



NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the Members of the Company will be held on Monday, the 12th day of September, 2005 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 Balance Sheet as at 31st March 2005 and Profit and Loss Account for the year ended as on the date along with Directors Report and Auditors Report thereon.
2. To appoint a Director in place of Ms. Mahita Caddell, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. M.P Mehrotra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider the appointment of Statutory Auditors and, fix their remuneration

"M/s Pramodkumar & Co., Statutory Auditors of the Company retire at the ensuing Annual General Meeting. The Company has received the special Notice from the shareholder proposing for appointment of M/s CKS Associates, Chartered Accountants as Statutory Auditors of the Company, who have also confirmed their eligibility and willingness for being considered for appointment as Auditors"

SPECIAL BUSINESS

5. Appointment of Mr. S Murali Krishna as Director

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

"RESOLVED that Mr. S. Murali Krishna, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. Appointment of Mr. S P Shukla as Director

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

"RESOLVED that Mr. S P Shukla, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. Appointment of Mr. S P Shukla as Executive Chairman of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII (as amended from time to time) to the said Act, and as per the recommendations of the Remuneration Committee and subject to the approval of the Shareholders in the ensuing Annual General Meeting, the consent of the Board be and is hereby accorded for appointment of Mr. S P Shukla as Executive Chairman of the Company for a period of Three Years as per the terms of the appointment letter to be issued with effect from 17th June 2005 on the remuneration as detailed below.

I. Salary: Rs.40,000 Per Month

Perquisites:

1. Housing: Rent Free Accommodation or House Rent Allowance of Rs. 16,000 Per month
2. Other Allowances like Maintenance, Subscription to internet, Professional Development Allowance, Gardener, Servant etc; not exceeding Rs. 20,000 Per month.
3. Reimbursement upto Rs. 24,000/- p.m. towards Entertainment, LTA, Subscription to Professional Journals and Medical Expenses etc;
4. 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.

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of his services, the payment of salary, perquisites and other allowances shall be governed under Section II of the Part II of Schedule XIII of the companies Act, 1956 including any statutory modification or re-enactment thereof, as may for the time being be in force.



Travel arrangements on Company's business will be as per the Company's travel rules.

FURTHER RESOLVED THAT Mr. S.P. Shukla be and is hereby vested with Administrative powers and also to sub-delegate such powers enabling him to discharge his duties and responsibilities for overall operations, profitability and growth of the Company.

8. Alteration of Objects Clause IIIA of Memorandum of Association

To take note of the following special resolution which has been placed before the shareholders for approval through postal ballot

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions of the Companies Act, 1956 or any amendment, modification or supersession thereof, existing Clause IIIA of the Memorandum of Association of the Company be and is hereby altered:

a. By substitution of the existing Clause 1 with the following new sub clause 1.

1. To carry on the business of communication products and services including but not limited to Installation, Maintenance, acting as Buyers, Sellers, Hirers, Exporters, Importers, Distributors, Agents and Dealers of and in the Telecom Services, V-Sat Services, Information Technology for communications, controls, computers, software development, networking, internet and broadband services, internet services stations, Direct To Home facility (DTH), Education To Home (ETH), network frequency stations, provide comprehensive business solutions through networking, recruit, train and provide software and hardware professionals for software and hardware business, integrate, provide consultancy services, engage consultancy services in respect of software development, networking, Internet Service Providers (ISP), creation of web sites and any business which is directly or indirectly related to the business of /communication & software development, mobile / internet services and to run the said activities by itself and or singly or jointly in association with any individual ,group , private, public or foreign organisations. self-supporting towers including triangular lattice towers, telescopic and tubular masts, guides,

appliances, and materials of every kind and description whereby sound, vision or any other type of signal, recorded, amplified, rectified reproduced, transmitted or received and ancillary /auxiliary equipment thereof is handled ,processed or broadcasted /telecasted.

b. By deletion of the existing clauses 2, 3 and 4 and by addition of the new Sub clauses as 2 to 4 .

2. To carry on the business of manufacturers, installers, maintainers, buyers, sellers , hirers, exporters, importers, distributors, agents and dealers of and in electrical equipments / apparatus including not limited to polymer (composite) insulators of all voltage ratings ,surge arrestors, disconnectors ,general electrical equipments , power and control cables of all varieties ,heat shrinkable cable jointing kits etc. To carry on the business of hydrocarbon transportation including but not limited to gas & oil pipelines, heat shrinkable sleeves / coverings for pipeline joints and control and protection system there of.
3. To carry on the manufacturing, produce, assemble, fabricate, design, import, export, buy, sell, distribute, repair, service, lease out or other wise deal in all kinds and types of plant, machinery, equipment and systems, accessories and fittings, components, tools and any other things capable of being used in engineering industry and to run the said activities by itself or in joint venture or in association with any private, public or foreign organization or individual or groups .
4. To carry out activities relating to power including but not limited to plan, design and engineering, manage, procure, trade, install, erect, lay provide, consultancy and management service or under take turnkey projects for manufacturing, installing, laying, commissioning of power generation, transmission, services and to carry on the business of research, design, consultancy, exports, prepare and to supply technical know-how, act as consultants, advisers in electrical / electronic systems, projects, equipment components and services and distribution networks and to setup, establish education facilities laboratory, research centres, and to carry on research and development for the same.



9. Increase of Authorised Share Capital

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

RESOLVED THAT in accordance with the provisions of sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force, and as may be enacted from time to time), the Authorised Share Capital of the Company be and is hereby increased from Rs.10,00,00,000/- (Rupees Ten crores only) divided into 2,50,00,000 equity shares of Rs 4/- each to Rs.1700,00,000/- (Rupees Seventeen crores only) divided into 42500000 equity shares of Rs 4/-each.

“FURTHER RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company relating to share capital be and is hereby altered by deleting the figures and words Rs.10,00,00,000 (Rupees Ten Crores only) divided into 2,50,00,000 equity shares of Rs 4/- each and substituting in its place the figure and words Rs.1700,00,000/- (Rupees Seventeen crores only) divided into 42500000 equity shares of Rs 4/-each.

10. Alteration of Articles of Association

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

“RESOLVED THAT Article 3 of the Articles of Association of the Company be substituted by the following:

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

11. Rights issue of Securities

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

“RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification (s) or re-enactment thereof,

for the time being in force, and as may be enacted from time to time), and the provisions in the Memorandum and Articles of Association and the Listing Agreements entered into by the company with the Stock Exchanges where the shares of the Company are listed and the prevailing Guidelines of Securities and Exchange Board of India and subject to such approvals, consents, permissions or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Authorities while granting such approvals and sanctions and which may be agreed to by the Board of Directors (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee(s) of the Board for the time being, exercising the powers conferred on the Board), the consent of the company be and is hereby given to the Board, to issue, offer and allot 21023305 equity shares of Rs.4/- each for cash at a premium of Rs.11/- per share on Rights Basis to the Members of the Company (including the allottees for 7358155 equity shares covered by preferential issue) whose names will appear on the Register of Members of the Company in respect of the equity shares held in physical form and to those members whose names will appear as beneficial owners as per the list furnished by the National Securities Depository Ltd. and Central Depository Services Ltd in respect of the equity shares held in electronic form on such date as the Board may determine in the proportion of one equity share of Rs.4/- for every existing one equity share of Rs.4/- held by such members as aforesaid on the following terms and conditions:

- a) The amount of Rs. 15/- per share (4/- per share on Share Capital Account and Rs.11/- per share on Share Premium Account) be called from the applicants in such manner as the Board of Directors may determine.
- b) The shareholders are entitled to renounce the shares offered to them in full or part thereof in favour of any person who may or may not be a shareholders of the Company
- c) The un offered or unsubscribed portion, if any, of the above mentioned issue will be disposed of by the Board as it may think most beneficial to the company and the Board of Directors is authorized accordingly.



- d) The equity shares to be issued, as aforesaid, shall be subject to Memorandum and Articles of Association of the Company and shall rank pari passu in all respect with the existing fully paid up equity shares of the Company
- e) The offer of equity shares as aforesaid shall be issued on such other terms and conditions as the Board may determine and the Board be and is hereby authorized to finalize the same.

“RESOLVED FURTHER the Board be and is hereby authorized to file such prospectus and other documents as may be required to be filed with the various authorities and to seek the listing of such securities in Stock Exchanges where the Company's shares are listed”.

“RESOLVED FURTHER that the Board be and is hereby authorized to engage the services of or appoint solicitors, advocates, Legal advisors, merchant bankers, guarantors, depositories, custodians and any such other agencies to act as managers, lead managers, or in any other capacity or to advice or to certify any matter relating to Company's accounts or otherwise, on such terms as to remuneration by way of commission, brokerage, fees or otherwise as the Board may in its absolute discretion deem appropriate”.

“RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorized on behalf of the Company to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable or as may be incidental or ancillary and to settle all questions, difficulties or doubts that may arise in regard to such issue or allotment in order to give effect to this Resolution without being required to obtain any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given approval thereto expressly by the authority of this Resolutions.”

For and on behalf of the Board

Place: Secunderabad
Date : 8th August, 2005

Sd/-
L P Sashikumar
Managing Director

Notes:

- a) 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
- b) The Explanatory Statement relating to Special Business of the Meeting is annexed to this Notice as required by Section 173 of the Companies Act, 1956.
- c) The Register of Members and Share Transfer Books of the Company shall remain closed on Monday, 12th September 2005 for the purpose of Annual General Meeting.
- d) 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.
- e) Members / Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed for attending the meeting.
- f) ***Alteration of Objects Clause under item No. 8 is being sought through Postal Ballot. Ballot papers duly filled in must be sent to Mr. P. Jagannatham, Practicing Company Secretary who has been appointed as Scrutinizer on or before Saturday the 10th September 2005. Ballot forms received after this date will be treated as if reply from such shareholder has not been received. The results of the Postal Ballot would be announced by the Chairman in the Annual General Meeting.***

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

Mrs. Mahita Caddell

Mrs. Mahita Caddell is a Director of Goldstone Technologies Limited. She is a MS (International Business Administration and Information Systems) Graduate from the University of North Carolina, USA and has 5 years of experience in industry and business.



Mr. Mahesh Prasad Mehrotra

Mr. Mahesh Prasad Mehrotra aged 63 years is a Practicing Chartered Accountant having 42 years of experience and he is founder partner of Mehrotra and Mehrotra, Chartered Accountants, Kanpur and Delhi. He is member, Task Force for MOUs, Ministry of Heavy Industries and Public Enterprises, Government of India, Department of Public Enterprises, for the year 2004-2005. He has been associated as Director / Trustee in Public / Private Limited companies and Trusts.

Mr.S.P.Shukla

Mr.S.P.Shukla, aged 60 Years is an Electrical Engineer (Hons) by qualification. He was former Executive Director, BHEL Ceramic Business at Bangalore. He carries with him over 4 decades of the experience in Power Industry and has experience in International Market

Mr. S Murali Krishna

Mr. S Murali Krishna aged 36 years is an MBA by qualification. He has over 10 years of experience in the field of Real Estate & Constructions. He is also a Director on the Board of GEL Infrastructure Pvt. Ltd.

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

Item 5 & 6

Mr. S Murali Krishna and Mr. Suresh Prasad Shukla were appointed as Additional Directors of the Company in the Board Meeting(s) held on 30th April 2005, and 17th June 2005 respectively and hold office till the conclusion of the ensuing Annual General Meeting.

Notice(s) pursuant to the provisions of Section 257 of the Companies Act, 1956, together with the requisite deposit have been received from the members proposing their 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 Mr. S Murali Krishna and Mr. Suresh Prasad Shukla, for their respective appointment as Director, is in anyway concerned or interested in this resolution.

Item 7

Mr.S.P.Shukla, aged 60 Years is an Electrical Engineer (Hons) by qualification. He was former Executive Director, BHEL Ceramic Business at Bangalore. He carries with him over 4 decades of the experience in Power Industry and has experience in International Market.

Considering his experience, the Board of Directors in their board meeting held on 17th June, 2005 has felt that his induction into the Board as well as Executive Chairman of the Company would immensely benefit the Company and would also help the Company in the achievement of the ambitious corporate growth plans, especially in the field of composite insulators, heat shrinkable sleeves for oil and gas pipelines and prepaid energy meters.

Mr. S.P.Shukla was appointed as Additional Director as well as Executive Chairman of the Company in accordance with the terms and conditions approved by the Remuneration Committee in the Board meeting held on 17th June, 2005 and as detailed in Resolution No. 7.

Approval of the shareholders is required by way of Ordinary resolution in the General Meeting for his appointment as Executive chairman.

Yours Directors recommend the resolution for approval of the members

None of the Directors, except Mr. S.P.Shukla is interested in the resolution.

Item No.8

Your Company proposes to amend the main objects under the Objects Clause of Memorandum of Association of the Company re-organizing the sub clauses by consolidation/bifurcation/addition of the sub clauses in a more enlarged and explicit manner for undertaking diversified range of activities relating to diversified products namely composite insulators, heat shrinkable sleeves for oil and gas pipelines and prepaid energy meters.

Section 17 of the Companies Act, 1956 ('the Act') stipulates that the Object Clause of the Memorandum of Association of a company can be altered by a Special Resolution passed by the members of the company. Section 192A of the Act read with the Companies (Passing of the



Resolution by Postal Ballot) Rules, 2001, stipulates that the consent of the members of the company for this purpose shall be obtained by means of Postal Ballot.

The Directors of the Company may be deemed to be concerned or interested in the resolution as set out in the Notice to the extent of shares held by them in the Company.

The Board of Directors of the Company recommend the Special Resolution No. 8 set out in the notice for approval by the Members through the Postal Ballot.

Item No.9 & 10

As the Company proposes to raise further equity share capital as detailed in the Resolution No.11 it is necessary to increase the **Authorised Capital from Rs.10 crores to 17 crores.**

Pursuant to Section 94 of the Companies Act, 1956 shareholders approval is required for increase of Authorised Capital through as an ordinary resolution.

Consequential Alteration of Articles of association of the Company by way of special resolution as per Section 31 of is required and hence the resolution No. 11 for approval of the shareholders

The Board recommends the resolution(s) for the approval of the members.

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

Item No.11

Your Company has diversified into power sector for the first time in India to manufacture the state of art Polymer Insulators that are highly reliable, cost effective and of superior performance in all environments. Further your company also wants to diversify into manufacture of products namely composite insulators, heat shrinkable sleeves for oil and gas pipelines and prepaid energy meters and associated systems.

To enable the Company to raise the funds through Rights Issue, the consent of the members is being sought in accordance with Section 81 and other applicable provisions of the Companies Act, 1956 and in terms of provisions of the listing agreement executed by the Company with the Stock Exchanges where the Company's shares are listed.

The Board recommends the resolution for approval of the members

The Directors of the Company may be deemed to be considered or interested to the extent they may be entitled to the shares, which may be offered to them on Rights basis.

For and on behalf of the Board

Place: Secunderabad

Date : 8th August, 2005

Sd/-
L P Sashikumar
Managing Director



Directors' Report

To
The Esteemed shareholders
Goldstone Teleservices Limited

Your Directors have pleasure in presenting the Fifth Annual Report on the business and operations of your company and the Audited Financial Accounts for the year ended on 31st March 2005

Financial Results

	Rs in Lakhs	
Particulars	2004-05	2003-04
Net Sales/Income from Operations	2006.35	1376.00
Other Income	84.63	45.47
Total Income	2090.98	1421.47
Operating Profit (PBITD)	495.17	350.67
Interest	141.88	113.32
Depreciation and Write Offs	232.53	213.45
Profit Before Tax	120.76	23.90
Provision for taxation		
– Current	15.50	0.00
– Deferred	47.12	0.00
Profit after Tax	58.14	23.90
Extra-Ordinary Items		
- Prior period adjustments	19.80	12.41
Net Profit	77.94	11.49
Equity Share Capital (1,36,65,150 Shares of Rs 4/- each; Current year)	546.61	546.61
E.P.S	0.57	0.08
Net Worth	3137.28	2870.69
Book Value (face Value of Rs. 4/- each)	22.96	21.01

Dividend

Your Directors regret their inability to recommend any Dividend for the year under consideration

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.

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. 144.42 lakhs as against Rs. 202.72 lakhs for the previous year i.e., 2003-04. NSTL posted a Net Loss of Rs.15.33 lakhs as against Net loss of Rs. 21.33 lakhs for the previous year i.e., 2003-04.

Shree Shree Telecom Private Limited

SSTL posted a total Income of Rs. 8.58 lakhs as against Rs. 41.92 lakhs for the previous year i.e. 2003-04. The Net Loss is Rs. 20.31 lakhs as against loss of Rs. 28.06 lakhs for the previous year i.e., 2003-04.

Combined results

	Rs in lakhs							
Particulars	GTSL		NSTL		SSTL		GTSL & Subsidiaries Consolidated	
Period	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months
Year	04-05	03-04	04-05	03-04	04-05	03-04	04-05	03-04
Sales	2006.35	1376.00	140.11	200.71	0.00	41.33	2146.46	1618.04
Other Income	84.63	45.47	4.31	2.01	8.58	0.59	97.52	48.07
Total	2090.98	1421.47	144.42	202.72	8.58	41.92	2243.98	1666.11
PBITD	495.17	350.60	(6.42)	1.26	(19.35)	(24.82)	469.40	327.12
PBT	120.76	23.91	(22.06)	(18.93)	(20.49)	(27.27)	78.21	(22.29)



The Annual Reports of the subsidiary Companies have been attached to this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations:

During the financial year 2004-05 the three divisions namely Telecom, Insulators and BPO/Call Center performed better than the previous year in terms of turnover and profit after tax. The improvement in the performance has been mainly due to encouraging economic and business conditions in the country. The segment wise performance is given below:

TELECOM DIVISION:

The telecom sector has seen tremendous growth and is growing. Consequently lot of developments have been taking place in systems and equipments including transportation of telecom signals. With wide use of optical fibre cables, the overall jointing kit requirements have significantly declined. However, with the efforts of your executives the Division has registered a Turnover of Rs 6.44 Crores as against the previous year Turnover of Rs. 3.50 Crores. The Telecom Sector over the years has been evolving and new technologies have been embraced. *Therefore, new initiatives have been taken to arrest the downward growth trend.*

Risks:

Rapid technological innovation in Telecom Industry has an adverse impact on the growth of our Telecom Cable Jointing Kits business.

INSULATOR DIVISION

Realizing the decline in demand for Cable Jointing Kits in Telecom Sector, the Company has identified energy sector as growth area. Accordingly, special R &D efforts were initiated and your company has now introduced cost effective Composite Insulators, for various applications in power sector. Composite Insulators have been introduced in Railway Traction and Power Sector as a Cost-effective option. Your polymer composite insulators conform to all electrical and mechanical performance parameters laid out in relevant Indian and International standards.

Polymer Composite Insulators have many advantages. They are lightweight and easy to handle and transport, less susceptible to breakage in transit. The transportation and installation costs are less in respect of Composite Insulators. Low surface energy and inherently hydrophobic surface gives Superior Anti -Contamination Performance, preventing water filming and suppressing leakage current development. Vandalism resistance of Composite Insulators result in less maintenance and replacement costs, composite insulators apart from having the above advantages have longer life because of discharge free end design.

Your company believes that due to obvious advantages, soon, more and more **Power Utilities, Railways and transmission and distribution agencies** will start using composite insulators. Therefore, to continue leadership through in-house

Rs. in lakhs

	Telecom	BPO	Insulator	Consolidated
Revenue	643.71	595.68	766.96	2006.35
Other Income	84.63	0.00	0.00	84.63
Segment Revenue	728.34	595.68	766.96	2090.98
Segment Results	85.75	81.84	95.05	262.64
Less: Financial Exp.	63.86	56.77	21.24	141.88
Profit before Taxation	21.89	25.07	73.80	120.76
Provision for Taxation	14.00	0.00	1.50	15.50
Pro. for Deferred Tax	(6.80)	6.78	47.14	47.12
Profit after taxation	14.69	18.29	25.17	58.14
Prior period adjust.	2.59	17.20	0.00	19.79
Net Profit	17.28	35.49	25.17	77.94
Segment Assets	3190.98	1750.64	1110.46	6052.08
Segment Liabilities	1554.33	578.27	782.20	2914.80
Capital employed	1636.65	1172.37	328.26	3137.28



R & D, a project has been undertaken in the GOI approved R&D laboratory to develop and manufacture extra high voltage insulators in 132, 220 and 400 KV for power utilities and transmission. Final products are presently undergoing performance evaluation tests and will be ready for commercial scaling up soon. The Company believes that the new range in high voltage / extra high voltage polymer composite insulators will open up fresh business opportunities from users, both in India and Overseas.

The turnover registered during the year under review was Rs. 7.67 crores as against the previous year turnover of Rs. 1.65 crores Adequate orders are on hand for composite insulators and they will be supplied during 2005-06. Your company expects large growth in this area in coming years.

Risks:

The Composite Insulator division has been facing severe competition from cheaper imports and the substitute product Porcelain/Ceramic Insulators.

BPO DIVISION

During the year the BPO division stabilized its operations by concentrating more on inbound calls business than outbound calls business.

The charges for the services rendered have become competitive resulting in reduced margins, inspite of which the company is striving to enlarge its customer base with better commercial terms and conditions to further improve the performance of the division. The progress in the Company's balance to extend services in selected verticals namely health care, finance and insurance is satisfactory.

Risks:

Unhealthy competition and unethical practices to attract personnel leading to increasing attrition rate in employees poses serious risk to ITES/BPO/Call Center business.

INTERNAL CONTROLS & SYSTEMS

The internal audit & other internal controls and internal checks implemented in the company are adequate an commensurate with the size and nature of operations providing sufficient assurance and safe guarding all assets, authorizing all transactions and its recording and reporting properly and timely.

The audit committee constituted by the Board of Directors reviews regularly the financial and other related aspects as per the requirements of the Corporate Governance.

FINANCIAL PERFORMANCE

1. During the year the company has achieved a turnover of Rs.2006.35 lakhs an increase of 46% over the previous year, mainly on account of increase in the orders received and executed in Telecom and Insulator Division.
2. Other Income has increased to 84.63 lakhs during the year on account of receipt of Excise Refund.
3. The value of Raw Material consumed during the year has increased from Rs.374.30 lakhs in the previous year to Rs.782.03 lakhs due to increase in the sales volume, increase in the petroleum/polymer based product prices.
4. Increased productivity has resulted in decrease of personnel expenditure from Rs.243.27 lakhs in the year 2003-04 to Rs.213.07 lakhs during the year 2004-05.
5. Other manufacturing cost have gone up to Rs.68.60 lakhs during the year under review from Rs.48.22 lakhs in the previous year on account of increase in the sales volume.
6. Implementation of cost control measures resulted in decrease of administrative and selling expenses from Rs.435.93 lakhs in the previous year to Rs.384.63 lakhs in the year 2004-05.
7. The marginal increase of Rs.28.65 lakhs in the financial expenses during the year is reasonable considering the higher growth in turnover during the year. The limited financial resources available have been used prudently by the company contain financial expenses.
8. The increase in depreciation charge during the year was on account of addition of Rs.189.54 lakhs to the gross block of Fixed Assets during the year.
9. An amount of Rs.15.50 lakhs has been provided towards provision for tax for current year on the profits of Telecom and Insulators Divisions during the year.



10. An amount of Rs.19.80 lakhs was taken as credit in the Profit and Loss account as prior period adjustments on account of write back of excess provisions and other old unclaimed balance.
11. During the year term loans for value of Rs.100.00 lakhs was raised for expansion of Insulator Division, from State Bank of Hyderabad.
12. Utilization of cash credit from State Bank of Hyderabad was higher by Rs.124.28 lakhs on account of higher sales Turnover.

HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS:

The Industrial relations during the year has been good and satisfactory. The company also implemented new welfare measure. Training programs were conducted regularly by the company enabling the employees to upgrade their skills and cope up with prevailing technological advancements including multi skilling.

As on 31st March '05 the Company has a total strength of 152 employees.

OUTLOOK FOR THE YEAR 2005-2006

Higher growth in Turnover and Profits are expected to continue during the year 2005-06 considering good acceptance and establishment of our product – Composite Insulators by Indian Railways and other Power Generation, Transmission and Distribution companies of various states. The bulk commercial orders from these customers started flowing in resulting in higher turnover and margins. Procurement of Telephone Cable Jointing Kits is also expected to be stable, particularly in view of the implementation of rural telephony programs in rural areas with the support of Planning Commission.

BPO/Call Center business is expected to contribute considerably to the company's growth during the year 2005-06.

Company has achieved a break through in development of cost-effective and qualitative Polymer based compounds for manufacture of Heat Shrinkable Sleeves for protection of joints of Oil and Gas pipelines. Company has plans to diversify into services business and is working towards

acquisition of the required domain knowledge for power business.

CAUTIONARY STATEMENTS:

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 may 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.

Auditors

M/s. P. R. Pramodkumar & Co., Chartered Accountants, Statutory Auditors of your Company retire at the ensuing Annual General Meeting. The company has received Notice from shareholder proposing M/s CKS Associates as Statutory Auditors of the Company, who have given their eligibility and willingness to be appointed as Auditors, and confirmed by the shareholders.

Directors

Mr. M P Mehrotra and Ms Mahita Caddell retire by rotation and being eligible offer themselves for re-appointment. Mr. S.P. Shukla and Mr. S Murali Krishna who were appointed as Additional Director of the Company are proposed for appointment as Director(s) of the Company liable to retire by rotation. Mr. S P Shukla was also appointed as Executive Chairman for 3 years with effect from 17th June 2005 and his appointment is proposed for approval of the Shareholders.

Share Capital

The Company has made Preferential Allotment of 7358155 Equity Warrants convertible into Equity Shares of Rs. 4/- each and the proceeds realized have been/are utilized for the purpose for which the preferential allotment was made.

Stock Exchange Listing

The Equity Shares of the Company are listed on the National Stock Exchange, Mumbai Stock Exchange,