

Board of Directors

Mr. K S Sarma	Director
Mr. V Venkata Ramana	Director
Mr. L P Sashikumar	Director
Mr. S.D. Rama Krishna	Managing Director

Finance Head :

Mr. P Syam Prasad

Company Secretary & Compliance Officer :

Mr. R Ram Mohan

Auditors:	Bankers:
M/s. P. Murali & Company, Chartered Accountants, 6-3-655/2/3, Somajiguda, Hyderabad - 500 082.	State Bank of Hyderabad ICICI Bank Central Bank of India
Registered Office:	Registrar & Share Transfer Agents:
9-1-83 & 84, Amarchand Sharma Complex, S D Road, Secunderabad - 500 003. Ph. Nos. 040-27807640 / 0742 / 1910 Fax Nos. 040-39120023/39100012	Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad - 500 029. Ph. No. 040-27638111/27634445 Fax. No. 040-27632184

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NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Company will be held on Friday the 30th day of September 2011 at 5.00 p.m. at Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051 to transact the following business:

Ordinary Business

1. To consider and adopt the Audited Balance sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date together with the reports of the Directors' and Auditors thereon.
2. To appoint a Director in place of Mr. L P Sashikumar, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

"RESOLVED THAT P. Murali & Company (FRN: 007257S), Chartered Accountants, Hyderabad be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company".

Special Business

4. Appointment of Mr. S.D. Rama Krishna as Managing Director:

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

"RESOLVED that in pursuance of Section 198, 269, 309, 310, 314 and other

applicable provisions, if any, read with Schedule XIII (as amended) of the Companies Act, 1956, Mr. S.D. Rama Krishna be and is hereby appointed as the Managing Director of the Company for a period of 5 years with effect from October 19, 2010 as per the following terms and conditions:

- A) Salary: ₹ 1,20,000/- per month.
- B) Perquisites & Allowances: He will be entitled to perquisites and allowances such as furnished residential accommodation or house rent allowance in lieu thereof, maintenance of such accommodation, gas, electricity & power, water, furnishings, utility allowance, medical reimbursement, foreign travel, leave travel assistance/ allowance, membership fees for clubs, hospitalisation and accident insurance, security at residence and such other perquisites and allowances as per rules of the Company or as may be approved by the Board and/or Committee of the Board from time to time provided that such perquisites and allowances shall be restricted to 33.33% of his salary.

In addition, he shall be entitled to reimbursement of entertainment expenditure actually and properly incurred for the business of the Company.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income-tax rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

Provision for use of the Company's car for official duties and cell phone/ telephone at residence (including payment for local calls and long distance official calls) shall not be

included in the computation of perquisites for the purpose of calculating the said ceiling.

Company's contribution to Provident fund and Superannuation fund or Annuity fund, to the extent these, either singly or together are not taxable under the Income-tax Act. Gratuity payable as per rules of the Company and encashment of leave as per rules of the Company, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

- C) The total remuneration including salary, allowances, perquisites and commission shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956.
- D) Subject to superintendence, control and direction of the Board, he shall perform such duties and functions as would be commensurate with his position as Managing Director of the Company and as may be delegated to him by the Board from time to time.

RESOLVED further that the Board of Directors be and is hereby authorized to take such steps as the Board may

consider necessary or expedient to give effect to this Resolution.

RESOLVED further that the Board of Directors be and are hereby authorized to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule-XIII or other relevant provisions of the Companies Act, 1956 or any other amendments thereto, as may be agreed between the Board and Mr. S.D. Rama Krishna.

RESOLVED further that Mr. L P Sashikumar, Director and Mr. R. Ram Mohan, Company Secretary, be and are hereby severally authorized to file necessary forms with the Registrar of Companies and to do all other acts and deeds to bring effect to this resolution."

For and on behalf of the Board

Sd/-
R. Ram Mohan
Company Secretary

Place: Secunderabad
Date: 30.08.2011

Notes:-

1. 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 not less than 48 hours before the meeting.
2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain *closed* from 26th day of September 2011 to 30th day of September 2011 (both days inclusive) for the purpose of ensuing Annual General Meeting.
4. The members are requested to -
 - a) Quote Ledger Folio/Client ID in all the correspondence.
 - b) Bring the copy of the Annual Report and attendance slip with them to the Annual General Meeting and to deposit the same duly filled in and signed for attending the meeting.
5. Shareholders holding shares in physical form are requested to advise any change of

address immediately to company's Registrar and Share Transfer Agent, Aarthi Consultants Private Limited, Hyderabad. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository participants and not to the Company.

6. Members seeking any information with regard to accounts are requested to write to the Company at least 10 days in advance of the meeting to enable the management to keep the information ready.
7. Under Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrars and Share Transfer Agents Aarthi Consultants Private Limited, Hyderabad.
8. As on March 31, 2011 an amount of ₹ 2,49,604/- was unclaimed out of the dividend declared on September 30, 2008 for the financial year 2007-08. Members who have not claimed the dividend are advised to claim the same at the earliest. In accordance with the provisions of Section 205C of the Companies Act, 1956 aforesaid unclaimed dividend amounts shall be liable to be transferred to Investor Education and Protection Fund by October 29, 2015.
9. At the ensuing Annual General Meeting Mr. L P Sashikumar shall retire by rotation and being eligible, offers himself for reappointment. Further Mr. S.D. Rama Krishna has been appointed, subject to your approval, as Managing Director. Pursuant to clause 49 of the listing agreement, the particulars of Directors recommended for appointment/re-appointment are given hereunder.

Mr. L P Sashikumar - Director

Mr. L P Sashikumar, aged 61 years, has done Bachelors in Science and he is a B S (Business Administration) Graduate from Union University of USA. He has vast experience in the industry and handling various operations and presently he is the Managing Director of M/s. Goldstone Infratech Limited. He is holding 757 equity shares in the Company

Mr. S.D. Rama Krishna - Managing Director

Mr. S.D. Rama Krishna, aged 41 years, has done his Masters Degree in Civil Engineering from Virginia Tech University, USA. He has business background in Civil Engineering, Real Estate, Banking, Technology, and Telecom Industry verticals. He was also the lead technical architect and was responsible for the design and development of the patent pending SSi Vision TM software and Automated Technology Management. He played key role as CEO since the inception of System Services Inc [SSi] in 1999 in USA and expanded Operations to India and instrumental in its success to grow to a multimillion dollar operation Company. He has broad business and technology experience in working with a wide variety of hardware and software as a technical Infrastructure Consultant. He has also worked in management positions in Fortune 1000 organizations and has successfully managed sales, technical, and operational teams and has experience in the day to day operations of a multinational company. He had been engaged as an expert technical consultant and architected several business critical software packages and technology infrastructure with many companies including Morgan Stanley, Verisign, Mohawk, IBM Global Services, JP Morgan Chase Bank, Alcatel Network Systems, Lucent, MetroPCS, NEC, and XO Communications.

He is not holding any shares of the Company.

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

Item No. 4:

Mr. S.D. Rama Krishna initially appointed as Additional Director with effect from 13th August, 2010 and was appointed as Director in last Annual General Meeting.

Subject to your approval, the Board of Directors appointed Mr. S.D. Rama Krishna, as the Managing Director of the Company for a period of five years with effect from 19th October, 2010. The Remuneration is within the limits prescribed under Section 309 and Schedule XIII of the Companies Act, 1956. Approval of the Shareholders is required in the Annual General Meeting for his appointment as the Managing Director.

This together with the terms and conditions of the appointment as mentioned in the notice of Annual General Meeting may be treated as an abstract in terms of Section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

Except Mr. S.D. Rama Krishna, none of the Directors of the Company is in any way concerned or interested in this resolution.

For and on behalf of the Board

Sd/-

R. Ram Mohan
Company Secretary

Place : Secunderabad

Date : 30.08.2011

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the mail ids by click on the following link and update their mail ids with RTA, so that all communications from the Company would be sent to them through the mail: <http://www.aarthiconsultants.com/GoGreen.php>

DIRECTORS' REPORT

To
The Members
Goldstone Technologies Limited

Your Directors have pleasure in presenting the Seventeenth Annual Report of your company and the Audited Financial Accounts for the year ended on March 31, 2011.

Financial Results (Standalone Basis)

(₹ in Millions)

Particulars	2010-11	2009-10
Net Sales/Income		
from Operations	231.56	231.87
Other Income	10.67	8.61
Total Income	242.23	240.48
Operating Profit (PBITD)	42.27	47.24
Interest	14.49	9.51
Depreciation and Write Offs	18.49	31.84
Profit Before Tax	9.29	5.89
Provision for taxation		
— Current	0.60	1.18
— Deferred	1.06	0.55
Extra-Ordinary Items		
- Prior period adjustments	0.84	0.12
Net Profit	9.66	4.04
Equity Share Capital (1,87,82,066 Shares of ₹ 10/- each)	187.82	187.82
E.P.S (After Prior Period Items) (Rupees)	0.51	0.22
Net Worth	557.80	674.50
Book Value (face Value of ₹ 10/- each)	29.70	35.91

Review of Operations

During the year under review, your Company has achieved a turnover of ₹ 231.56 Millions as compared to ₹ 231.87 Millions during the previous financial year. Despite economic slowdown and sluggish market conditions prevailing over the global economy, your Company was able to achieve a reasonably satisfactory performance during the year under report. Keeping in view the state of the industry, your Company is seriously exploring various possibilities/opportunities to improve the performance of the Company in the years to come. During the year under report, the Company achieved gross revenues of ₹ 242.23 millions. The Net Profit was ₹ 9.66 Millions during the year as compared to ₹ 4.04 Millions for the previous year.

Dividend

In order to fuel its growth and future requirement of funds, Board has decided to retain the profits generated. Consequently your Directors do not recommend any dividend for the year 2010-11.

Fixed deposits

The Company has not accepted any Fixed Deposits, falling within the purview of Section 58A of the Companies Act, 1956.

Insurance

All the properties of your Company have been adequately insured.

Subsidiaries

Your Company has a wholly owned subsidiary incorporated in USA, namely Staytop Systmes Inc., Further it has another subsidiary in India namely Staytop Systems and Software Private Limited, which is yet to commence its operations.

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

As required under listing agreements with Stock exchanges, consolidated financial statements, prepared in terms of Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India, are attached.

Auditors

M/s. P. Murali & Company (FRN: 007257S), Chartered Accountants, Statutory Auditors of the Company, holds office in accordance with the provisions of the Companies Act, 1956 upto the conclusion of this Annual General Meeting and are eligible for re-appointment.

Directors

During the year, Mr. D P Sreenivas, Executive Director, resigned from the directorship of your Company with effect from 19th October 2010, Mr. T. Abhilash Chandran resigned as Director with effect from 7th January 2011, and Mr. Christopher Augustus D’Roza has been appointed as Director on 13th November, 2010 and resigned with effect from 12th May 2011.

Mr. S.D. Rama Krishna, who is a Professional Director appointed as the Managing Director for a period of five years with effect from 19th October 2010.

Mr. L P Sashikumar, who retires by rotation at the 17th Annual General Meeting and being eligible, offers himself for reappointment.

Stock Exchange Listing

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

Directors’ Responsibility Statement

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

- (a) In the preparation of the Accounts for the financial year ended March 31, 2011, the applicable accounting standards have been followed and there are no material departures there from.
- (b) They have selected such accounting policies in consultation with Statutory Auditors of the Company and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the financial year.
- (c) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- (d) They have prepared accounts for the year ended March 31, 2011 on a going concern basis.

Corporate Governance and Management Discussion and Analysis Report

A separate report on Corporate Governance along with Auditors' Certificate on its compliance and Management Discussion and analysis forming part of this report are annexed hereto.

Particulars of Employees

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

Particulars of Conservation of energy/ technology absorption, foreign exchange earnings and outgoings

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 are as follows:

A. Conservation of Energy

Your company's operations involve low energy consumption. However, adequate measures have been taken to conserve and reduce the energy consumption.

B. Technology Absorption

Your Company continues to use state-of-the-art technology for improving the productivity and quality of its products and services. To create adequate infrastructure, your company continues to invest in the latest hardware and software.

C. Foreign Exchange Earnings and Outgo

(₹ In Millions)

Particulars	2010-11	2009-10
Foreign Exchange Earnings	127.56	155.70
Foreign Exchange Outgo	11.96	18.45

Acknowledgements

Your Directors convey their sincere thanks to State Bank of Hyderabad, ICICI Bank and Central Bank of India for their support, guidance and assistance.

Your Directors thank all the Employees of your company for their dedicated service, which enabled your company to achieve satisfactory 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/-
S.D. Rama Krishna
Managing Director

Sd/-
L P Sashikumar
Director

Place: Secunderabad
Date : 30.08.2011

MANAGEMENT DISCUSSION ANALYSIS AND BUSINESS OUTLOOK

(This review contains Management's discussion of the Company's operational results and financial condition, and should be read in conjunction with the accompanying audited financial statements and associated notes).

Industry Structure, Development and Outlook

Changing economic and business conditions and rapid technological innovation are creating an increasingly competitive market environment that is driving corporations to transform their operations. Consumers of the products and services are increasingly demanding accelerated delivery times and lower prices. Companies are focusing on their core competencies and using outsourced technology service providers to adequately address these needs. The role of technology has evolved from supporting corporations to transforming their business. There is an increasing need for highly skilled technology professionals in the markets in which we operate. At the same time, corporations are reluctant to expand their internal IT departments and increase costs. These factors have increased the reliance of corporations on their outsourced technology service providers and are expected to continue to drive future growth for outsourced technology services.

The Indian information technology (IT) industry has played a key role in putting India on the global map. The IT-BPO sector has become one of the most significant growth catalysts for the Indian economy. In addition to fuelling India's economy, this industry is also positively influencing the lives of its people through an active direct and indirect contribution to various socio-economic parameters such as employment, standard of living and diversity.

The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services, according to National Association of Software and Service Companies (NASSCOM). Industry views 2011 with cautious optimism due to less than expected recovery by the US from the Great Recession as also the economic uncertainty in Europe.

Evidently, the Indian IT industry went overboard in exploring new markets, scouting for talent and investing in new service lines to offer end-to-end solutions across verticals due to the revival of fortunes.

The industry is thus gearing to offer its services in new areas such as engineering services and product development buoyed by increased tech spending in the private and public sectors.

Mergers and acquisitions in the industry remained sluggish as companies were in consolidation mode and continued to be averse to risk-taking.

The sector is estimated to have grown by 19 per cent in the FY2011, clocking revenue of almost US\$ 76 billion. India's outsourcing industry has witnessed a rebound and registered better than expected growth according to NASSCOM.

Furthermore, NASSCOM said that the domestic IT-BPO revenues excluding hardware are expected to have grown at almost 16 per cent to reach US\$ 17.35 billion in FY2011. Strong economic growth, rapid advancement in technology infrastructure, increasingly competitive Indian organizations, enhanced focus by the government and emergence of business models that help provide IT to new customer segments are the key drivers for increased technology adoption in India.