

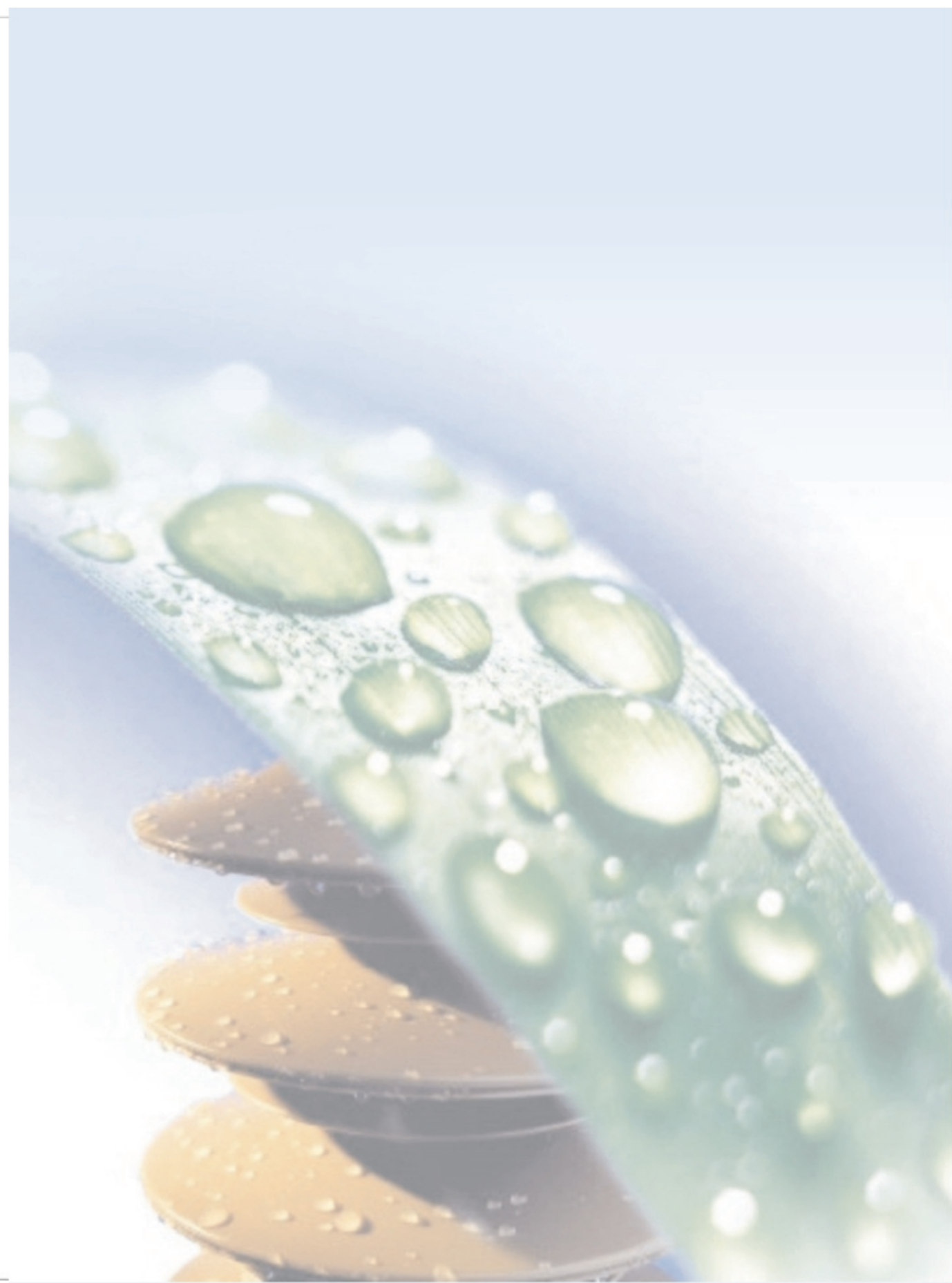


Goldstone



Goldstone Infratech Limited

12th Annual Report 2011-2012



CONTENTS

Notice	—	03
Directors' Report	—	06
Management Discussion and Analysis	—	11
Report on Corporate Governance	—	13
Standalone Financials:		
Auditors' Report	—	21
Balance Sheet	—	25
Statement of Profit and Loss	—	26
Note Numbers/Significant Accounting Policies	—	27
Notes to Accounts	—	29
Cash Flow Statement	—	44
Consolidated Financials:		
Auditors' Report	—	25
Balance Sheet	—	46
Statement of Profit and Loss	—	47
Note Numbers/Significant Accounting Policies	—	48
Notes to Accounts	—	50
Cash Flow Statement	—	65
Statement of Subsidiaries	—	66
Attendance Slip and Proxy Form	—	67

CORPORATE INFORMATION

Board of Directors:

Mr. M. Gopalakrishna, IAS (Retd.)
Mr. S. Murali Krishna
Mrs. Mahita Caddell
Mr. B. Appa Rao
Mr. L P Sashikumar (Managing Director)

Board Committees

Audit Committee:

Mr. B. Appa Rao
Mr. S. Murali Krishna
Mr. M. Gopalakrishna

Shareholders/Investors' Grievance Committee:

Mr. S. Murali Krishna
Mr. B. Appa Rao
Mr. L P Sashikumar

Compensation cum Remuneration Committee:

Mr. M. Gopalakrishna
Mr. S. Murali Krishna
Mr. B. Appa Rao

Management Team:

Mr. K V B Narayana (EVP, Operations)
Mr. D P K Udas (VP, Marketing)
Mr. B. Kiran Kumar Reddy (AGM, Production)
Mr. Adalat Srikanth (Company Secretary & Compliance Officer)

Statutory Auditors:

M/s. P. Murali & Company,
Chartered Accountants,
6-3-655/2/3, Somajiguda,
Hyderabad – 500 082.

Principal Bankers:

State Bank of Hyderabad
Syndicate Bank

Registrars & Share Transfer Agents:

M/s. Aarthi Consultants Private Limited,
1-2-285, Domalguda, Hyderabad – 500 029

Stock Exchanges where Company's Securities are listed:

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

Registered Office:

9-1-83 & 84, Amarchand Sharma Complex,
S.D. Road, Secunderabad – 500 003
Andhra Pradesh

Factory:

- 1) Plot No. 1&9, IDA, Phase II, Cherlapally,
Hyderabad – 500 051.
- 2) Plot No.8, IDA, Gaddapotharam, Jinnaram
Mandal, Medak Dist., A.P.

NOTICE TO SHAREHOLDERS:

Notice is hereby given that the 12th Annual General Meeting of the Company will be held on Saturday, the 29th September, 2012 at 3.30 p.m. at Plot 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051 to transact the following business :

hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting at such remuneration as may be determined by the Board".

By order of the Board of Directors

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss for the year ended as on that date along with Directors' Report and Auditors' Reports thereon.
2. To declare Dividend on Equity Shares for the year 2011-12.
3. To appoint a Director in place of Mrs. Mahita Caddell, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. B. Appa Rao, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration and for this purpose to consider and if thought fit to pass with our without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that M/s. P. Murali & Company (FRN: 007257S), Chartered Accountants, Hyderabad, be and are

Sd/-
Adalat Srikanth
Company Secretary

Place: Secunderabad

Date: 14th August, 2012

NOTES

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.

4. Payment of Dividend through ECS:
The Company offers the facility of electronic credit of Dividend directly to the respective bank accounts of shareholders, through Electronic Clearing Services (ECS). This facility is currently available at the locations specified by the Reserve Bank of India.
 - i) Members holding shares in physical form are advised to submit the Bank mandate particulars of their bank account viz., name and address of the branch of the bank, MICR code of the branch, type of account and account number latest by 24th September, 2012 to the Company's Registrar and Transfer Agent at Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500 029.
 - ii) Members holding shares in demat form are advised to inform the particulars of their bank account to their respective depository participants.
 5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Numbers in the attendance slip for attending the Meeting.
 6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 7. The Register of Members and Transfer Books of the Company shall remain closed from 24th September, 2012 to 29th September, 2012 (both days inclusive) for the purpose of Dividend and Annual General Meeting.
 8. 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.
 9. As on 31st March 2012, Rs.2,07,645.60/- was unclaimed out of the dividend declared on 28th September, 2007 for the financial year 2006-07; Rs. 2,25,360.00/- was unclaimed out of the dividend declared on 30th September, 2008 for the financial year 2007-08; Rs. 2,21,009.55/- was unclaimed out of the dividend declared on 30th September, 2009 for the financial year 2008-09; Rs. 1,33,458.00/- was unclaimed out of the dividend declared on 29th September, 2010 for the financial year 2009-10; and Rs. 1,41,903.00/- was unclaimed out of the dividend declared on 30th September, 2011 for the financial year 2010-11. 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 on 29th October 2014; 31st October, 2015 and 31st October, 2016, 31st October 2017 and 31st October 2018 respectively.
- 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. www.goldstonepower.com

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT
AT THE ANNUAL GENERAL MEETING:
(Pursuant to Clause 49 of the Listing Agreement)**

Name of Director	Mrs. Mahita Caddell
Date of Birth	1 st December, 1975
Date of Appointment	29 th May, 2004
Qualifications	MS (International Business Administration and Information Systems)
Expertise in specific functional areas	Over 9 years of experience in Industry and Business
List of other companies in which directorship held	1. Trinity Infraventures Ltd. 2. Shepherd Properties Pvt. Ltd.
List of the Committees of other Companies in which chairmanship/Membership held	NIL
Chairman/Member of the Committees of the Company	NIL
Shareholding in the Company	NIL
Relationship between Directors inter-se	Relative of Mr. L P. Sashikumar

Name of Director	Mr. B. Appa Rao
Date of Birth	5 th October, 1955
Date of Appointment	20 th April, 2009
Qualifications	Graduate in Commerce & Fellow Members of the Institute of Chartered Accountants of India.
Expertise in specific functional areas	Over 20 Years of experience in Industry and Business Sectors
List of other companies in which directorship held	1. Indur Green Power Pvt. Ltd. 2. Mandava Cold Storage Pvt. Ltd. 3. PBN Management Consultants Pvt. Ltd.
List of the Committees of other Companies in which chairmanship/Membership held	NIL
Chairman/Member of the Committees of the Company	Chairman of the Audit Committee; Member of the Shareholders/Investors' Grievance Committee; and Member of the Compensation cum Remuneration Committee.
Shareholding in the Company	NIL
Relationship between Directors inter-se	No

Directors' Report

To
The Members
Goldstone Infratech Limited

Your Directors have pleasure in presenting the 12th Annual Report together with the Audited Statements of Accounts of the company for the financial year ended 31st March 2012.

Financial Results:

The summarized financial results (Standalone) of the Company for the year ended 31st March, 2012 as compared to the preceding year are as under:

₹ in Lakhs		
Particulars	2011-12	2010-11
Gross Sales	6405.22	7295.38
Net Sales	5978.48	6804.07
Other Income	119.75	122.61
Total Income	6098.23	6926.69
Total Expenditure	5085.44	5788.08
Operating Profit (PBITD)	1012.79	1138.61
Interest	490.34	372.26
Depreciation and Write Offs	289.36	289.81
Profit Before Tax	233.08	476.52
Provision for taxation		
– Current	50.00	100.00
– Deferred	(1.88)	51.94
Profit after Tax	184.96	324.58
Extra-Ordinary Items		
- Taxes pertains to previous year	-	-
- Prior period adjustments	5.55	(1.12)
Net Profit	190.51	323.46
Surplus brought forward from previous year	2751.71	2544.46
Balance available for appropriation	2942.22	2867.92
Appropriations:		
• Proposed Dividend on Equity Shares	72.16	72.16
• Provision for Dividend Tax	11.71	11.71
• Transfer to General Reserves	19.05	32.35
• Others	2721.70	-
Surplus carried forward to Balance Sheet	117.60	2751.71
Equity Share Capital(3,60,80,737 Shares of ₹ 4/- each)	1443.23	1443.23
E.P.S (After Prior Period Items) (Rupees)	0.53	0.90
Net Worth	7312.29	9927.35
Book Value in rupees (face Value of ₹ 4/- each)	20.27	27.51

Review of Operations:

During the year under review, your Company achieved a gross turnover of Rs.6405.22 lakhs as against Rs. 7295.38 lakhs during the previous financial year and the Net Profit for the current financial year was Rs. 190.51 lakhs as against a Net Profit of Rs. 323.46 lakhs during the previous year. This was in spite of difficult market conditions arising due to global economic situations and slow pace of implementation of T & D Projects.

During the year under review, the Company got approval for 765KV Insulators and became the first company in the country to supply locally manufactured 765KV Insulators. The company also developed Solid Core Post Insulators for export market for 11KV and 33 KV. Our R & D efforts are in progress for the development of high capacity insulators of this type. The company has also started commercial production in the captive foundry to ensure timely availability of metal parts.

Dividend:

In spite of decrease in the profits, keeping in view the interests of the shareholders, your Directors have recommended a dividend of Re.0.20 paise (i.e. 5%) per equity share of Rs. 4/- each for the year ended 31st March 2012. The payment of dividend, if approved by the Shareholders at the ensuing Annual General Meeting, will entail an outflow of Rs.83,86,787 inclusive of Corporate Dividend Tax.

Consolidated Financial Statements:

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, the audited Consolidated Financial Statements are provided in the Annual Report.

Subsidiary Company:

TF SolarPower Private Limited is the wholly owned subsidiary of the Company. As the members may be aware, globally there is a downtrend in the

solar photo voltaic industry and also there is a drastic fall in the prices of Solar Modules. Due to these reasons, the project of the subsidiary company has been put on hold for the time being. The company is exploring various options in the best interests of the company. 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 company are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary company 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 company will also be kept open for inspection at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company.

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.

Management Discussion and Analysis:

Management Discussion and Analysis for the year under review as required under Clause 49 of the Listing Agreement entered with Stock Exchanges is given as a separate statement in the Annual Report.

Statutory Auditors:

M/s. P. Murali & Company (FRN: 007257S), Chartered Accountants, Hyderabad, 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. They being eligible, offer themselves for re-appointment. They have furnished a certificate stating that their re-appointment, if made, will be within the limits laid down under Section 224(1B) of the Companies Act, 1956.

Cost Auditors:

The Board of Directors at their meeting held on 10th August, 2011 had appointed Sagar & Associates, Cost Accountants, as the Cost Auditor of the Company for the FY 2011-12. The Cost Auditors have submitted their Compliance Report and the Board has approved the said Report in the Board Meeting held on 28th May, 2012 and the due date for filing of this Compliance Report with the Central Government is 31st December, 2012. The Company is yet to file this Report with the Central Govt. For the financial year 2012-13 also, the Board at its meeting held on 28th May, 2012 has appointed Sagar & Associates, Cost Accountants, as the Cost Auditor of the Company.

Directors:

Mrs. Mahita Caddell and Mr. B. Appa Rao, Directors, retire by rotation and being eligible offer themselves for re-appointment.

During the year under report, Mr. S D Rama Krishna has resigned from the Board with effect from 17th April, 2012.

Stock Exchange Listing:

Presently, the Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE). The Company has received the de-listing approval from Madras Stock Exchange with effect

from 26th May, 2012. 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 2012-13.

Director's Responsibility Statement:

In accordance with Section 217(2AA) of the Companies Act, 1956, the Directors of the Company, in respect of the financial year ended 31st March, 2012, confirm that:

- (a) in preparation of the Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) They have selected such accounting policies and applied them 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 at the end of the financial year and of the Profit of the Company for that year;
- (c) They have taken proper care 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.
- (d) They have prepared the Annual Accounts 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 attached to this Report.