15.09
5001-10000	936	8.10	3103596	7.16
10001-20000	420	3.64	2566124	5.92
20001-30000	145	1.26	1505440	3.47
30001-40000	50	0.43	705624	1.63
40001-50000	52	0.45	982480	2.27
50001-100000	57	0.49	1615400	3.72
100001 and above	54	0.47	26338304	60.74
<b>Total</b>	<b>11544</b>	<b>100.00</b>	<b>43360600</b>	<b>100.00</b>

**Categories of the Shareholders as on 30th June, 2001**

	Category	No. of Equity Shares Held	% of Shareholding	No. of Members	% to Total Members
<b>A</b>	<b>PROMOTERS</b>				
a	Directors & their relatives	119675	1.10%	9	0.08%
b	Bodies Corporate	2665007	24.58%	1	0.01%
c	Non-Residents	1100000	10.16%	2	0.02%
	<b>SUB-TOTAL</b>	<b>3884682</b>	<b>35.84%</b>	<b>12</b>	<b>0.11%</b>
<b>B</b>	<b>Govt Sponsored Financial Institutions / Indian Financial Institutions</b>	1095372	10.10%	8	0.07%
<b>C</b>	<b>F I I's</b>	458600	4.23%	2	0.02%
<b>E</b>	<b>Private Bodies Corporate</b>	755905	6.97%	534	4.63%
<b>F</b>	<b>Public</b>				
	NRI's	389060	3.59%	263	2.27%
	Residents	4256531	39.27%	10725	92.90%
	<b>SUB-TOTAL</b>	<b>7344528</b>	<b>64.16%</b>	<b>11532</b>	<b>99.89%</b>
	<b>GRAND TOTAL</b>	<b>10840150</b>	<b>100.00%</b>	<b>11544</b>	<b>100.00%</b>



### **Dematerialization of shares and liquidity**

The Company's shares are traded in demat form. Accordingly, the Company has entered into a tripartite agreement with National Securities Depository Limited (NSDL)/ Central Depository (India) Limited (CDSL) and M/s. Venture Capital and Corporate Investment Limited to establish electronic connectivity and to facilitate scrip-less trading. Presently 91.68% of shares of the Company are in dematerialized mode.

### **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDR's / ADR's / Warrants or any Convertible instruments till date.

### **Plant Locations**

The Manufacturing facility for Cable Jointing Kits is located at Plot 1 & 9, IDA, Phase II, Cherlapally, Hyderabad-500 051.

### **Address for correspondence**

#### **Goldstone Teleservices Limited**

Shares Department, 9-1-83 & 84, Amarchand Sharma Complex, S D Road, Secunderabad-500 003  
Tel: +91-40-7807670, Fax: +91-04-7801910, Email: geetha@goldstone.net

### **Certificate of Auditors on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement**

**To  
The Members**

We, the Statutory Auditors of Goldstone Teleservices Limited have reviewed the relevant records for the year ended 30th June, 2001 relating to compliance with the requirements of Corporate Governance and state that in our opinion and to the best of our knowledge and according to the information and explanation given to us, the Company has complied with the provisions of Clause 49 of the Listing Agreement.

**For SRIVAS & PRAMODKUMAR**

Place : Secunderabad  
Date : 23rd November, 2001

Sd/-  
**K. Srivas**  
Partner





## **Auditors' Report**

To  
The Shareholders of  
**Goldstone Teleservices Limited**

We have audited the attached Balance Sheet of Goldstone Teleservices Limited as at 30th June, 2001 and the Profit and Loss Account for the six months period ended on that date, annexed hereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
2. We report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) *In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of the books;*
  - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;

- d) In our opinion, the accounts have been prepared in compliance with the mandatory Accounting standards referred to in section 211 (3c) of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2001; and
  - ii) in the case of the Profit and Loss Account, of the Profit for the six months period ended on that date.

For **Srivas & Pramodkumar**  
Chartered Accountants

Sd/-  
**K. Srivas**  
Partner

Place : Secunderabad  
Date : 29th September, 2001



## **Annexure to Auditors' Report**

(Referred to in paragraph 1 of our Report of even date on the accounts of Goldstone Teleservices Limited as at 30th June, 2001)

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that the same were physically verified by the management and no discrepancies were noticed on such physical verification of Fixed Assets as compared with book records.
2. Fixed Assets were not revalued during the period.
3. The stocks of finished goods, stores, raw materials and packing materials have been physically verified by the management during the period, as informed by the management.
4. In our opinion, the procedure for physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
5. We are informed that the marginal discrepancies noticed on physical verification of stocks are properly reflected in the stock records to reflect the correct position of the stocks.
6. In our opinion, on the basis of examination of stock records by us, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. The company has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Provisions of section 370(1B) of the Companies Act, 1956 have since been made inoperative.
8. The company has not granted any loans secured or unsecured to companies, firms or other parties required to be listed in the register maintained under section 301 of the Companies Act, 1956.
9. In the absence of specific terms and conditions in respect of loans/advances in the nature of loans given by the company, we are unable to comment whether the parties are repaying the principal amount as stipulated and whether are also regular in payment of interest.
10. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sale of goods.
11. In our opinion and according to the information and explanations given to us, the transaction of sale of goods, made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the period to Rs.50,000/- (Rupees fifty thousand only) or more in respect of a party have been made at prices which are reasonable having regard to prevailing market prices of such goods or the prices at which transactions of similar goods have been made with other parties.
12. We are informed by the management that there were no damaged stores as at the date of the balance sheet. The unserviceable stocks are charged off to the profit & loss account.
13. The Company has not accepted any deposits from the public during the period under audit in contravention of Section 58A of the Companies Act, 1956.
14. The Company has no realisable by-products. The company is maintaining adequate inventory records in respect of scrap or damaged goods, as informed to us by the management.
15. In our opinion, the Internal audit functions carried out by a firm of Chartered



Accountants appointed by the management are commensurate with the size of the Company and the nature of its business.

16. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of the company.
17. The Company was regular in the payment of Provident Fund, Employees State Insurance dues to the appropriate authorities.
18. There are no amounts outstanding on 30th June, 2001 in respect of undisputed income-tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
19. During the course of our examination of the

books of account, we have not come across any personal expenses which have been charged to Profit and Loss Account other than those payable in respect of contractual obligations or in accordance with generally accepted business practices nor have we been informed of such cases by the management.

20. The Company is not a sick industrial company within the meaning of clause (o) of subsection (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **Srivas & Pramodkumar**  
Chartered Accountants

Sd/-  
**K.Srivas**  
Partner

Place: Secunderabad  
Date : 29th September, 2001



**Balance Sheet as at 30th June, 2001**

	SCHEDULE	As at 30.06.2001 Rs.
<b>I SOURCES OF FUNDS</b>		
1 SHAREHOLDERS FUNDS:		
a. Share Capital	1.01	43,360,600
b. Reserves and Surplus	1.02	211,811,738
		<u>255,172,338</u>
2 LOAN FUNDS:		
a. Secured Loans	1.03	36,272,374
b. Unsecured Loans	1.04	31,600,357
		<u>67,872,731</u>
<b>Total</b>		<u><u>323,045,069</u></u>
<b>II APPLICATION OF FUNDS</b>		
1 FIXED ASSETS:		
a. Gross Block	1.05	144,353,592
b. Less : Depreciation		28,994,165
Net Block		<u>115,359,427</u>
2 INVESTMENTS	1.06	91,647,000
3 CURRENT ASSETS, LOANS & ADVANCES		
a. Inventories	1.07	42,432,466
b. Sundry Debtors	1.08	26,166,041
c. Cash and Bank Balances	1.09	28,087,319
d. Loans and Advances	1.10	65,704,140
		<u>162,389,966</u>
CURRENT LIABILITIES & PROVISIONS		
a. Current liabilities	1.11	41,986,868
b. Provisions	1.12	5,000,000
		<u>46,986,868</u>
<b>Net Current Assets</b>		<u>115,403,098</u>
4 Miscellaneous Expenditure	1.13	635,544
<b>Total</b>		<u><u>323,045,069</u></u>
Accounting policies	3.00	
Notes to Accounts	4.00	

per our report attached  
for **Srivas & Pramodkumar**  
Chartered Accountants

on behalf of the Board

Sd/-  
**K.Srivas**  
Partner

Sd/-  
**L.P. Sashikumar**  
Managing Director

Sd/-  
**K. Vasudeva Rao**  
Director

Place : Secunderabad  
Date : 29th September, 2001



## Goldstone Teleservices Limited

### Profit and Loss Account for the Period Ended 30th June, 2001

	SCHEDULE	For the Period ended 30.06.2001
<b>INCOME</b>		
Sales	2.01	126,810,079
Accretion to stocks	2.02	18,336,074
Other Income	2.03	4,034,714
<b>Total</b>		<b>149,180,867</b>
<b>EXPENDITURE</b>		
Material Cost	2.04	90,503,241
Excise Duty		6,023,678
Personnel Expenditure	2.05	3,895,900
Other Manufacturing Costs	2.06	3,816,795
Administrative and Selling Expenses	2.07	17,655,245
Financial Expenses	2.08	3,026,844
Depreciation		3,623,898
Miscellaneous Expenses Written off		112,611
<b>Total</b>		<b>128,658,212</b>
Profit before Taxation		20,522,655
Provision for taxation		5,000,000
Profit after tax for the period transferred to Balance Sheet		<b>15,522,655</b>
Accounting policies	3.00	
Notes to Accounts	4.00	

per our report attached  
for **Srivas & Pramodkumar**  
Chartered Accountants

On behalf of the Board

Sd/-  
**K.Srivas**  
Partner

Sd/-  
**L.P. Sashikumar**  
Managing Director

Sd/-  
**K. Vasudeva Rao**  
Director

Place : Secunderabad  
Date : 29th September, 2001

**Schedules Forming Part of the Accounts**

		As at 30.06.2001 Rs.
<b>1.01: SHARE CAPITAL</b>		
Authorised:		
2,50,00,000 Equity Shares of Rs.4/- each		<u>100,000,000</u>
Issued, Subscribed and Paid up:		
1,08,40,150 Equity Shares of Rs.4/- each fully paid up		<u>43,360,600</u>
<b>Total</b>		<u><b>43,360,600</b></u>
<b>1.02: RESERVES AND SURPLUS</b>		
1 Capital Reserve transferred upon De-merger	<b>1,372,962</b>	
Less : Miscellaneous Expenditure written off	<u>1,372,962</u>	<b>0</b>
2 Share Premium transferred upon De-merger		<b>97,714,028</b>
3 General Reserve transferred upon De-merger		<b>71,699,321</b>
4 Surplus in profit & Loss Account transferred upon De-merger	<b>26,875,734</b>	
Add : Balance transferred from the Profit and Loss Account	<u>15,522,655</u>	<u><b>42,398,389</b></u>
<b>Total</b>		<u><b>211,811,738</b></u>
<b>1.03: SECURED LOANS</b>		
1 Working Capital Advances: Cash Credit from State Bank of Hyderabad.		<b>36,272,374</b>
<b>Total</b>		<u><b>36,272,374</b></u>
<b>1.04: UNSECURED LOANS:</b>		
Sales Tax Deferment		<b>31,600,357</b>
<b>Total</b>		<u><b>31,600,357</b></u>

## Schedules Forming Part of the Accounts

### 1.05: FIXED ASSETS

(In Rupees)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK
	Assets transferred from GTL as on 01.01.2001	Additions during the period of 6 months	Deductions during the period	As on 30.06.2001	Depreciation Reserve transferred from GTL as on 01.01.2001	For the period of 6 months	Adjustments/ Deductions	As on 30.06.2001	As on 30.06.2001
1. Land	1,606,095	—	—	1,606,095	—	—	—	—	1,606,095
2. Buildings	14,269,548	940,881	904,652	14,305,777	3,136,392	229,194	904,652	2,460,934	11,844,843
3. Plant & Machinery	81,499,334	8,822,193	—	90,321,527	16,028,516	2,046,785	—	18,075,301	72,246,226
4. Furniture & Fixtures	2,970,659	152,752	—	3,123,411	597,986	94,812	—	692,798	2,430,613
5. Lab Tools & Equipment	2,509,190	—	—	2,509,190	663,826	59,103	—	722,929	1,786,261
6. Electrical Equipment/ Installation	7,550,980	26,244	—	7,577,224	1,181,750	177,964	—	1,359,714	6,217,510
7. Vehicles	8,482,237	1,234,331	—	9,716,568	2,147,167	399,675	—	2,546,842	7,169,726
8. Computer system	3,129,965	5,667,600	—	8,797,565	1,459,930	463,538	—	1,923,468	6,874,097
9. Office equipment	1,290,738	70,264	—	1,361,002	225,933	31,548	—	257,481	1,103,521
10. Generator	3,872,511	149,306	—	4,021,817	768,319	94,111	—	862,430	3,159,387
11. Leasehold Improvements	562,516	—	—	562,516	45,552	17,657	—	63,209	499,307
12. Air Conditioners	374,486	60,000	—	434,486	16,029	9,125	—	25,154	409,332
13. Tools & Spares	16,414	—	—	16,414	3,519	386	—	3,905	12,509
<b>Total</b>	<b>128,134,673</b>	<b>17,123,571</b>	<b>904,652</b>	<b>144,353,592</b>	<b>26,274,919</b>	<b>3,623,898</b>	<b>904,652</b>	<b>28,994,165</b>	<b>115,359,427</b>





## Schedules Forming Part of the Accounts

	As at 30.06.2001 Rs.
<b>1.06: INVESTMENTS- AT COST</b>	
<b>Quoted</b>	
i) GTCL Mobilecom Technology Limited 9700 Equity Shares of 10/- each fully paid up (Market Value as on 30.06.01 @ 7.50ps per share - Rs. 72750/-)	97,000
<b>Unquoted</b>	
<b>Investments in subsidiary Companies</b>	
i) Newtech Stewing Telecom Limited 1459067 Equity Shares of Rs.10/- each, fully paid up	20,050,000
ii) Shree Shree Telecom Pvt Ltd 150000 Equity Shares of Rs.10/- each, fully paid up	1,500,000
<b>Trade, Unquoted</b>	
i) Birla Income Plus 24,90,417.387 units of Rs.10/- each (NAV as on 30.6.01 @ 10.01 per unit - Rs.2,49,29,078/-)	25,000,000
ii) Alliance Liquid Income 14,20,455 units of Rs.10/- each (NAV as on 30.06.01 @10.68 per unit - Rs.1,51,70,459/-)	15,000,000
iii) Sun F&C Money Value Fund Bond 10,00,000 units of Rs.10/- each (NAV as on 30.06.01 @ 10.64 per unit - Rs.1,06,40,000/-)	10,000,000
iv) IDBI Principal Income Fund 9,73,596 units of Rs.10/- each (NAV as on 30.06.01 @ 10.59 per unit - Rs. 1,03,10,382/-)	10,000,000
v) Reliance Income Fund 9,81,229 units of Rs.10/- each (NAV as on 30.06.01 @10.417 per unit - Rs. 1,02,21,463/-)	10,000,000
<b>Total</b>	<b>91,647,000</b>
<b>1.07: INVENTORIES</b>	
<b>(As Certified by the Management)</b>	
Raw materials (at cost)	4,993,461
Finished goods (at cost or net realisable value whichever is lower)	32,388,589
Components and Packing Materials (at cost)	5,050,416
<b>Total</b>	<b>42,432,466</b>
<b>1.08: SUNDRY DEBTORS</b>	
<b>(Unsecured, Considered Good)</b>	
a. Debts outstanding for a period exceeding 6 months	10,786,597
b. Other Debts	15,379,444
<b>Total</b>	<b>26,166,041</b>





**Schedules Forming Part of the Accounts**

		As at 30.06.2001 Rs.
<b>1.09: CASH &amp; BANK BALANCES</b>		
a. Cash on hand		47,484
b. Balances with Scheduled Banks:		
- In Current Accounts		4,098,362
- In Fixed Deposits		23,941,473
<b>Total</b>		<b>28,087,319</b>
<b>1.10: LOANS &amp; ADVANCES</b> <b>(Unsecured, Considered Good)</b>		
a. Advances recoverable in cash or kind or for value to be received		22,838,690
b. Advances to Subsidiary Companies		31,922,905
c. Advances to suppliers		575,833
d. Advances to Staff		416,300
e. Balance with Central Excise		2,849,336
f. Deposits		594,194
g. Advance Income Tax & Tax deducted at source		5,760,431
h. Prepaid Expenses		746,451
<b>Total</b>		<b>65,704,140</b>
<b>1.11 CURRENT LIABILITIES</b>		
Sundry Creditors		18,860,561
Other Creditors/liabilities		22,231,569
Statutory Liabilities		894,738
<b>Total</b>		<b>41,986,868</b>
<b>1.12 PROVISIONS</b>		
Provision for Taxation		5,000,000
<b>Total</b>		<b>5,000,000</b>
<b>1.13 MISCELLANEOUS EXPENDITURE</b> <b>(To the extent not written off or adjusted)</b>		
a Miscellaneous Expenditure (transferred upon Demerger)	1,452,123	
Less : Transfer to Capital Reserve	1,372,962	
Less : Written off during the period	79,161	0
b Preliminary Expenses	668,994	
Less : Written off during the period	33,450	635,544
<b>Total</b>		<b>635,544</b>

**Schedules Forming Part of the Accounts**

	As at 30.06.2001 Rs.
<b>2.01: SALES</b>	
- Domestic	126,546,197
- Exports	263,882
<b>Total</b>	<b>126,810,079</b>
<b>2.02: ACCRETION TO STOCKS</b>	
Closing Stock of WIP & Finished Goods	32,388,589
Less : Opening Stock of WIP & Finished Goods	14,052,515
<b>Total</b>	<b>18,336,074</b>
<b>2.03: OTHER INCOME</b>	
Insurance Claims received	124,695
Interest on Fixed Deposits	2,763,723
Service Charges	615,603
Discount Received	18,374
Dividend Received	512,319
<b>Total</b>	<b>4,034,714</b>
<b>2.04: MATERIAL COST</b>	
Opening Stock *	24,093,668
Purchases:	
- Kit Components	36,559,015
- Packing Materials	4,946,315
- Imported Raw materials	32,732,336
Other Purchase Expenses	2,215,784
	<b>100,547,118</b>
Less : Closing Stocks	10,043,877
<b>Total</b>	<b>90,503,241</b>
<b>2.05: PERSONNEL EXPENDITURE</b>	
Salaries, Wages and other Benefits	3,219,515
Staff Welfare	676,385
<b>Total</b>	<b>3,895,900</b>

**\*Note: Stock of Materials transferred  
from GTL consequent to Demerger.**

**Schedules Forming Part of the Accounts**

	For the Period ended 30.06.2001 Rs.
<b>2.06: OTHER MANUFACTURING EXPENSES</b>	
Power and fuel	1,592,320
Consumables	549,394
Repairs and Maintenance	
– Plant and Machinery	632,691
– Buildings	65,660
– Others	894,069
Testing and Inspection Charges	39,761
Job Work Charges	42,900
<b>Total</b>	<b>3,816,795</b>
<b>2.07: ADMINISTRATIVE AND SELLING EXPENSES</b>	
Auditors Remuneration	125,000
Advertisement	70,464
Electricity	192,244
Rent	244,759
Legal Fees	268,422
Printing and Stationery	119,579
Postage, Telephones and Internet	917,433
Insurance	513,828
Professional and Consultancy	1,982,346
Fees, Rates and Taxes	212,504
Gifts and Donations	432,792
Vehicle Maintenance	659,870
Travelling Expenses	
– Directors	584,194
– Others	941,951
Conveyance	422,349
Carriage Outward	2,364,575
Sales Tax	4,895,864
Business Promotion	537,705
Office Maintenance	270,737
Miscellaneous Expenses	1,532,589
Listing Fees	174,550
LD Charges	52,538
Security Charges	138,952
<b>Total</b>	<b>17,655,245</b>
<b>2.08: FINANCIAL EXPENSES</b>	
Interest on Working Capital Loan	1,489,413
Bank Charges & Commission	1,105,028
Other Finance Charges	432,403
<b>Total</b>	<b>3,026,844</b>



## **Schedules Forming Part of the Accounts**

### **3.00 SIGNIFICANT ACCOUNTING POLICIES**

#### **Revenue recognition :**

- i) All incomes and expenditure are accounted on accrual basis except insurance claims and dividend incomes which are accounted on cash basis.
- ii) Sales are recognized when goods are supplied in accordance with the terms of sale and include Sales Tax.

#### **Fixed Assets:**

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

#### **Investments:**

Investments are stated at cost.

#### **Inventories:**

- i) Raw Materials, Work – in – progress, components, stores and spares and packing materials are valued at cost.
- ii) Finished goods are valued at cost or net realizable value whichever is lower.

#### **Sundry Debtors and Loans & Advances:**

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

#### **Miscellaneous Expenditure:**

The Miscellaneous Expenditure transferred on de-merger was written off on one time basis and adjusted to the capital reserves.

#### **Government Grants/incentives:**

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

#### **Foreign Currency Transactions:**

Fixed assets and long term liabilities are accounted at the rates prevailing on the dates of transactions.

Current assets and current liabilities are accounted at the rates prevailing on the date of transaction. The differences on the date of realization are adjusted to the profit & loss account.

All income and expenditure items are accounted on the basis of exchange rates prevailing on the dates of transactions. Sale proceeds are converted into Indian Rupees at the rates prevailing on the dates of receipt.

Net foreign exchange difference on foreign currency transactions for the period is recognized in the profit & loss account in the same period.



## Schedules Forming Part of the Accounts

### 4.00 NOTES FORMING PART OF ACCOUNTS

ADDITIONAL INFORMATION REQUIRED AS PER PARA 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

		For the Period ended 30.06.2001
i	Licensed & Installed Capacities	
a.	Installed Capacity (Nos)	
	– Heat Shrinkable Sleeves	690,000
	– MARR SRR Systems	600
ii	Production (Nos)	
	– Heat Shrinkable Sleeves for Telecom Cable Jointing Kits (Nos.)	401,752
iii	Purchase of Components & Raw materials	Value (Rs.) 76,453,450
iv	Production of Cable Jointing Kits	(Nos) 385,209
v	Turnover	
	– Jointing kits	(Nos) 322,465
		Value (Rs.) 124,511,428
	– Others	Value (Rs.) 2,298,651
	<b>Total</b>	<b>126,810,079</b>
vi	Opening & Closing Stocks	
	* <b>Opening Stock</b>	
	– Manufactured Sleeves	(Nos) 13,779
		Value (Rs.) 1,316,418
	– Work in process	Value (Rs.) 2,477,131
	– Thermo Shrink Filled Kits	(Nos) 25,171
		Value (Rs.) 10,258,966
	– Components & Raw materials	Value (Rs.) 24,093,668
	<b>Total</b>	<b>38,146,183</b>
	<b>Closing Stock</b>	
	– Manufactured Sleeves	(Nos) 93,066
		Value (Rs.) 6,493,004
	– Work in process	Value (Rs.) 18,266,179
	– Thermo Shrink Filled Kits	(Nos) 87,915
		Value (Rs.) 7,629,406
	– Components & Raw materials	Value (Rs.) 10,043,877
	<b>Total</b>	<b>42,432,466</b>
	* <b>Stock of Materials transferred from GTL consequent to Demerger.</b>	



		For the Period ended 30.06.2001
vii Raw Materials Consumed		
– Hotmelt Adhesive	Kgs	55,805
	Value (Rs.)	14,916,993
– Granules	Kgs	70,000
	Value (Rs.)	13,461,154
– Film Rolls	Nos.	62
	Value (Rs.)	410,879
– Others	Value (Rs.)	61,714,215
<b>Total</b>		<b>90,503,241</b>
viii Consumption of Imported & Indigenous Materials		
– Imported Materials	Value (Rs)	28,789,026
	%	31.81
– Indigenous Materials	Value (Rs)	61,714,215
	%	68.19
<b>Total</b>	Value (Rs)	<b>90,503,241</b>
	%	100
ix Foreign Exchange Transactions		
Value of Imports on CIF basis		
– Raw Materials	Value (Rs)	36,035,662
– Capital Goods	Value (Rs)	4,696,000
– Tools & Spares	Value (Rs)	199,897
Expenditure/Earnings in Foreign Currency		
Travelling Expenses	Value (Rs)	250,751
Export of goods (FOB basis)	Value (Rs)	263,882
x Auditors' Remuneration (Rs.)		
Audit Fee		110,000
Taxation Matters		15,000
<b>Total</b>		<b>125,000</b>

**Schedules Forming Part of the Accounts****4.00 NOTES FORMING PART OF ACCOUNTS****1. Incorporation:**

The Company was incorporated on 11th October, 2000.

The Subscription to the Memorandum was 1750 equity shares of Rs. 4/- each.

**2. Transfer of Telecom Business from Goldstone Technologies Limited**

The Honorable High Court of Andhra Pradesh vide its order dated 5th March, 2001 has sanctioned the Scheme of Demerger (the Scheme), as approved by the shareholders in the Court-convened meeting held on 15th December, 2000, under which all the assets (movable or immovable), liabilities and debts as described in the Scheme pertaining to the Teleservices Business (described as the "Goldstone Teleservices Limited" in the Scheme) have been transferred at book values with effect from 1st January, 2001.

Pursuant to the scheme referred to above 1,08,38,400 equity shares of Rs. 4/- each, fully paid up of Goldstone Teleservices Limited have been issued to the shareholders of Goldstone Technologies limited.

**3. The working capital advances from State Bank of Hyderabad, Panjagutta Branch, Hyderabad are secured by hypothecation of inventories, book debts, personal guarantees of directors, corporate guarantee of Goldstone Exports Limited and further secured by second charge on fixed assets of the company and Goldstone Technologies Limited. The same is further secured by mortgage on the immovable property of Goldstone Exports Limited.****4. An amount of Rs.48,95,864/- was debited to Profit and Loss Account during the period out of which an amount of Rs.45,51,546/- has been deferred and treated as Unsecured loan on the basis of an express notification of the A.P.State Government vide G.O.Ms.No. 108 Dated 20.05.96. The total amount of Sales tax thus deferred upto 30.06.2001 is Rs.3,16,00,357/- .****5. Sundry Debtors, Loans and Advances and Sundry Creditors balances, are subject to confirmation by the parties.****6. Advances given to a director amounting to Rs. 7,97,688/- is shown under other loans and advances in schedule 1.10.****7. Income tax provision is made on the basis of accounts prepared for the period of three months (January, 2001 to March, 2001) of the accounting period.****8. Contingent Liabilities:****As at 30.06.2001****a) Un-expired letters of credit****Amount in Rs**

For Raw Materials

**69,30,424**

For Plant &amp; Machinery

-

For Spare Parts

-

**b) Bank Guarantees Outstanding****4,94,17,548**

c) Corporate Guarantees issued on behalf of Newtech Stewing Telecom Limited, a subsidiary of Goldstone Teleservices Limited, securing the working capital advances from State Bank of India, Industrial Finance Branch, Somajiguda, Hyderabad amounting to Rs 740.00 Lakhs.

d) Lien marked on fixed deposits worth Rs. 21.11 Lakhs securing the Bank Guarantees issued by various banks on behalf of subsidiaries.

**9. Figures have been rounded off to the nearest rupee.**

As per our report of even date  
For **Srivas & Pramodkumar**  
Chartered Accountants

On behalf of the Board

Sd/-  
**K.Srivas**  
Partner

Sd/-  
**L.P.Sashikumar**  
Managing Director

Sd/-  
**K. Vasudeva Rao**  
Director

Place : Secunderabad  
Date : 29th September, 2001

**Statement of Cash Flows for the period ended 30.06.2001**

(Amounts in Rs. Lakhs)

	<b>30.6.2001</b>
<b>A Cash Flow from operating activity</b>	
Net Profit before tax	205.23
<b>Adjustments for:</b>	
Depreciation	36.24
Miscellaneous expenditure written off	1.12
Other Income	(40.35)
Operating Profit before working capital changes	<b>202.24</b>
<b>Adjustments for:</b>	
Trade and other receivables	330.35
Inventories	(42.86)
Trade advances	104.51
Trade Payables	(29.78)
<b>Cash generated from operations</b>	<b>564.46</b>
Direct Taxes paid	(57.60)
<b>Net Cash flow from operating activity</b>	<b>506.86</b>
<b>B Cash Flow from Investing Activity</b>	
Purchase of fixed assets	(171.24)
Purchase of investments	(215.00)
Miscellaneous Expenditure	(6.68)
Interest received	27.64
Other income	7.59
Dividend received	5.12
<b>Net Cash used for investing activity</b>	<b>(352.57)</b>
<b>C. Cash Flow from financing activities</b>	
Bank borrowings	49.87
Deferred sales tax loan	45.51
<b>Net cash generated from financing activity</b>	<b>95.38</b>
Net increase in Cash & Cash equivalents (A+B+C)	249.67
Add : Transferred on account of Demerger (Refer note 2 of schedule 4)	31.20
Cash and cash equivalents (Closing Balance)	280.87

On behalf of the Board

Place : Secunderabad  
Date : 29.09.2001Sd/-  
**L.P.Sashikumar**  
Managing DirectorSd/-  
**K.Vasudeva Rao**  
Director**AUDITORS CERTIFICATE**

We have certified the above statement of Goldstone Teleservices Limited derived from the audited annual financial statements for the period ended 30th June, 2001 and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the listing agreements with stock exchanges.

for **Srivas & Pramodkumar**  
Chartered AccountantsPlace : Secunderabad  
Date : 29.09.2001Sd/-  
**K.Srivas**  
Partner





## Balance Sheet Abstract and Company's Business Profile

### I. Registration Details :

Registration No. 

		3	5	4	5	1
--	--	---	---	---	---	---

 State Code 

0	1
---	---

Balance Sheet Date 

	3	0	0	6	0	1
--	---	---	---	---	---	---

 Date Month Year

### II. Capital raised during the year (Amount in Rs. Lakhs)

Public Issue 

				N	I	L
--	--	--	--	---	---	---

 Rights Issue 

				N	I	L
--	--	--	--	---	---	---

Bonus Issue 

				N	I	L
--	--	--	--	---	---	---

 Private Placement 

				N	I	L
--	--	--	--	---	---	---

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

#### Sources of Funds:

Total Liabilities 

3	2	3	0	.	4	5
---	---	---	---	---	---	---

 Total Assets 

3	2	3	0	.	4	5
---	---	---	---	---	---	---

Paid-up Capital 

	4	3	3	.	6	1
--	---	---	---	---	---	---

 Reserves and Surplus 

2	1	1	8	.	1	2
---	---	---	---	---	---	---

Secured Loans 

	3	6	2	.	7	2
--	---	---	---	---	---	---

 Unsecured Loans 

	3	1	6	.	0	0
--	---	---	---	---	---	---

#### Application of Funds:

Net Fixed Assets 

1	1	5	3	.	5	9
---	---	---	---	---	---	---

 Investments 

	9	1	6	.	4	7
--	---	---	---	---	---	---

Net Current Assets 

1	1	5	4	.	0	3
---	---	---	---	---	---	---

 Misc. Expenditure 

			6	.	3	6
--	--	--	---	---	---	---

Accumulated Losses 

						0
--	--	--	--	--	--	---

### IV. Performance of company (Amount in Rs. Lakhs)

Turnover/Income 

1	3	0	8	.	4	5
---	---	---	---	---	---	---

 Total Expenditure 

1	1	0	3	.	2	2
---	---	---	---	---	---	---

Profit before tax 

	2	0	5	.	2	3
--	---	---	---	---	---	---

 Profit after tax 

	1	5	5	.	2	3
--	---	---	---	---	---	---

Earning per Share in Rs. 

			1	.	4	3
--	--	--	---	---	---	---

 Dividend Rate 

					N	A
--	--	--	--	--	---	---

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

Item Code No. (ITC Code) : 754690  
Product Description : Thermoweld Filled (TWF) and Thermo Shrink Filled (TSF) Heat Shrinkable Sleeves

Item Code No. (ITC Code) : 854790  
Product Description : Jelly Filled Telephone Cable Jointing Kits & Sub Kits

On behalf of the Board

Sd/-  
**L.P.Sashikumar**  
Managing Director

Sd/-  
**K. Vasudeva Rao**  
Director



**Board of Directors**

Mr. L. P. Sashikumar

Mr. J.A.Rao

Mrs. Mahita Prasad Caddell

**Bankers to the Company**

State Bank of India  
Industrial Finance Branch,  
Somajiguda  
Hyderabad.

**Statutory Auditors**

Srinivas P Associates  
Flat No.301, Madhava Apartments,  
Hill Colony,  
Khairatabad,  
Hyderabad - 500 004

**Registered Office**

Block A, Ground Floor,  
Annexe Building, Plot No.1/A  
IDA, Phase - II , Cherlapally,  
Hyderabad - 500 051

**Factory**

Block A, Ground Floor,  
Annexe Building, Plot No.1/A  
IDA, Phase - II , Cherlapally,  
Hyderabad - 500 051



**Newtech Stewing Telecom Limited**

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# **Newtech Stewing Telecom Limited**

## **Eleventh Annual Report 2000-2001**



## Directors' Report

To  
The Members of  
**Newtech Stewing Telecom Limited**

Your directors have pleasure in presenting the Eleventh Annual Report on the business and operations of the company and the Audited Statement of Accounts for the period ended 30th June, 2001.

### FINANCIAL RESULTS:

	Rs. in Lakhs	
Year	2000-2001	1999-2000
Sales	957.15	1448.66
Other Income	8.67	6.84
Total Expenditure	867.62	1251.08
Operating Profit (PBITD)	98.20	204.42
Interest	16.71	19.12
Depreciation and Write offs	8.68	15.54
Profit before Tax	72.81	169.76
Provision for Tax	25.00	20.00
Profit after Tax	47.81	149.76
Equity Share Capital	149.51	149.51
Tangible Net worth	430.74	441.94

### YEAR IN RETROSPECT

During the period under review, the company registered a gross sales income of Rs.957.15 Lakhs as against Rs. 1448.66 Lakhs for previous year. During the period, your company posted a Net Profit of Rs.47.81 Lakhs as against Rs. 149.76 Lakhs for the previous year, due to fall in the sale price and pressure on profit margins.

### SCHEME OF REHABILITATION

Your company has implemented scheme of rehabilitation approved by Board for Financial and Industrial Reconstruction (BIFR). In the BIFR review meeting held on 18th September 2001 the operations of the company have been reviewed and it was discharged from the purview of BIFR.

### ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Additional information on Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo as required to be disclosed in terms of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto (Annexure-I) and forms part of this Report.

### PARTICULARS OF EMPLOYEES

There are no employees in respect of whom information under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Amendment) Act, 1988 are required to be furnished.

### FIXED DEPOSITS

Your Company has not accepted any fixed deposits and the provisions of Section 58A of the Companies Act, 1956 are not applicable to the Company.

### INSURANCE

All the properties of your company including its buildings, plant and machinery and stocks have been adequately insured.

### AUDITORS

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- That in the preparation of the accounts for the year ending 30th June, 2001, the applicable accounting standards have been followed and there are no material departures therefrom.
- That the accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2001 and of the profit of the Company for the year ended on that date.
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the accounts for the year ended 30th June, 2001 has been prepared on a going concern basis.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mrs. Mahita Prasad Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

### ACKNOWLEDGEMENTS

Your Directors wish to express appreciation for the continued support and guidance extended by State Bank of India and wish to place on record the esteemed patronage of BSNL and Mahanagar Telephone Nigam Limited.

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

For and on behalf of the Board

**J.A. RAO**  
Director

Place : Hyderabad

Date : 29th September, 2001

**Annexure I to Director's Report**

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

**A. CONSERVATION OF ENERGY :** Though the manufacturing process is not power intensive, continuous efforts are made to ensure conservation of energy.

**B. TECHNOLOGY ABSORPTION: RESEARCH AND DEVELOPMENT**

1. Specific Areas in which R & D carried out by the company : Nil
2. Benefits derived as a result of the above R & D : Nil
3. Future Plan of Action : Nil
4. Expenditure on R & D
  - a) Capital : Nil
  - b) Recurring : Nil
  - c) Total : Nil
  - d) Total R & D as a percentage of Total turnover : Nil

**C. TECHNOLOGY ABSORPTION**

- a) Efforts made in brief for Technology Absorption, adaptation and innovation : Nil
- b) Benefits derived as a result of the above Efforts : Nil  
e.g., product improvement, cost reduction  
Product Development substitution, etc.,
- c) Technology imported during the last 5 years : Nil

**D. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

	Rs. in Lakhs	
	Year 2000-01	Year 1999-2000
a) Foreign Exchange Earnings		
– FOB Value of goods exported	Nil	Nil
b) Foreign Exchange Outgo		
– Raw Materials	Nil	Nil
– Travelling	Nil	Nil



## Auditors' Report

To  
The Shareholders of  
**Newtech Stewing Telecom Limited**

We have audited the attached Balance Sheet of Newtech Stewing Telecom Limited as at 30th June, 2001 and the Profit and Loss Account for the year ended as on that date:

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the company, as we considered appropriate and the information and explanations given to us during the course of our audit, we report that in our opinion:

- 1) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets. The management during the year physically verified the fixed assets of the company and no material discrepancies were noticed on physical verification carried out during the period under audit.
- 2) None of the fixed assets have been revalued during the year.
- 3) According to the explanations and information given to us, the stock of finished goods including components, raw materials, stores have been physically verified by the management during the period at reasonable intervals.
- 4) According to the explanations and information given to us, and in our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- 5) The discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion were not material, have been properly dealt with in the books of accounts.
- 6) In our opinion and on the basis of our

examination, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.

- 7) The Company has not taken unsecured loans during the period from parties that are to be listed in the register maintained under section 301 of the Companies Act, 1956. Provisions of section 370 (1B) of the Companies Act, 1956 are no longer applicable in view of the Company's (Amendment) Act, 1999.
- 8) The Company has not granted unsecured loans to the Companies, firms or other parties that are to be listed in the register maintained under section 301 and / or to the companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956. Provisions of section 370 (1B) of the Companies Act, 1956 no longer are applicable in view of the Company's (Amendment) Act, 1999.
- 9) The parties to whom advances in the nature of loans have been made without any stipulation of repayment of principal and/or interest are generally regular in repayment / adjustment of the same except for certain advances. Where such payments are not received, reasonable steps are being taken for recovery of the same.
- 10) There are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of stores, spares, raw materials including components, plant & machinery, equipment and other assets and for the sale of goods.
- 11) According to information and explanations given to us, the transactions of sale of goods, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods or materials.



- 12) As explained to us, the Company determines unserviceable or damaged stores, raw materials or finished goods and adequate provision have been made in the accounts for the loss.
- 13) The Company has not taken unsecured loans in the nature of deposits during the period and the directives issued by the RBI under the provisions of section 58A of the Companies Act, 1956 and the rules framed there under have been complied with.
- 14) As explained to us, the company has no realizable by-products.
- 15) In our opinion, the Internal Audit functions carried out by a firm of Chartered Accountants appointed by the management are commensurate with the size of the Company and the nature of its business.
- 16) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the company.
- 17) The Company was generally regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities during the period.
- 18) According to the information and explanations given to us, and from the examination of records and in our opinion, no undisputed amounts payable in respect of Wealth Tax, Customs Duty and Excise Duty which have remained outstanding as at 30th June, 2001 for a period of more than six months from the date they became payable.
- 19) According to the information and explanations given to us and from the examination of records, in our opinion, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- 20) As per the information and explanations given to us the Company is discharged from the purview of BIFR.
- 21) Further to the above, we report that:
- a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
  - b) In our opinion, the Company has maintained proper books of accounts, as required by law, so far as it appears from our examination of those books.
  - c) The Balance Sheet and the Profit and Loss account referred to in this report are in agreement with the books of account.
  - d) In our opinion and based on the information and explanations given to us, none of the Directors are disqualified as of June 30, 2001 from being appointed as Directors in terms of clause (g) of the subsection (1) of section 274 of the Companies Act, 1956.
  - e) In our opinion, the accounts have been prepared in compliance with the accounting standards referred in Section 211(3C) of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the schedules and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
    - i) in the case of the Balance Sheet of the state of affairs of the Company as at 30th June, 2001.
    - ii) in the case of the Profit and Loss Account, of the Profit for the year on that date.
- For SRINIVAS P. & ASSOCIATES**  
Chartered Accountants
- Sd/-  
**P.Srinivas**  
Proprietor
- Place: Hyderabad  
Date : 29.09.2001



# Newtech Stewing Telecom Limited

## Balance Sheet as at 30th June, 2001

	SCH. No.	As at 30.06.2001 RS.	As at 30.06.2000 RS.
<b>SOURCES OF FUNDS:</b>			
<b>1. SHAREHOLDER'S FUNDS:</b>			
(a) Share Capital	A	14,951,120	14,951,120
(b) Reserves & Surplus	B	28,552,721	29,732,595
<b>Total</b>		<b>43,503,841</b>	<b>44,683,715</b>
<b>2. LOAN FUNDS</b>			
(a) Secured Loans	C	13,309,584	16,383,621
(b) Unsecured Loans	D	420,000	420,000
<b>Total</b>		<b>13,729,584</b>	<b>16,803,621</b>
<b>APPLICATION OF FUNDS:</b>			
<b>3. FIXED ASSETS</b>			
(a) Gross Block	E	18,127,260	19,037,132
(b) Less : Depreciation		8,718,043	8,760,044
(c) <b>Net Block</b>		<b>9,409,217</b>	<b>10,277,088</b>
<b>4. CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>A. CURRENT ASSETS</b>			
(a) Inventories	F	30,315,464	20,115,637
(b) Sundry Debtors	G	15,857,812	38,521,571
(c) Cash & Bank Balances	H	15,022,378	9,548,335
		61,195,654	68,185,543
<b>B. LOANS AND ADVANCES</b>			
	I	14,165,070	7,636,734
		75,360,724	75,822,277
<b>5. LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
(a) Current Liabilities	J	16,919,190	21,690,439
(b) Provisions	K	11,047,811	3,411,451
		27,967,001	25,101,890
<b>6. NET CURRENT ASSETS</b>			
		47,393,723	50,720,387
<b>7. MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)	L	430,485	489,861
<b>Total</b>		<b>57,233,425</b>	<b>61,487,336</b>
<b>NOTES FORMING PART OF THE ACCOUNTS</b>			
	M		

As per our report of even date  
for **Srinivas P & Associates**  
Chartered Accountants

For and on behalf of the Board

Sd/-  
**P.Srinivas**  
Proprietor

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

Sd/-  
**J .A.Rao**  
Director

Place : Hyderabad  
Date : 29th September, 2001





## Newtech Stewing Telecom Limited

### Profit and Loss Account for the Year Ended 30th June, 2001

	SCH. No.	For the Year ended 30.06.2001 Rs.	For the year ended 30.06.2000 Rs.
<b>1. INCOME</b>			
Sale of Goods and Other Income	1	96,581,376	145,546,673
Accretion/(Decretion) to Stocks	2	2,868,147	(7,443,841)
<b>Total</b>		<b>99,449,523</b>	<b>138,102,832</b>
<b>2. EXPENDITURE</b>			
Materials consumed	3	60,235,754	89,775,023
Trading, Manufacturing and other Expenses	4	29,394,237	27,886,062
Interest	5	1,671,089	1,911,523
Depreciation	E	867,871	1,554,087
<b>Total Expenditure</b>		<b>92,168,951</b>	<b>121,126,695</b>
<b>3. Profit /(Loss) For the Year</b>		<b>7,280,572</b>	<b>16,976,137</b>
<b>4. Provision for Taxes</b>		<b>2,500,000</b>	<b>2,000,000</b>
<b>5. Profit after tax for the year</b>		<b>4,780,572</b>	<b>14,976,137</b>
<b>6. Prior period adjustments</b>		<b>(194,382)</b>	<b>(1,580,572)</b>
<b>7. Provision for taxation for earlier year</b>		<b>(6,259,451)</b>	<b>—</b>
<b>8. Dividend tax Provision made for earlier year written back</b>		<b>493,387</b>	<b>—</b>
<b>9. Profit brought forward from previous year</b>		<b>9,111,315</b>	<b>3,187,860</b>
<b>10. Amount available for appropriation</b>		<b>7,931,441</b>	<b>16,583,425</b>
<b>11. Interim Dividend</b>		<b>—</b>	<b>4,485,336</b>
<b>12. Dividend Tax</b>		<b>—</b>	<b>986,774</b>
<b>13. Transfer to General Reserve</b>		<b>—</b>	<b>2,000,000</b>
<b>14. Balance carried to Balance Sheet</b>		<b>7,931,441</b>	<b>9,111,315</b>

#### NOTES FORMING PART OF THE ACCOUNTS

6 & M

As per our report of even date  
for **Srinivas P & Associates**  
Chartered Accountants

For and on behalf of the Board

Sd/-  
**P.Srinivas**  
Proprietor

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

Sd/-  
**J.A. Rao**  
Director

Place : Hyderabad  
Date : 29th September, 2001



## Newtech Stewing Telecom Limited

### Schedules Forming Part of the Balance Sheet as at 30th June, 2001

	As At 30.06.2001 Rs.	As At 30.06.2000 Rs.
<b>SCHEDULE - A : SHARE CAPITAL</b>		
Authorised :		
6,000,000 Equity Shares of Rs.10 each	<u>60,000,000</u>	<u>60,000,000</u>
Issued, Subscribed and Paid up :		
1495112 Equity Shares of Rs. 10/- each fully paid	<u>14,951,120</u>	<u>14,951,120</u>
<b>Total</b>	<u><b>14,951,120</b></u>	<u><b>14,951,120</b></u>
<b>SCHEDULE - B : RESERVES &amp; SURPLUS</b>		
a. General Reserve	3,500,000	3,500,000
b. Capital Reduction Account	17,121,280	17,121,280
c. Surplus in Profit and Loss account	7,931,441	9,111,315
<b>Total</b>	<u><b>28,552,721</b></u>	<u><b>29,732,595</b></u>
<b>SCHEDULE - C : SECURED LOANS</b>		
Cash Credit Account with State Bank of India, IFB, Hyderabad	<u>13,309,584</u>	<u>16,383,621</u>
<b>Total</b>	<u><b>13,309,584</b></u>	<u><b>16,383,621</b></u>
<b>SCHEDULE - D : UNSECURED LOANS</b>		
Interest-free Loan from REPL Engineering Ltd.	<u>420,000</u>	<u>420,000</u>
<b>Total</b>	<u><b>420,000</b></u>	<u><b>420,000</b></u>



## Schedules Forming Part of the Balance Sheet as at 30th June, 2001

### SCHEDULE - E : FIXED ASSETS

Amount in Rs.

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.07.2000	Additions during the year	Deductions during the year	As At 30.06.2001	Upto 01.07.2000	For the year	Deductions during the year	Upto 30.06.2001	As on 30.06.2001	As at 30.06.2000
Furniture & fixtures	374,868	—	—	<b>374,868</b>	302,348	23,729	—	<b>326,077</b>	<b>48,791</b>	72,520
Office equipments	437,649	—	—	<b>437,649</b>	204,187	20,788	—	<b>224,975</b>	<b>212,674</b>	233,462
Computers & Software	1,884,624	—	—	<b>1,884,624</b>	266,095	89,520	—	<b>355,615</b>	<b>1,529,009</b>	1,618,529
Vehicles	19,010	—	—	<b>19,010</b>	14,661	1,806	—	<b>16,467</b>	<b>2,543</b>	4,349
Plant & machinery	15,411,109	—	—	<b>15,411,109</b>	7,062,881	732,028	—	<b>7,794,909</b>	<b>7,616,200</b>	8,348,228
Temporary sheds	909,872	—	909,872	—	909,872	—	909,872	—	—	—
<b>Total</b>	<b>19,037,132</b>	<b>—</b>	<b>909,872</b>	<b>18,127,260</b>	<b>8,760,044</b>	<b>867,871</b>	<b>909,872</b>	<b>8,718,043</b>	<b>9,409,217</b>	<b>10,277,088</b>
Previous year	22,496,417	75,668	3,534,953	19,037,132	8,093,810	1,554,087	887,853	8,760,044	10,277,088	14,402,607



# Newtech Stewing Telecom Limited

## Schedules Forming Part of the Balance Sheet as at 30th June, 2001

	As At 30.06.2001 Rs.	As At 30.06.2000 Rs.
<b>SCHEDULE - F : INVENTORIES</b>		
(As per Inventories valued and certified by the Management)		
1. Finished Stock & WIP (at lower of cost or net realisable value)	3,598,021	729,874
2. Raw Materials (at cost)	26,717,443	19,385,763
<b>Total</b>	<b>30,315,464</b>	<b>20,115,637</b>
<b>SCHEDULE - G : SUNDRY DEBTORS</b>		
(Unsecured - Considered Good)		
(a) Debts outstanding for a period exceeding six months	11,511,278	9,023,712
(b) Other debts	4,346,534	29,497,859
<b>Total</b>	<b>15,857,812</b>	<b>38,521,571</b>
<b>SCHEDULE - H : CASH AND BANK BALANCES</b>		
1. Cash on Hand	34,998	293,882
2. Balance with Scheduled Banks - Current Accounts	1,987,724	1,991,752
3. On Margin Money against Letters of Credit and Bank Guarantees	12,999,656	7,262,701
<b>Total</b>	<b>15,022,378</b>	<b>9,548,335</b>
<b>SCHEDULE - I : LOANS AND ADVANCES</b>		
(Unsecured - Considered Good)		
1. Advances recoverable in cash or in kind or for value to be received	3,145,306	7,381,421
2. Deposits with Public bodies and others	260,313	255,313
3. Income Tax	10,759,451	—
<b>Total</b>	<b>14,165,070</b>	<b>7,636,734</b>
<b>SCHEDULE - J : CURRENT LIABILITIES</b>		
1. Sundry Creditors	16,694,261	19,192,992
2. Other Liabilities	224,929	2,497,447
<b>Total</b>	<b>16,919,190</b>	<b>21,690,439</b>



## Newtech Stewing Telecom Limited

### Schedules Forming Part of the Balance Sheet as at 30th June, 2001

	As At 30.06.2001 Rs.	As At 30.06.2000 Rs.
<b>SCHEDULE - K : PROVISIONS</b>		
1. Provision for Superannuation	—	10,217
2. Provision for Gratuity	—	126,100
3. Provision for Dividend	288,360	288,360
4. Dividend tax	—	986,774
5. Provision for Taxes	10,759,451	2,000,000
<b>Total</b>	<b>11,047,811</b>	<b>3,411,451</b>
<b>SCHEDULE - L : MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED</b>		
1. Preliminary expenses	489,861	
Less : written off	59,376	489,861
<b>Total</b>	<b>430,485</b>	<b>489,861</b>

### Schedules Forming Part of the Profit and Loss Account for the Year Ended 30th June, 2001

	For the year ended 30.06.2001 Rs.	For the Year ended 30.06.2000 Rs.
<b>SCHEDULE - 1 : SALE OF GOODS AND OTHER INCOME:</b>		
1. Sale of Goods	95,714,827	144,866,009
2. Interest On Deposits with Banks	866,549	680,664
<b>Total</b>	<b>96,581,376</b>	<b>145,546,673</b>
<b>SCHEDULE - 2 : ACCRETION/(DECRETION) TO STOCKS</b>		
Opening Stock - Finished & WIP	729,874	8,173,715
Less : Closing Stock - Finished & WIP	3,598,021	729,874
<b>Total</b>	<b>2,868,147</b>	<b>(7,443,841)</b>



# Newtech Stewing Telecom Limited

## Schedules Forming Part of the Profit and Loss Account for the Year Ended 30th June, 2001

	For the year ended 30.06.2001 Rs.	For the Year ended 30.06.2000 Rs.
<b>SCHEDULE - 3 : MATERIALS CONSUMED</b>		
1. Raw Materials Consumed		
Opening Stock	19,385,763	1,273,716
Add : Purchases Raw materials	19,124,180	11,109,268
Add : Purchases Kit Components	48,443,254	96,777,802
	86,953,197	109,160,786
Less : Closing Stock	26,717,443	19,385,763
<b>Total</b>	<b>60,235,754</b>	<b>89,775,023</b>
<b>SCHEDULE - 4 : TRADING, MANUFACTURING &amp; OTHER EXPENSES</b>		
1. Payments to and Provisions for employees		
(a) Salaries, Wages and Bonus	3,152,338	2,495,493
(b) Company's Contribution to Provident Fund	123,561	12,200
(c) Staff Welfare Expenses	701,096	163,125
<b>Total</b>	<b>3,976,995</b>	<b>2,670,818</b>
2. Operating and Other Expenses		
(a) Consumption of Stores/Spares	275,585	1,072,225
(b) Power and Fuel	2,187,709	1,561,469
(c) Repairs to Plant and Machinery	827,815	97,992
(d) Rent	399,886	659,453
(e) Communication Expenses	1,102,926	1,209,958
(f) Insurance	530,883	744,900
(g) Travelling Expenses	1,009,008	1,257,515
(h) Conveyance Charges	880,975	520,885
(i) Other Expenses	14,766,785	12,548,681
	21,981,572	19,673,078
3. Excise Duty	3,435,670	5,542,166
<b>Total</b>	<b>29,394,237</b>	<b>27,886,062</b>
<b>SCHEDULE 5 - INTEREST</b>		
On working capital loan	1,641,338	1,776,523
Other Financial Charges	29,751	135,000
<b>Total</b>	<b>1,671,089</b>	<b>1,911,523</b>



# Newtech Stewing Telecom Limited

## Schedules Forming Part of the Profit and Loss Account for the Year Ended 30th June, 2001

		For the year ended 30.06.2001	For the year ended 30.06.2000
<b>SCHEDULE - 6 : ADDITIONAL INFORMATION REQUIRED AS PER PARA 3 &amp; 4 OF PART II</b>			
1	Licensed & Installed Capacities		
a.	Licensed capacity (Nos)		
	– Heat Shrinkable Wrap around Sleeves For Telecom Cable Jointing Kits (Nos)	500,000	500,000
b.	Installed Capacity (Nos)		
	– Heat Shrinkable Wrap around Sleeves For Telecom Cable Jointing Kits (Nos)	400,000	400,000
2	Production		
	– Heat Shrinkable Wrap around Sleeves For Telecom Cable Jointing Kits (Nos)	220,911	434,103
3	Purchase of Components & Raw-materials Value (Rs.)	67,567,434	107,887,070
4	Production of Cable Jointing Kits (Nos)	196,672	449,564
5	Turnover		
	– Sales of kits (Nos)	196,672	449,564
	Value (Rs.)	94,035,235	141,280,671
	– Sales of others Value (Rs.)	1,679,592	3,585,338
	<b>Total</b>	<b>95,714,827</b>	<b>144,866,009</b>
6	Opening & Closing Stocks		
	<b>Opening Stock</b>		
	– Manufactured Sleeves (Nos)	5,738	17,651
	Value (Rs.)	729,874	1,273,716
	– Purchased Components & Raw-materials Value (Rs.)	19,385,763	8,173,715
	<b>Total</b>	<b>20,115,637</b>	<b>9,447,431</b>
	<b>Closing Stock</b>		
	– Manufactured Sleeves (Nos)	29,977	5,738
	Value (Rs.)	1,674,859	729,874
	– Work in process Value (Rs.)	1,923,162	—
	– Purchased Components & Raw-materials Value (Rs.)	26,717,443	19,385,763
	<b>Total</b>	<b>30,315,464</b>	<b>20,115,637</b>
7	Raw Materials Consumption		
	– Hotmelt Adhesive Kgs	44,456	31,100
	Value (Rs.)	10,072,124	5,210,860
	– Granules Kgs.	42,000	44,720
	Value (Rs.)	9,281,356	9,801,170
	– Film Rolls Nos.	82	701
	Value (Rs.)	347,251	4,424,827
	– Others Value (Rs.)	40,535,023	70,338,166
	<b>Total</b>	<b>60,235,754</b>	<b>89,775,023</b>



## Schedules Forming Part of the Profit and Loss Account for the Year Ended 30th June, 2001

		For the year ended 30.06.2001	For the year ended 30.06.2000
<b>SCHEDULE - 6 :</b>			
<b>(Contd...)</b>			
8 Consumption of Imported & Indigenous Materials			
– Imported Materials	Value (Rs.)	19,700,731	19,436,857
	%	32.71	21.65
– Indigenous Materials	Value (Rs.)	40,535,023	70,338,166
	%	67.29	78.35
<b>Total</b>	Value (Rs.)	<b>60,235,754</b>	<b>89,775,023</b>
	%	<b>100</b>	<b>100</b>
9 Foreign Exchange Transactions			
Value of Imports on CIF Basis			
– Raw materials	Value (Rs.)	711,501	11,320,331

### SCHEDULE - M : NOTES FORMING PART OF THE ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES:

##### (i) Sales:

Income from sales is accounted for ex-godown on dispatch. The sales value is inclusive of Excise Duty, but is exclusive of Sales Tax.

##### (ii) Excise and Customs Duties:

Excise Duty is accounted for on clearance of goods from factory, Customs Duty on goods kept in bonded warehouses or lying at port is accounted for on clearance.

##### (iii) Fixed Assets:

All Fixed assets are valued at cost. The cost of Fixed Assets comprises of purchase price and all other attributable costs of bringing the assets to working conditions for intended use and includes (a) expenditure during construction; (b) technical know-how fees and (c) interest on funds borrowed specifically for the purpose for the period up to commissioning/installation of the assets. On acquisition of fixed assets under hire purchase, the cash price thereof is capitalised.

The Value of Temporary Sheds amounting to Rs. 909872/- has been deducted from Gross Block and Depreciation Reserve, as the total value of Temporary Sheds were written off and has nil value as on 01.07.2000.

##### (iv) Inventories:

Closing inventories are valued on first-in-first-out (FIFO) basis:

- Finished stocks, comprising of bought-out components for resale and manufactured stocks, are valued at cost or net realisable value whichever is less. Cost in the case of bought-out components for kitting is the purchase price, freight and handling, taxes, duties and other attributable costs and in the case of manufactured finished stocks, the direct cost i.e., the cost of raw materials and appropriate share of variable costs.
- Stock-in-process is valued at Direct Cost.
- Stock of Raw Material is valued at cost i.e. the purchase price, freight, handling, taxes, duties and other attributable costs.





- (v) The company has settled all the dues to Institutions and out side creditors except for suppliers where suitable claims are to be received from the parties for settling the dues for an amount of Rs.12.29 Lacs (Previous Year Rs.14.06 Lacs) as per Scheme of Rehabilitation.

**(vi) Foreign Currency Transactions:**

Liabilities related to foreign currency transactions remaining unsettled at the end of the period are translated at the year-end exchange rates. Gains/Losses, other than those relating to fixed assets, are recognised in the Profit and Loss Account.

**B. NOTES FORMING PART OF THE ACCOUNTS**

(Rs. in Lakhs)

	As at 30.06.2001	As at 30.06.2000
<b>1. Contingent Liabilities not provided for :</b>		
a) Bank Guarantees issued by State Bank of India towards Performance Guarantees on behalf of the Company	259.90	163.46
b) Income Tax matters in which the company is in Appeal :	Nil	Nil
2. Estimated amount of contracts to be executed on Capital Account and not provided for :		

Against which advance paid and shown Under Loans & Advances :

4.75 4.75

**3. Secured Loans**

- (i) Cash Credit Account with State Bank of India is secured by hypothecation of Stocks of the Raw Material, Stock in Process, Finished Goods, Stores and Book Debts and further secured by first charge on the fixed assets of the company and by Personal Guarantee of Mr. L.P.Sashikumar and Corporate Guarantees of Goldstone Technologies Limited, Goldstone Teleservices Limited and Goldstone Exports Limited.

4. Auditor's Remuneration : Statutory Audit Fee for the year 2000-2001 Rs. 75000/- (Previous Year Rs. 75000/-). Internal Audit fee for the year 2000-2001 Rs. 24000/- (Previous Year Rs. 12000/-).
5. Provision for Income Tax has been made for the financial year 2000-01 (April, 2000 to March, 2001).
6. Sundry Debtors, Sundry Creditors, Loans & Advances are subject to confirmation.
7. Previous year figures have been regrouped/re-cast/re-arranged wherever necessary and the paise have been rounded-off to the nearest rupee.

As per our report of even date  
For **Srinivas P & Associates**  
Chartered Accountants

For and on behalf of the Board

Sd/-  
**P.Srinivas**  
Partner

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

Sd/-  
**J.A.Rao**  
Director

Place : Hyderabad  
Date : 29th September, 2001



**Balance Sheet Abstract and Company's Business Profile**

**I. Registration Details :**

Registration No. 

		1	0	7	3	1
--	--	---	---	---	---	---

 State Code 

0	1
---	---

Balance Sheet Date 

	3	0	0	6	0	1
--	---	---	---	---	---	---

  
Date Month Year

**II. Capital raised during the year (Amount in Rs. Lakhs)**

Public Issue 

				N	I	L
--	--	--	--	---	---	---

 Rights Issue 

				N	I	L
--	--	--	--	---	---	---

Bonus Issue 

				N	I	L
--	--	--	--	---	---	---

 Private Placement 

				N	I	L
--	--	--	--	---	---	---

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

**Sources of Funds:**

Total Liabilities 

	5	7	2	.	3	3
--	---	---	---	---	---	---

 Total Assets 

	5	7	2	.	3	3
--	---	---	---	---	---	---

Paid-up Capital 

	1	4	9	.	5	1
--	---	---	---	---	---	---

 Reserves and Surplus 

	2	8	5	.	5	2
--	---	---	---	---	---	---

Secured Loans 

	1	3	3	.	1	0
--	---	---	---	---	---	---

 Unsecured Loans 

			4	.	2	0
--	--	--	---	---	---	---

**Application of Funds:**

Net Fixed Assets 

		9	4	.	0	9
--	--	---	---	---	---	---

 Investments 

						0
--	--	--	--	--	--	---

Net Current Assets 

	4	7	3	.	9	4
--	---	---	---	---	---	---

 Misc. Expenditure 

			4	.	3	0
--	--	--	---	---	---	---

Accumulated Losses 

						0
--	--	--	--	--	--	---

**IV. Performance of company (Amount in Rs. Lakhs)**

Turnover/Income 

	9	6	5	.	8	1
--	---	---	---	---	---	---

 Total Expenditure 

	8	9	3	.	0	0
--	---	---	---	---	---	---

Profit before tax 

		7	2	.	8	1
--	--	---	---	---	---	---

 Profit after tax 

		4	7	.	8	1
--	--	---	---	---	---	---

Earning per Share in Rs. 

			3	.	2	0
--	--	--	---	---	---	---

 Dividend Rate 

					N	A
--	--	--	--	--	---	---

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

Item Code No. (ITC Code) : 754690  
Product Description : Thermoweld Filled (TWF) and Thermo Shrink Filled (TSF)  
Heat Shrinkable Sleeves

Item Code No. (ITC Code) : 854790  
Product Description : Jelly Filled Telephone Cable Jointing Kits & Sub Kits

On behalf of the Board

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

Sd/-  
**J.A. Rao**  
Director



# **Shree Shree Telecom Private Limited**

## **First Annual Report 2000-2001**

### **Board of Directors**

Mr. L. P. Sashikumar

Mr. J.A.Rao

### **Bankers to the Company**

State Bank of Hyderabad  
Punjagutta Branch  
Hyderabad.

### **Statutory Auditors**

Boppudi & Associates  
301, Sai Ram Suman Residency,  
1-1-541,  
Gandhinagar,  
Hyderabad - 500 020

### **Registered Office**

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

### **Factory**

Plot No. 152 A,  
IDA, Phase II, Cherlapally,  
Hyderabad - 500 051



## Directors' Report

To  
The Members of  
**Shree Shree Telecom Private Limited**

Your directors have pleasure in presenting the first Annual Report on the business and operations of the company and the Audited Statement of Accounts for the period ended 30th June, 2001.

### INCORPORATION AND COMMENCEMENT OF BUSINESS:

Your company was incorporated on 24th April, 2000 to buy out the cable jointing Kits business from Shree Shree Tele-links Private Limited. Your company has commenced operations in October, 2000.

### FINANCIAL RESULTS:

Particulars	Rs. in Lakhs 2000-2001
Sales	297.76
Other Income	0.45
Total Expenditure	274.59
Operating Profit (PBIDT)	23.61
Interest	4.68
Depreciation and Write offs	2.92
<b>Profit before Tax</b>	<b>16.01</b>
Provision for Tax	3.50
Profit after Tax	12.51
Equity Share Capital	15.00
Tangible Net worth	27.30

### REVIEW OF OPERATIONS

During the period under review, the company registered a sales income of Rs.297.76 Lakhs and net profit of Rs. 12.51 Lakhs. There are no comparative figures since this is the first year of operation.

### ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Additional information on Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto (Annexure-I) and forms part of this Report.

### PARTICULARS OF EMPLOYEES

There are no employees in respect of whom information under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Amendment) Act, 1988 are required to be furnished.

### FIXED DEPOSITS

Your Company has not accepted any fixed deposits and the provisions of Section 58A of the Companies Act, 1956 are not applicable to the Company.

### INSURANCE

All the properties of your company including its buildings, plant and machinery and stocks have been adequately insured.

### AUDITORS

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- That in the preparation of the accounts for the year ending 30th June, 2001, the applicable accounting standards have been followed and there are no material departures therefrom.
- That the accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2001 and of the profit of the Company for the year ended on that date.
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the accounts for the year ended 30th June, 2001 has been prepared on a going concern basis.

### DIRECTORS

The first Directors of the company are Mr. P. Raja Reddy and Mr. G.C. Ranga Reddy. Mr. L.P.Sashikumar and Mr. J.A.Rao were coopted as Directors in the Board Meeting held on 6th September, 2000.

Mr. P. Raja Reddy and Mr. G.C. Ranga Reddy resigned during the year due to their pre-occupations.

### ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge the continued support and guidance extended by State Bank of Hyderabad and wish to place on record the esteemed patronage of Department of Telecommunications and Mahanagar Telephone Nigam Limited.

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

For and on behalf of the Board

Place : Hyderabad  
Date : 29th September, 2001

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



## **Annexure I to Director's Report**

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

**A. CONSERVATION OF ENERGY :** Though the manufacturing process is not power intensive, continuous efforts are made to ensure conservation of the energy.

**B. TECHNOLOGY ABSORPTION: RESEARCH AND DEVELOPMENT**

- |   |   |     |
|---|---|-----|
| 1. Specific Areas in which R & D carried out by the company | : | Nil |
| 2. Benefits derived as a result of the above R & D          | : | Nil |
| 3. Future Plan of Action                                    | : | Nil |
| 4. Expenditure on R & D                                     |   |     |
| a) Capital  | : | Nil |
| b) Recurring  | : | Nil |
| c) Total  | : | Nil |
| d) Total R & D as a percentage of Total turnover            | : | Nil |

**C. TECHNOLOGY ABSORPTION:**

- |  |   |     |
|--|---|-----|
| a) Efforts made in brief for Technology Absorption, adaptation and innovation  | : | Nil |
| b) Benefits derived as a result of the above Efforts e.g., product improvement, cost reduction Product Development substitution, etc., | : | Nil |
| c) Technology imported during the last 5 years   | : | Nil |

**D. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

	Rs. in Lakhs
	2000-01
a) Foreign Exchange Earnings	
– FOB Value of goods exported	Nil
b) Foreign Exchange Outgo	
– Raw Materials	Nil
– Travelling	Nil



## **Auditors' Report**

To  
The Members  
**Shree Shree Telecom Private Limited**  
Secunderabad-3

We have audited the attached Balance Sheet of **Shree Shree Telecom Private Limited** for the period ended 30th June, 2001 and the Profit and Loss Account for the period ended on that date, annexed hereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of the books.
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

- d) In our opinion, the accounts have been prepared in compliance with the Mandatory Accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- e) On the basis of the written representations received from Directors of the Company as at 30th June, 2001, and taken on record by the Board of Directors, we report that no Director is disqualified from being appointed as Director of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes and schedules thereon, gives the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view:

- i) in the case of the Balance Sheet, of the State of affairs of the Company as at 30th June, 2001.
- ii) in the case of the Profit and Loss Account, of the Profit for the period ended on that date.

For **BOPPUDI & ASSOCIATES**  
Chartered Accountants

Place : Secunderabad  
Date : 29.09.2001

Sd/-  
**B. APPA RAO**  
Proprietor



## **Annexure to Auditors' Report**

### **ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE**

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. In accordance with information and explanation given to us, the company has physically verified its assets during the year. No material discrepancies were noticed on such physical verification.
2. Fixed Assets were not revalued during the year.
3. The management has physically verified stocks during the year. In our opinion the frequency of verification is reasonable.
4. In our opinion and according to the information and explanation given to us the procedure of physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the company and nature of the business.
5. The discrepancies noticed on verification between the physical stocks and records were not material in relation to the size of the company and nature of the business.
6. In our opinion, on the basis of examination, the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles.
7. The company has not taken any loans secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 or from the companies under same management within the meaning of sub-section (1B) under section 370 of the Companies Act, 1956 during the year.
8. The company has not granted any loans to companies listed in the register maintained under Section 301 of the Companies Act, 1956 under the same management as defined under Section 370 (1B) of the Companies Act, 1956. Provisions of section 370 (1B) of the Companies Act, 1956 no longer are applicable in view of the Company's (Amendment) Act, 1999.
9. The parties to whom loans or advances in the nature of loans have been given are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.
10. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to the purchase of stores, including components, plant and machinery, equipment and other assets and for the sale of goods.
11. The Company has not entered into transactions for purchase of goods, materials and services in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
12. On the basis of evaluation by persons responsible for physical verification of stocks there were no unserviceable or damaged stocks.
13. The Company has not accepted any deposits from the public.
14. The Company doesn't have realisable by-products. The Company is maintaining adequate inventory records in respect of scrap or damaged goods, as informed to us by the management.
15. In our opinion the Internal Audit functions carried out by a firm of Chartered Accountants are commensurate with the size of the operations and nature of the business.
16. As explained to us the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of the present activities of the Company.
17. As the employees are on deputation from holding company i.e. M/s. Goldstone Teleservices Limited, the clause in respect of Provident Fund and Employees State Insurance dues will not be applicable.
18. There are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs duty and Excise Duty as at 30th June, 2001 which are outstanding for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.
20. The Company is not a sick industrial Company within the meaning of clause (o) of subsection (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

**For BOPPUDI & ASSOCIATES**  
Chartered Accountants

Sd/-

**B.APPA RAO**  
Proprietor

Place : Secunderabad  
Date : 29.09.2001



# Shree Shree Telecom Private Limited

## Balance Sheet as at 30th June, 2001

## Profit and Loss Account for the Period Ended 30th June, 2001

	Schedule	As at 30.06.2001 Rs.		Schedule	For the period ended 30.06.2001 Rs.
<b>I SOURCES OF FUNDS</b>			<b>INCOME</b>		
<b>1 SHAREHOLDERS FUNDS:</b>			Sales	2.01	29,776,052
a. Share Capital	1.01	1,500,000	Other Income	2.02	44,611
b. Reserves and Surplus	1.02	1,251,898	<b>Total</b>		<b>29,820,663</b>
<b>Total</b>		<b>2,751,898</b>			
<b>II APPLICATION OF FUNDS</b>			<b>EXPENDITURE</b>		
<b>1 FIXED ASSETS:</b>			Material Cost	2.03	17,439,945
a. Gross Block	1.03	2,689,937	Excise Duty		929,376
b. Less : Depreciation		289,562	Personnel Expenditure	2.04	1,916,070
Net Block		2,400,375	Other Manufacturing Costs	2.05	1,752,561
<b>2 CURRENT ASSETS, LOANS &amp; ADVANCES</b>			Administrative and Selling Expenses	2.06	5,419,736
a. Inventories	1.04	1,339,887	Financial Expenses	2.07	468,459
b. Sundry Debtors	1.05	4,442,269	Depreciation		289,562
c. Cash and Bank Balance	1.06	3,621,329	Miscellaneous Expenses Written off		3,056
d. Loans and Advances	1.07	23,917,754	<b>Total</b>		<b>28,218,765</b>
<b>Total</b>		<b>33,321,239</b>	Profit before Taxation		1,601,898
Current Liabilities & Provisions			Provision for taxation		350,000
a. Current liabilities	1.08	32,641,110	Profit after tax for the year		1,251,898
b. Provisions	1.09	350,000	Profit Transferred to Balance Sheet		1,251,898
<b>Total</b>		<b>32,991,110</b>	Accounting policies	3.00	
Net Current Assets		330,129	Notes on Accounts	4.00	
Miscellaneous Expenditure (to the extent not written off or adjusted)	1.10	21,394			
<b>Total</b>		<b>2,751,898</b>			
Accounting policies	3.00				
Notes on Accounts	4.00				

As per our report attached  
for **Boppudi & Associates**  
Chartered Accountants

On behalf of the Board

Sd/-  
**B.Apparao**  
Proprietor

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

Sd/-  
**J.A.Rao**  
Director

Place : Secunderabad  
Date : 29th September, 2001

## Schedules Forming Part of the Accounts

	As at 30.06.2001 Rs.		As at 30.06.2001 Rs.
<b>1.01: SHARE CAPITAL</b>		<b>1.02: RESERVES AND SURPLUS</b>	
Authorised:		1 Surplus:	
1,50,000 Equity Shares of Rs. 10 each	1,500,000	Balance transfer from the	
Issued, Subscribed and Paid up:		Profit and Loss A/c	1,251,898
Paid up Share Capital	1,500,000	<b>Total</b>	<b>1,251,898</b>
1,50,000 Equity Shares of			
Rs. 10/- each fully paid up			
<b>Total</b>	<b>1,500,000</b>		





# Shree Shree Telecom Private Limited

## Schedules Forming Part of the Accounts

### 1.03: FIXED ASSETS

Description	GROSS BLOCK		DEPRECIATION		Net Block
	Additions during the period Rs.	As on 30.06.2001 Rs.	For the Period Rs.	As on 30.06.2001 Rs.	As on 30.06.2001 Rs.
1. Electrical Equipment	89,988	89,988	3,197	3,197	86791
2. Electrical Installation	22,853	22,853	812	812	22041
3. Plant & Machinery	2,255,304	2,255,304	77,962	77,962	2177342
4. Lab tools and Equipment	118,381	118,381	4,180	4,180	114201
5. Temporary Sheds	203,411	203,411	203,411	203,411	—
<b>Total</b>	<b>2,689,937</b>	<b>2,689,937</b>	<b>289,562</b>	<b>289,562</b>	<b>2400375</b>

	As at 30.06.2001 Rs.		For the period ended 30.06.2001 Rs.
<b>1.04: INVENTORIES</b> (As Certified by the Management)		<b>2.01: SALES</b>	
Raw materials (at cost)	752,235	— Domestic	29,776,052
Finished goods (at cost or net realisable value whichever is less)	10,049	<b>Total</b>	<b>29,776,052</b>
Components and Packing Materials (at cost)	577,603	<b>2.02: OTHER INCOME</b>	
<b>Total</b>	<b>1,339,887</b>	Interest on Fixed Deposits	39,911
<b>1.05: SUNDRY DEBTORS</b> (Unsecured Considered Good)		Insurance Claims received	4,700
a. Debts outstanding for a period exceeding 6 months	—	<b>Total</b>	<b>44,611</b>
b. Other Debts	4,442,269	<b>2.03: MATERIAL COST</b>	
<b>Total</b>	<b>4,442,269</b>	Opening Stock	—
<b>1.06: CASH &amp; BANK BALANCES</b>		Purchases:	
Balances with Scheduled Banks:		— Raw materials	5,783,061
— In Current Accounts	526,618	— Kit Components	11,365,807
— In Fixed Deposits	2,994,711	— Packing Materials	1,610,906
<b>Total</b>	<b>3,521,329</b>	Other Purchase Expenses	20,058
<b>1.07: LOANS &amp; ADVANCES</b> (Unsecured, Considered Good)		Less : Closing Stocks	18,779,832
a. Advances recoverable in cash or kind or for value to be received	6,636,137	<b>Total</b>	<b>17,439,945</b>
b. Advances to others	17,160,000	<b>2.04: PERSONNEL EXPENDITURE</b>	
c. Advance to suppliers	982	Salaries, Wages and other Benefits	1,473,181
d. Balance with Central Excise	11,635	Staff Welfare	308,834
e. Deposits	109,000	Staff Recruitment & Training	4,811
<b>Total</b>	<b>23,917,754</b>	Security Charges	129,244
<b>1.08: CURRENT LIABILITIES</b>		<b>Total</b>	<b>1,916,070</b>
Sundry Creditors	507,431	<b>2.05: OTHER MANUFACTURING EXPENSES</b>	
Other Creditors/Liabilities	31,957,871	Power and fuel	879,026
Statutory Liabilities	175,808	Consumables	13,967
<b>Total</b>	<b>32,641,110</b>	Repairs and Maintenance	
<b>1.09: PROVISIONS</b>		— Plant and Machinery	323,028
Provision for Taxation	350,000	— Buildings	70,763
<b>Total</b>	<b>350,000</b>	— Others	384,245
<b>1.10: MISCELLANEOUS EXPENDITURE</b>		Testing and Inspection Charges	81,532
Preliminary Expenditure	24,450	<b>Total</b>	<b>1,752,561</b>
Less : Written Off During the period	3,056		
<b>Total</b>	<b>21,394</b>		



# Shree Shree Telecom Private Limited

## Schedules Forming Part of the Accounts

	For the period ended 30.06.2001 Rs.
<b>2.06: ADMINISTRATIVE AND SELLING EXPENSES</b>	
Auditors Remuneration	20,000
Advertisement	34,723
Electricity Charges – office	96,948
Rent	298,390
Legal Fees	122,753
Printing and Stationery	155,361
Postage, Telephones and Internet	456,898
Insurance	88,810
Professional and Consultancy	825,997
Fees, Rates and Taxes	12,190
Gifts and Donations	96,715
Vehicle Maintenance	261,286
Travelling Expenses	415,962
Conveyance	187,618
Carriage Outward	350,680
Sales Tax	1,144,048
Business Promotion	251,942
Office Maintenance	109,086
Miscellaneous Expenses	463,003
Other Expenses	27,326
<b>Total</b>	<b>5,419,736</b>
<b>2.07: FINANCIAL EXPENSES</b>	
Bank Charges	117,087
Bank Commission	351,372
<b>Total</b>	<b>468,459</b>

### 4.00 NOTES ON ACCOUNTS

1. The accounts of the company is prepared for the period from 24-4-2000 (i.e. date of Incorporation) to 30-06-2001. This being the first year of operations, previous year figures have not been shown.

Paise have been rounded off to the nearest Rupee.

2. Company commenced its commercial operations in the month of October, 2000. The expenses incurred up to the date are capitalised.

3. All the employees of the company are on deputation from the holding Company viz; Goldstone Technologies Limited and Goldstone Teleservices Limited. The employee cost incurred by the holding company was reimbursed and shown under Salaries and Wages.

4. Preliminary expenses are amortised over a period of ten years.

5. Sundry debtors, Sundry Creditors, loans and advances are subject to confirmation.

6. Provision for Income Tax has been made in the accounts for the financial year 2000-2001 under the provisions of Income Tax Act.

7. There are no outstanding overdues to SSI undertakings and/or ancillary industrial suppliers on account of principal and/or interest at the close of the year. This disclosure is based on the documents/information available with the company.

8. Contingent Liabilities

Bank guarantees issued by Bank towards Bid / Performance guarantees – Rs.96,07,808/-.

### 3.00: SIGNIFICANT ACCOUNTING POLICIES

#### 1) BASIS OF ACCOUNTING:

The financial statements are prepared under the historical cost convention on a going concern basis with generally accepted accounting principles and relevant requirements of the Companies Act, 1956.

#### 2) REVENUE RECOGNITION:

- All Income and expenditure are accounted on accrual basis.
- Sales are recognised when goods are supplied in accordance with the terms and conditions of sales and is inclusive of Sales Tax.
- Excise Duty payable on finished goods is accounted for as and when goods are cleared.

#### 3) FIXED ASSETS AND DEPRECIATION:

Fixed assets are stated at cost of acquisition inclusive of other expenses of bringing the assets to their working conditions for the intended use.

Depreciation on Fixed Assets has been provided on Straight line method as per the classification and manner prescribed under Schedule XIV of the Companies Act, 1956.

Depreciation on Temporary sheds has been provided at the rate of 100%.

#### 4) INVENTORIES:

Inventories are valued as under:

- Raw materials are valued at purchase price and attributable costs.
- Finished goods are valued at lower of cost or net realisable value.

5) Foreign currency transactions during the year – NIL

#### 6) CENVAT CREDIT:

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



# Shree Shree Telecom Private Limited

## Schedules Forming Part of the Accounts

For the period ended  
30.06.2001  
Rs.

### 4.00: NOTES ON ACCOUNTS

#### ADDITIONAL INFORMATION REQUIRED AS PER PARA 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

i	Licensed & Installed Capacities: HS Sleeves (Nos)		400,000
ii	Production (Nos)		
	- Heat Shrinkable Sleeves for Telecom Cable Jointing Kits	(Nos)	79,291
iii	Purchase of Components & Raw materials	Value (Rs.)	18,779,832
iv	Production of Cable Jointing Kits	(Nos)	79,152
v	Turnover		
	- Jointing kits	(Nos)	79,152
		Value (Rs.)	29,776,052
vi	Closing Stock		
	- Manufactured Sleeves	(Nos)	139
		Value (Rs.)	10,049
	- Components & Raw materials	Value (Rs.)	1,329,838
			<u>1,339,887</u>
vii	Raw Materials Consumed		
	- Hotmelt Adhesive	Kgs	8,180
		Value (Rs.)	2,254,407
	- Profile	Kgs	11,700
		Value (Rs.)	3,528,649
	- Others	Value (Rs.)	11,656,889
			<u>17,439,945</u>
viii	Consumption of Imported & Indigenous Materials		
	- Imported Materials	Value (Rs.)	2,254,407
		%	12.93
	- Indigenous Materials	Value (Rs.)	15,185,538
		%	87.07
	- Total Value (Rs.)	17,439,945	
		%	100
ix	Auditors' Remuneration		
	Audit Fee	12,500	
	Taxation Matters		7,500
			<u>20,000</u>

As per our report attached  
for **Boppudi & Associates**  
Chartered Accountants

On behalf of the Board

Sd/-  
**B.Apparao**  
Proprietor

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

Sd/-  
**J.A.Rao**  
Director

Place : Secunderabad  
Date : 29th September, 2001



## Balance Sheet Abstract and Company's Business Profile

### I. Registration Details :

Registration No. 

		3	4	3	0	0
--	--	---	---	---	---	---

 State Code 

0	1
---	---

  
 Balance Sheet Date 

	3	0	0	6	0	1
--	---	---	---	---	---	---

  
 Date Month Year

### II. Capital raised during the year (Amount in Rs. Lakhs)

Public Issue 

				N	I	L
--	--	--	--	---	---	---

 Rights Issue 

				N	I	L
--	--	--	--	---	---	---

  
 Bonus Issue 

				N	I	L
--	--	--	--	---	---	---

 Private Placement 

		1	5	.	0	0
--	--	---	---	---	---	---

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

#### Sources of Funds:

Total Liabilities 

		2	7	.	5	2
--	--	---	---	---	---	---

 Total Assets 

		2	7	.	5	2
--	--	---	---	---	---	---

  
 Paid-up Capital 

		1	5	.	0	0
--	--	---	---	---	---	---

 Reserves and Surplus 

		1	2	.	5	2
--	--	---	---	---	---	---

  
 Secured Loans 

				N	I	L
--	--	--	--	---	---	---

 Unsecured Loans 

				N	I	L
--	--	--	--	---	---	---

#### Application of Funds:

Net Fixed Assets 

		2	4	.	0	0
--	--	---	---	---	---	---

 Investments 

				N	I	L
--	--	--	--	---	---	---

  
 Net Current Assets 

			3	.	3	0
--	--	--	---	---	---	---

 Misc. Expenditure 

			0	.	2	1
--	--	--	---	---	---	---

  
 Accumulated Losses 

						0
--	--	--	--	--	--	---

### IV. Performance of company (Amount in Rs. Lakhs)

Turnover/Income 

		2	9	8	.	2	1
--	--	---	---	---	---	---	---

 Total Expenditure 

		2	8	2	.	1	9
--	--	---	---	---	---	---	---

  
 Profit before tax 

			1	6	.	0	2
--	--	--	---	---	---	---	---

 Profit after tax 

			1	2	.	5	2
--	--	--	---	---	---	---	---

  
 Earning per Share in Rs. 

			8	.	3	5
--	--	--	---	---	---	---

 Dividend Rate 

					N	A
--	--	--	--	--	---	---

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

Item Code No. (ITC Code) : 754690  
 Product Description : Thermoweld Filled (TWF) and Thermo Shrink Filled (TSF)  
 Heat Shrinkable Sleeves  
 Item Code No. (ITC Code) : 854790  
 Product Description : Jelly Filled Telephone Cable Jointing Kits & Sub Kits

On behalf of the Board

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

Sd/-  
**J.A. Rao**  
 Director