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REPORTS OF SUBSIDIARY COMPANIES

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NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Company will be held on Tuesday the 30th September 2008 at 2.30 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 31st March 2008 and Profit & Loss Account for the year ended as on that date along with Directors' Report and Auditors' Report thereon.
2. To Declare Dividend on Equity Shares for the financial year 2007-08.
3. To appoint a Director in place of Mr.K.S.Sarma who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.D.P.Sreenivas 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 or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s.P.Murali & Co., Chartered Accountants, Hyderabad, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. L.P.Sashikumar, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 30th October 2007 and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Mr. Sukesh Gupta who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 25th June 2008 and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Mr. Dhakan Kishore Ratilal who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 25th June 2008 and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the

office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT Mr.P.V.Narasimha Rao who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 31st July 2008 and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

10. To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution.

“RESOLVED THAT subject to the approval of the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and/or Central Government under the Foreign Exchange management Act, 1999 (or any statutory modification or re-enactment thereof) and/or subject to such other approvals, permissions and sanctions as may be required and subject to the applicable provisions, if any, of the Companies Act, 1956 and subject to such conditions as may be prescribed by any of the authorities while granting such approvals/permissions/ sanctions, which the Board of Directors of the Company (hereinafter referred to as the “Board”) may accept, the consent, authority and approval of the Company be and is hereby accorded to allow Foreign Institutional Investors (FIIs)/ Non Resident Investors to acquire Equity Shares/ any securities of the Company through Stock

Exchanges or otherwise, provided that the total holding by FIIs/NRIs both on repatriation and non-repatriation basis shall be within overall ceiling of 49% of paid up Equity/ Preference share capital of the company.”

“RESOLVED FURTHER THAT the Directors of the company and/or the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to execute such documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of section 21 and other applicable provisions if any, of the Companies Act, 1956 and subject to the approval of concerned statutory authorities, consent of the company be and is hereby accorded for changing the name of the Company from “GOLDSTONE TECHNOLOGIES LIMITED” to “VIRGO TECH LIMITED” or such other name as may be made available by the statutory authorities and acceptable to the Board and that the name of the company shall be changed with effect from the date of issue of certificate of incorporation by the Registrar of Companies, Andhra Pradesh in that behalf.”

“FURTHER RESOLVED THAT the name “GOLDSTONE TECHNOLOGIES LIMITED” wherever appears in the Memorandum of Association and Articles of Association of the Company be substituted by “VIRGO TECH LIMITED” or such other name as may be made available to the Board.”

“FURTHER RESOLVED that the Board of Directors are hereby authorised to do all the necessary things and deeds as may be required for giving effect to the above resolution and for filing necessary forms / applications to statutory authorities, and for effecting the change of name wherever required.”

For and on behalf of the Board

D.P.Sreenivas
Executive Director

Place : Hyderabad

Date : 30th August, 2008

Notes:

- a. 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.
- 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 not less than 48 hours before the meeting.
- c. 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.
- d. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday 22nd September 2008 to 30th September 2008 (both days inclusive) for the purpose of dividend and Annual General Meeting.
- e. 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.
- f. Members/Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed for attending the meeting.
- g. Members holding shares in physical form are requested to notify, immediately, any change in their address to the Company at 9-1-83&84, Amarchand Sharma Complex, S.D. Road, Secunderabad – 500 003. Members holding shares in electronic form should update such details with their respective Depository Participants.
- h. Members are requested to bring their copy of the Annual Report to the meeting.

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

Item No: 6

Mr. L.P.Sashikumar has been appointed as Additional Director of the Company in the Board Meeting held on 30th October 2007 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 has been received from a member proposing his candidature for the office of Director liable to retire by rotation.

Your Directors recommend the resolution for approval of the members.

Except Mr.L.P.Sashikumar none of the Directors are in anyway concerned or interested in this resolution.

Item No: 7

Mr.Sukesh Gupta has been appointed as Additional Director of the Company in the Board Meeting held on 25th June 2008 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 has been received from a member proposing his candidature for the office of Director liable to retire by rotation.

Your Directors recommend the resolution for approval of the members.

Except Mr. Sukesh Gupta none of the Directors are in anyway concerned or interested in this resolution.

Item No: 8

Mr.Dhakan Kishore Ratilal has been appointed as Additional Director of the Company in the Board Meeting held on 25th June 2008 and holds

office till the conclusion of the ensuing Annual General Meeting.

Notice(s) pursuant to the provisions of Sec 257 of the Companies Act, 1956, together with the requisite deposit(s) have been received from the members proposing his/their candidature for the office of Director(s) liable to retire by rotation.

Your Directors recommend the resolution for approval of the members.

Except Mr. Dhakan Kishore Ratilal none of the Directors are in anyway concerned or interested in this resolution.

Item No: 9

Mr.P.V.Narasimha Rao has been appointed as Additional Director of the Company in the Board Meeting held on 31st July 2008 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 has been received from a member proposing his candidature for the office of Director liable to retire by rotation.

Your Directors recommend the resolution for approval of the members.

Except Mr. P.V.Narasimha Rao none of the Directors are in anyway concerned or interested in this resolution.

Item No: 10

The company is having aggressive plans to take up other business activities which require huge financial resources including rising further equity from the prospective investors either in India or Abroad.

As per the Reserve Bank India guidelines the NRI and FIIs can hold only upto 10% & 24% of the paid up share capital of the company. Any increase in the above limits require members



approval. In view of the future business plans, it was felt that the ceiling on investment by NRIs/ FIIs in share capital of the company be raised to 49% of the paid up share capital of the company, enabling the NRIs/ FIIs to acquire shares of your company.

Your Directors recommend the resolution for your approval.

None of the Directors are concerned or interested in the above resolution.

Item No: 11

The Company is at present engaged in the business of Information Technology and Software Solutions. The company intends to

take up other business activities in future. It is therefore proposed to change the name of the company.

Your directors recommend the resolution for your approval.

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

For and on behalf of the Board

D.P.Sreenivas
Executive Director

Place : Hyderabad
Date : 30th August 2008

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

Item # 3 of Notice of AGM

Mr. K.S.Sarma

Mr.Sarma aged 64 years, has a distinguished academic career with two post-graduate degrees, in Arts and Science and did his M.Phil from Manchester University, U.K. He worked, in his career, in the field of Education, teaching Economics & Statistics for a period of 10 years before joining the Indian Administrative Service. During his career he worked in various levels such as Joint Secretary, Special Secretary and Principal Secretary with Govt. of Andhra Pradesh before going on deputation to the Government of India.

He worked in the Ministry of Information & Broadcasting and held additional charge of the post of Director General, Doordarshan. He has functioned as Chief Executive Officer, Prasar Bharati (Broadcasting Corporation of India) and was instrumental in getting free to air Direct To Home service (Popularly known as DD Direct +) for the benefit of Indian viewers/listeners. He has been unanimously elected as Vice-President of Asia-Pacific Broadcasting Union (ABU) and as Vice-President of Commonwealth Broadcasting

Association (CBA), which comprises of about 100 broadcasting organizations in over 50 countries. He has also functioned as the President of Indian Broadcasting Federation (IBF).

He has travelled extensively abroad in his career and in particular, during his tenure in the Ministry of I&B/ Prasar Bharati and obtained deep insight into the working scenario of the electronic media.

He is not a Director in any other company nor holding any committee membership nor chairmanships in any other companies. He is not holding any shares in the company.

Item #4 of Notice of AGM

Mr. D.P.Sreenivas

Aged 38 years he is also the Director of Online Media Solutions Ltd. He has done his Bachelor of Commerce from SV University, and has over 12 years of experience in wide spectrum of industries including Management and Liaison. He has worked in MNCs like Ford Motor, Ford Credit and Ciber. He was project leader at Ford Credit and was involved in automation of dealer business and also instrumental in implementation of dealer portal project. He is not holding any equity shares in the company. The details of his other directorships and committee memberships are as given below:

Name of the Company	Designation	Committee membership & Chairmanship
(i) Online Media Solutions Limited	Director	Chairman Audit Committee Chairman Shareholders & Investors Grievance Committee
(ii) Staytop Systems and Software Pvt. Ltd.	Director	Nil

Item # 6 of Notice of AGM

Mr. L P Sashikumar

Mr. L. P. Sashikumar, aged 58 years has completed his Bachelors in Science and has

obtained is BS (Business Administration) from Union University, USA. He has vast experience in the industry and handling various operations and presently he is the Managing Director of Goldstone Infratech Limited from the last 7 years.

He is holding 757 equity shares in the company. The details of his other directorships and committee memberships are as given below:

Sl. No.	Name of the Companies / firm	Nature of Interest	Committee membership
1.	Goldstone Infratech Limited	Managing Director	Audit Comm. and Shareholders & Investors Grievance Committee
2.	Newtech Stewing Telecom Ltd.	Director	Nil
3.	Goldstone Granites Ltd.	Director	Nil
4.	Sun Plast O Met Pvt. Ltd.	Director	Nil
5.	Staytop Systems and Software Pvt. Ltd.	Director	Nil

Item # 7 of Notice of AGM

Mr. Sukesh Gupta

Mr.Sukesh Gupta is a Commerce Graduate. After completion of his formal education, he joined his family business of trading & manufacturing of Jewellery. He comes from the family that owns one of the most prestigious jewellery house of Hyderabad, popularly known by the name and style of M/s.Musaddil Jewellers. Mr.Gupta has enlarged the existing

business operations and exports in Gold, Diamond and antique Jewellery to various countries by promoting a flagship company by name MBS Impex Private Limited. He is also promoted Jewel village in Dubai along with Damas LLC and Deepu Jewellers LLC.

He is not holding any equity shares in the company and is not holding any committee membership nor chairmanships in any other companies. The details of his other directorships are as given below:

Sl. No.	Name of the Companies / firm	Nature of Interest	Committee Membership
1.	MBS Impex Pvt Ltd.	Director	Nil
2.	MBS Jewellers Pvt. Ltd.	Director	Nil
3.	Gehna Projects Pvt Ltd.	Director	Nil
4.	Platinum Panel Pvt. Ltd.	Director	Nil
5.	Evian Projects Pvt Ltd.	Director	Nil
6.	Anghelia Housing Pvt. Ltd.	Director	Nil
7.	Inn Tack Control Pvt. Ltd.	Director	Nil
8.	Shroff Apparels Pvt. Ltd.	Director	Nil
9.	Goldstone Infratech Limited	Director	Nil
10.	Aashi Realtors	Partner	Nil

Item # 8 of Notice of AGM

Mr. Dhakan Kishore Ratilal

Mr. Dhakan Kishore Ratilal born on 6th

December 1960 in Mumbai in a family of businessman dealing in gold and jewellery. After completing his education from Mumbai, he joined his family business at very early age.

He went to Dubai during the year 1985 and started his own unit for manufacturing and selling of gold jewellery in the name of Deepu Jewellers LLC and Samrah Gold Factory. During the last 25 years he made tremendous progress owning to his hard work and vision.

Presently Deepu Jewellers group having various joint ventures with most reputed companies in UAE like Damas, whose network of showrooms

is spread not only in UAE but Damas is reputed name all over the world in gold jewellery. Besides Damas, Deepu Jewellers group has various partnership/ joint ventures in India, Turkey, China and Malaysia for manufacturing and selling of quality gold jewellery. He is not holding any equity shares in the company.

He is Director in the following companies :

Sl. No.	Name of the Companies / firm	Nature of Interest	Committee Membership
1.	Goldstone Infratech Limited	Director	Nil
2.	Sonisons Enterprises Private Limited	Director	Nil
3.	Sonisons Jewellers Private Limited	Director	Nil
4.	Deepu Jewellers LLC	Director	Nil
5.	Samrah Gold Factory LLC	Director	Nil

Item # 9 of Notice of AGM

Mr. P.V.Narasimha Rao

Mr. P.V.Narasimha Rao, aged 50 years has completed his Masters in Business Management and has an experience of over 20 years. He has a remarkable expertise in the areas of

Management and Liaison. He has very good experience in Brand Building, Public & Media Relations. He is not holding any equity shares in the company.

The details of his other directorships and committee memberships are as given below:

Sl. No.	Name of the Companies / firm	Nature of Interest	Committee Membership
1.	Online Media Solutions Limited	Executive Director	Audit Comm. and Shareholders & Investors Grievance Committee
2.	Universal Broad Casting Company Pvt. Ltd.	Director	Nil
3.	Venkateswara Avenues Private Limited	Director	Nil
4.	Venkateswara Corporate Advisory Services Pvt Ltd.	Director	Nil

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DIRECTORS' REPORT

To
The Members
Goldstone Technologies Limited

Your Directors have pleasure in presenting the Fourteenth Annual Report of your company with the Audited Accounts for the financial year ended on 31st March 2008.

Financial Results Rs. In Millions

Particulars	2007-08	2006-07
Income from Software Development	561.90	410.35
Sales Income	43.34	-
Other Income	10.28	6.22
Total Income	615.52	416.57
Operating Profit	152.79	93.86
Interest	3.64	4.02
Depreciation and Write Offs	18.11	16.67
Profit Before Tax	131.04	73.18
Provision for Tax	16.40	1.60
Deferred Tax	-0.95	3.91
- Prior Period Adjustments	0.11	-2.46
Profit After Tax	115.48	77.94
Equity Share Capital (1,87,82,066 Shares of Rs. 10/- each)	187.82	130.01
EPS in Rs. (Weighted)	7.45	5.99
Networth	485.15	292.04
Book Value (face value Rs. 10/-) in Rs.	25.61	22.46

Review of Operations

During the period under Review, your Company has registered revenue of Rs. 561.90 Millions as against Rs. 410.35 Millions for the previous financial year registering 36% growth, resulting

in a Net Profit of Rs.115.48 Million as against Rs.77.94 Million.

Dividend

Your Directors are happy to recommend a dividend of 6% i.e., Rs.0.60 per equity share of Rs.10/- each on the paidup equity share capital for the year ended 31st March, 2008. The payment of dividend if approved by the shareholders at the ensuing Annual General Meeting will entail an outflow of Rs.131.84 lakhs inclusive of corporate dividend tax.

Fixed deposits

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

Insurance

The properties of your Company including its building, plant & machinery and stocks have been adequately insured.

Subsidiaries

Your Company has two wholly owned subsidiaries namely Staytop Systems Inc., and Prime soft LLC USA. The Directors' Report including Balance Sheet and Profit & Loss Account for the year ended 31st March 2008 of the Subsidiary Companies have been attached to this report. The brief financial results of the subsidiaries are given hereunder:

Staytop Systems Inc.,

During current period i.e., from 1st April 2007 to 31st March 2008, the company earned revenues of US\$ 11,121,393 (Rs. 448.03 Million) as against US\$12,352,859 (Rs. 559.02 Million) in 2006-07 and registered a net profit of US\$ 368,905 (Rs.14.86 Million) from 1st April 2007 to 31st March 2008 as against US\$757,515 (Rs.34.14 Million) in 2006-07.

Primesoft LLC

During the year under review, the Company has no operations.

Auditors

M/s P Murali & Co; Chartered Accountants Statutory Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and 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.

Directors

Mr. K.S.Sarma and Mr. D.P.Sreenivas Director(s) retire by rotation and being eligible offer themselves for re-appointment.

Following Directors have joined the company as Additional Directors on various dates since the last Annual General Meeting.

Sl. No.	Name of the Director	Date of appointment
1.	Mr.L.P.Sashikumar	30 th October 2007
2.	Mr.Sukesh Gupta	25 th June 2008
3.	Mr. Dhakan Kishore Ratilal	25 th June 2008
4.	Mr.P.V.Narasimha Rao	31 st July 2008

The Additional Directors would be retiring at this Annual General Meeting and are proposed to be appointed as Directors retireable by rotation.

Following Directors have left the company on

various dates from the last Annual General Meeting.

The Board places on record its appreciation for valuable services rendered by them during their tenure as Directors of the Company.

Sl. No.	Name of the Director	Date of Resignation
1.	Ms.Mahita Caddell	30 th October 2007
2.	Mr.Nandan Kundetkar	9 th July 2008
3.	Mr.V.P.Singh	25 th July 2008
4.	Mr.Clinton Travis Caddell	31 st July 2008

Outlook

Goldstone Technologies Limited IT services division focuses in providing IT services in the area of Application Services, Software Product Enhancement and Support, Enterprise Application Integration and Forte to Java migration. Though the emphasis in terms of geographical focus was in US during the year 2007-08, for the year 2008-09, Goldstone has taken

strong initiatives to capture the European market. Initiatives taken are building strong and experienced telemarketing and sales team, supported by good presales and delivery team. Goldstone also working towards building local alliances in Nordic Countries (in Europe) which will enable your company to have a local presence in these countries to carry its service offerings.

Goldstone has also taken initiatives to include IT Infrastructure Managed Services as one of its key service offerings for the year 2008-09.

The Company's Media Division is providing Restoration and Colorization services to the media industries specially the film industry. It has finished digitization, restoration of Guide for Cannes Film Festival. Digitization, Restoration and Colorization of Kannada film Satya Harichandra, and Hindi film Hum Dono. Goldstone plans of setting up the film services division for providing Digital Intermediate services and Special Effects services to the new feature films are under progress. Right now around 200 people are working in this division and your company is in advance level of discussions with some business partners and clients for large number of digitization, restoration and colorization jobs in India and Asia.

Goldstone is in the process of providing IPTV services overseas, targeting ethnic populations of the world with initial focus on NRIs and looking for strategic partners for taking it forward. Goldstone is currently evaluating the feasibility of starting the operations in India.

Stock Exchange Listing

The Equity shares of the company are listed on the National Stock Exchange of India Limited, Bombay Stock Exchange Limited, Madras Stock Exchange Limited, Delhi Stock Exchange Limited and Ahmedabad Stock Exchange Limited. The company confirms that it has paid Annual Listing Fees due to all the stock exchanges for the year 2008-09.

Further Issues and Utilisation of Funds

1. During the year the Company has allotted 5,400,000 equity shares of Rs. 10/- each subsequent to the conversion of share warrants issued on preferential basis to two companies.

2. The Company allotted 35,918 equity shares of Rs. 10/- each to the promoters of M/s Staytop Systems Inc., and completed the acquisition of the wholly owned subsidiary.
3. During the year the Company allotted 344,828 equity shares of Rs. 10/- each to promoters of 4G Informatics Private Limited as a part consideration for acquiring 51% shareholding in that company.

The Board of Directors confirm that the funds raised through the preferential issues during the year were utilised for the purposes mentioned therein.

Director's Responsibility Statement

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

- (a) That in preparation of the Accounts for the financial year ended as on 31st March 2008, the applicable accounting standards have been followed and there are no material departures there from.
- (b) That they selected such accounting policies and applied consistently and judgements 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 31st March 2008 and of the profit or loss of the Company for the period ended on that date.
- (c) 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.
- (d) That the annual accounts for the financial year ended 31st March 2008 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.

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.

Balance Sheet Abstract And Company's General Business Profile

Information pursuant to notification issued by the Department of Corporate Affairs, relating to Balance Sheet Abstract and Company's General Business Profile is given in the Annual Report for information of the Shareholders.

Particulars of Employees

Particulars required under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given below:

Name, Age, Qualification, & % of shareholding in the company	Designation	Date of commencement of employment	Experience (yrs)	Basic Salary (Rs.lacs)	Perquisites	Last employment
Mr.Clinton Travis Caddell 31 years Bachelor of Science from University of North Carolina - Nil -	Managing Director & CEO	01.12.2006	6	48.35	-	Lockheed Martin
Mr.D.P.Sreenivas 38 years Bachelor of Commerce from S V University - Nil -	Executive Director	01.12.2006	13	21.60	2.40	Business

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

Disclosure of 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 1998.

1. Conservation of Energy

The operations of the company are not

energy intensive. However, adequate measures have been taken to conserve and reduce the energy consumption.

2. 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.

3. Foreign Exchange Earnings & Outgo

The details of Foreign Exchange earnings and outgo are given below:

Particulars	Rs. In Lakhs	
	2007-2008	2006-2007
(a) Foreign Exchange Earnings	417.32	430.04
(b) Foreign Exchange Outgo	675.92	334.45

Acknowledgements

Your directors convey their sincere thanks to Syndicate Bank, ICICI Bank and UCO Bank 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

D.P.Sreenivas
Executive Director

L.P.Sashikumar
Director

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CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance

The Company envisages the attainment of highest level of transparency in all facets 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 high standards in all its endeavours.

BOARD OF DIRECTORS

Composition of Board

As on the date of Annual Report the Board comprises of six directors as per the details given below:

Name of the Director	Position	Category	No. of Directorships held in other Companies	Committee Memberships in other companies
Mr.D.P.Sreenivas	Executive Director	Executive & Non Independent	2	2
Mr.L.P.Sashikumar*	Additional Director	Non Executive & Non Independent	4	3
Mr.K.S.Sarma	Director	Non Executive & Independent	Nil	Nil
Mr.Sukesh Gupta**	Additional Director	Non Executive & Independent	9	Nil
Mr.Dhakan Kishore Ratilal**	Additional Director	Non Executive & Independent	5	Nil
Mr.P.V.Narasimha Rao***	Additional Director	Non Executive & Independent	4	2

*Appointed as Additional Director in the Board of Directors Meeting held on 30th Oct 2007

** Appointed as Additional Directors in the Board of Directors Meeting held on 25th June 2008

*** Appointed as Additional Director in the Board of Directors Meeting held on 31st July 2008

Board Meetings

During the financial year 2007-08 eight Board Meetings were held on the following dates: 30th April 2007, 30th July 2007, 24th August 2007, 7th September 2007, 20th October 2007, 30th October 2007, 30th January 2008 and 19th February 2008

The details of attendance of Directors at the Board Meetings, AGMs given below.

Name of the Director	Number of Board Meetings held	No. of Board Meetings Attended	At Last AGM (Yes/No)
Mr. Clinton Travis Caddell	8	3	Yes
Mr. D P Sreenivas	8	5	Yes
Mr. V P Singh	8	5	No
Mr. Nandan Kundetkar	8	6	No
*Mrs. Mahita Caddell	6	3	Yes
Mr. K S Sarma	8	8	No
*Mr. L P Sashikumar	3	3	No

* Mrs. Mahita Caddell resigned and Mr. L.P. Sashikumar joined with affect from 30th October 2007.

AUDIT COMMITTEE

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges.

The terms of reference includes:

- Overseeing financial reporting processes.

- Reviewing periodic financial results, financial statements and adequacy of internal control systems.
- Approving internal audit plans and reviewing efficacy of the function.
- Discussion and review of periodic audit reports and
- Discussion with External Auditors about the scope of audit including the observations of the Auditors.

Presently the Audit Committee is consisting of the following Directors

SI.No.	Name of Committee Member	Category
1.	Mr. K.S.Sarma	Non Executive Independent
2.	Mr. P.V.Narasimha Rao	Non Executive Independent
3.	Mr. Sukesh Gupta	Non Executive Independent
4.	Mr. D.P.Sreenivas	Executive & Non Independent

The Committee had met 5 times during the year 2007-08 and attendance at the meeting was as under:

SI.No.	Name of the Director	Number of Meetings held	No of Board Meetings Attended	Meeting held on
1.	Mr. V P Singh	5	3	30 th April 2007
2.	* Mr. K S Sarma	4	4	30 th July 2007
3.	* Mr. D P Sreenivas	4	3	24 th August 2007
4.	** Ms. Mahita Caddell	4	2	30 th October 2007
5.	Mr. Nandan Kundetkar	5	5	30 th January 2008

* Mr.K.S.Sarma & Mr.D.P.Sreenivas were inducted into the committee from 30th July 2007

** Ms.Mahita Caddell resigned from the Board from 30th October 2007.

DISCLOSURES

A) Related Parties

The following information is placed before the Committee on periodical basis:

- (i) A statement in summary form of transactions with related parties in the ordinary course of business, if any.
- (ii) Details of material individual transactions with related parties which are not in the normal course of business, if any.
- (iii) Details of material individual transactions with related parties or others, which are not on an arm's length basis, if any, together with Management's justification for the same

As required by the Accounting Standard-18, issued by the Institute of Chartered Accountants of India, details of related-party transactions are at Schedule 7 of Notes to Accounts

B) Disclosure of Accounting Treatment

There are no changes in the Accounting treatment during the year

C) Board Disclosures – Risk management

The company periodically evaluate and review the risks involved in the business. However, the company is not yet laid down procedures about the risk assessment and minimization.

(D) Proceeds from public issues, rights issues, preferential issues etc.

Whenever the company raises any monies through preferential issue or other issues, the details of the proceeds and utilisation would be placed before the Committee for review. So far, the company has utilised the funds raised during the year for the purposes for which those have been raised.

(E) Remuneration of Directors

Except the remuneration to Executive Directors and sitting fee to Non Executive Directors, there are no pecuniary relationships or transactions entered with the non-executive directors' vis-à-vis the company.

All elements of remuneration package of individual directors are given in this Report.

(F) Compliance of Non-Mandatory provisions

The Company has not yet considered any of the non-mandatory provisions of the Corporate Governance as specified in the Listing Agreement. However, the same would be considered for implementation at an appropriate time.

REMUNERATION/COMPENSATION COMMITTEE

The Remuneration Committee inter alia recommends to the Board the compensation terms of the Executive Directors and senior most level of management immediately below the Executive Directors. The Remuneration Committee presently consist of four Non Executive Directors as given below:

SI.No.	Name of Committee Member	Category
1.	Mr. K.S.Sarma	Non Executive Independent
2.	Mr. P.V.Narasimha Rao	Non Executive Independent
3.	Mr. Sukesh Gupta	Non Executive Independent
4.	Mr. L.P.Sashikumar	Non Executive & Non Independent

During the year, there are no meetings of the Remuneration Committee were held.

Details of the remuneration and sitting fee paid to the Directors during the financial year 2007-08 as given below:

Name of the Director	Amount in Rs.			
	Salary	Perquisites	Sitting Fee	Total
Clinton Travis Caddell	48,34,800	-	-	48,34,800
D.P.Sreenivas	21,60,000	2,40,000	-	24,00,000
V.P.Singh	-	-	80,000	80,000
Nandan Kundetkar	-	-	80,000	80,000
Mahita Caddell	-	-	35,000	35,000
K.S.Sarma	-	-	1,25,000	1,25,000
L.P.Sashikumar	-	-	45,000	45,000

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholders/ Investor Grievance Committee oversee the redressal of shareholder

and investor grievances and approval of sub-division/ transfer /transmission of shares, issue of duplicate certificates etc.

The Committee presently consists of 4 Directors as given below:

SI.No.	Name of Committee Member	Category
1.	Mr. K.S.Sarma	Non Executive Independent Director
2.	Mr. P.V.Narasimha Rao	Non Executive Independent Director
3.	Mr. Sukesh Gupta	Non Executive Independent Director
4.	Mr. D.P.Sreenivas	Non Executive & Non Independent Director

During the financial year the committee has considered the Share Transfers/Transmission/ Issue of Duplicate Shares on various dates on 29th May 2007, 28th Jun 2007, 16th Jul 2007, 22nd Aug 2007, 22nd Sept 2007, 16th Nov 2007, 3rd Dec 2007, 13th Dec 2007, 24th Dec 2007, 12th Jan 2008, 25th Jan 2008, 5th Mar 2008 and 24th Mar 2008.

During the year under review, the company has resolved/ replied back to the shareholders on the Investor complaints received by it and there are no complaints pending as on 31st March, 2008.

Name and Designation of Compliance Officer
Mr. A.Narendra, Company Secretary

General Body Meetings

The Last three Annual General Meetings of the

company were held at Plot No. 1 & 9 IDA, Phase II, Cherlapally, Hyderabad – 500 051 as detailed below:-

Year	No. of Meeting	Date of Annual General Meeting held	Time
2006-07	13 th	29 th September 2007	10.30 AM
2005-06	12 th	27 th December 2006	10.30 AM
2004-05	11 th	29 th September 2005	10.30 AM

During the year the company has amended the Main Objects of the company and sought approval of members by way of Postal Ballot. The results were as follows:

Total Number of Postal Ballots sent	Total Number of Postal ballot forms received by the Company	Total number of valid ballot form	Total number of invalid ballot forms
7828	75	73	2

VOTED FOR AND AGAINST THE RESOLUTION

Total number of members voted in favour of the resolution	Total no. of shares held by them.	% of shares to the total shares voted	Total no. of members voted against the resolution	Total number of shares held by them.	% of shares to the total shares voted	Whether the resolution was passed or rejected
73	8928754	100%	Nil	Nil	0%	Passed

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 to Whole-time Directors has been disclosed in the Annual Report

No penalties were paid nor any strictures imposed on the company by the stock exchanges or SEBI or any statutory authority for Non-Compliance of any matter related to capital markets, Listing Agreement, Filing of the requisite Forms, Returns and Documents with the Registrar of Companies (ROC)

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 & Analysis

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

GENERAL SHAREHOLDERS' INFORMATION

- The Fourteenth Annual General Meeting of the Company will be held on Tuesday, 30th September, 2008 at 2.30 P.M at Plot No 1 & 9 Phase II, IDA Cherlapally, Hyderabad- 500051.

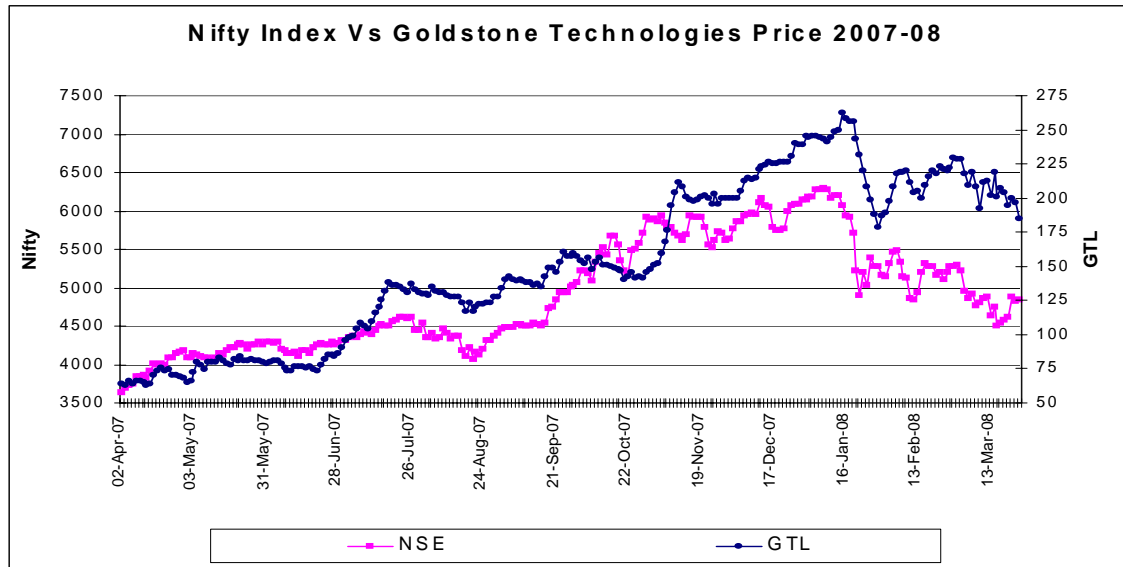
- ii) Dates of Book Closure: 22nd September 2008 to 30th September 2008.
- iii) Financial Year of the Company is 1st April to 31st March.
- iv) Financial Reporting for the quarter ending 30th September, 2008, 31st December, 2008, 31st March, 2008 and 30th June, 2009 will be in the last week of the month following the closure of the quarter.
- v) Dividend Payment Date is within 30 days from the date of declaration.
- vi) Stock Exchanges where the shares of the Company Listed are as given below.

1. National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex Bandra East, Mumbai – 400 051	4. Bombay Stock Exchange Ltd. 25 th Floor, P J Towers, Dalal Street, Mumbai –400 001
2. Delhi Stock Exchange Assoc Ltd DSE House, 3/1 Asaf Ali Road New Delhi – 110 002	5. Ahmedabad Stock Exchange Ltd Kamadhenu Complex, Opp Sahajanand College Panjarapole, Ahmedabad – 380015
3. Madras Stock Exchange Limited Exchange Building Post Box No. 183 Second Line Beach, Chennai - 600001	

vii) **Stock Code:** NSE – GOLDTECH; BSE – 531439; ISIN Code - INE805A01014

Market Price Data

Month	NSE		BSE	
	High	Low	High	Low
April 2007	75.00	62.90	77.80	62.25
May 2007	84.40	72.20	85.20	67.00
June 2007	90.65	73.20	90.80	72.00
July 2007	138.55	95.20	145.35	92.50
August 2007	134.40	116.90	135.00	111.65
September 2007	160.65	135.10	164.70	133.55
October 2007	157.10	140.30	162.95	135.50
November 2007	211.05	152.15	214.35	150.00
December 2007	239.75	199.40	247.85	199.50
January 2008	262.45	178.85	272.80	170.25
February 2008	229.40	197.85	235.00	190.00
March 2008	219.10	185.25	228.80	180.00



Outstanding GDR's/ADR's/Warrants or convertible instruments and impact on Equity:

The Company has not issued any GDRs/ADRs. The company has allotted 2.00 Crore equity share warrants to Goldstone Exports Limited on 7th September 2008. The share capital stands

increased on conversion of the outstanding equity share warrants.

Registrar and Transfer Agents

M/s Aarathi Consultants Private Limited
1-2-285, Domalguda, Hyderabad – 500 029
Tel: +91-40-27638111/4445
Fax: +91-40-27632184
Email: info@aarthiconsultants.com;

Distribution of Shareholding as on 31st March, 2008

Share holding of nominal value of	Shareholders		Share Capital	
	Number	% of Total	In Rs.	% of Total
Upto – 5000	5787	83.94	8527200	4.54
5001 – 10000	550	7.98	4687390	2.49
10001 – 20000	221	3.21	3394290	1.80
20001 – 30000	93	1.35	2414140	1.29
30001 – 40000	38	0.55	1373190	0.73
40001 – 50000	41	0.59	1932320	1.03
50001 – 100000	58	0.84	4557330	2.43
100001 and above	106	1.54	160934800	85.69
Total	6894	100.00	187820660	100.00

Shareholding Category wise Distribution

Category	No. of shares	% to share capital
	As on 31.03.2008	
Promoters	3534153	18.82
Mutual Funds and UTI	701300	3.73
Banks	2900	0.02
FII's	505000	2.69
Private Corporate Bodies	9315364	49.60
Indian Public	4222740	22.48
NRIs / OCBs	310563	1.65
Trusts	1100	0.00
Clearing Members	188946	1.01
Grand Total	18782066	100.00

Dematerialization of Shares and Liquidity

The International Security Identification Number (ISIN) allotted to the Company Scrip is INE805A01014. Investors have better liquidity in Dematerialized Form and are therefore advised to open a Demat Account with a Depository Participant of their choice to trade in Dematerialized form. As on 31st March 2008 over 95.89% of the company Shares are held in Electronic Form

Location of Software Divisions

Door No. 8-2-243/A, 2 nd and 3 rd Floor, Maharshi Building, Road No. 3 Banjara Hills, Hyderabad – 500 034
B- 10 APGENCO Building, GST Colony, Erragadda, Hyderabad – 500 045
8603 Westwood Center Drive Suite 200, Vienna Virginia – 22182 United States of America

Address for Correspondence

Goldstone Technologies Limited,
Shares Department, 9-1-83 & 84
Amarchand Sharma Complex,
S D Road, Secunderabad – 500 003
Tel: +91 – 40 - 27807640
Fax +91 – 040 - 39120023
Email: cs@goldstonetech.com

Code of Conduct & ethics policy of the Company

This is to confirm that the Company has adopted Code of Conduct and ethics policy applicable to its key employees and Board of Directors of the Company.

The Code is available on the Company's website.
www.goldstonetech.com.

Declaration

I confirm that the Company has in respect of the Financial year ended 31st March 2008, received from the Senior Management Team of the Company and the members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For and on behalf of the Board

D.P. Sreenivas
Executive Director

Compliance Certificate of the Auditors on Corporate Governance

The Company has obtained a certificate from the statutory auditors regarding compliance of conditions of corporate governance as stipulated in Clause 49, which is annexed herewith.

Auditors' Certificate on Corporate Governance

To
The Members
Goldstone Technologies Limited
Secunderabad

We have examined the Compliance of conditions of Corporate Governance by Goldstone Technologies Limited, for the year ended 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our Examination was limited to the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that generally no Investor Grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P. Murali & Co.,
Chartered Accountants

Place: Hyderabad
Date: 30.08.2008

P Murali Mohan Rao
Membership No. 23412

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MANAGEMENT DISCUSSION AND ANALYSIS

The financial year of the Company consist of 12 months ended as on 31st March 2008.

Industry Structure, Development and Outlook

Changing economic and business conditions, rapid technological innovation, proliferation of the internet, and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate. The Indian IT-ITES industry (including domestic market) continued its robust growth in 2007-08 too. The total software and services revenue is estimated to be USD 52.0 billion as compared to USD 39.5 billion in the corresponding previous year. Exports alone was USD 40.3 billion as compared to USD 31.3 billion in the corresponding previous year. (*Strategic Review Report Feb 2008, NASSCOM*). Outsourcing continues to be the primary growth driver, sustained by gradual shifts in regional spending patterns – with increasing traction in Europe and Asia Pacific offsetting a marginal decline in share of the Americas. Increasing emphasis on innovation-led growth added to the secular trend in technology related spending, with IT-enablement.

Opportunities and Threats

India is recognized as the premier destination for offshore technology services. Your Company is ready to harness the good business potential apart from the existing Software development and Technical support services.

Digitisation/ Restoration is required for every movie. Sometime even for a brand new movie also. There are hundreds of films are there to be restored all over the world. India being the primary hub of films is a big a market. The growth of TV, Satellite channels, IPTV, VOD, DVD, H-DVD, Blue-Ray etc. has created a huge

demand for content, not just content the cleanest possible content.

IPTV services have very good business potential targeting the NRIs and other non residents in various countries.

Fluctuation in the rupee-dollar exchange rate continues to be a threat. IPTV services too may face competition from major service providers in India and globally. Scarcity of talent, procurement of quality content and attrition continues to be the major challenges.

Financial Performance

Capital Structure

1. During the year the Company also allotted 5,400,000 equity shares of Rs. 10/- each subsequent to the conversion of share warrants issued on preferential basis to two companies viz., Summit Communications Private Limited and Horizon Television Private Limited.
2. The Company allotted 35,918 equity shares of Rs. 10/- each to the promoters of Staytop Systems Inc. , and completed the acquisition.
3. During the year the Company allotted 344,828 equity shares of Rs. 10/- each to promoters of 4G Informatics Private Limited as per the resolution passed at the extraordinary general meeting on 30th November 2007 as a part consideration for acquiring 51% shareholding in that company. Consequent to the above changes the paid up capital of the Company has increased to Rs. 187,820,660/-.

Reserves and Surplus

The Increase in Reserves and Surplus has been contributed by Rs.109.97 million through Share Premium and Rs.115.59 million by profit for the year 2007-08.

Fixed Assets

The Fixed Assets during the year increased by Rs.64.26 million spent on Electronic Equipment, Building, Vehicles, Computers, Office Equipment and Furniture and Electrical Installations. Software design, development and testing tools to the tune of Rs.88.32 million were shown as intangible assets and Rs.8.54 million were written off during the year.

Investments.

During the year 2004-05 Company has acquired Staytop Systems Inc, for a total consideration of Rs.92.66 million, up to financial year 2005-06 company has paid Rs.57.66 million and Rs.30.63 million has been paid during the year 2006-07, and the balance was paid during the year by issue of 35,918 equity shares of Rs.10/- as fully paid towards the balance amount payable in stock.

Your Company is poised to acquire 51% stake in 4G Informatics Private Limited engaged in Bio-metric identity solutions. The Company will be using a combination of cash and stock to fund the acquisition. The Board of Directors in their meeting held on February 19, 2008, considered and allotted 3,44,828 Equity Shares of the company as a part consideration to the promoters of 4G Informatics for the purpose of acquisition of 51% in 4G Informatics Limited.

Sundry Debtors

Sundry Debtors balance as on 31st March 2008 is increased by Rs.353.97 million compared to that of 31st March 2007. The increase is due to the fact that the large scale billings happened during the last quarter of the financial year. Provision to the tune of Rs.0.93 million was made during the year for the doubtful debts, the balance in the sundry debtors is considered good and recoverable.

Cash and Bank Balances

The Cash and Bank Balances were reduced by Rs.6.41 Million when compare to the previous year. Efforts were made to maintain Cash and Bank Balances at minimum level.

Loans and Advances

Loans and Advances increased by Rs. 3.53 Million as compared to the previous year. The increase was due to Capital Expansion plans undertaken by the Company which lead to advances to suppliers and deposits.

Inventory

Due to the operation of its new division for IPTV services, the Company had an inventory of Rs. 8.36 million which mainly consisted of set-top boxes.

Current Liabilities & Provisions

The balance of Current Liabilities has increased by Rs.303.60 Million compared to the previous year. The increase was mainly because of payments due on sub-contracts for software projects.

Provision for Gratuity and Leave Encashment has been made on the basis of actuarial valuation.

OPERATIONAL REVENUE

Revenue

Revenue has increased by Rs.151.55 Million (36.93%) in comparison with previous year.

EXPENDITURE

Personnel Costs

There is a decrease of Rs.38.98 Million in comparison with earlier year; the decrease was due to reduction in idle resources.

Operating and Admn. Expenses

There is an increase of Rs.289.79 Million in comparison with previous year. The increase was mainly due to expenditure incurred on the two new divisions of the Company, i.e, IPTV services and Digital Media Division.

Financial Charges

Financial charges have come down by Rs.0.37 Million mainly due to prudent working capital management.

Depreciation

An amount of Rs.18.10 Million was provided as Depreciation for the year.

Provision for Tax

For the financial year under review, the Company availing the benefits under Section 10A of the Income Tax Act. However, the company is required to pay the Minimum Alternate Tax(MAT). The Company provided Rs. 16.40 million for the MAT and Rs.0.95 Million towards Fringe Benefit Tax.

Net Profit/Loss

The Company reported Rs. 115.48 Millions Profit after Tax for the year 2007-08 compared to Rs.77.94 Millions in the previous year, recording a growth of 61.55%.

Earnings per shares

The earning per share of the Company for the year is Rs. 7.45 per share of face value of Rs.10/- each as against Re.5.99 of the previous year.

Internal Control & Systems

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statutes &

corporate policies are duly complied with, the internal audit function has been structured to continuously review the adequacy and efficacy of the internal controls. The audit committee reviews the internal audit reports at regular intervals.

The company has an audit committee constituted as per section 292(a) of the Companies Act, 1956 and as per the requirements of Corporate Governance specified under Clause 49 of the Listing Agreement.

Human Resource Development and Industrial Relations

The Company's HRD Policy provides an innovative and responsive employment system for recruitment, hiring and retention of talented employees to Strengthen Employee capabilities and Reputation of the Organization. Provides a positive and supportive work environment that increases employee satisfaction, rewards excellent performance and promotes multitasking efforts to reinforce Commitment to be a employee-centered Organization

The Company's Corporate HRD policy emphasizes on continuous, increased quality and commitment of its employees in order to succeed in the achievement of the corporate goals. The company provides employee development opportunities by conducting training programs to equip the employees with upgraded skills enabling them to adapt to the contemporary technological advancements.

The HRD Team strives for the enhancement of Human Resources Organization, systems, processes and procedures, using the principles of continuous quality improvement that incorporate quality service and excellent performance standards, increased accountability and maximizes cost-effectiveness.

As on 31st March 2008 the Company has total strength of 413 employees: Domestic 369 Overseas 44.

Outlook for the year 2008-09

Though the emphasis in terms of geological focus was in US during the year 2007-08, for the year 2008-09, Goldstone has taken strong initiatives to capture the European market. Initiatives taken are building strong and experienced telemarketing and sales team, supported by good presales and delivery team. Goldstone also working towards building local alliances in Nordic Countries (in Europe) which will enable your company to have a local presence in these countries to carry its service offerings.

Goldstone has also taken initiatives to include IT Infrastructure Managed Services as one of its key service offerings for the year 2008-09.

Goldstone has finished digitization, restoration of Guide for Cannes Film Festival, Digitization, Restoration and Colorization of Kannada film Satya Harichandra, Hindi film Hum Dono. Plans setting up the film services division for providing Digital Intermediate services and Special Effects services to the new feature films

are under progress. Goldstone is in advance level discussions with some business partners and clients for large number of digitization, restoration and colorization jobs in India and Asia.

Goldstone is in the process of providing IPTV services overseas, targeting ethnic populations of the world with initial focus on NRIs and looking for strategic partners for taking it forward. Goldstone is currently evaluating the feasibility of starting the operations in India.

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.

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AUDITORS' REPORT

To
The Members
Goldstone Technologies Limited

We have audited the attached Balance Sheet of **GOLDSTONE TECHNOLOGIES LIMITED**, as at 31st March 2008 and also the Profit & Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) order 2003 and as amended by the Companies (Auditor's Report) (Amendment) order 2004, issued by the Central Government of India in terms of the sub-section (4A) of section 277 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that

- i. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our Audit.

- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- iii. The Balance Sheet and Profit & Loss dealt with by this report are in agreement with the books of Account.
- iv. In our opinion the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting standards referred to the sub-section (3C) of Section 211 of Companies Act, 1956.
- v. On the basis of written representations received from the Directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 from being appointed as Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2008
 - b. In the case of the Profit & Loss Account of the Profit for the period ended on that date.
 - c. In the case of Cash Flow Statement of the cash flows for the period ended on that date.

For **P Murali & Co;**
Chartered Accountants

P. Murali Mohana Rao
Partner
Membership No. 23412

Place: Hyderabad
Date:- 30.08.2008

ANNEXURE TO THE AUDITOR'S REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other Parties covered in the register maintained U/s 301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 is prejudicial to the interest of the Company, is not applicable
- (c) As no loans are granted by the company, the clause of receipt of interest & principal amount from parties is not applicable to the company.
- (d) No loans have been granted to Companies Firms & other parties listed in the register U/s 301 of the Companies Act, 1956, hence overdue amount of more than rupees one lakh does not arise and the clause is not applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms & Other parties covered in the register maintained U/s 301 of the Companies.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of the Company, is not applicable.
- (g) As no loans are taken by the Company, the clause of repayment of interest & principal amount to parties is not applicable to the Company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to the purchase of fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanations given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the Company in respect of any party in the financial year, the entry in the

register U/s 301 of the Companies Act, 1956 does not arise.

- (b) According to the information and explanation given to us, as no such contracts or arrangements made by the Company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal has not been received by the Company.
- VII. In our opinion, the company is having internal audit system commensurate with its size and nature of its business.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- IX. (a) The Company is regular in depositing statutory dues including PF, ESI, CESS, and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable:
- (b) According to the information and explanations given to us no undisputed amounts are payable in respect of PF, ESI, CESS and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of not less than 5 years and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- XI. According to information and explanations, given to us, the Company has not defaulted in repayment of dues to financial institutions or banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to the Chit Fund in respect of Nidhi Mutual Benefit Fund/Societies.
- XIV. According to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditors Report) Order 2003, are not applicable to the Company.
- XV. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantee given by the Company for loans taken by

others from banks are not prima facie prejudicial to the interests of the Company.

XVI. According to the information and explanations given to us, the Term Loans were applied by the Company for the purpose for which the loans are obtained.

XVII. According to the information and explanations given to us, no funds are raised by the Company on short-term basis. Hence the clause of short term funds being used for long-term investment does not arise.

XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to the parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.

XIX. According to the information and explanations given to us, the company does

not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.

XX. According to the information and explanations given to us, the Company has not raised any moneys by way of Public Issue during the year; hence the clause regarding the disclosure by the management on the end use of money raised by the Public Issue is not applicable.

XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For **P Murali & Co;**
Chartered Accountants

P. Murali Mohana Rao
Partner
Membership No. 23412

Place: Hyderabad
Date: 30-08-2008

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BALANCE SHEET AS AT 31st MARCH, 2008

	Sch.	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
I. SOURCE OF FUNDS			
1 SHAREHOLDERS' FUNDS			
a. Share capital	1	187,820,660	130,013,200
b. Share Warrants money		45,000,000	11,340,000
c. Reserves and Surplus	2	422,385,521	211,275,554
		655,206,181	352,628,754
2 LOAN FUNDS	3		
a. Secured Loans		173,236,154	29,540,123
b. Unsecured Loans		—	46,200,000
		173,236,154	75,740,123
3 DEFERRED TAX			
Deferred Tax Liability		616,522	1,564,040
		616,522	1,564,040
TOTAL		829,058,856	429,932,918
II. APPLICATION OF FUNDS			
1 FIXED ASSETS	4		
a. Gross block		390,524,439	277,334,392
b. Less : Depreciation		145,548,176	118,903,183
Net block		244,976,263	158,431,209
Add : Capital Work in Progress	6	247,138,130	89,391,842
		492,114,393	247,823,051
2 INVESTMENTS	5	187,868,806	88,288,433
3 CURRENT ASSETS, LOANS & ADVANCES			
a. Sundry Debtors	7	581,916,166	227,943,788
b. Cash and Bank Balances	8	10,839,190	17,256,862
c. Loans and Advances	9	23,662,676	20,133,440
d. Inventory	10	36,554,675	—
		652,972,706	265,334,090
Less: Current Liabilities & Provisions			
a. Current Liabilities	11	472,386,617	168,783,408
b. Provisions	12	31,510,433	2,729,248
		503,897,050	171,512,656
NET CURRENT ASSETS		149,075,656	93,821,434
TOTAL		829,058,856	429,932,918
Significant Accounting Policies and Notes to Accounts	18		

As per our report attached

For **P. MURALI & CO.**

Chartered Accountants

P. Murali Mohana Rao

Partner

Membership No. 23412

For and on behalf of the Board

L.P.Sashikumar

Director

D.P.Sreenivas

Executive Director

Place: Hyderabad

Date : 30th Aug, 2008

A. Narendra
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	Sch.	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
INCOME			
Software development	13	561,899,124	410,348,370
Sales	13	43,344,928	—
Other income	14	10,279,158	6,218,304
TOTAL		615,523,210	416,566,674
EXPENDITURE			
Personnel costs	15	201,250,150	240,234,112
Operating & Admin Expenses	16	298,037,949	82,473,846
Increase in Inventory	10	(36,554,675)	—
Finance Charges	17	3,642,238	4,015,420
Depreciation		18,108,461	16,665,776
TOTAL		484,484,123	343,389,154
Profit before taxation		131,039,087	73,177,520
Provision for : Taxation / Fringe Benefit Tax		16,401,176	1,601,555
Deferred tax Liability Reversed/Deferred Tax asset		947,518	3,905,283
Profit after tax		115,585,429	75,481,248
Prior period adjustments (Net)		107,900	2,460,913
Profit /(Loss) after Prior period Items		115,477,529	77,942,161
Surplus brought forward from previous year		69,957,312	(7,984,850)
Profit available for Appropriations		185,434,841	69,957,311
Proposed Dividend for 07-08		11,269,240	—
Tax on Proposed Dividend for 07-08		1,915,207	—
Profit Carried to Balance Sheet		172,250,394	69,957,311
Earnings per Share (Equity Shares of nominal value Rs. 10/- each)			
Basic		7.45	5.99
Diluted		7.05	5.99
Number of shares used in Computing EPS			
Basic		15,490,332	13,001,320
Diluted		16,386,056	13,001,320
Significant Accounting Policies and Notes on Accounts	18		

As per our report attached

For P. MURALI & CO.

Chartered Accountants

P. Murali Mohana Rao

Partner

Membership No. 23412

For and on behalf of the Board

L.P.Sashikumar

Director

D.P.Sreenivas

Executive Director

Place: Hyderabad

Date : 30th Aug, 2008

A. Narendra
Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
1. SHARE CAPITAL		
Authorised :		
5,00,00,000 Equity Shares of Rs.10/- each	500,000,000	500,000,000
1,87,82,066 (Previous year 1,30,013,200) Equity Shares of Rs. 10/- each, fully paid up (out of the above 643,666 equity shares of 10/-each are allotted as fully paid up for consideration other than cash)	187,820,660	130,013,200
Total	187,820,660	130,013,200
2. RESERVES AND SURPLUS		
a. Capital Reserve - As per last Balance Sheet	14,780,538	14,780,538
b. Securities Premium Account - As per last Balance Sheet	108,404,803	87,504,803
Add: Premium on preferential Allotment of Equity Shares	109,974,596	20,900,000
	218,379,399	108,404,803
c. General Reserve - As per last Balance Sheet	18,300,679	18,300,679
d. Foreign Currency Translation Reserve - Transferred this year	(1,325,490)	(167,777)
e. Profit & Loss Account Surplus as per annexure account	172,250,395	69,957,311
Total	422,385,521	211,275,554
3. LOAN FUNDS		
A) SECURED LOANS		
a. From Banks		
Equipment Loans	27,042,267	--
Cash credit	79,160,295	12,100,216
Term Loan	10,434,755	12,418,533
Building Loan	35,227,336	--
Overdrafts	14,651,586	--
Vehicle Loans	3,709,226	3,521,374
b. From Companies	3,010,689	1,500,000
Total	173,236,154	29,540,123
B) UNSECURED LOANS		
From Companies	--	46,200,000
Total	--	46,200,000

4: FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.2007 Rupees	Additions during the year Rupees	Deductions during the year Rupees	As on 31.03.2008 Rupees	Upto 01.04.2007 Rupees	For the year Rupees	Adjustments during the year Rupees	Upto 31.03.2008 Rupees	As on 31.03.2008 Rupees	As on 31.03.2007 Rupees
1. Land	74,171,399	---	---	74,171,399	---	---	---	---	74,171,399	74,171,399
2. Buildings	23,099,876	3,712,500	---	26,812,376	5,326,968	1,141,209	---	6,468,177	20,344,199	17,772,908
3. Leasehold Improvements	4,737,576	---	---	4,737,576	4,737,576	---	---	4,737,576	---	---
4. Plant & Machinery	3,062,462	416,875	---	3,479,337	3,055,079	116,551	---	3,171,630	307,707	7,383
5. Furniture & Fixtures	4,893,960	1,215,270	---	6,109,230	2,342,849	637,817	---	2,980,666	3,128,564	2,551,111
6. Electrical Installation	6,860,403	2,094,113	---	8,954,516	2,249,635	436,253	---	2,685,888	6,268,628	4,610,768
7. Vehicles	7,262,202	1,440,403	---	8,702,605	1,418,824	726,795	---	2,145,619	6,556,986	5,843,378
8. Computer system	97,730,275	37,039,275	---	134,769,550	86,791,535	14,717,644	---	101,509,179	33,260,371	10,938,740
9. Electronic equipments & Office Equipment	12,833,566	2,057,241	---	14,890,807	4,444,182	332,192	---	4,776,374	10,114,433	8,389,384
Total	234,651,719	47,975,677	---	282,627,396	110,366,648	18,108,461	---	128,475,109	154,152,287	124,285,071
INTANGIBLE ASSETS										
10. Design, Development testing of Software tools for IT Services	42,682,673	62,714,369	---	105,397,042	8,536,535	8,536,535	---	17,073,070	88,323,972	34,146,138
Total	277,334,392	110,690,046	---	388,024,438	118,903,183	26,644,996	---	145,548,179	242,476,259	158,431,209
Previous year	230,995,153	46,434,949	95,710	277,334,392	93,700,872	25,202,311	---	118,903,183	158,431,209	137,294,281

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
5. INVESTMENTS- AT COST		
Long Term Investment		
Unquoted		
Investment in shares of Wholly owned Subsidiary (Staytop Systems Inc, USA)	92,663,433	88,288,433
Investment in 4G Informatics Private Limited	95,205,373	--
Total	187,868,806	88,288,433
6. CAPITAL WORK IN PROGRESS		
Capital Expenses for Digital Media	2,399,000	--
Capital Expenses for IPTV	112,210,792	--
Preoperative Expenses - Digital Media	47,077,869	--
Preoperative Expenses - IPTV	79,092,220	--
Buildings	6,358,249	89,391,842
Total	247,138,130	89,391,842
7. SUNDRY DEBTORS (Unsecured)		
a. Debts outstanding for a period exceeding six months		
i. Considered Good	108,138,100	120,602,211
ii. Considered Doubtful	932,483	932,483
Less : Provision	932,483	932,483
Total	108,138,100	120,602,211
b. Other Debts - Considered Good	473,778,066	107,341,577
Total	581,916,166	227,943,788
8. CASH & BANK BALANCES		
Cash on hand	20,666	39,052
Bank balances with Scheduled Banks		
-In Current Accounts	175,005	6,803,023
-In Fixed Deposit (Lodged with the bank against BG)	200,000	200,000
Balances with others - Non Scheduled Banks	10,443,519	10,214,787
Total	10,839,190	17,256,862

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
9. LOANS & ADVANCES (Unsecured , Considered Good)		
a. Advances to suppliers	9,327,803	6,980,158
Less : Provision	771,023	771,023
	8,556,780	6,209,135
b. Advances to Staff	5,846,748	2,877,895
Less : Provision	118,841	118,841
	5,727,907	2,759,054
c. Deposits	6,394,190	8,167,427
Less : Provision	418,860	418,860
	5,975,330	7,748,567
d. Other Current Assets	1,497,308	1,247,994
e. Prepaid Expenses	1,905,351	2,168,690
Total	23,662,676	20,133,440
10. INVENTORY		
Inventory- Set Top Boxes	8,364,675	--
Stock of Movie Rights	28,190,000	--
Total	36,554,675	--
11. CURRENT LIABILITIES		
Sundry Creditors (No outstanding dues to SSI Undertakings)	215,352,257	25,543,874
Other Creditors/ Liabilities	254,341,653	139,449,481
Statutory Liabilities	2,692,709	1,480,594
Interest Accrued but not due on Loans	-	2,309,459
Total	472,386,618	168,783,408
12. PROVISIONS		
Provision for Taxation	15,249,194	1,260,044
Provision for FBT	65,078	--
Provision for Gratuity and Leave Encashment	3,011,715	1,469,204
Proposed Dividend 07-08	11,269,240	--
Provision for Dividend Tax 07-08	1,915,207	--
Total	31,510,434	2,729,248

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	For the Year ended 31st March, 2008 Rupees	For the Year ended 31st March, 2007 Rupees
13. SALES		
Software & Services- Domestic	43,344,928	--
- Exports	561,899,124	410,348,370
Total	605,244,052	410,348,370
14. OTHER INCOME		
Interest on Fixed Deposits	329,827	725,064
Other Income	3,774,500	--
Lease Rent	6,174,831	5,493,240
Total	10,279,158	6,218,304
15. PERSONNEL COSTS		
Salaries, Wages and other Benefits	200,290,090	239,293,552
Contribution to PF & Other Funds		
Staff Welfare	960,060	940,560
Total	201,250,150	240,234,112
16. OPERATING AND ADMIN EXPENSES		
Directors Remuneration	5,035,715	2,565,600
Cost of Set Top Boxes	9,263,045	--
Discounts taken by clients	150,064	--
Advertisement	2,481,722	--
Electricity	112,564	1,775,598
Gifts and Donations	--	101,873
Rent	5,568,390	8,265,104
Legal Fees	984,322	1,374,437
Printing and Stationary	474,840	702,801
Postage ,Telephones and Internet	6,675,481	12,348,490
Insurance	8,071,481	10,596,239
Professional and Consultancy	17,044,134	2,100,987
Rates and Taxes	7,335,469	2,803,300
Meeting Expenses	135,708	(166,948)

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	For the Year ended 31st March, 2008 Rupees	For the Year ended 31st March, 2007 Rupees
Marketing Expenses / Commissions	1,683,800	--
Meeting, EGM & AGM Expenses	143,099	131,235
Books & Periodicals	31,353	40,168
BO Refreshment	162,729	--
Deferred Revenue Expenditure written off	8,536,535	8,536,535
Membership & Subscription	146,181	750,707
Vehicle Maintenance	1,046,228	1,336,932
Travel Expenses		
-Directors	2,110,943	1,016,946
-Others	13,514,775	14,604,449
Conveyance	58,412	39,739
Consultancy Salaries	185,232	--
Bad Debts	4,068,959	274,331
Business Promotion	416,124	--
Auditors Remuneration	167,693	168,360
Office Maintenance	2,568,506	3,680,123
Repairs & Maintenance	1,311,739	1,389,988
Miscellaneous Expenses	317,339	1,130,814
Payroll Processing	443,905	--
Listing Fees	487,627	235,505
Outside Services	783,385	--
Product Development Exp	--	10,723
Software Development Expenses	83,160	--
Secretarial Charges	133,761	--
Seminar & Conferences	82,754	25,468
Staff Recruitment & Training	478,648	363,718
Foreign Exchange Fluctuation	20,751,941	5,909,539
Security Charges	5,500	289,540
Licence Fee	376,519	--

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	For the Year ended 31st March, 2008 Rupees	For the Year ended 31st March, 2007 Rupees
Project related cost & discount taken by client	–	71,546
Income Tax Paid	1,475,085	–
Service Tax	199,551	–
FBT	404,461	–
Movie Recording Expenses	972,782	–
Movie Expenses	933,081	–
Digital Cinema Expenses	541,660	–
Consumption of Movie	30,690,000	–
Project Work Expenses	181,632,487	–
Total	340,306,141	82,473,847
Less:		
Pre operative Expenses Allocated to Digital Media Div	(11,188,062)	–
Pre operative Expenses Allocated to IPTV Div	(21,882,430)	–
Expenses Allocated to Staytop	(9,197,700)	–
Total	298,037,949	82,473,847
17. FINANCIAL EXPENSES		
Bank Charges	567,385	426,382
Interest on Company Loan	361,033	21,781
Interest	1,361,584	2,241,836
Interest on Building Loan	25,995	1,242,796
Interest on Equipment Loan	22,094	–
Interest on Cash credit	763,245	–
Interest on Car Loan	390,158	82,625
Interest on TDS	68,163	–
Interest on Overdraft	82,581	–
Total	3,642,238	4,015,420

18. SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A) Statement on Significant Accounting Policies

(i) Basis of Accounting

The Financial Statements of the Company are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India, and the relevant provisions of the Companies Act, 1956 as adopted consistently by the Company.

(ii) Revenue Recognition

- a) All incomes and expenditure are accounted on accrual basis except Interest received on Fixed Deposits, which are accounted on cash basis.
- b) Revenue from Software Development contracts, priced on time and material basis, is recognised on the basis of billable time spent by employees working on the project, at the contracted rate.
- c) Revenue from fixed price contracts is recognized on milestones achieved as per the terms of specific contracts.

(iii) Fixed Assets

- a) Fixed Assets are stated at cost less depreciation. Project expenses/Pre-operative expenses are capitalized to the respective asset heads on a proportionate basis. Any capital grant or subsidy received is reduced from the cost of eligible assets.
- b) Depreciation on Fixed Assets is provided on straight-line method in the manner and at the rates specified

in Schedule XIV to the Companies Act, 1956.

(iv) Investments

Investments are classified into current Investments and long-term investments. Current Investments are carried at the lower of cost or market value. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the profit and loss account. Long term investments are carried at cost less provision made to recognize any permanent diminution in the value of such investments.

(v) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. In respect of foreign branches, all revenue and expense transactions during the year are translated at average rate. Monetary assets and liabilities are translated at the rate prevailing on the balance sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. The resultant gain on account of foreign currency translation to be shown as foreign currency translation reserve and loss to be changed off after adjusting the reserve. Balance in 'Head office account' whether debit or credit, is reported at the amount of the balance in the 'branch account' in the books of the head office after adjusting for unresponded transaction. Net loss on foreign currency translation is recognized in the profit and loss account.

(vi) Retirement Benefits to Employees

Contributions to defined Schemes such as Provident Fund, Employees State

Insurance Scheme are charged to the profit and loss account as incurred on accrual basis. The Company provides the retirement benefits in the form of Gratuity and Leave Encashment on the basis of actuarial valuation made by Independent actuary as at balance sheet date.

(vii) Provision for Current and Deferred Tax

Provision for current Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred Tax resulting from timing differences between book and taxable profits is accounted by using the tax rates and laws that have been enacted as on the Balance Sheet date. The Deferred Tax Asset is recognized only to the extent there is reasonable certainty that the Asset is realized in future.

B. NOTES ON ACCOUNTS

1. Contingent Liability

- 1.1. Outstanding Bank Guarantees – Rs. 22 Lakhs (Previous year Rs.2 Lakhs)
- 1.2. Claims against the company – against disputed income tax demands not provided for about Rs.7.50 Lakhs, pending before Appellate Authority

2. Secured Loans

- 2.1. Vehicle Loans of Rs. 37,09,226/- are secured by way of hypothecation of the said vehicles.
- 2.2. Equipment Loans of Rs. 3,24,42,382/- are secured by way of hypothecation of the said Equipments
- 2.3. Building Loan of Rs.3,52,27,336/- is secured by way of hypothecation of the said Building.

3. Investments

- 3.1. During the year the company invested in M/s 4G Informatics Private Limited. The total purchase Consideration is Rs.10.20 Crores, out of which Rs.5.20 Crores need to be paid in cash and Rs.5.00 Crores worth of company shares has to be allotted for the purpose of acquisition of 51% stake in 4G Informatics Private Limited. As on 31st March the company has paid Rs.9,52,05,373.
- 3.2. The company acquired 100% holding in M/s Staytop Systems Inc at a total purchase consideration of USD 2,100,000 in the year 2005. Out of the total purchase consideration an amount of USD 2,000,000 was paid up to 2006-07 and for the balance amount of USD 100,000 the company issued 35,918 Equity Shares as fully paid, during the current year.

4. Current Assets and Current Liabilities

Balances of Sundry Debtors, Loans & Advances and Sundry Creditors balances are subject to confirmation in few cases.

5. Provision for Income-Tax

- 5.1. The company has provided for Minimum Alternative Tax of Rs.14.87 Million as per the provisions of Section 115JB of the Income Tax Act, 1961.
- 5.2. Federal / State tax paid on income of the branch of the company in USA has been accounted for.

6. Deferred Taxation

Deferred Tax Liability/Asset is recognized in accordance with Accounting Standard 22 – “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India.

Computation of Deferred Tax Asset/Liability:

Rs. In Millions

Deferred Tax Liability as at 1 st April, 2007	1.56
Less: Deferred tax asset reversed during the year on account of timing differences - between book and tax depreciation	0.95
Deferred Tax Liability as at 31 st March, 2008	0.61

7. Related Party Disclosure

As per Accounting Standard 18 on Related Party Disclosures issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

7.1. List of related parties with whom transactions have taken place.

Sl. No	Name of the related party	Relationship
1	Staytop Systems Inc	Subsidiary
2	Primesoft LLC	Subsidiary

7.2. Transactions during the year with related parties:

Rs. In Millions

Name of the related party	Nature of Transaction	Amount
Staytop Systems Inc	Income – Sale of Software & Rendering Services	68.55
Staytop Systems Inc	Investment	4.38

8. Earnings Per Share

Calculation of EPS Basic

Rs. In Millions

Particulars	Current Year 2007-08	Previous Year 2006-07
Total No. of Equity Shares considered for calculation of EPS on weighted average basis	1,54,90,332	1,30,01,320
Profit after Taxes before Prior Period Adjustments	115.59	75.48
Profit after Taxes after Prior Period Adjustments	115.48	77.94
EPS after Taxes before Prior Period Adjustments in Rupees	7.46	5.80
EPS after Taxes after Prior Period Adjustments in Rupees	7.45	5.99

Calculation of EPS Diluted:

Particulars	Rs. In Millions	
	Current Year 2007-08	Previous Year 2006-07
Total No. of Equity Shares considered for calculation of EPS	1,63,86,506	1,30,01,320
Profit after Taxes before Prior Period Adjustments	115.59	75.48
Profit after Taxes after Prior Period Adjustments	115.48	77.94
EPS after Taxes before Prior Period Adjustments in Rupees	7.05	5.80
EPS after Taxes after Prior Period Adjustments in Rupees	7.05	5.99

9. Segment Reporting:

As per Accounting Standard 17 on Segment Reporting disclosures issued by the Institute of Chartered Accountants of India the disclosures on segment reporting are given below

9.1. Business Segment – In the previous

year the company was engaged in the business of Software Development and services comprising both onsite and off-shore operations. During the current year the company added two more divisions Media Division and IPTV Division. The business segment wise details are given below.

Segment wise stand alone financial results for the year ended March 31, 2008

Particulars	Rs. In Millions	
	Current Year 31.03.2008	Previous Year 31.03.2007
1. Segment Revenue		
a) US Branch	232.10	253.82
b) India operations		
Software Division	336.31	162.75
Media Division	46.28	--
IPTV Division	0.83	--
Total Revenue from Operations	615.52	416.57
2. Segment Results		
Profit (+)/Loss (-) before tax, Deprn. & interest from		
a) US Branch	6.51	7.32
b) India operations total	146.28	86.55
Total	152.79	93.87
Less : interest (not allocable)	3.64	4.02
Less : Depreciation (not allocable)	18.15	16.67
Total Profit/(Loss) Before Tax	131.00	73.18

9.2. Segment Capital Employed

Segregation of assets, liabilities, depreciation and other non-cash expenses into various primary segments has not been done, as the assets are used interchangeably between segments. Accordingly no disclosure relating to segmental assets and liabilities has been made.

9.3. The company's Media Division and IPTV Division commenced business in the fourth quarter of 2007-08 only. Hence there are no comparative figures for the previous year.

9.4. Geographical Segment

Rs. In Millions

Particulars	Current Year	Previous Year
Revenue:		
India – Exports	336.31	156.97
Outside	232.10	253.80
Additions to Fixed Assets:		
India	77.61	3.09
Outside India	1.06	0.66
Carrying Amount of Segment Assets		
India	162.41	151.82
Outside India	19.93	6.71

10. Impairment of Assets

The company reviewed with regard to realizable value of Fixed Asset and found that, the realizable value is more than the book value, hence no provision for impairment of Assets considered necessary.

11. Provision for Contingent Liabilities and Assets

Provisions involving substantial degree of estimation in measurement are recognized. Contingent liabilities if any are not recognized but are disclosed. Contingent assets are neither recognized nor disclosed in the financial statements

12. Additional Information required as per Para's 3 & 4 of Part II of Schedule VI to the companies Act, 1956.

12.1. The Company is engaged in Software Development. The production and sale of such Software cannot be expressed in Units, Hence, it is not possible to give the quantitative details and information as required under paragraphs 3,4 of Part II of Schedule VI to the Companies Act, 1956.

12.2. Managerial Remuneration

Particulars	Current Year Rs.	Previous Year Rs.
Managing Director		
Salary	48,34,800	17,65,600
Other perquisite	—	—
Executive Director		
Salary	21,60,000	7,20,000
Other perquisite	2,40,000	80,000

12.3. Foreign Exchange Transaction

Rs. In Millions

Particulars	Current Year 2007-08	Previous Year 2006-07
1) Value of Imports on CIF Basis		
a) Capital Goods – Electronic Equipments	53.36	Nil
2) Expenditure in Foreign Currency		
a) Travelling Expenses	3.68	0.65
b) Other Payments paid In Foreign Exchange	10.55	32.80
3) Earnings in Foreign Currency (on Receipt basis)a)		
Software Exports	41.73	43.04

12.4. Auditors Remuneration

Particulars	Current Year 2007-08	Previous Year 2006-07
Audit Fees	Rs. 3,00,000/-	Rs. 1,68,360/-
Certification Work	Rs. 1,68,360/-	Rs. 2,25,000/-

13. Figures for the previous year/period are regrouped/ rearranged wherever considered necessary.

14. In accordance with share holder's approval in the Annual General Meeting held on 27th December 2006, the company has allotted 2,00,00,000 warrants, where each warrant would entitle to convert to one Equity Share of the Company against payment in cash was issued to Goldstone Exports Limited. As

per SEBI Guidelines an amount equivalent to 10% of the price i.e., R. 2.20 per Warrant has been received from Goldstone Exports Limited for allotment of the Warrants. The price at which the warrants would be exercised was determined in accordance with the SEBI prescribed pricing formula. Accordingly the outstanding warrants have been considered for the computation of diluted earning per share.

— F —

C. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2008 Rs. In Millions

	31st March, 2008	31st March, 2007
A Cash Flow from Operating Activity		
Net Profit before tax	131.04	73.18
Adjustments for:		
Depreciation	18.11	16.67
Miscellaneous expenditure written off	—	8.54
Provision for gratuity & earned leave	1.54	1.47
Other income	(10.28)	(6.22)
Interest Expenditure on Long Term Loan	(3.64)	3.59
Foreign Exchange Fluctuation Loss	20.75	0.00
Provision for Bad Debts / Written Off		0.00
Operating Profit before working capital Changes	157.52	97.23
Adjustments for:		
Trade and other receivables	(374.72)	(60.64)
Inventory	(36.55)	0.00
Trade advances	(3.53)	(7.23)
Trade payables	303.60	27.59
Provisions	15.93	0.00
Cash generated from Operations	62.25	56.95
Direct Taxes paid (net) - Prior period adj.	(1.88)	(1.55)
Deferred Tax Liability	(0.95)	0.00
Interest paid	3.64	(1.12)
Cash flow before extraordinary items	63.06	54.28
Prior Period Items	(0.11)	(2.46)
Net Cash Flow from Operating Activity	62.96	51.82
B Cash Flow from Investing Activity		
Purchase of fixed assets	(121.26)	(3.75)
Capital work in progress	(157.75)	(89.26)
Purchase of Investments	(99.58)	(30.63)
Development Expenditure	(62.71)	0.00
Other Income	10.28	3.67
Net Cash Used for Investing Activity	(368.31)	(119.97)
C Cash Flow from Financing Activities		
Equity Share Capital	57.81	19.00
Share Premium and Reserves	109.97	20.90
Repayment of Term Loan	—	(15.99)
Car Loan From HDFC	—	2.21
Share Application Money received \ Repaid	33.66	8.25
Secured Loans	143.70	0.00
Unsecured Loan	(46.20)	26.20
Net Cash generated from Financing Activity	298.94	60.57
Cash and Cash Equivalents (Opening Balance)	17.26	24.84
Net Increase in Cash & Cash Equivalents(A+B+C)	(6.42)	(7.58)
Cash and Cash Equivalents (Closing Balance)	10.84	17.26

As per our report attached

For **P. MURALI & CO.**

Chartered Accountants

P. Murali Mohana Rao

Partner

Membership No. 23412

Place: Hyderabad

Date : 30th Aug, 2008

For and on behalf of the Board

L.P.Sashikumar

Director

D.P.Sreenivas

Executive Director

A. Narendra

Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE:

I. Registration Details:

Registration No.	17211	State Code:	01
Balance Sheet Date:	31.03.2008		

II. Capital Raised during the year (Amount in Rs. Lacs)

Public Issue:	NIL	Rights Issue:	NIL
Bonus Issue:	NIL	Private Placement*:	578.07

* Preferential Allotment

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lacs)

Sources of Funds:

Total Liabilities:	8290.59	Total Assets:	8290.59
Paid-up Capital	1878.20	Reserves and Surplus	4223.86
Secured Loans:	1732.36	Unsecured Loans:	—
Deferred Tax Liability	6.17		

Application of Funds:

Net Fixed Assets	4921.14	Investments	1878.69
Net Current Assets:	1490.76	Misc. Expenditure	—
Accumulated Losses:	NIL		

IV. Performance of company (Amount in Rs. Lacs)

Turnover/Income	6155.23	Total Expenditure	4844.84
Profit before tax	1310.39	Profit after tax	1155.85
Earning per Share in Rs.	7.45	Dividend Rate	6%

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code):	85249009.10
Product Description :	Computer Software

AUDITORS' REPORT

To the Board of Directors on the Consolidated Financial Statements of Goldstone Technologies Limited & its Subsidiaries.

1. We have examined the attached Consolidated Balance Sheet of Goldstone Technologies Limited as at 31st March 2008 and also the Consolidated Profit and Loss and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain responsible assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries of Goldstone Technologies Limited whose financial statements reflect total assets of Rs. 1151.05 Lakhs as at 31st March 2008 and total revenue of Rs. 5590.15 Lakhs for the year ended on that date. The financial statements of Staytop Systems Inc., have been audited by M/s RAM Associates, Certified Public Accountants based in Hamilton, NJ. Our opinion in so far as it

relates to the said amounts included in respect of the subsidiaries is based solely on the accounts prepared and certified by them.

4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited/certified financial statements of the Company and its subsidiaries in our opinion the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. In the case of the Consolidated Balance Sheet of the Consolidated state of affairs of the Company and its subsidiaries as at March 31, 2008
 - ii. In the case of Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended March 31, 2008.
 - iii. In the case of the Consolidated Cash Flows statement, of the consolidated cash flows of the company and its subsidiaries for the year ended March 31 2008.

For **P Murali & Co;**
Chartered Accountants

P. Murali Mohana Rao
Partner
Membership No. 23412

Place: Hyderabad
Date:- 30th August 2008

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2008

	Sch.	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
I SOURCE OF FUNDS			
1 SHAREHOLDERS' FUNDS			
a. Share capital	1	187,820,660	130,013,200
b. Share Warrants		45,000,000	11,340,000
c. Reserves and Surplus	2	476,793,594	254,256,098
		709,614,254	395,609,298
2 LOAN FUNDS	3		
a. Secured Loans		173,236,154	29,540,123
b. Unsecured Loans		—	46,200,000
		173,236,154	75,740,123
		882,850,408	471,349,421
3.DEFERRED TAX			
Deferred Tax Liability		616,522	1,564,040
		616,522	1,564,040
Total		883,466,930	472,913,462
II APPLICATION OF FUNDS			
1 FIXED ASSETS	4		
a. Gross block		483,364,223	365,802,756
b. Less : Depreciation		145,588,122	118,929,777
Net block		337,776,101	246,872,979
Add : Capital Work in Progress		247,138,130	89,391,842
		584,914,231	336,264,821
2 INVESTMENTS	5	95,205,375	—
3 CURRENT ASSETS, LOANS & ADVANCES			
a. Sundry Debtors	7	687,328,076	295,762,500
b. Cash and Bank Balances	8	20,795,444	33,485,609
c. Loans and Advances	9	88,164,875	49,786,588
d. Inventory	10	36,554,675	—
		832,843,070	379,034,697
Less: Current Liabilities & Provisions			
a. Current Liabilities	11	597,269,737	238,784,127
b. Provisions	12	33,311,433	4,687,355
		630,581,169	243,471,482
NET CURRENT ASSETS		202,261,901	135,563,215
4 Miscellaneous Expenditure	13	1,085,425	1,085,425
Total		883,466,932	472,913,461
Significant Accounting Policies and Notes to Accounts	18		

As per our report attached

For P. MURALI & CO.

Chartered Accountants

P. Murali Mohana Rao

Partner

Membership No. 23412

For and on behalf of the Board

L.P.Sashikumar

Director

D.P.Sreenivas

Executive Director

Place: Hyderabad

Date : 30th Aug, 2008

A. Narendra
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	Sch.	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
INCOME			
Software development	13	1,009,908,249	969,363,045
Sales	13	43,344,928	—
Other income	14	10,303,349	6,218,304
Total		1,063,556,526	975,581,349
EXPENDITURE			
Personnel costs	15	257,876,099	730,801,916
Operating & Admin Expenses	16	665,397,449	101,650,668
Increase in Inventory	10	(36,554,675)	—
Finance Charges	17	3,644,094	4,064,138
Depreciation		18,148,751	16,665,776
Total		908,511,718	853,182,498
Profit before taxation		155,044,808	122,398,851
Provision for : Taxation / Fringe Benefit Tax		25,546,281	14,945,111
Deferred tax Liability Reversed		947,518	3,905,283
Profit after tax		130,446,045	111,359,023
Prior period adjustments (Net)		107,900	(721,430)
Profit /(Loss) after Prior period Items		130,338,145	112,080,453
Surplus brought forward from previous year		114,486,352	2,405,899
Profit available for Appropriations		244,824,497	114,486,352
Proposed Dividend for 07-08		11,269,240	—
Tax on Proposed Dividend for 07-08		1,915,207	—
Profit Carried to Balance Sheet		231,640,050	114,486,352
Earnings per Share (Equity Shares of nominal value Rs. 10/- each)			
Basic		8.42	8.62
Diluted		7.95	8.62
Number of shares used in Computing EPS			
Basic		15,490,332	13,001,320
Diluted		16,386,506	13,001,320
Significant Accounting Policies and Notes on Accounts	18		

As per our report attached
For **P. MURALI & CO.**

Chartered Accountants

P. Murali Mohana Rao

Partner

Membership No. 23412

For and on behalf of the Board

L.P.Sashikumar

Director

D.P.Sreenivas

Executive Director

Place: Hyderabad

Date : 30th Aug, 2008

A. Narendra
Company Secretary

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
1. SHARE CAPITAL		
Authorised :		
5,00,00,000 Equity Shares of Rs.10/- each	500,000,000	500,000,000
1,87,82,066 (Previous year 1,30,013,200)		
Equity Shares of Rs. 10/- each, fully paid up		
(out of the above 643,666 equity shares of		
10/-each are allotted as fully paid up for		
consideration other than cash)	187,820,660	130,013,200
Total	187,820,660	130,013,200
2. RESERVES AND SURPLUS		
a. Capital Reserve - As per last Balance Sheet	14,780,538	14,780,538
	14,780,538	14,780,538
b. Securities Premium Account - As per last		
Balance Sheet	108,404,803	87,504,803
Add: Premium on preferential Allotment of	109,974,596	20,900,000
Equity Shares		
	218,379,399	108,404,803
c. General Reserve - As per last Balance Sheet	18,300,679	18,300,679
d. Foreign Currency Translation Reserve -	(6,311,075)	(1,720,274)
Transferred this year		
e. Profit & Loss Account	231,644,053	114,490,352
Surplus as per annexure account		
Total	476,793,593	254,256,098
3. LOAN FUNDS		
A) SECURED LOANS		
a. From Banks		
Equipment Loans	27,042,267	--
Cash credit	--	12,100,216
Term Loan	10,434,755	12,418,533
Building Loan	35,227,336	--
Working Capital Loan	79,160,295	--
Overdrafts	14,651,586	--
Vehicle Loans	3,709,226	3,521,374
b. From Companies	3,010,689	1,500,000
Total	173,236,154	29,540,123
B) UNSECURED LOANS		
From Companies	--	46,200,000
Total	--	46,200,000

4: FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.2007 Rupees	Additions during the year Rupees	Deductions during the year Rupees	As on 31.03.2008 Rupees	Upto 01.04.2007 Rupees	For the year Rupees	Adjustments during the year Rupees	Upto 31.03.2008 Rupees	As on 31.03.2008 Rupees	As on 31.03.2007 Rupees
1. Goodwill	88,288,433	4,375,000	---	92,663,433	---	---	---	---	92,663,433	88,288,433
2. Land	74,171,399	---	---	74,171,399	---	---	---	---	74,171,399	74,171,399
3. Buildings	23,099,876	3,712,500	---	26,812,376	5,326,968	1,141,209	---	6,468,177	20,344,199	17,772,908
4. Leasehold Improvements	4,737,576	---	---	4,737,576	4,737,576	---	---	4,737,576	---	---
5. Plant & Machinery	3,062,462	416,875	---	3,479,337	3,055,079	116,551	---	3,171,630	307,707	7,383
6. Furniture & Fixtures	4,893,960	1,215,270	---	6,109,230	2,342,849	637,817	---	2,980,666	3,128,564	2,551,111
7. Electrical Installation	6,860,403	2,094,113	---	8,954,516	2,249,635	436,253	---	2,685,888	6,268,628	4,610,768
8. Vehicles	7,262,202	1,440,403	---	8,702,605	1,418,824	726,795	---	2,145,619	6,556,986	5,843,378
9. Computer system	97,910,206	37,039,275	---	134,949,481	86,791,535	14,717,644	---	101,509,179	33,260,371	11,092,077
10. Electronic equipments & Office equipment	12,833,566	2,057,241	---	14,890,807	4,444,182	332,192	---	4,776,374	10,114,433	8,389,384
Total	322,940,152	52,350,677	---	375,470,760	110,366,648	18,108,461	---	128,475,109	246,815,720	212,573,504
INTANGIBLE ASSETS										
11. Design, Development testing of Software tools for IT Services	42,682,673	62,714,369	---	105,397,042	8,536,535	8,536,535	---	17,073,070	88,323,972	34,146,138
Total	365,622,825	115,065,046	---	480,687,802	118,903,183	26,644,996	---	145,548,179	315,139,692	246,872,979
Previous year	288,791,554	77,106,912	95,710	365,802,756	93,727,466	25,202,311	---	118,929,777	246,872,979	195,064,088

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
5. INVESTMENTS- AT COST		
Long Term Investment		
Investment in 4G Informatics Private Limited	95,205,373	--
Total	95,205,373	--
6. CAPITAL WORK IN PROGRESS		
Capital Expenses for Digital Media	2,399,000	--
Capital Expenses for IPTV	(918,938)	--
Preoperative Expenses - Digital Media	47,077,869	--
Preoperative Expenses - IPTV	79,092,220	--
Buildings	119,487,979	89,391,842
Total	247,138,130	89,391,842
7. SUNDRY DEBTORS (Unsecured)		
a. Debts outstanding for a period exceeding six months		
i. Considered Good	108,138,100	120,602,211
ii. Considered Doubtful	932,483	932,483
Less : Provision	932,483	932,483
Total	108,138,100	120,602,211
b. Other Debts - Considered Good	579,189,976	175,160,289
Total	687,328,076	295,762,500
8. CASH & BANK BALANCES		
Cash on hand	20,666	39,052
Bank balances with Scheduled Banks		
-In Current Accounts	10,131,259	23,031,770
-In Fixed Deposit (Lodged with the bank against BG)	200,000	200,000
Balances with others - Non Scheduled Banks	10,443,519	10,214,787
Total	20,795,444	33,485,609
9. LOANS & ADVANCES (Unsecured , Considered Good)		
a. Advances to suppliers	26,887,426	14,617,493
Less : Provision	771,023	771,023
	26,116,403	13,846,470
b. Advances to Staff	5,856,736	3,008,146
Less : Provision	118,841	118,841
	5,737,895	2,889,305

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
c. Deposits	29,451,531	30,052,988
Less : Provision	837,720	418,860
	28,613,811	29,634,128
d. Other Current Assets	28,304,209	2,168,690
Total	28,304,209	
e. Prepaid Expenses	1,905,351	1,247,994
Total	90,677,669	49,786,587
10. Inventory		
Inventory- Set Top Boxes	8,364,675	--
Stock of Movie Rights	28,190,000	--
Total	36,554,675	--
11. CURRENT LIABILITIES		
Sundry Creditors (No outstanding dues to SSI Undertakings)	272,289,614	61,566,032
Other Creditors/ Liabilities	322,287,415	173,428,043
Statutory Liabilities	2,692,709	1,480,594
Interest Accrued but not due on Loans	--	2,309,459
Total	597,269,738	238,784,128
12. PROVISIONS		
Provision for Taxation	17,050,196	3,218,151
Provision for FBT	65,078	--
Provision for Gratuity and Leave Encashment	3,011,715	1,469,204
Proposed Dividend 07-08	11,269,240	--
Provision for Dividend Tax 07-08	1,915,207	--
Total	33,311,436	4,687,355
13. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Deferred Revenue Expenditure as per last Balance Sheet	1,085,425	--
Add: Adjustments / Additions	--	1,085,425
Total	1,085,425	1,085,425

**CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR
THE YEAR ENDED 31ST MARCH, 2008**

	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
Meeting, EGM & AGM Expenses	143,099	--
Books & Periodicals	31,353	40,168
BO Refreshment	162,729	--
Deferred Revenue Expenditure written off	8,536,535	8,536,535
Membership & Subscription	146,181	750,707
Vehicle Maintenance	1,046,228	1,336,932
Travelling Expenses		
-Directors	2,110,943	1,016,946
-Others	14,898,388	15,582,523
Conveyance	58,412	39,739
Consultancy Salaries	185,232	--
Bad Debts	4,068,959	274,331
Business Promotion	416,124	--
Auditors Remuneration	--	168,360
Office Maintenance	2,568,506	3,734,421
Repairs & Maintenance	1,321,004	2,135,258
Miscellaneous Expenses	1,129,564	3,824,218
Payroll Processing	1,240,540	--
Listing Fees	487,627	235,505
Outside Services	783,385	--
Product Development Exp	--	10,723
Software Development Expenses	272,181	--
Secretarial Charges	133,761	--
Seminar & Conferences	82,754	25,468
Staff Recruitment & Training	5,314,047	7,478,404
Foreign Exchange Fluctuation	20,751,941	5,909,539
Security Charges	5,500	289,540
Licence Fee	384,737	--
Project related cost & discount taken by client	--	1,885,130

**CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR
THE YEAR ENDED 31ST MARCH, 2008**

	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
Income Tax Paid	45,819	--
Service Tax	199,551	--
FBT	404,461	--
Movie Recording Expenses	972,782	--
Movie Expenses	933,081	--
Digital Cinema Expenses	541,660	--
Consumption of Movie	30,690,000	--
Project Work Expenses	181,889,927	--
Total	707,665,641	101,650,669
Less:	--	
Expenses Allocated to Digital Media Div	(11,188,062)	--
Expenses Allocated to IPTV Div	(21,882,430)	--
Expenses Allocated to Staytop	(9,197,700)	--
	665,397,449	101,650,669
17. FINANCIAL EXPENSES		
Bank Charges	569,241	475,100
Interest on Company Loan	361,033	21,781
Interest	1,361,584	2,241,836
Interest on Building Loan	25,995	1,242,796
Interest on Equipment Loan	22,094	--
Interest on Cash Credit	763,245	--
Interest on Car Loans	390,158	82,625
Interest on TDS	68,163	--
Interest on Overdraft	82,581	--
Total	3,644,094	4,064,138

18. CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A) Statement on Significant Accounting Policies

(i) Basis of Accounting

The Consolidated Financial Statements of the Company with the wholly owned subsidiaries Staytop Systems Inc., and Primesoft LLC have been prepared under the historical cost convention in accordance with generally accepted accounting principles applicable and the Accounting Standard 21 on Consolidation of financial statements issued by the Institute of Chartered Accountants of India, and the relevant provisions of the Companies Act, 1956 as adopted consistently by the Company.

(ii) Revenue Recognition:

- a) All incomes and expenditure are accounted on accrual basis except Interest claims and dividend income, which are accounted on cash basis.
- b) Revenue from Software Development contracts, priced on time and material basis, is recognised on the basis of billable time spent by employees working on the project, at the contracted rate.
- c) Revenue from fixed price contracts is recognized on milestones achieved as per the terms of specific contracts.

(iii) Fixed Assets:

- a) Fixed Assets are stated at cost less depreciation. Project expenses/Pre-operative expenses are capitalized to the respective asset heads on a proportionate basis. Any capital grant or subsidy received is reduced from the cost of eligible assets.

- b) Depreciation on Fixed Assets is provided on straight-line method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

(iv) Investments:

Investments are classified into current Investments and long-term investments. Current Investments are carried at the lower of cost or market value. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the profit and loss account. Long term investments are carried at cost less provision made to recognize any permanent diminution in the value of such investments.

(v) Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. In respect of foreign branches, all revenue and expense transactions during the year are reported at average rate. Monetary assets and liabilities are translated at the rate prevailing on the balance sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Balance in 'Head Office Account' whether debit or credit, is reported at the amount of the balance in the 'branch account' in the books of the head office after adjusting for un-responded transaction. Net gain/loss on foreign currency translation is recognized in the profit and loss account.

(vi) Retirement Benefits to Employees

Contributions to defined Schemes such as Provident Fund, Employees State Insurance Scheme are charged as

incurred on accrual basis. The Company provides the retirement benefits in the form of Gratuity and Leave Encashment on the basis of actuarial valuation made by Independent actuary as at balance sheet date.

B) Notes On Accounts

1) Wholly owned Subsidiaries considered for Consolidation:

- a. Staytop Systems Inc., an US incorporated Company,
- b. Prime soft LLC, as US incorporated Company.

2) **Deferred Tax Liability:**

Deferred Tax Liability/Asset is recognized in accordance with Accounting Standard 22 –

“Accounting for taxes on Income” issued by the Institute of Chartered Accountants of India.

3) **Related Party Disclosures:**

As per Accounting Standard 18 on Related Party Disclosures issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

List of related parties with whom transactions have taken place and

Sl. No	Name of the related party	Relationship
1	Staytop Systems Inc	Subsidiary
2	Primesoft LLC	Subsidiary

Transaction during the year with related parties

Rs. In Millions

Name of the related party	Nature of Transaction	Amount
Staytop Systems Inc	Income – Sale of Software & Rendering Services	68.55
Staytop Systems Inc	Investment	4.38

4. **Earnings Per Share:**

Calculation of EPS Basic:

Rs. In Millions

Particulars	Current Year 2007-08	Previous Year 2006-07
Total No. of Equity Shares considered for calculation of EPS	1,54,90,332	13,001,320
Profit after Taxes before Prior Period Adjustments	130.45	111.36
Profit after Taxes after Prior Period Adjustments	130.34	112.08
EPS after Taxes before Prior Period Adjustments	8.42	8.57
EPS after Taxes after Prior Period Adjustments	8.41	8.62

Calculation of EPS Diluted:

Rs. In Millions

Particulars	Current Year 2007-08	Previous Year 2006-07
Total No. of Equity Shares considered for calculation of EPS	1,63,86,506	13,001,320
Profit after Taxes before Prior Period Adjustments	130.45	111.36
Profit after Taxes after Prior Period Adjustments	130.34	112.08
EPS after Taxes before Prior Period Adjustments	7.96	8.57
EPS after Taxes after Prior Period Adjustments	7.95	8.62

5) Segment Reporting:

As per Accounting Standard 17 on Segment Reporting disclosures issued by the Institute of Chartered Accountants of India the disclosures on segment reporting are given below:

5.1 Business Segment - In the previous year the company was engaged in the

business of Software Development and services comprising both onsite and off-shore operations. During the current year the company added two more divisions Media Division and IPTV Division. The business segment wise details are given below.

Segment wise stand alone financial results for the year ended March 31, 2008

Rs. In Millions

Particulars	Current Year 31.03.2008	Previous Year 31.03.2007
1. Segment Revenue		
a) US Branch	232.10	253.82
b) India operations		
-Software Division	336.31	162.75
-Media Division	46.28	--
-IPTV Division	0.83	--
c) Subsidiary	448.03	559.01
Total Revenue from Operations	1,063.56	975.58
2. Segment Results		
Profit (+)/Loss (-) before tax, Deprn. & interest from		
a) US Branch	6.51	7.32
b) India operations total	146.28	86.55
c) Subsidiary	24.05	49.27
Total	176.84	143.14
Less : interest (not allocable)	3.64	4.06
Less : Depreciation (not allocable)	18.15	16.67
Total Profit/(Loss) Before Tax	155.04	122.41

5.2 Segment Capital Employed

Segregation of assets, liabilities, depreciation and other non-cash expenses into various primary segments has not been done, as the assets are used

interchangeably between segments. Accordingly no disclosure relating to segmental assets and liabilities has been made.

(ii) Geographical Segment

Rs. In Millions

Particulars	Current Year	Previous Year
Revenue:		
India – Exports	383.43	162.77
Outside	680.13	812.81
Additions to Fixed Assets:		
India	81.98	33.76
Outside India	1.06	0.66
Carrying Amount of Segment Assets		
India	162.41	151.82
Outside India	19.93	6.71

- 6) Figures for the corresponding previous year wherever necessary have been regrouped, recast and rearranged to conform to those of the current year.

— F —

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2008

Rs. In Millions

	31st March, 2008	31st March, 2007
A Cash Flow from Operating Activity		
Net Profit before tax	155.04	122.39
Adjustments for:		
Depreciation	18.15	16.67
Miscellaneous expenditure written off	--	8.54
Provision for gratuity & earned leave	1.54	--
Other income	(10.30)	(6.22)
Foreign Exchange Fluctuation	20.75	(1.99)
Interest on Long Term Loan	3.64	2.35
Prior Period Items	--	0.72
Disposal of Assets	--	0.09
Operating Profit before working capital Changes	181.54	142.55
Adjustments for:		
Trade and other receivables	(412.32)	(96.89)
Inventory	(36.55)	--
Trade advances	(38.38)	(22.82)
Trade payables	358.49	66.59
Provisions	13.90	--
Cash generated from Operations	66.67	88.43
Direct Taxes paid (net) - Prior period adjs.	(20.78)	(11.04)
Deferred Tax Liability	(0.95)	--
Interest paid	3.64	(2.35)
Direct Tax Liabilities	--	(3.94)
Cash flow before extraordinary items	48.58	71.11
Prior Period Items	(0.11)	--
Net Cash Flow from operating activity	48.47	71.11

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2008

Rs. In Millions

	31st March, 2008	31st March, 2007
B Cash Flow from Investing Activity		
Purchase of fixed assets	(117.55)	(34.42)
Capital work in progress	(157.75)	(89.26)
Purchase of Investments	(95.21)	—
Development Expenditure	0.09	(1.09)
Interest Received	—	0.73
Other Income	10.30	5.4
Net Cash Used for Investing Activity	(360.11)	(118.55)
C Cash Flow from financing activities		
Equity Share Capital	57.81	19.00
Share Premium and Reserves	109.97	20.90
Repayment of Term Loan	—	(15.99)
Car Loan From HDFC	—	2.21
Share Application Money received \ Repaid	33.66	8.25
Secured Loans	143.70	—
Unsecured Loan	(46.20)	26.20
Net Cash generated from financing activity	298.94	60.58
Cash and Cash Equivalents (Opening Balance)	33.49	20.36
Net Increase in Cash & Cash equivalents(A+B+C)	(12.69)	17.16
Cash and Cash Equivalents (Closing Balance)	20.80	33.49

As per our report attached

For P. MURALI & CO.
Chartered Accountants

For and on behalf of the Board

P. Murali Mohana Rao
Partner
Membership No. 23412

L.P.Sashikumar
Director

D.P.Sreenivas
Executive Director

Place : Hyderabad
Date : 30th Aug, 2008

A. Narendra
Company Secretary

DIRECTORS' REPORT

To
The Members
Primesoft LLC

Your Directors present the Twelfth Annual Report on the business and operations of the Company and the accounts for the period ending 31st March 2008.

Directors

During the year, the following Persons occupied the office of the Directors of the Company.

Mr. Clinton Travis Caddell

Mrs. Mahita Caddell

Financial Results

Year	2007-08		2006-07	
	In US\$	Rs. In Lakhs	In US\$	Rs. In Lakhs
Gross Revenue	0.00	0.00	0.00	0.00
Operating Profit/(Loss)	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00
Net Profit/(Loss)	0.00	0.00	0.00	0.00

Review of the Operations

During the year under review, the Company has no operations as that of previous year.

Environmental Regulations Performance

The Company's operations were not subject to any particular or significant environmental regulations of Federal, State Laws, and hence no specific environmental disclosures are required.

Audit

The Company is not listed in any of the Stock Exchanges in USA, hence audit of accounts is not compulsory under US Laws.

For and on behalf of the Board

Date : 30 th August, 2008

Mahita Caddell
Director

BALANCE SHEET AS AT 31st MARCH, 2008

Particulars	31st March, 2008		31st March, 2007	
	In US\$	In. Rs	In US\$	In. Rs
CURRENT ASSETS	--	--	--	--
Cash & Bank Balances				
Accounts Receivable'	3270	130,637	3270	142,539
Loans & Advances	--	--	--	--
Total Current Assets	3270	130,637	3270	142,539
Fixed Assets	--	--	--	--
Differed Expenses	--	--	--	--
Total Assets	3270	130,637	3270	142,539
LIABILITIES				
Accounts Payable	--	--	--	--
Other Liabilities	--	--	--	--
Total Current Liabilities				
Stock Holders Equity/Retained earnings	3270	130,637	3270	142,539
Total Liabilities & Equity	3270	130,637	3270	142,539

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

Particulars	31st March, 2008		31st March, 2007	
	In US\$	In. Rs	In US\$	In. Rs
INCOME				
Professional Services/Consulting	0.00	0.00	0.00	0.00
Other Income	0.00	0.00	0.00	0.00
Total Income	0.00	0.00	0.00	0.00
EXPENSES	0.00	0.00	0.00	0.00
Payroll Expenses	0.00	0.00	0.00	0.00
Professional Fees	0.00	0.00	0.00	0.00
Administration & Other Charges	0.00	0.00	0.00	0.00
TOTAL EXPENSES	0.00	0.00	0.00	0.00
NET PROFIT	0.00	0.00	0.00	0.00

Burlington, VT
Date : 30th Aug, 2008

For and on behalf of the Board

Mahita Caddell
Director

Clinton Travis Caddell
Director

DIRECTORS' REPORT

To
The Members
Stay Top Systems Inc;

Your Directors present the Eleventh Annual Report on the business and operations of the Company and the accounts for the period ending 31st March 2008.

Directors

During the year, the following Persons occupied the office of the Directors of the Company.

Mr. Clinton Travis Caddell

Mrs. Mahita Caddell

Financial Results

Year	2007-08		2006-07	
	In US\$	Rs. In Million	In US\$	Rs. In Million
Gross Revenue	11,121,393	448.03	12,352,859	559.02
Operating Profit/(Loss)	595,887	24.01	1,087,671	49.22
Depreciation	0	0	0	0
Net Profit/(Loss)	368,905	14.86	757,515	34.14

Review of the Operations

The Company is a wholly owned subsidiary of Goldstone Technologies Limited. During current period i.e., from 1st April 2007 to 31st March 2008, the company earned revenues of US\$ 11,121,393 (Rs. 448.03 Million) as against US\$12,352,859 (Rs. 559.02 Million) in 2006-07 and registered a net profit of US\$ 368,905 (Rs.14.86 Million) from 1st April 2007 to 31st March 2008 as against US\$757,515 (Rs.34.14 Million) in 2006-07.

Environmental Regulations Performance

The Company's operations were not subject to any particular or significant environmental regulations of Federal, State Laws, and hence no specific environmental disclosure is required.

Audit

The Company is not listed in any of the Stock Exchanges in USA; hence audit of accounts is not compulsory under US Laws.

For and on behalf of the Board

Date : 30 th August, 2008

Mahita Caddell
Director

BALANCE SHEET AS AT 31st MARCH, 2008

Particulars	31st March, 2008		31st March, 2007	
	In US\$	In. Rs	In US\$	In. Rs
ASSETS				
CURRENT ASSETS				
Cash & Bank Balances	249,218	9,956,254	373,788	16,228,747
Accounts Receivable	2,638,596	105,411,910	1,562,031	67,818,713
Loans & Advances	1,614,573	64,502,199	682,985	29,653,148
Total Current Assets	4,502,387	179,870,363	2,618,804	113,700,608
Fixed Assets	3,062	122,304	4,061	176,351
Deferred Expenses	25,000	998,750	25,000	1,085,425
Total Assets	4,530,449	180,991,417	2,647,865	114,962,384
LIABILITIES				
Accounts Payable	1,425,215	56,937,356	1,657,388	71,958,827
Other Liabilities	1,927,753	77,013,690	-	-
Total Current Liabilities	3,352,968	133,951,046	1,657,388	71,958,827
Stock Holders Equity/ Retained earnings	1,177,481	47,040,371	990,477	43,003,557
Total Liabilities & Equity	4,530,449	180,991,417	2,647,865	114,962,384

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

Particulars	31st March, 2008		31st March, 2007	
	In US\$	In. Rs	In US\$	In. Rs
INCOME				
Professional Services/ Consulting	11,120,792	448,009,125	12,352,859	559,014,675
Other Income	24,191	601	-	-
Total Income	11,121,393	448,033,316	12,352,859	559,014,675
EXPENSES				
Payroll Expenses	1,405,608	56,625,949	10,840,350	490,567,804
Administration & Other Charges	9,346,880	376,546,750	754,993	34,308,549
TOTAL EXPENSES	10,752,488	433,172,699	11,595,343	524,876,353
NET PROFIT	368,905	14,860,617	757,516	34,138,322

Burlington, VT
Date : 30th Aug, 2008

For and on behalf of the Board

Mahita Caddell
Director

Clinton Travis Caddell
Director

GOLDSTONE TECHNOLOGIES LIMITED

Regd. Office: 9-1-83 & 84, amarchand Sharma Complex S D Road,
Secunderabad – 500 003

ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)
ECS Mandate for payment of dividend on Equity Shares

1. First Shareholder's Name(IN BLOCK LETTERS) :
2. Shareholders Folio No. :
3. Particulars of Bank Account
 - A Bank Name :
 - B Branch Name, Address & Phone Number :
 - C Account No.(as appearing on the cheque book) :
 - D Account Type (SB Account / Credit A/c or Cash Credit). Please tick the correct box :

S.B A/c	Current A/c	Cash
	Credit A/c	
 - E Ledger Folio No. of the Bank A/c. (as if appearing on the Cheque Book) :
 - F 9 Digit Code No. of the Bank & Branch appearing on the MICR Cheque issued by the bank. :

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete information, I would not hold the Company responsible.

Date :

Signature of the First Shareholder

Notes:

1. Please attach photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the code number.
2. You are advised to submit the ECS Bank details in the format prescribed latest by 22.09.2008 to enable us to include the same for the payment of the current years dividend.

* * *

BLANK

GOLDSTONE TECHNOLOGIES LIMITED

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

PROXY FORM

I/Weof being a member/ members of the above named company hereby appoint of as my/our proxy to vote for me/us on my/our behalf at the 14th Annual General Meeting of the company to be held on Tuesday, the 30th September, 2008 at 2.30 P.M at Plot No. 1 & 9 IDA Phase II, Cherlapally, Hyderabad – 500 051 and at any adjournment thereof.

Please Affix
Revenue
Stamp

Signed this..... day of _____ 2008.

NOTE :

- a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself.
- b) Proxy need not be a member.
- c) The proxy form duly completed should be deposited at the registered office of the company not less than 48 hours before the time fixed for holding the meeting.

.....cut here.....

GOLDSTONE TECHNOLOGIES LIMITED

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

ATTENDANCE SLIP

(Please present this slip at the entrance of the meeting venue)

Regd. Folio/ : Shares held :

Client ID/ DPID :

I hereby record my presence at the 14th Annual General Meeting to be held on Tuesday, the 30th September, 2008 at 2.30 P.M. at Plot No. 1 & 9 IDA Phase II, Cherlapally, Hyderabad – 500 051.

Name of the Shareholder :

Name of the Proxy :

Signature of member/proxy :

Note : 1) To be signed at the time of handing over this slip.

Members are requested to register their names at least 15 minutes prior to the commencement of the meeting.