



**Goldstone**

Goldstone Technologies Limited

***Eighteenth Annual Report 2011-2012***

• IT Enabled Services • Digital Media Services



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## BOARD OF DIRECTORS

Mr. K S Sarma	Director
Mr. V Venkata Ramana	Director
Mr. Ponnappa Sanjeeva Parthasarathy	Director
Mr. Clinton Travis Caddell	Director
Mr. L P Sashikumar	Director

## Finance Head

Mr. P Syam Prasad	General Manager (Finance)
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Auditors:	Bankers:
P. Murali & Company, Chartered Accountants, 6-3-655/2/3, Somajiguda, Hyderabad – 500 082.	ICICI Bank Central Bank of India CITI Bank
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	Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500 029, Ph. No. 040-27638111 / 4445; Fax.No. 040-27632184

As the members are already aware, the Ministry of Corporate Affairs ('MCA') has taken a "Green Initiative in Corporate Governance" by allowing the companies to service the documents to its members through electronic mode. Recognizing the spirit of the circulars issued by the MCA, we are now sending this Annual Report comprising of Notice, Balance Sheet, Statement of Profit & Loss, Directors' Report, Auditors' Report, etc. to the email addresses of the members made available to the Company by the Depositories (CDSL / NSDL) or registered by the members directly with the Company's RTA. For those members who have not yet registered their email, we are sending the Annual Report in physical mode. In case you wish to receive future communication in electronic mode, kindly register your email address through the following link: <http://www.aarthiconsultants.com/GoGreen.php>. Please note that as a Member of the Company, you are entitled to receive all such communication in physical form, upon request.

### Notice

Notice is hereby given that the Eighteenth Annual General Meeting of Goldstone Technologies Limited will be held on Saturday, the 29th day of September, 2012 at 4.00 P.M. at Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051 to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance sheet as at March 31<sup>st</sup>, 2012, and the Statement of Profit and Loss for the year ended on that date together with the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. Vedula Venkata Ramana, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. P. Murali & Company (FRN: 007257S), Chartered Accountants, Hyderabad, the retiring auditors, being eligible, offer themselves for re-appointment.

#### SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Clinton Travis Caddell, who was appointed as an Additional Director of the Company by the

Board of Directors Under Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice proposing his candidature for the office of Director Under Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retire by rotation".

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

"RESOLVED THAT Mr. Ponnappula Sanjeeva Parthasarathy, who was appointed as an Additional Director of the Company by the Board of Directors Under Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice proposing his candidature for the office of Director under section 257 of the Company Act, 1956 be and is hereby appointed as Director of the Company liable to retire by rotation".

**BY ORDER OF THE BOARD**  
**For GOLDSTONE TECHNOLOGIES LIMITED**

Sd/-  
Clinton Travis Caddell  
Director

Place: Secunderabad  
Date: 11.08.2012

**NOTES:-**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy form duly completed and signed should reach the Company's registered office not later than 48 hrs before the commencement of the meeting.
  2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of the special businesses is annexed hereto.
  3. The Register of Members and Share Transfer Books of the Company shall remain ***closed from 24<sup>th</sup> day of September 2012 to 29<sup>th</sup> day of September 2012*** (both days inclusive) for the purpose of ensuing Annual General Meeting.
  4. Only registered Members carrying the attendance slip and the holders of valid proxies registered with the Company will be permitted to attend the Meeting.
  5. Members are requested to bring their copy of Annual Report with them at the Annual General Meeting.
  6. Members holding shares in physical form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent, Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500 029:
    - i) Changes, if any, in their address with pin code numbers.
    - ii) Quote their ledger Folio No. in all their correspondence.
  - iii) Request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956.
- Members holding shares in dematerialized (electronic) form are requested to intimate the aforesaid changes directly to their Depository Participant, as applicable.
7. Members desiring any information with regard to Accounts/Reports are requested to submit their queries addressed to the Company at least ten (10) days in advance of the meeting so that the information called for can be made available at the meeting.
  8. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, between 11.30 a.m. to 1.30 p.m. up to the date of the Annual General Meeting.
  9. As on March 31, 2012 of Rs.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.
  10. Pursuant to the requirements of Corporate Governance under Clause 49 of the listing agreements entered into with the stock exchanges, the information about the

Directors proposed to be appointed / reappointed is given in the Annexure to the Notice.

11. The Annual Report of the Company for the year 2011-12 circulated to the Members of the Company and the details of the unclaimed dividends are available on the Company's website, viz. <http://www.goldstonetech.com/>.

**EXPLANATORY STATEMENT PURSUANT TO  
SECTION 173 OF THE COMPANIES ACT,  
1956:**

**Item No.4**

Mr. Clinton Travis Caddell was appointed as an Additional Director of the Company by the Board of Directors on 30<sup>th</sup> May, 2012 and holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 ("the Act").

A Notice under Section 257 of the Act, along with the requisite deposit of Rs. 500/- has been received by the Company from a member signifying his intention to propose the name of Mr. Clinton Travis Caddell for appointment as a Director of the Company. It will be in the best interest of the Company if he is appointed as a Director liable to retire by rotation.

The Board of Directors feels that his experience and knowledge would be of benefit

and value to the Company and therefore recommend his appointment.

No Director, other than Mr. Clinton Travis Caddell, being the appointee and Mr. L P Sashikumar, relative of Mr. Clinton Travis Caddell, is in any way concerned or interested in this Resolution.

**Item No.5**

Mr. Ponnappula Sanjeeva Parthasarathy was appointed as an Additional Director of the Company by the Board of Directors on 30<sup>th</sup> May, 2012 and holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 ("the Act").

A Notice under Section 257 of the Act, along with the requisite deposit of Rs. 500/- has been received by the Company from a member signifying his intention to propose the name of Mr. Ponnappula Sanjeeva Parthasarathy for appointment as a Director of the Company. It will be in the best interest of the Company if he is appointed as a Director liable to retire by rotation.

The Board of Directors feels that his experience and knowledge would be of benefit and value to the Company and therefore commend his appointment.

No Director, other than Mr. Ponnappula Sanjeeva Parthasarathy, is in any way concerned or interested in this Resolution.

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE FORTHCOMING  
ANNUAL GENERAL MEETING:**

**Directors' Profile:**

A brief resume of all Directors including the Directors seeking appointment/re-appointment in the Annual General Meeting as required under Clause 49 IV (G) of the Listing Agreement is given below.

**Date of Appointment, Shareholding in the Company, Directorship in Companies and Chairman/  
Membership of the Committees:**

Name of the Director	Mr. Clinton Travis Caddell	Mr. Ponnappa Sanjeeva Parthasarathy	Mr. Vedula Venkata Ramana
Date of Birth	23/01/1977	01/03/1957	21/05/1957
Date of Appointment	30/05/2012	30/05/2012	30/04/2007
No. of shares held (As on 11.08.2012)	NIL	NIL	NIL
Expertise in Functional areas	Rich experience in the field of Architecture and Design, Networking, Structures, Algorithms, Software Engineering, Data Base, Discrete Math and Object Oriented Programming.	Vast experience in overseas operations of software industry along with deep understanding of US and European markets.	A Law graduate having more than 20 years of experience in wide spectrum of industries in Management, Liaison, Legal, etc. He is a Senior Advocate in Andhra Pradesh High Court and standing council for various State/Central Govt. Departments.
List of Directorship in Companies (other than Goldstone Technologies Limited)	NIL	PSPV United Projects Private Limited	NIL
Chairman/ Member of the Committee of the Board of Directors of Companies (other than Goldstone Technologies Limited) on which he/she is a Director	NIL	NIL	NIL
Relationship between Directors inter-se	Relative of Mr. L P Sashikumar	No	No



## Directors' Report

To  
The Members of  
Goldstone Technologies Limited

Your Directors have pleasure in presenting the Eighteenth Annual Report of your company and the Audited Financial Accounts for the year ended on March 31, 2012.

Financial Results (Consolidated)

(Rs. in Millions)

Particulars	2011-12	2010-11
Net Sales/Income from Operations	<b>677.57</b>	617.60
Total Expenses	<b>635.00</b>	586.04
Profit from Operations before Other Income, Interest & Exceptional Items	<b>42.57</b>	31.56
Other Income	<b>8.54</b>	10.67
Profit before Interest & Exceptional Items	<b>51.11</b>	42.23
Interest	<b>15.57</b>	14.56
Profit after Interest but before Exceptional Items	<b>35.54</b>	27.68
Exceptional Items	<b>Nil</b>	Nil
Profit before Tax	<b>35.54</b>	27.68
Tax expenses	<b>5.95</b>	5.97
Net Profit after Tax	<b>29.59</b>	21.70
Extraordinary Items (Net of Tax)	<b>1.88</b>	0.08
Net Profit for the period	<b>27.71</b>	21.62
Equity Share Capital(1,87,82,066 Shares of Rs 10/- each; Previous year 1,87,82,066, Shares of Rs 10/- each)	<b>187.82</b>	187.82
E.P.S (After Prior Period Items) (Rupees)	<b>1.48</b>	1.15
Net Worth	<b>574.23</b>	557.80
Book Value (face Value of Rs. 10/- each)	<b>33.57</b>	29.70

### Review of Operations

During the year under review, your Company has achieved a consolidated turnover of Rs. 677.57 Million as compared to Rs.617.60 Million during the previous financial year. The standalone turnover was Rs.242.93 Million as against a turnover of Rs.231.56 Million during the previous year. The consolidated net profit for

the period increased to Rs.27.71 Million from Rs.21.62 Million during the previous year and the standalone profit increased to Rs.16.43 Million from Rs.9.67 Million. In spite of having faced challenges like decreasing margins, talent acquisition and retention, inflation, and unclear business roadmap in terms of Goods and Services Tax (GST) and Direct Tax Code (DTC) in India,



the performance of the Company during the period under report can be considered as a reasonably good performance. Despite the challenges, we, at Goldstone, will continue to re-engineer our-self and will focus more on vertical focused service offerings and additional alliances and partnerships.

#### **Dividend**

In order to conserve resources for future requirements, the Board has decided to retain the profits generated and consequently, your Board did not recommend any dividend for the financial year 2011-12.

#### **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 Systems Inc. Further, it has another subsidiary company 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, Statement of Profit and Loss 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 agreement 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. S D Rama Krishna, Managing Director, resigned from Directorship of your Company with effect from 1<sup>st</sup> July, 2012.

Mr. Vedula Venkata Ramana, who retires by rotation at the 18<sup>th</sup> Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Clinton Travis Caddell and Mr. P Partha Sarathy were appointed as Additional Directors of the company by the Board of Directors in their meeting held on 30<sup>th</sup> May 2012 and through the Notice of the 18<sup>th</sup> Annual General Meeting, the Management is seeking the approval of the Members for their appointment as Directors of the Company liable to retire by rotation.

### **Stock Exchange Listing**

Presently, the Equity Shares of the Company are listed on National Stock Exchange of India [NSE], Bombay Stock Exchange Limited [BSE]. The Company has received the Delisting approval from Madras Stock Exchange Limited and consequently, with effect from 6<sup>th</sup> June 2012, the equity shares of the Company stands de-listed from the Madras Stock Exchange. The Company confirms that it has paid Listing Fees due to all the Stock Exchanges where the Company's securities are listed for the year 2012-13.

### **Director's Responsibility Statement**

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

- a) In the preparation of the Accounts for the twelve months period ending March 31, 2012; 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, 2012 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, 2012 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.