



Goldstone

Goldstone Technologies Limited



Ninth Annual Report 2002–2003

Board of Directors

Dr. K K Krishnan Kutty	Chairman
K Vasudeva Rao	Executive Director
L P Sashikumar	Director
J A Rao	Director
P. Ramesh Babu	Director
Douglas K Mellinger	Director
Dr. M.V.R. Kamesam	Director
Mahita Prasad Caddell	Director

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Auditors

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

Registered Office & Development Centre

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

United States

Vienna
8603 Westwood Center
Dr. Ste 200
Vienna, Virginia 22182
www.goldstonetech.com

Annual Reports of Subsidiary Company

Prime Soft LLC

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Notice

Notice is hereby given that the Ninth Annual General Meeting of the member of the Company will be held on Tuesday, the 30th day of September 2003 at 9.30 A.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 31st March, 2003 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 re-appointment.
3. To appoint a Director in place of Mrs. Mahitha Prasad Caddell, who retires by rotation and being eligible, offers herself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT M/s. P. R. Pramodkumar & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company in place of M/s Srivas & Pramodkumar to hold office from the 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

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

"Resolved that Mr. Douglas R Mellinger, 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 Dr. M V S R Kamesam, be and is hereby appointed as Director of the Company liable to retire by rotation".

7. **DE-LISTING OF EQUITY SHARES:**

To consider and if thought fit, to pass with or without modification the following resolution as a special resolution.

"RESOLVED that subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulations) Act, 1956, and the rules framed there under, and in terms of SEBI (Delisting of Securities) Guidelines, 2003, 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 the resolution), the Consent of the Company be and is hereby accorded to the Board of Directors of the Company to de-list the Equity Shares of the Company from the Stock Exchanges located at Hyderabad (Regional Stock Exchange), Ahmedabad, Madras, New Delhi."

"Further resolved that the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary for the purpose and to settle any questions, difficulties or doubts that may arise in this regard."

8. **INCREASE IN THE AUTHORISED CAPITAL**

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

"RESOLVED FURTHER THAT the authorised capital of the company be increased from Rs. 20,00,00,000/- (Rupees Twenty Crores Only) to Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) by Creation of 2,50,00,000 Equity Shares of Rs. 10/- each ranking for dividend and in all other respects *pari passu* with the existing Clause V of the Memorandum of Association of the Company relating to the Share Capital be and is hereby amended by deleting the words and figures i.e., Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each and substituting in its place the words and figures Rs. 25,00,00,000/- (Rupees Twenty Two Crores Only) divided into 2,50,00,000 (Two Crores Twenty Lakhs Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each.



9. ALTERATION IN THE ARTICLES OF ASSOCIATION:

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

"RESOLVED THAT Article 3(a) of the Articles of Association of the Company be substituted by the following:

- a) The Authorised Share Capital of the Company is as mentioned in Clause V of the Memorandum of Association of the Company.

10. ISSUE OF EQUITY WARRANTS / SHARES ON PREFERENTIAL BASIS

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

"RESOLVED THAT in conformity with the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956; Listing Agreements entered with the Stock Exchanges; Guidelines issued by RBI under FEMA 1999 and by SEBI on preferential issue of Shares and its other regulations/ guidelines, if any, and subject to the consent of all other concerned authorities, if any and to the extent required and subject to such conditions and modifications as may be prescribed or imposed while according such consents, which may be considered appropriate by the Board of Directors of the Company and / or a duly authorised committee thereof (herein after called as 'The Board') in its absolute discretion, consent of the Company be and is hereby conveyed to the Board to create, offer, issue, allot and deliver in one or more trenches, to (1) M/s SBD Technologies Inc, (2) M/s West Coast Technologies Inc, (3) Mr. Douglas K Mellinger, (4) Mr. Milledge Hart, (5) Mrs. Marty Pine, (6) Mr. J A Rao, (7) Mr. Vasudeva Rao K, (8) Mr. Ravindra Pendekanti, (9) Mr. Kasi Reddy Nalamalapu (10) Mrs. Shailaja Domala, (11) Mrs. Padmaja Bottu, (12) Mr. Venkateshwara Rao Nekkallapu, (13) Mr. Krishna Kumar Pavuluru, (14) Mr. Sridhar Potluru, (15) Mr. Sanjay Moyya, (16) Mr. Sridha Paidi, (17) Mrs. Madhavi Gutti, (18) Mr. Sanjeev Chopra (19) Mr. Hanumantha Rao Podile (20) Mrs. Shobha Rani Chennuri (21) Mr. Murthy Vakkalagadda (22) Mr. Murthy Kalki (23) Mr. Murthy V, (24) Mr. Srinivas Rao Veerasasu (25) Mr. Anil Patibandla, (26) Mr. Prasad Navaratna Jasti, (27) Mr. Ranjan B, (28) Mr. Sandeep Khosla,

(29) Mr. Rao Karnam persons mentioned, on preferential Basis up to 60,00,000 (Sixty Lakhs only) Equity Shares/Equity Warrants, where each warrant is convertible into one Equity share of the face value of Rs. 10/- each, at a price Rs. 25/- per share (including premium of Rs. 15/- each), resulting in the aggregate after conversion / exercise of rights attached to those instruments, not exceeding 60,00,000 Equity shares of the Company, on the following terms and conditions.

- (a) Conversion of warrants into equity shares can be exercised at any time within a period of 18 months from the date of issue of such warrants.
- (b) An amount equal to 10 percent of the share price shall be payable on the date of issue of warrants, with the balance amount being payable at the time of conversion.
- (c) The amount paid on issue of warrants shall be forfeited if the warrants are not exercised within a period of 18 months from the date of issue of warrants.
- (d) Other terms and conditions as may be prescribed by the Board at its absolute discretion consider fit.

"RESOLVED FURTHER THAT the Relevant date for the purpose of determining the issue price of Equity Shares or Equity Shares arising out of conversion of Warrants under the SEBI Guidelines for preferential Issues shall be one month prior to the date of Annual General Meeting on 30th September 2003."

"RESOLVED FURTHER THAT the equity shares so issued shall rank pari passu with the existing equity shares of the Company except that the shares allotted during the Financial year shall be entitled to the dividend declared for that Financial year on pro-rata basis from the date of allotment of the shares and on the amount for the time being paid - up thereon".

"FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary for the purpose and to settle any questions, difficulties or doubts that may arise in this connection and incidental thereto, in their absolute discretion consider fit without being required to seek any further consent or approval of the company or otherwise to the end and intent that they shall



be deemed to have given their approval thereto expressly by the authority of this resolution”.

11. RE-APPOINTMENT OF EXECUTIVE DIRECTOR

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special 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 re-appointment of Mr. K Vasudeva Rao as Executive Director of the Company for a period of One Year w. e. f 1st December 2003 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.”

For and on behalf of the Board

Sd/-
Place : Secunderabad **Dr. K. K. Krishnan Kutty**
Date : 1st September 2003 Chairman

Notes:

- a) The Explanatory Statements relating to Item Number(s) 5 to 11 of the Special Business of the Meeting referred to above is annexed to this Notice as required by Section 173 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 Thursday, 25th September 2003 to Tuesday, 30th September 2003 (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 inform 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.

For and on behalf of the Board

Sd/-
Place: Secunderabad **Dr. K. K. Krishnan Kutty**
Date : 1st September 2003 Chairman



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

L P Sashikumar:

Mr. L P Sashikumar, is a Promoter Director of Goldstone Technologies Limited. He is a BS Graduate from the Union University, USA and has over 22 years of experience in industry and business. He has been looking after the operations of Goldstone Teleservices Limited as its Managing Director since 2001.

K. Vasudeva Rao

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

Mahitha Prasad Caddell

Mrs. Mahitha Prasad Caddell, is a Director of Goldstone Technologies Limited. She is a MS (Information Systems) Graduate from the Union University, USA and has 5 years of experience in industry and business.

M V S R Kamesam

Dr M V S R Kamesam aged 53 years is an M. Tech from IIT Kharagpur. He also holds Post Graduate Diploma in Management from IIM Bangalore and Ph. D in Organisational Transformation. He has over 30 years of Industrial experience in various reputed Companies.

Douglas K Mellinger

Mr Douglas K Mellinger is the Founder and Vice-Chairman of Foundation Source. He was earlier a partner with Interact Capital Partner (IPC), an Investor and Investment Banker for early stage Technology Companies. He is also the founder of Enherent a Global Software Development and Services Company.

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

Item 5 & 6

Dr M V S R Kamesam and Douglas K Mellinger were appointed as Additional Directors of the Company in the Board Meeting held on 31st July 2003 and they hold office till the conclusion of the ensuing Annual General Meeting.

Notices pursuant to the provisions of Sec 257 of the Companies Act, 1956, together with the requisite deposit have been received from the members proposing his/their candidature for the office of Director(s) liable to retire by rotation.

Your Directors recommend the resolution for approval of the members.

None of the Directors except Dr. M V S R Kamesam and Mr Douglas K Mellinger, is in anyway concerned or interested in this resolution.

Item 7

Presently the Company's securities are listed at the Six Exchanges namely, Hyderabad Stock Exchange Limited (HSE)-Regional Stock Exchange; National Stock Exchange of India Limited (NSE); Stock Exchange Mumbai (BSE); Madras Stock Exchange Limited (MSE); Delhi Stock Exchange Association Limited (DSE) and Stock Exchange Ahmedabad (ASE).

With the extensive networking of BSE and NSE and the extension of BSE/NSE terminals to other cities as well, investors have access to trade and deal in the Company's securities across the country. After the commencement of Electronic Trading, the Shares of the Company are not frequently traded on Hyderabad, Delhi, Ahmedabad and Madras Stock



Exchanges. Hence it is proposed to De-list the securities of the Company from these four exchanges. This is proposed to reduce the regulatory formalities in complying the Listing Agreements of different Stock Exchanges and duplication of work of the Company. Besides there will be substantial saving in the cost to the Company.

The proposed de-listing of the Company's securities from the above four exchanges, as and when the same takes place, will not adversely affect the investors. The Company's securities will continue to be listed on BSE and NSE. The de-listing will take effect after all approvals; permissions and sanctions are received from the appropriate authorities

In line with the SEBI (De-listing of Securities) Guidelines 2003, members' approval is being sought by a Special Resolution for enabling voluntary de-listing of its securities from the Stock Exchanges and hence this resolution.

Your directors recommend the resolution for your approval.

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

Item 8 & 9:

The present Authorised Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores Only). The present Authorised Capital of the Company is not sufficient with the increase in the capital as proposed in the Item NO 10. Keeping this in view it is proposed to increase the Authorised Capital of the Company to Rs. 25,00,00,000 (Rupees Twenty Five Crores Only). The increase in the Authorised Capital to the proposed level of Rs. Twenty Five Crores, if adopted by the Shareholders would enable the Board of Directors of your Company till such appropriate times as the Board may decide to issue and allot further shares to augment the financial resources.

The increase in the Authorised Capital of the Company requires consequential amendment of the Capital Clause in the Memorandum & Articles of Association. This requires to be sanctioned by the Members at the General Meeting by a Special Resolution. Hence the proposed resolutions 8&9.

Your Directors commend the resolution (s) for your approval.

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

Item 10:

To augment resources for long term Working Capital needs, capital expenditure for increased outsourcing opportunities of the Company and other corporate actions, your Company has proposed to issue further 60,00,000 Equity Shares and/or Warrants convertible into Equity Shares to the persons detailed below on preferential allotment basis.

Your Directors commend the resolution for shareholders approval for issue of Equity Shares by way of preferential allotment as mentioned in the proposed resolution, pursuant to Section 81(1A) of the Companies Act, 1956.

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

a. Objects of the issue through preferential offer:

The objects of the proposed issue of Equity Shares and warrants to proposed allottees is to augment resources for:

- Long Term Working Capital Requirements
- Capital Expenditure
- General Corporate Requirements

b. Intention of Promoters/Directors/key management persons to subscribe to the offer:

None of the Persons proposed for Preferential Offer fall under the category of 'Promoter or Promoters Group'. Mr. Douglas K Mellinger, Mr. J A Rao and Mr. K Vasudeva Rao are the Directors of the Company. Mr. V Srinivas Rao, Mr. Anil Patibandla, Mr. J N Prasad and Mr. Ranjan Bhaduri are the persons holding key managerial positions. All the persons proposed intend to subscribe to the Preferential Offer proposed by the Company.



c. The pre and post Shareholding pattern will be as follows:

The shareholders in their Eighth Annual General Meeting held on 30th September 2002 have approved the Special Resolution for allotment of 50.00 Lakh Equity Shares/Warrants. Accordingly the company has allotted 50.00 Lakh Equity Warrants to the promoters of the Company and they are yet to be converted into Equity Shares.

The Shareholding pattern before and after this issue not considering the preferential issue of Equity Warrants allotted in terms of the special resolution passed on 30th September 2002, is presented in the table A and the Shareholding Pattern after this issue considering the preferential issue of Equity Warrants allotted in terms of the special resolution passed on 30th September 2002, is presented in the table B.

TABLE A

Shareholding Pattern Based on Proposed Resolution

Sl.No	Category	Pre Issue		Post Issue	
		No. of Shares	% of Shares	No. of Share holding	% of Shares holding
1	Promoters				
	Indian	2210912	20.40	2210912	13.13
	Foreign	739846	6.83	739846	4.39
2	NRI's / FII's/OCB's	418481	3.86	5168481	30.70
3	Govt/ Banks/ Mutual Funds	296448	2.74	296448	1.76
4	Bodies Corporate	1730036	15.96	1730036	10.27
5	General Public	5442677	50.21	6692677	39.75
	Total	10838400	100.00	16838400	100.00

TABLE B

Shareholding Pattern including the Issue of Equity Warrants Convertible into Equity Shares

Sl.No	Category	Pre Issue		Post Issue	
		No. of Shares	% of Shares	No. of Share holding	% of Shares holding
1	Promoters				
	Indian	7210912	45.54	7210912	33.01
	Foreign	739846	4.67	739846	3.39
2	NRI's/FII's/OCB's	418481	2.64	5168481	23.67
3	Govt/Banks/Mutual Funds	296448	1.87	296448	1.36
4	Bodies Corporate	1730036	10.92	1730036	7.92
5	General Public	5442677	34.36	6692677	30.65
	Total	15838400	100.00	21838400	100.00

d. Proposed time with in which the allotment shall be completed

The allotment of Equity Shares/Warrants convertible into Equity Shares will be completed with in a period of 3 months from 30th September 2003 being the date on which shareholders sanction is obtained for preferential allotment.

e. The identity of the proposed allottees and the percentage of post-preferential issue capital that may be held by them.

The percentage of Post - Preferential Issue Capital held by the Proposed Investors, including the Equity Warrants issued in terms of resolution passed by the shareholders at their AGM held on 30th September 2002 on (21838400 Equity Shares) and excluding the same (16838400) is presented in table C.

**TABLE C**

Percentage of Post -Preferential Holding based on Proposed Resolution (A)/inclusion of Warrants issued as per the resolution at the General Meeting passed on 30th September 2002 (B**)*

Sl.No	Name of the Party	Shares allotted in the Present Issue	% Equity to A	% Equity to B
1	M/s. SBD Technologies Ltd	600000	3.56	2.75
2	M/s. West Coast Tech Limited	600000	3.56	2.75
3	Mr. Douglas K Mellinger	250000	1.48	1.14
4	Mr. Milledge Hart	250000	1.48	1.14
5	Mrs. Marty Pine	200000	1.19	0.92
6	Mr. J A Rao	400000	2.38	1.83
7	Mr. Vasudeva Rao Kaipa	400000	2.38	1.83
8	Mr. Ravindra Pendekanti	150000	0.89	0.69
9	Mr. Kasi Reddy Nalamalapu	150000	0.89	0.69
10	Mrs. Shailaja Domala	150000	0.89	0.69
11	Mrs. Padmaja Bottu	150000	0.89	0.69
12	Mr. Venkateswara Rao N	150000	0.89	0.69
13	Mr. Krishna Kumar Pavuluru	150000	0.89	0.69
14	Mr. Sridhar Potluru	150000	0.89	0.69
15	Mr. Sanjay Moyya	150000	0.89	0.69
16	Mr. Sridha Paidi	150000	0.89	0.69
17	Mrs. Madhavi Gutti	150000	0.89	0.69
18	Mr. Sanjeev Chopra	150000	0.89	0.69
19	Mr. Hanumantha Rao Podile	150000	0.89	0.69
20	Mrs. Shobha Rani Chennuri	150000	0.89	0.69
21	Mr. Murthy Vakkalagadda	150000	0.89	0.69
22	Mr. Murthy Kalki	150000	0.89	0.69
23	Mr. Murthy V	150000	0.89	0.69
24	Mr. Srinivas Rao Veerasasu	150000	0.89	0.69
25	Mr. Anil Patibandla	150000	0.89	0.69
26	Mr. Prasad Navaratna Jasti	150000	0.89	0.69
27	Mr. Ranjan B	150000	0.89	0.69
28	Mr. Sandeep Khosla	150000	0.89	0.69
29	Mr. Rao Karanam	150000	0.89	0.69
	TOTAL	6000000	16838400	21838400

None of the persons proposed for Preferential Issue will be allotted shares, which will result in their holdings to 5% or more of the Post Issue Capital.

f. 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.



g. Non Transferability of Financial Instruments

The Financial Instruments issued and allotted on a preferential basis hereunder will be subject to lock-in-period of one year from the date of their allotment.

h. Price at which allotment is proposed

The issue price of Rs. 25/- is higher than the price worked out on the basis of the formula enumerated in Clause 13.1.1 of the SEBI (Disclosure and Investor Protection) Guidelines 2000.

The Relevant Date for the purpose of determining the issue price of Equity Shares are arising out of conversion of warrants shall be one month prior to the date of Annual General Meeting on 30th September 2003.

The trading volume for the last six months in the share of the Company is higher in the National Stock Exchange of India Limited. Accordingly the pricing under the preferential allotment guidelines has been computed keeping in mind the price of the equity in the National Stock Exchange of India Limited.

The Certificate issued by M/s Srivas & Pramodkumar Chartered Accountants, Statutory Auditors of the Company stating that this preferential issue of securities is being made in accordance with the Guidelines on Preferential Allotment issued by SEBI will be placed before the shareholders at the AGM, where this resolution is being considered.

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

Your Directors recommend the resolution for your approval.

None of the Directors of the Company except Mr. K Vasudeva Rao and Mr. J A Rao to the extent the number of Securities that may be offered to them. Is any way concerned or interested in the proposed resolution.

ITEM 11:

Mr. K Vasudeva Rao is a 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 Limited and Kirloskar Group.

The term of office of Mr. K Vasudeva Rao who was appointed as Executive Director in the Eighth Annual General Meeting for a period of one year expires on 30th November 2003 and the Board of Directors in their meeting held on 1st September, 2003, on the recommendation of the remuneration committee, have resolved to re-appoint him as a Executive Director of the Company for further period of One Year on the terms and conditions detailed in the resolution number 9 of this notice.

Approval of the Members is required in the Annual General Meeting for his appointment as Executive 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. K Vasudeva Rao

For and on behalf of the Board

Sd/-

Dr. K. K. Krishnan Kutty
Chairman

Place : Secunderabad
Date : 1st September 2003