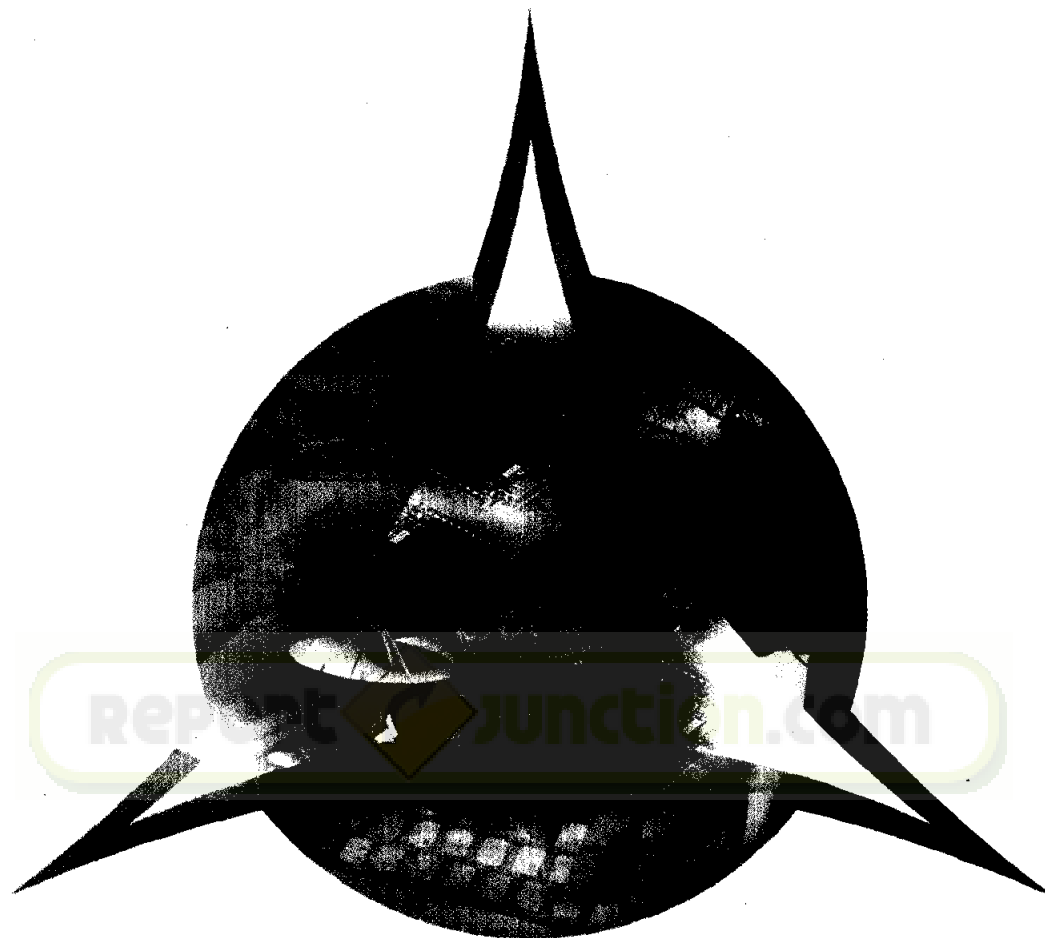




Goldstone

Goldstone Technologies Limited



Seventh Annual Report 2000–2001

Board of Directors

Dr. K K Krishnan Kumar	Chairman
K Vasudeva Rao	Executive Director
L P Sashikumar	Director
J A Rao	Director
P. Ramesh Babu	Director
L Preetha Priyadarshini	Director
M Gopalakrishna	Director
Kishore V Khandavalli	Director
Ramana Kumar Peddu	Director
Mahita Prasad Caddell	Director

Company Secretary S Geetha Devi

Auditors Srivas & Pramodkumar
Chartered Accountants
C-16, IV A Block
Bharani Complex
Minister Road
Secunderabad-500 003

Registered Office & Worldwide Head Quarters

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

United States

Fremont
39159, Paseo Padre Dr # 304
Fremont, CA-94538
USA
Tel : 510-796-7989
Fax: 510-796-7992

Arlington
3426, North Washington Blvd, Suite 111
Arlington, VA-22201,
USA
Tel: 703-524-5500
Fax: 703-524-5518

Burlington
One Lason Lane
Burlington
VT – 05401
USA
Tel: 802-658-7600
Fax: 802-658-1090

Bankers to the Company

State Bank of Hyderabad
Punjagutta Branch
Hyderabad-500482
Global Trust Bank
S.D. Road
Secunderabad-500003

Citi Bank
G.Pulla Reddy Building
Somajiguda
Hyderabad-500082

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General Shareholder Information

Date, time and venue of Annual General	: 31st December, 2001 at 4.30 P.M At Plot No. 1 & 9, Phase II, IDA, Cherlapally, Hyderabad-500 051
Date of Book closure	: 26th December, 2001 to 31st December, 2001 (both Days inclusive)
Dividend Payment Date	: No Dividend
Listing on Stock Exchanges	Hyderabad Stock Exchange Ltd, 3-6-275, Himayathnagar, Hyderabad-500 029. Stock Exchange, Mumbai Phiroze Jeejeeboy Towers, Dalal Street, Mumbai-400 001. National Stock Exchange of India Ltd 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra(E), Mumbai-400051. Madras Stock Exchange Limited Exchange Building, Post Box No. 183, II Second line Beach, Chennai-600 001 Ahmedabad Stock Exchange Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad Delhi Stock Exchange Ass'n. Ltd DSE House, 3/1 Asaf Ali Road, New Delhi-110 002
Listing fees	: Paid to all the above Stock Exchanges for the year 2001-02



Scrip Code : 31493 on BSE

ISIN Number in NSDL & CDSL : INE 805A01014

Registrar and Transfer Agents

In-house Share Transfer Department

Goldstone Technologies 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,
Khairtabad, Hyderabad-500 004.

Tel: +91-40-332 2262/64
Fax: +91-04-332 4804
Email: vccil_hyd@yahoo.co.in

Compliance Officer

: S Geetha Devi, Company Secretary



Notice

Notice is hereby given that the Seventh Annual General Meeting of the company would be held on Monday, the 31st December, 2001 at 4.30 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 appoint a Director in place of Shri L P Sashikumar, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr K K Krishnan Kutty , who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri J A Rao who retires by rotation and being eligible offers himself for reappointment.
5. To consider, and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT the Auditors, M/s. Srivas & Pramodkumar, Chartered Accountants, 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:

ALTERATION OF ARTICLES OF ASSOCIATION TO INCLUDE BUY-BACK OF SECURITIES

6. 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 31 and other applicable provisions, if any, of the Companies Act, 1956, and the other provisions of other statutes as applicable, the Articles of Association of the Company be and is hereby altered as follows:

The following new article be inserted as Article 54 A after article 54

BUY-BACK OF SECURITIES

Power of the Company to purchase its own securities

- 54 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."

PREFERENTIAL ALLOTMENT

7. 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(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 and 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 lakhs 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 13.3.A of SEBI (Disclosure and Investor Protection) Guidelines, 2000 to the promoter group members [which term shall include Directors including Promoter 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."

DELISTING OF THE EQUITY SHARES OF THE COMPANY AT AHMEDABAD STOCK EXCHANGE, DELHI STOCK EXCHANGE AND MADRAS STOCK EXCHANGE.

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any



statutory modification(s) or re-enactment thereof for the time being in force), Securities Contracts (Regulations) Act, 1956, and the Rules framed there under, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, 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 thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from the Stock Exchanges located at Ahmedabad, Chennai, New Delhi".

For and on behalf of the Board

Place : Secunderabad

Date : 23rd November, 2001.

L.P.Sashikumar

Director

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Notes:

- a) The Explanatory Statement relating to Item Numbers 6 to 8 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.



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Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

ITEM 6

To fall in line with the provisions of the Companies (Amendment) Act, 1999, it has become necessary to alter the Articles of Association of the Company to include the provision of Buy-back of securities.

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.

ITEM 7

The IT industry is in the highly competitive environment and to sustain business as well as growth, the Company is contemplating 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 / or warrants, 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
	Promoters & Associates					
1.	Goldstone Exports Limited	26,93,107	24.85	20,00,000	46,93,107	33.91
2.	L.P. Sashikumar	69,100	0.64	1,25,000	1,94,100	1.40
3.	J.A. Rao	100	0.001	1,25,000	1,25,100	0.90
4.	Kishore V Khandawalli	6,93,000	6.39	5,00,000	11,93,000	8.62
5.	K. Vasudeva Rao	4,369	0.04	1,00,000	1,04,369	0.75
6.	P. Ramesh Babu	5,000	0.05	1,00,000	1,05,000	0.76
7.	M. Gopalakrishna	-	-	50,000	50,000	0.36

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.