



Notice

Notice is hereby given that the Third Annual General Meeting of the members of the Company will be held on Tuesday, the 30th day of September, 2003 at 10.30 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 P. Ramesh Babu, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K. Vasudeva Rao, who retires by rotation and being eligible, offers himself 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

5. APPOINTMENT OF DIRECTOR

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".

For and on behalf of the Board

Sd/-

Place: Secunderabad
Date : 30th August 2003

L P Sashikumar
Managing Director

Notes:

- a) The Explanatory Statement relating to Item Number 5 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
Date : 30th August 2003

L P Sashikumar
Managing Director



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

Item 5

Dr M V S R Kamesam was appointed as Additional Director of the Company in the Board Meeting held on 31st July 2003 and holds office till the conclusion of the ensuing Annual General Meeting.

Notice pursuant to the provisions of Sec 257 of the Companies Act, 1956, together with the requisite deposit have been received from the member proposing his candidature for the office of Director 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, for his respective appointment as Director, is in anyway concerned or interested in this resolution.

For and on behalf of the Board

Place : Secunderabad
Date : 30th August 2003

Sd/-
Mr. L P Sashikumar
Managing Director

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

P Rameshbabu

Mr. P Ramesh Babu is a Gold Medalist in MA (Sociology) from Sri Venkateswara University with over 21 years of experience in various capacities, both as Member as well as the Consultant in various fields of Industry, Management, Finance and Legal. He is Whole-time Director in G R Cables Limited and also Director on various other companies.

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 for the last five years and has been the Director of the company since inception. Before joining Goldstone Technologies Limited he has worked as the Sr. Vice President for Six Years in XL Telecom Limited and Kirloskar Group.

M V S R Kamesam

Dr M V S R Kamesam 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.



Directors' Report

To
The Members
Goldstone Teleservices Limited

Your Directors have pleasure in presenting the Third Annual Report on the business and operations of your company and the Audited Financial Accounts for the year ended on 31st March 2003.

Financial Results

	Rs in Lakhs	
Particulars	2002-03	2001-02
Net Sales/Income from Operations	1301.23	1751.99
Other Income	69.77	90.81
Total Income	1371.00	1842.80
Operating Profit	329.39	441.92
Interest	51.88	34.45
Depreciation and Write Offs	124.33	61.72
Profit Before Tax	153.18	345.75
Provision for Tax	20.00	45.50
Profit after Tax	133.18	300.25
Extra –ordinary Items		
– Prior Period Adjustments	0.07	102.00
– Deferred Tax Liability	10.86	22.18
Equity Share Capital (1,36,65,150 Shares of Rs.4/- each; Current year)	546.61	433.61
(1,08,40,150 Shares of Rs. 4/- each Previous Year)		
E.P.S (Before Extra-ordinary items)	0.97	2.77
E.P.S (After Extra-ordinary items)	0.89	1.62
Net Worth	3074.70	2517.34
Book Value (face value Rs. 4/-)	22.50	23.22

Review of Operations

Telecom Division: During the year Telecom Division has registered a Turnover of Rs.9.53 Crores as against the previous year (9 Months Period) Turnover of Rs. 17.52 Crores. The fall in Turnover is largely due to drop in demand for 'Wired Telephones' and ever increasing

usage of 'Wireless Phones or Mobile Phones' by the customers. The Indian Telecom Market has been going through significant shift in its policy bringing in revolutionary changes the Technology and consequentially there is shrinkage of the Telecom Cable Joining Kits market/demand. All the Telecom Operators and service providers are more and more preferring to implement these wireless solutions to save the operating cost and boost their bottom lines in addition to attracting the new customers.

BPO Division: In view of change in the Telecom Market and shrinkage of demand and market for the Company's existing product range of Telecom Joining Kits, your company has wisely diversified in time to 'Business Process Outsourcing or BPO business. Your Board has made thorough study of the market and evaluated various opportunities before making huge investment of about Rs.15 Crores. The Project has been funded partially by the Term Loan from State Bank of Hyderabad and largely by the internal accruals.

In Nov, 2002 the BPO Division has become operational and during the first five months ending 31st March 2003, the BPO Division has recorded a Turnover of Rs.3.48 Crores with marginal profit. Your Company should get benefited by this investment in the coming years compensating the loss of business in Telecom Segment.

Subsidiaries

Your company has two subsidiaries namely Newtech Stewing Telecom Limited (NSTL) with 98% holding and Shree Shree Telecom Private Limited (SSTL) with 100% shareholding. The brief financial results of the subsidiaries are given hereunder:

Newtech Stewing Telecom Limited

NSTL posted a total Income of Rs.129.97 lakhs as against Rs. 595.13 lakhs for the previous period i.e., 2001-02. NSTL posted a Net Profit of Rs.8.43 lakhs as against net loss of Rs. 7.41 lakhs for the previous period i.e., 2001-02.

Shree Shree Telecom Limited

SSTL posted a total Income of Rs.10.16 lakhs as against Rs. 258.90 lakhs for the previous period i.e. 2001-02. The Loss after Tax is Rs.5.24 lakhs as against Rs. 7.25 lakhs for the previous period i.e., 2001-02.

The annual reports of the subsidiary Companies have been attached to this report.

Combined results

Particulars	GTSL		NSTL		SSTL		GTSL & Subsidiaries Consolidated	
	12 months	9 months	12 months	9 months	12 months	9 months	12 months	9 months
Period	02-03	01-02	02-03	01-02	02-03	01-02	02-03	01-02
Sales	1301.23	1751.99	122.12	583.27	10.16	256.40	1433.51	2523.01
Other Income	69.77	90.81	7.85	11.86	2.61	2.50	80.23	49.47
Total	1371.01	1842.80	129.97	595.13	12.77	258.90	1513.75	2572.48
PBDIT	329.33	441.93	30.51	35.64	(1.52)	16.93	358.32	394.70
PBT	153.11	345.75	10.94	15.59	(5.24)	13.09	158.81	294.06



Goldstone Teleservices Limited

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 including its building, plant & machinery and stocks have been adequately insured.

Auditors

The retiring Auditors M/s. Srivas & Pramodkumar, Chartered Accountants, Statutory Auditors of your Company have expressed their inability to continue as Auditors of the Company due to re-organisation and as such they have requested that their candidature be not considered for re-appointment. M/s. P. R. Pramodkumar & Co., Chartered Accountants, have been proposed by a Member of the Company for their appointment as Statutory Auditors of the Company from the conclusion of this Annual General Meeting. M/s. P. R. Pramodkumar & Co., Chartered Accountants, have confirmed their eligibility willingness to accept office, if appointed.

Directors

Mr. P Ramesh Babu and Mr. K Vasudeva Rao Director(s) retire by rotation and being eligible offer themselves for re-appointment. Dr M V S R Kamesam who was appointed as Additional Director of the Company has been proposed for appointment as Director of the Company liable to retire by rotation. During the year Mr. M Gopalakrishna has resigned as Director of the Company. The Board places on record their appreciation the valuable services rendered by Mr. M Gopalakrishna during his tenure as Director.

Director's Responsibility Statement

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

- That in the preparation of the Accounts for the year ended 31st March 2003, the applicable accounting standards have been followed and there are no material departures there from.
- That the accounting policies have been selected and applied consistently and judgements 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 31st March 2003 and of the profit or loss 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 31st March 2003 have been prepared on a going concern basis.

Corporate Governance

A report on Corporate Governance including Auditor Certificate thereon as per Clause 49 of the Listing Agreement is contained elsewhere in the Annual Report.

Issue of Equity Shares and utilisation of proceeds

During the year your Company has allotted 28,25,000 Equity Shares consequent upon exercise of option for conversion by Equity Warrant Holders, in accordance with SEBI Guidelines and approval of Shareholders in the AGM held on 31st December 2001.

The proceeds received on allotment of Equity Warrants have been utilized for the purpose of Working Capital and Capital Expenditure requirements as stated in the notice of the first AGM.

Consequent to the allotment of Equity Shares, the Paid-up Capital of the Company has been increased from Rs. 436.61 Lakhs to Rs. 546.61 Lakhs.

Human Resources

Your Company has about 581 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.

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

Information as per Section 217(1) (e) of the Companies Act, 1956 is set out in Annexure – I, which forms part of this Report.

Particulars of Employees

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 – I) and forms part of this report.

Acknowledgements

Your Directors convey their sincere thanks to the Government of India, Government of Andhra Pradesh and State Bank of Hyderabad, for their support and assistance.

Your Directors thank all the Employees of your 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/-
L P Sashikumar
Managing Director

Sd/-
J A Rao
Director

Place: Secunderabad
Date: 30th August 2003



Management Discussion and Analysis of Results of Operations and Financial Condition

Overview

Goldstone Teleservices Limited (GTSL) was incorporated in Hyderabad on 22nd October 2000 to carry on the telecom business of the demerged telecom division of Goldstone Technologies Limited. As per the Scheme of Arrangement approved by members and by the Hon'ble High Court of Andhra Pradesh the Telecom division of the Goldstone Technologies Limited along with its Investments in subsidiaries has been transferred to Goldstone Teleservices Limited with effect from 1st January 2001.

The Company commenced its operations on 1st January 2001 with its factory located at Plot No 1 & 9, IDA Phase II, Cherlapally, Ranga Reddy District, Hyderabad – 500 051.

The company's Financial Statements are prepared in compliance with the requirements of Indian Generally Accepted Accounting Principles (GAAP) and Companies Act, 1956 in India. The GTSL Management accepts responsibility for the integrity and objectivity of these financial statements.

Fiscal

The financial year of the Company consist of twelve months commencing from 01st April 2002 and ending on 31st March 2003 as compared to previous financial year of nine months.

Industry Structure and developments

GTSL has currently engaged in TWO business segments and has been in the process of establishing infrastructure for the third business segment. GTSL has been in the Telecom Business since its inception. During the year the Company has made significant investments in Business Process Outsourcing (BPO) Business. Your company has plans to enter into Power Industry with intention to manufacture Polymer Insulators.

Telecom Division

The Company is presently engaged in manufacture of Telecom Cable Jointing Kits for Jelly Filled Telecom Cables (JFTC). GTSL is an ISO 9002 certified company for its product range. GTSL is a leader in the Cable Jointing Kits market.

Future/ Opportunities:

Telecom Cable Jointing Kits requirement is directly related to the procurement and laying of Jelly Filled Telecom Cables. For the last several years BSNL and MTNL were the only customers of this product range.

However, with the change in the Telecom Policy in 1994 and privatization of Telecom Services, the Telecom Density has gone up substantially in the Country. However, this has not resulted in increase in the demand for the Company's product range. As these Telecom Operators and Service Providers opted for the advanced Wireless Technologies for their expansion, the demand for Telecom Cable Jointing Kits is continuously shrinking.

Threats:

Continuous demand for the Mobile Phones and usage of cost effective wireless Technologies will pose serious threat for the sustenance of the Cable Jointing Kits Business.

BPO Division:

The Company has invested close to Rs.15 Crores during the year into this division after thorough evaluation of the market opportunities and demand.

Future

Research Groups in US and outside predicts that's India's IT Business Process Outsourcing (BPO) will grow by 25% in the 2003 fiscal year. The Research Groups estimates that various companies in United States and Europe look anxious to handover some of their operations to outsourcing companies in cost-effective countries such as India, Mexico and others.

This predicts the rapid growth of BPO in India, logically. India's low cost economy combined with skillful workforce and easy legal norms set by the Government easily ensures India a hot destination for Business Process Outsourcing (BPO). China alongside India was predicted to grow amongst the top Outsourcing destination but problems associated with this immaturity—the lack of English language skills, the legal and regulatory environment, the lack of intellectual property laws—make China too risky today. Thus India took a dominant step to emerge as one of the giants delivering BPO services.

Studies also reveal that Offshore Application Management is shaping as the highest growth service opportunity in 2003. And India is likely to gain most from it.

BPO in India foresee growth under normal circumstances. India produces abundance of tech-savvy professionals, which ensures quality. The English used by the Indians is very fluent and meet the requirements



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of the International standards. India is predicted to tap the BPO accounts of top-tier industries globally. Under the present circumstances nobody sees any stopping for more and more BPO in India.

Goldstone Teleservices Limited invested over Rs.15.00 Crores during the year in "Business Process Outsourcing" or BPO Business. During the year Goldstone has achieved Rs.3.48 Crores of the revenues with a Profit of Rs.0.83 Crores.

Threats

Recently few of State Governments in US have imposed restrictions on outsourcing the Government based contracts to outside US. These restrictions, if implemented in strict sence could pose a problem to the BPO business in general. However, majority of the State Governments have not initiated these restrictions and only 4 out of the 50 States have initiated these restrictions.

Further these restrictions even after due formulation into a policy is only applicable to the Government contracts and has no impact on the Private Corporation's initiatives, which is the biggest market opportunity.

Internal Control System and its Adequacy:

An Audit Committee of the Board of Directors has been constituted as per Section 292 A of the Companies Act 1956 and Corporate Governance requirements specified under Clause 49 of the Listing Agreement.

The Company has adequate Internal Control Systems in place. The Internal Audit Report has been structured to conduct a review and evaluation and to present its report to the Audit Committee and the Management. The Internal Audit Reports dealing with internal control systems prepared by the internal Auditors of the Company are considered by the Audit Committee of the Company, at regular intervals.

Financial Performance & Operational Performance:

A. Financial Condition:

Capital Structure:

The Authorised Share Capital of the Company as on 31st March 2003 is Rs.10.00 Crores divided into 2.50 Lakhs Equity Shares of face value of Rs.4/- each.

The Share Capital of the Company consists of only Equity Shares. The Paid-up Capital of the Company as on 31st March 2003 is at Rs. 546.61/- Lakhs comprising of 13665150 Equity Shares of Rs. 4/- each fully paid-up.

Reserves and Surplus:

The Reserves and Surplus of the Company as on 31st March 2003 stands at Rs. 2528.09 lakhs

compared to Rs.2038.59 lakhs as on 31st March 2002.

Secured Loans:

The working Capital advances and Term Loan as on 31st March 2003 stands at Rs. 847.98 lakhs compared to Rs.183.18 lakhs as on 31st March 2002. The increase is on account of term-loan sanction of Rs 600.00 lakhs by State Bank of Hyderabad during the year to the BPO and Insulators Division.

Unsecured Loans:

The Sales Tax Deferment as on 31st March 2003 stands at Rs. 418.11 lakhs compared to Rs.381.95 lakhs as on 31st March 2002. The increase is on account of deferment provided as per the eligibility fixed by Commissioner of Industries, Andhra Pradesh, Hyderabad.

Fixed Assets:

During the year, the Company acquired Fixed assets amounting to Rs. 1224.22 lakhs. The gross block stood at Rs. 2780.11 lakhs and net block stood at Rs. 2305.28 lakhs as on 31st March 2003. The increase in the value of the Fixed Assets is on account of acquisition of Fixed Assets for the BPO and Insulator Divisions.

Investments:

Investments as on 31st March 2003, amounted to Rs 526.50 lakhs as against Rs.951.47 lakhs as on 31st March 2002 with net decrease of Rs.424.97 lakhs. Of the above, the investment in subsidiaries is Rs. 390.50 lakhs and the balance of Rs. 136.00 lakhs is in the form of current investments.

Inventories:

Inventories as on 31st March 2003, stood at Rs. 78.81 lakhs as against Rs. 86.05 lakhs as on 31st March 2002 on account of clearing of finished products for completion of orders and proper inventory management to avoid dead stock at the end of the season.

Sundry Debtors:

Sundry Debtors stood at Rs. 521.24 lakhs as on 31st March 2003 as against Rs. 300.84 lakhs as on 31st March 2002. These debtors are considered good and realizable.

Cash and Bank Balances:

Cash and Bank balances with scheduled banks as on 31st March 2003 amounting to Rs. 575.29 lakhs (includes Margin Money Deposit amounting to



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Rs. 238.04 lakhs) against Rs.783.83 lakhs as on 31st March 2002 (includes Margin Money Deposit amounting to Rs.252.34 lakhs.

Loans and Advances:

Loans and Advances as on 31st March 2003 include Rs. 876.45 lakhs as against Rs.418.67 lakhs as on 31st March 2002 representing advances paid to suppliers, advance tax, capital advances etc.

Current Liabilities& Provisions:

Sundry Creditors represents the amount payable to vendors for supply of goods amounting to Rs. 280.45 lakhs as on 31st March 2003 as against 280.73 lakhs as on 31st March 2002.

Provisions for dividend, tax, and deferred tax etc., amounts to Rs. 331.38 lakhs as on 31st March 2003 as against Rs. 382.40 lakhs as on 31st March 2002.

B. Operational Results:

Revenue:

During the year, the Company achieved sales of Rs. 1301.23 lakhs compared to Rs.1751.99 lakhs in the previous period of nine months ending 31st March 2002.

The other income for the year was Rs. 69.77 lakhs as compared to Rs. 90.81 lakhs in the previous period.

Expenditure:

During the year, the Company incurred expenses amounting to Rs. 1041.61 lakhs as compared to Rs.1400.87 lakhs in the previous year.

Financial Charges:

The Company has incurred a sum of Rs. 51.88 lakhs towards Financial Charges for the year as against Rs. 34.45 lakhs in the previous year.

Depreciation:

The Company has provided a sum of Rs. 123.67 Lakhs towards depreciation for the year as against Rs. 61.22 lakhs in the previous year. An amount

of Rs. 41.18 lakhs is being provided as depreciation for the assets acquired for BPO Division for a period of 5 months.

Provision for Tax:

The Company has provided a sum of Rs. 20.00 lakhs as against Rs. 45.50 lakhs in the previous year.

Net Profit:

The net profit after tax is Rs. 122.33 lakhs as against Rs. 278.07 lakhs in the previous year.

Earning Per Share:

The Earning Per Share of the Company for the year is Rs. 0.89 per share of face value Rs.4/- as against Rs. 1.62 in the previous year.

Human Resource Development and Industrial Relations:

The Company believes that the quality and commitment of its employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunities to equip them with skill, which enables them to adapt to contemporary technological advancements.

Industrial Relations during the year continued to be cordial and the company is committed to maintain good industrial relations.

As on 31st March 2003 the Company has a total strength of 581 employees.

Cautionary Statement:

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations, may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results would differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand, supply and price conditions in the domestic/overseas markets in which the Company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.



Corporate Governance Report

1. Company's philosophy on code of corporate governance:

The Company envisages the attainment of highest level of transparency in all face/s of its operations and in all its interactions with its shareholders, employees and the company.

The company is committed to the best governance norms. It strongly believes in setting the highest standards in all its endeavors.

2. Board of Directors:

The Board of Directors comprises of 5 directors as on 31st March 2003, of whom 4 are Non-executive and Independent Directors Viz., K K Krishnan Kutty, K Vasudeva Rao, J A Rao, P. Ramesh Babu, and one Promoter and Working Director- L P Sashi Kumar.

Eight Board Meetings were held during the financial year 2002 - 2003 on the following dates:

29th April, 2002; 26th June, 2002; 31st July, 2002; 31st August, 2002, 31st October, 2002; 3rd January, 2003; 31st January, 2003; 25th February, 2003.

The attendance at the Board Meetings and at AGM and Number of other Directorships and committee Memberships of Directors is given below.

Name of Director	Designation	Number of Board Meetings held	Number of Board Meetings Attended	No. of Committee Positions held in other companies	No. of Directorships in other companies	Attendance at Last AGM (Yes/No)
Dr. K. K. Krishnan Kutty	Non-E.D	8	7	3	1	Yes
Mr. L.P. Sashi Kumar	M.D.	8	7	3	10	Yes
Mr. J.A. Rao	Non-E.D	8	8	4	4	Yes
Mr. K. Vasudeva Rao	Non-E.D	8	7	Nil	1	No
Mr. P. Ramesh Babu	Non- E.D	8	5	Nil	9	No
Mr.M.Gopalakrishan (Resigned on 30.01.2003)	Non-E.D	8	4	Nil	Nil	Yes

3. Audit Committee:

The Audit Committee Comprises of Sri. J.A. Rao as Chairman, Sri K.K. Krishna Kutty and Sri K Vasudeva Rao, as its Members. The role, terms of reference and authority and powers of the Audit Committee are in conformity with the requirements of Companies Act, 1956 and provisions made in paragraph C and D in sub-clause II of Clause 49 of the listing agreement.

The Constitution of the Audit Committee has undergone change during the year owing to the resignation of Mr. Gopalakrishna. Mr. K Vasudeva Rao, was nominated on the Audit Committee.

The Meetings of the Audit Committee held during the year 2002-2003 on the following dates. The attendance at the meeting was as under.

Sl. No.	Name of the Director	Position held in the Committee	No. of meetings attended	Committee meetings held on
1.	Mr. J.A. Rao	Chairman	4	24-06-2002
2.	Mr. K Vasudeva Rao	Member	4	29-07-2002
3.	Dr K K Krishnan Kutty	Member	4	28-10-2002 27-01-2003



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4. Remuneration/ Compensation Committee

The Constitution of the Compensation/Remuneration Committee has undergone change during the year owing to the resignation of Mr. Gopala Krishna. Mr. K Vasudeva Rao, was nominated on the Remuneration/Compensation Committee.

Sl.No.	Name of the Director	Position held in the Committee	No.of Meetings attended	Committee meetings held on
1.	Mr. K Vasudeva Rao	Chairman	2	23-10-2002
2.	Dr. K. K. Krishnan Kutty	Member	2	20-03-2003
3.	Mr. J.A. Rao	Member	2	

Details of remuneration to all the directors in the financial year 2002-2003.

The aggregate of Salary, perquisites paid for the year 200-2003 to Sri L P. Sashikumar, Managing Director of the company is Rs.12,13,844/-.

No remuneration was paid to the Non-Executive Directors during the year.

5. Shareholders and Investor(s) Grievance Committee:

The company has a Shareholders\Investor Grievance Committee Comprising of Dr. K. K. Krishnan Kutty as Chairman, Mr. L.P. Sashikumar and Mr. J.A. Rao as its members.

Number of Investor Queries/Complaints received during the year 2002-03 were as follows

Nature of Complaint	Received during the year	Resolved during the year
Letters received from NSE	4	4
Letter from SEBI	—	—
Letter from BSE	—	—
Non-Receipt of Dividend/Warrant	100	100
Non-receipt of Share Certificate/Transfer	—	—
Total	104	104

6. Share Transfer Committee:

The Members of the shareholders /Investors Grievance Committee are also entrusted with the responsibility of Share Transfer Committee, which looks into the matters relating to transfers/transmissions, issue of duplicate certificates etc., the details regarding the transfers, dematerializations, issue of duplicate Share certificate, etc., are as under:

No. of share transfer Committee Meetings held	No. of Shares approved for transfer	Duplicate Shares Issued	Re-materialization of Shares	Total
7	7280	Nil	580	7860

There are no pending share transfers as on 31st March, 2003.

7. General Body Meetings:

The Last two Annual General Meetings of the company were held at plot No.1&9, IDA, Phase-II, Cherlapally, Hyderabad – 500051 on Monday 31st December, 2001 at 3.00 P.M. and on Monday 30th September, 2002 10.00 A.M. respectively.

No postal Ballots were required to be used/invited for voting at these meetings in respect of the special resolutions passed.



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Details of the Special resolution passed during the last two Annual General Meeting of the Company.

No Special resolution was passed in the Second Annual General Meeting.

In the 01st Annual General Meeting, the special resolutions for the issue of shares to employees and its subsidiaries under ESOPS, and Preferential allotment of equity shares under Section 81(1A), Alteration of Articles of Association to include the Buy back of the Securities was passed.

8. Disclosures:

There were no transactions of material nature between the company and the directors or management and their relatives or promoters that may have a potential conflict with interest of the company. The remuneration paid to Whole-time Directors and key management personnel has been disclosed in the Annual Report.

There has been no instance of Non-Compliance by the company on any matter related to capital markets, listing agreements, filing the requisite forms, returns and documents with the Registrar of Companies (ROC) hence no penalties were paid nor any strictures were imposed on the company by the stock exchanges or SEBI or any statutory authority.

9. Means of Communication:

The company publishes its Quarterly results in Business Standard (English), Andhra Bhoomi (Telugu). These results are submitted to the stock exchanges in accordance with the Listing Agreements and they are also being filed with the Stock Exchanges under EDIFAR facility.

Management Discussion and Analyses

The Management Discussion & Analysis Report forming part of the Annual Report is enclosed.

10. General Shareholders Information:

The Third Annual General Meeting of the Company will be held on Tuesday, 30th September, 2003 at 10.00 A.M at Plot NO 1 & 9 Phase II, IDA Cherlapally, Hyderabad- 500051.

(a) Financial Calendar:

The Quarter Results are proposed to be published by 31st July, 2003, 31st October, 2003, 31st January, 2004, 30th April, 2004 for the First, Second, Third and Fourth Quarter respectively and the Annual results are proposed to be published by 30th June, 2004.

Dates of Book Closure : 25th September – 30th September 2003
(Inc. of both days)

Stock Exchanges where Listed

- | | |
|--|---|
| 1. National Stock Exchange of India Limited
Exchange Plaza, 5th Floor Plot No C/1
G Block Bandra Kurla Complex
Bandra (E), Mumbai - 400 051 | 2. The Stock Exchange Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001 |
| 3. The Hyderabad Stock Exchange Limited
Administrative Office 6-3-654
Adjacent to Erramanzil Bus Stop
Somajiguda Hyderabad – 500 082 | 4. The Stock Exchange Ahmedabad
Kamadhenu Complex
Opp Sahajanand College
Panjarapole, Ahmedabad – 3800 015 |
| 5. Madras Stock Exchange Limited,
Exchange Building Post Box No 183
II Second Line Beach
Chennai - 600 001 | 6. Delhi Stock Exchange Association Limited
DSE House 3/1
Asaf Ali Road
New Delhi - 110 002 |

Stock Code:

NSE - GOLDTELE
BSE - 532439
HSE - 6496