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REPORTS OF SUBSIDIARY COMPANIES

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NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of Goldstone Technologies Limited will be held on 30th September 2009 at 4.30 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, 2009 and Profit and Loss Account for the year ended as on that date along with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. L P Sashikumar, who retires by rotation and offers himself for reappointment.
3. 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, the following resolution as an Ordinary Resolution:

"RESOLVED that 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 meeting until the conclusion of next Annual General Meeting at such remuneration as may be determined by the Board."

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Vedula Venkata Ramana, who was appointed as an Additional Director of the Company by the Board of Directors on 19th June 2009 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."

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

"RESOLVED that subject to the provisions of Section 198, 269, 309, 310, 314 and other applicable provisions, if any, read along with Schedule XIII (as amended) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Mr. D. P. Sreenivas as Executive Director of the company for a period of three years with effect from 1st December 2009 on the following terms and conditions:

1. Salary

Salary in the scale of Rs.1,35,000/- (Rupees One Lakh thirty five thousand only) per month.

2. Perquisites

The following perquisites may be allowed in addition to salary subject to the ceiling of an amount equal to annual salary:

Category A

Allowances and Reimbursements not exceeding Rs. 65,000/- per month. (Rupees Sixty Five Thousand only)

Category B

The Company's contribution towards pension scheme or superannuation fund together with provident fund not exceeding 25% of the salary wherein contribution towards provident fund shall not exceed 12% of the salary However, for the purpose

of calculation of overall ceiling on perquisites, the company's contribution towards provident fund, superannuation fund or annuity fund will not be included to the extent these either singly or put together are not taxable under the Income Tax Act.

Gratuity payable should not exceed half a month's salary for each completed year of service. One month's leave for every eleven months of service on full pay and allowances as per the rules of the company.

Category C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company

3. Minimum Remuneration

In the event the company does not have profits or its profits are inadequate, Mr. D P Sreenivas shall be paid salary and perquisites not exceeding the statutory limits as may be prescribed from time to time. However contribution to provident fund/annuity fund/pension fund/gratuity and encashment of leave at the end of the tenure shall not be included in the ceiling of the salary.

"RESOLVED THAT the board of directors are hereby authorised to vary or alter the terms of remuneration within the above limits and authorised to do all the things and deeds as may be required in this regard.

For and on behalf of the Board

Sd/-
D.P.Sreenivas
Executive Director

Place : Hyderabad

Date : 1st September, 2009

Notes :

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
2. The Registrar of Members and Share Transfer Books of the Company shall remain closed from 26th September 2009 to 30th September 2009 [both days inclusive] for the purpose of Annual General Meeting.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed.
4. The Members are requested to intimate to the Company at 9-1-83 & 84, Amarchand Sharma Complex, S D Road, Secunderabad – 500 003, changes, if any in their Registered address along with Pin Code number
5. Members who are having multiple folios with identical names are requested to intimate Folio Numbers, to enable the Company to consolidate the same into Single Folio.
6. 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.
7. Members/Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed for attending the Meeting.

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

Item No: 4

Mr. Vedula Venkata Ramana was appointed as Additional Director of the Company on 19th June 2009 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. Vedula Venkata Ramana none of the Directors are in anyway concerned or interested in this resolution.

Item No. 5 :

Mr. D P Sreenivas was appointed as Executive Director of the Company by the shareholders in the Annual General Meeting held on 26th December, 2006 for a period of 3 years with

effect from 1st December 2006. His appointment is due to be expired on 30th November 09. The re-appointment has been recommended by the Remuneration Committee and approved by the Board of Directors in their Meetings held on 1st September 2009.

This together with terms and conditions of appointment as mentioned in the notice of Annual General Meeting may be treated as an abstract in terms of Section 302 of the Companies Act, 1956.

Your directors recommend the resolution for your approval.

Except Mr. D. P. Sreenivas, none of the Directors of the Company is in any way concerned or interested in this resolution.

For and on behalf of the Board

Sd/-
D.P.Sreenivas
Executive Director

Place : Hyderabad
Date : 1st September, 2009

Additional Information on Directors recommended for Appointment / Re-appointment pursuant to the clause 49 of the Listing Agreement entered with Stock Exchanges

Item # 2 of Notice of AGM

Mr. L P Sashikumar

Mr. L.P.Sashikumar, aged 57 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:

Name of the Company	Designation	Committee membership & Chairmanship
Goldstone Infratech Limited	Managing Director	Audit Committee and Shareholders & Investors Grievance Committee
Staytop Systems & Software Private Ltd	Director	Nil
Goldstone Granites Ltd.	Director	Nil
SPIC Electric Power Corporation Pvt Ltd	Director	Nil

Item #4 of Notice of AGM

Mr. Vedula Venkata Ramana

Aged 52 years, has done Bachelor of Science and Bachelor in Laws, and has over 20 years of experience in wide spectrum of industries including Management and Liaison, Legal etc. He is a leading Senior Advocate in Andhra Pradesh High Court and standing council for various State / Central Government organizations/ Departments. He is not holding any equity shares in the company and is not a Director in any other companies.

Item #5 of Notice of AGM

Mr. D.P.Sreenivas

Aged 38 years, has done Bachelor of Commerce from SV University, and has over 14 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 lead 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:

Other director ship of Mr. D.P. Sreenivas

Sl. No.	Name of the Companies / firm	Nature of Interest	Committee membership
1.	Virgo Global Media Limited	Director	Chairman Audit Committee Chairman Shareholders & Investors Grievance Committee
2.	Staytop Systems and Software Pvt. Ltd.	Director	Not Applicable
3.	Trikona Infra Projects Pvt. Ltd.	Director	Not Applicable
4.	Trikona Technologies Pvt. Ltd.	Director	Not Applicable

DIRECTORS' REPORT

To
The Members
Goldstone Technologies Limited

Your Directors have pleasure in presenting the Fifteenth Annual Report of your company with the Audited Accounts for the financial year ended on 31st March, 2009.

Financial Results:

Rs. In Millions

Particulars	2008-09	2007-08
Net Sales/Income from operations	309.47	561.90
Sales	4.41	43.34
Other Income	6.44	10.28
Total Income	320.32	615.52
Operating Profit	39.60	152.79
Interest	5.12	3.64
Depreciation and Write Offs	20.79	18.11
Profit Before Tax	13.68	131.04
Provision for Tax		
- Current	1.71	16.40
- Deferred	2.04	-
- Fringe Benefit	0.24	-0.95
Extra-Ordinary Items		
- Prior Period Adjustments	(1.40)	0.11
Net Profit	11.09	115.48
Equity Share Capital (1,87,82,066 Shares of Rs. 10/- each)	187.82	187.82
EPS (After Prior Period Items) Rs.	0.52	7.45
Networth	666.41	485.15
Book Value (face value Rs. 10/-) Rs.	35.48	25.61

Review of Operations

During the year under review, your Company has achieved a turnover of Rs. 226.38 Millions as compared to Rs. 561.90 Millions during the

previous financial year. The Net Profit Rs. 11.09 Millions as compared to Previous year Rs. 115.48 Millions

Dividend

In order to fuel its growth and future requirement of funds for the projects under implementation, Board has decided to retain the profits generated. Consequently your directors do not recommend any dividend for the year 2008-09.

Fixed deposits

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

Insurance

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

Subsidiaries

Your Company has two wholly owned subsidiaries namely Staytop Systems Inc; and Primsoft LLC USA and has set up another wholly owned subsidiary in India namely Staytop Systems and Software Private Limited. The Directors Report including Balance Sheet and Profit & Loss Account for the year ended 31st March 2009 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 2008 to 31st March 2009, the company earned revenues of US\$ 8,124,613 [Rs. 373.00 Millions] as against US\$ 11,121,393 [Rs. 448.03 Million] in 2007-08 and registered a Net Profit of US\$ 253,449 [Rs. 11.64 Million] as against US\$ 368,905 [Rs. 14.86 Million] in 2007-08.

Primesoft LLC

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

Staytop Systems and Software Pvt Ltd.

The company is commencing the business operations during the current financial year 2009-10 to cater the needs of overseas clients in india who are also the clients of overseas subsidiary.

4G Informatics private limited

Your company had a dispute with 4G Informatics private limited and filed a case before the Company Law Board. Under the directions of the Company Law Board, your company has entered into a settlement agreement with 4G Informatics Private Limited. After fulfilling the conditions of the settlement agreement, 4G Informatics Private Limited would not be a subsidiary of your company.

Auditors

M/s. P Murali & Co., Chartered Accountants, Hyderabad, the Company's Statutory Auditors hold office, in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. 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. L.P.Sashikumar Director, retire by rotation and being eligible offer himself for re-appointment.

Mr.Vedula Venkata Ramana, Additional Director would be retiring at this Annual General Meeting and is proposed to be appointed as Director retirable by rotation.

The Board of Directors based on the recommendation of the Remuneration Committee, at their meeting held on 1st September 2009 have considered and approved the reappointment of Mr. D P Sreenivas as Executive Director of the Company for a period of three years with effect from 27th December, 2009.

The Board of Directors recommends the above appointment / re-appointments

Stock Exchange Listing

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE), Madras Stock Exchange Limited (MSE), Delhi Stock Exchange Association Limited (DSE) and Ahmedabad Stock Exchange Limited (ASE). The Company confirms that it has paid Annual Listing Fees due to all the above Stock Exchanges for the year 2009-10.

Your Directors would like to inform you that the Board of Directors at their meeting held on 1st September 2009 have approved the de-listing of the equity shares of the Company from Madras Stock Exchange Limited (MSE), Delhi Stock Exchange Association Limited (DSE) and Ahmedabad Stock Exchange Limited (ASE). This approval of the Board was granted pursuant to the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. However, your Company's shares will continue to be listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). Delisting approvals from these three stock exchanges are awaited.

Director's Responsibility Statement

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

- (a) That in the preparation of the Accounts for the financial year ended as on 31st March,

2009, the applicable accounting standards have been followed and there are no material departures there from.

- (b) That the accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 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 accounts for the financial year ended 31st March, 2009 have been prepared on a going concern basis.

Corporate Governance

A report on Corporate Governance including

Name, Age, Qualification, & % of shareholding in the company	Designation	Date of commencement of employment	Experience (yrs)	Basic Salary (Rs.lacs)	Perquisites	Last employment
Mr.D.P.Sreenivas 39 years Bachelor of Commerce from S V University - Nil -	Executive Director	01.12.2006	14	16.20	7.80	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.

Auditor Certificate thereon as per Clause 49 of the Listing Agreement is attached to this 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 Department of Company 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 :

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 :

Rs. In Millions

Particulars	2008-2009	2007-2008
(a) Foreign Exchange Earnings	68.38	41.73
(b) Foreign Exchange Outgo	41.72	67.59

Acknowledgements

Your directors convey their sincere thanks to Syndicate Bank, ICICI Bank and Allahabad Bank for their support and assistance.

Your Directors thank all the Employees of your company for their dedicated service. Your Directors thank the shareholders for their support and confidence reposed in the company and the management and look forward to their continued co-operation and support.

For and on behalf of the Board

Sd/-
D.P.Sreenivas
Executive Director

Sd/-
L.P.Sashikumar
Director

Place : Hyderabad
Date : 1st September, 2009



As required under the SEBI guidelines, the Executive Director and Chief Financial Officer Certification is attached to this Report.

CERTIFICATE FROM THE EXECUTIVE DIRECTOR & Dy. GENERAL MANAGER (ACCOUNTS)

We, D P Sreenivas, Executive Director and P Syam Prasad, Dy. General Manager (Accounts) of Goldstone Technologies Limited, responsible for the finance function, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2009 and that to the best of our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements give a true and fair view of the Company's affairs and of the results of operations and cash flow. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are

fraudulent, illegal or in violation of company's code of conduct.

- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have not noticed any deficiency that need to be rectified or disclosed to the Auditors and the Audit Committee.
- (d) During the year under reference
- (i) there were no significant changes in the internal control overall financial reporting during the year.
- (ii) no significant changes in accounting policies were made that require disclosure in the notes to the financial statements; and
- (iii) no instance of significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting, has come to our notice.

Sd/-

P. Syam Prasad

Dy. General Manager (Accounts)

Sd/-

D P Sreenivas

Executive Director

Hyderabad
1st September 2009

MANAGEMENT DISCUSSION ANALYSIS

The financial year of the Company is 12 calendar months starting 1st April 2008 and ended as on 31st March 2009.

Industry Structure, Development, opportunities and threats.

The Indian Information Technology (IT) industry primarily consists of three major segments: IT Services, Information Technology Enabled Services (commonly referred to BPO/KPO Services or ITES) and IT hardware

Indian IT industry is facing the brunt of slowdown in various key markets and key verticals. Clients are cutting down on their IT budgets and seeking concessions on billing rates from their vendors and suppliers

CRISIL Research estimates IT Services export revenues to be around \$26 Billion in 2008-09, a year on year growth rate of 12 percent, after an impressive 29 percent year on year growth in 2007-08. In 2009-10, it is forecasted that IT services export revenues to remain flat.

After years of robust growth of over 30 percent, the export growth rate of the Indian IT Enable Services sector slumped to 18 per cent in 2008-09 with estimated revenues of \$12.8 billion. CRISIL Research expects growth in IT Enable Services exports to moderate 7-8 per cent in 2009-10.

Financial Performance

Capital Structure

During the year there are no changes in the capital structure of the company.

Reserves and Surplus

During the year the reserves and surplus increased to Rs.478.59 millions from Rs.422.39 millions.

Fixed Assets

The Fixed Assets during the year increased by Rs.4.65 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.29.23 million were shown as intangible assets and Rs.16.79 million were written off during the year.

Investments and subsidiary

During the year the company had promoted a subsidiary by name Staytop Systems and Software Private Limited to cater to needs of the clients of overseas subsidiary Staytop Systems Inc., in India and had invested Rs.99,000 during the year.

Sundry Debtors

Sundry Debtors balance as on 31st March 2009 is decreased by Rs.208.45 million compared to that of 31st March 2008. 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 are Rs.10.97 Million as against Rs.10.84 Million when compared to the previous year. Efforts were made to maintain Cash and Bank Balances at minimum level.

Loans and Advances

Loans and Advances during current year stood at Rs.47.19 Million as compared to Rs.23.66 Million in the previous year.

Inventory

Inventory consists stock of set-top boxes of IPTV Division and processing charges, Movie rights and colorization expenses of media division.

Current Liabilities & Provisions

The balance of Current Liabilities during the year are Rs.467.87 Million compared to Rs.472.39 million during the previous year.

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

Intangible Assets

During the year the company has written of Rs.16.79 Millions and the balance amount is carried forward for setting off in subsequent years.

OPERATIONAL REVENUE

Revenue

During the year the company has generated a revenue of Rs.320.32Million as against Rs.615.52Million for the previous year.

EXPENDITURE

Personnel Expenditure

There is a decrease of Rs.68.19 Million in comparison with earlier year; the decrease was due to reduction in idle resources.

Administrative and Other Expenses

During the year the Administrative and Other Expenses were Rs.147.17 Million as against Rs.289.02 million during the previous year.

Financial Charges

During the year the Financial charges were Rs.5.12 Million as against Rs.3.64 million during the previous year.

Depreciation

An amount of Rs.20.72 Million was provided as Depreciation for the year as against Rs.26.64 Million for the previous year.

Provision for Tax

During the year the Company has provided Rs. 1.71 million for Income Tax and Rs.0.24 Million towards Fringe Benefit Tax as against Rs.15.25 Million and Rs.0.06 Million for the previous year.

Net Profit/Loss

The Company reported Rs.11.09 Millions Profit after Tax for the year 2008-09 compared to Rs.115.48 Millions in the previous year.

Earnings per shares

The earning per share of the Company for the year is Re.0.59 per share of face value of Rs.10/- each as against Rs.7.45 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

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.

Outlook

The over all IT industry long term prospects are expected to be positive. Continuing maturity of the global offshore delivery model and the inherent need of clients to reduce costs would together help propel growth.. Players would also increasingly focus on targeting new markets, developing capabilities in emerging service lines such as IMS, and process innovation. To mitigate the impact on margins due to the slowdown, IT Players have resorted to measures like increasing the offshore component and improving employee utilization levels, minimal salary increment and rationalizing of selling, general and administrative expenses.

Goldstone has taken strong initiatives to capture the new markets in the field of IT and IT

Enabled services. Strategic Initiatives have been taken to build strong and experienced global telemarketing and sales team, supported by good presales and delivery team and hope to improve its turnover during coming financial year 2009-10.

Goldstone has taken various initiatives in the Digital media segment. 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 and hopeful to improve revenues during the year 2009-10.

Cautionary Statement

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



CORPORATE GOVERNANCE

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 endeavors.

BOARD OF DIRECTORS

Composition of the Board

As on the date the Board comprises of the following Directors as per the details given below :

Name of the Director	Position	Category	No. of Directorships held in other Companies	No. of Board Committee Memberships held in other companies
Mr.D.P.Sreenivas	Executive Director	Executive & Non Independent	4	2
Mr.L.P.Sashikumar	Promoter Director	Non Executive Non Independent	2	3
Mr.K.S.Sarma	Director	Non Executive Independent	Nil	Nil
Mr. Vedula Venkata Ramana*	Director	Non Executive Independent	Nil	Nil

* Mr. Vedula Venkata Ramana was appointed as addl. director with effect from 19th June 2009

Board Meetings

During the Financial year 2008-09 Six Board Meetings were held on the following dates: 30th April 2008, 25th June 2008, 31st July 2008, 30th August 2008, 29th October 2008, 30th January 2009

Name of the Director	Number of Board Meetings held	No of Board Meetings Attended	At Last AGM (Yes/No)
*Mr. Clinton Travis Caddell	2	1	NO
Mr. D P Sreenivas	6	4	YES
Mr. L P Sashikumar	6	6	YES
Mr. K S Sarma	6	5	NO
*Mr. Sukesh Gupta	4	2	YES
*Mr. P V Narasimha Rao	2	2	YES
*Mr. D K Ratilal	4	0	NO
*Mr. Nandan Kundetkar	2	1	NO
*Mr. V P Singh	2	1	NO

* These directors have resigned on various dates.

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. Vedula Venkata Ramana	Non Executive Independent
3.	Mr. D.P.Sreenivas	Executive & Non Independent

The Committee had met 5 times during the year 2008-09 and attendance at the meeting was as under:

SI.No.	Name of the Director	Number of Meetings held	No of Meetings Attended	Meeting held on
1	K S Sarma	5	4	30 th April 2008
2	D P Sreenivas	5	5	31 st July 2008
3	P V Narasimha Rao*	5	2	30 th August 2008
4	Sukesh Gupta*	5	1	29 th October 2008
				30 th January 2009

* These directors have resigned

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 an arm's length basis, if any, together with Management's justification for the same.

iv. As required by the Accounting Standard-18, issued by the Institute of Chartered Accountants of India, details of related-party transactions are at clause 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 utilization would be placed before the Committee for review. So far, the Company has utilized the funds raised during the year for the purposes for which those have been raised.

During the year, company has forfeited 10% advance received towards issue of 2.00 crore share warrants since the same were not exercised.

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 director's 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 three members as given below:

SI.No.	Name of Committee Member	Category
1.	Mr. K S Sarma	Non Executive Independent
2.	Mr. L P Sashikumar	Non Executive & Non Independent
3.	Mr. Vedula Venkata Ramana	Non Executive Independent

Details of the remuneration and sitting fee paid to the Directors during the financial year 2008-09 as given below:

Name of the Director	Salary	Perquisites	Sitting Fee	Total
Clinton Travis Caddell	18,36,400	-	-	18,36,400
D P Sreenivas	16,20,000	7,80,000	-	24,00,000
K S Sarma	-	-	1,65,000	1,65,000
L P Sashikumar	-	-	1,05,000	1,05,000
P V Narasimha Rao	-	-	1,05,000	1,05,000
Sukesh Gupta	-	-	1,20,000	1,20,000

SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

The Shareholder's/Investor Grievance Committee oversee the redressal of shareholder

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
2.	Mr. D P Sreenivas	Executive & Non Independent
3.	Mr. Vedula Venkata Ramana	Non Executive Independent
4.	Mr. L.P.Sashikumar	Non Executive & Non Independent

During the financial year the committee has considered the Share Transfer/Transmission/ Issue of Duplicate Shares on various dates and has met on the following dates, 30th April 2008, 31st July 2008, 30th August, 2008, 29th October 2008 and 30th January 2009.

During the year under review, the company has resolved/replied back to the shareholders on the Investor Complaints received by it and there

and investor grievances and approval of sub division/transfer/transmission of shares, issue of duplicate certificate etc;

are no complaints pending as on 31st March 2009.

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
2007-08	14 th	30 th September 2008	02.30 P.M.
2006-07	13 th	29 th September 2007	10.30 A.M.
2005-06	12 th	27 th December 2006	10.30 A.M.

During the year the Company has sought approval of the members by way of postal ballot for amendment of objects, increasing the borrowing powers of the company and for taking up of the business as specified under sub-clause 6 to 8 under clause III (C) of the Memorandum of Association of the Company

The results were as follows:-

Resolution	No of votes/shares received for the resolution	No of votes/ shares received against the resolution	% of total votes cast in favour of resolution
Resolution No.1	3523605	100	99.99%
Resolution No.2	3523303	402	99.98%
Resolution No.3	3523303	402	99.98%
Resolution No.3	3523605	100	99.98%

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 Exchange 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 Financial Express (English), Andhra Prabha (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 Report

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

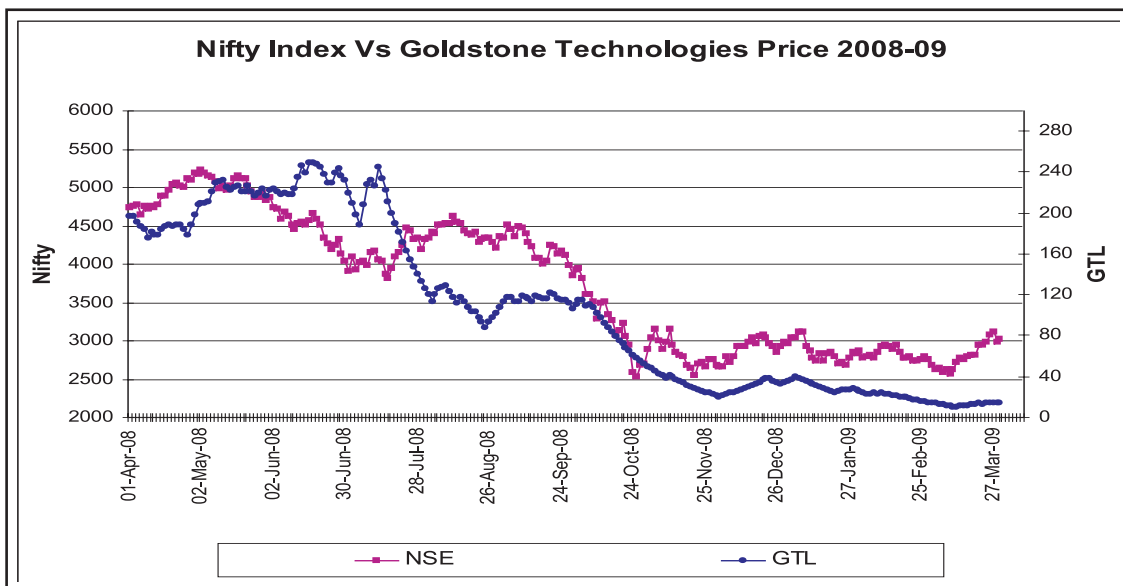
GENERAL INFORMATION FOR SHAREHOLDERS

- i. The Fifteenth Annual General Meeting of the Company will be held on Wednesday 30th September 2009 at 4.30 P.M at Plot No. 1 & 9, IDA Phase II, Cherlapally, Hyderabad – 500 051
- ii. Dates of Book Closure 26th September 2009 to 30th September 2009
- iii. Financial year of the Company is 1st April to 31st March
- iv. Financial Reporting for the quarters ending 30th September 2009, 31st December 2009 and 31st March 2010 will be in the last week of the month following the closure of the quarter.
- v. Stock Code: NSE- GOLDTECH BSE:- 531439
ISIN:- INE805A01014
- vi. Stock Exchanges where the shares are of the Company Listed are as given below :

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	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 021
Delhi Stock Exchange Limited DSE House, 3/1, Asaf Ali Road New Delhi – 110 002	Ahmedabad Stock Exchange Limited Kamadhenu Complex Opp Sahajanand College, Panjaraople Ahmedabad – 380 015
Madras Stock Exchange Limited Exchange Building Post Box No. 183, Second Line Beach, Chennai – 600 001	

Market Price Data

Month	NSE		BSE	
	High	Low	High	Low
April 2008	208.60	176.05	209.05	176.10
May 2008	232.65	209.10	233.50	210.15
June 2008	249.40	217.90	249.50	217.50
July 2008	245.40	119.85	246.80	120.70
August 2008	128.25	88.25	129.00	88.40
September 2008	122.15	106.25	123.45	107.00
October 2008	114.80	50.20	114.80	50.65
November 2008	47.70	22.35	48.15	22.55
December 2008	37.85	20.20	37.80	20.40
January 2009	39.20	23.75	39.00	23.80
February 2009	24.10	14.25	24.25	14.65
March 2009	14.40	10.20	14.52	10.10



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

There are no outstanding GDR's/ADR's/Warrants or convertible instruments pending as on the date of Annual Report.

The Company has not issued any GDR's/ADR's.

Distribution of Shareholding as on 31st March, 2009

Share holding of nominal value of	Shareholders		Share Capital	
	Number	% of Total	In Rs.	% of Total
Upto – 5000	7125	80.80	10974660	5.84
5001 – 10000	780	8.85	6616830	3.52
10001 – 20000	347	3.94	5374330	2.86
20001 – 30000	150	1.70	3897830	2.08
30001 – 40000	79	0.90	2859430	1.52
40001 – 50000	71	0.80	3331090	1.77
50001 – 100000	103	1.17	7761950	4.13
100001 and above	163	1.88	147004540	78.27
Total	8818	100%	187820660	100.00

Shareholding Category wise Distribution

Category	No. of shares	% to share capital
	As on 31.03.2009	
Promoters	3534153	18.82
Mutual Funds	547150	2.92
FII's	19317	0.10
Private Bodies		
Corporate	6725027	35.81
Public	7594094	40.43
NRI's	362325	1.93
GRAND TOTAL	18782066	100.00

Location of Software Divisions

9-1-83 & 84, Amarchand Sharma Complex, S D Road, Secunderabad – 500 003
8603 Westwood Centre, Suite 200, Vienna Virginia – 22182, United States of America

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

Declaration

I confirm that the Company has in respect of the Financial Year ended 31st March 2009, 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

Sd/-

D.P.Sreenivas
Executive Director

Place : Hyderabad

Date : 1st September, 2009

Dematerialization of Shares & 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 2009 over 96.22% of Equity Shares of the Company are held in Electronic Form

Compliance Officer :

Mr. Ande Narendra, Company Secretary
Ph. 040 – 27807640, Fax No. 040-39120023.
E-mail: cs@goldstonetech.com

Certificate on compliance of Corporate Governance

To

The Members of

Goldstone Technologies Limited

We have read the report of Board of Directors on Corporate Governance and have examined the relevant records relating to compliance conditions of Corporate Governance of Goldstone Technologies Limited ("The Company") for the year ended on 31st March, 2009, 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 conducted in the manner described in the Guidance not on "Certification of Corporate Governance" issued by the Institute of Chartered Accountants of India, was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. Our

examination was neither an audit nor was it conducted to express an 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 and on the basis of our examination described above the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as 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

Sd-/
P. Murali Mohana Rao
Partner
Membership No. 23412

Place: Hyderabad
Date:- 1st Sep. 2009

AUDITORS' REPORT

To
The Members
Goldstone Technologies Limited

We have audited the attached Balance Sheet of GOLDSTONE TECHNOLOGIE LIMITED, as at 31st March 2009 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 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 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 2009
 - 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

Sd-/
P. Murali Mohana Rao
Partner
Membership No. 23412

Place: Hyderabad
Date:- 1st Sep. 2009

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

Sd-/
P. Murali Mohana Rao
Partner
Membership No. 23412

Place: Hyderabad
Date:- 1st Sep. 2009

BALANCE SHEET AS AT 31st MARCH, 2009

	Sch.	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
I. SOURCE OF FUNDS			
1 SHAREHOLDERS' FUNDS			
a. Share capital	1	187,820,660	187,820,660
b. Share Application Money		-	45,000,000
c. Reserves and Surplus	2	478,590,971	422,385,521
		666,411,631	655,206,181
2 LOAN FUNDS			
a. Secured Loans	3	129,418,828	173,236,154
3 DEFERRED TAX			
Deferred Tax Liability		2,655,417	616,522
Total		798,485,876	829,058,858
II. APPLICATION OF FUNDS			
1 FIXED ASSETS			
a. Gross block	4	533,697,291	390,524,439
b. Less : Depreciation		169,260,049	145,548,176
Net block		364,437,242	244,976,263
Add : Capital Work in Progress	6	151,938,207	200,060,263
		516,375,449	445,036,526
2 INVESTMENTS			
3 CURRENT ASSETS, LOANS & ADVANCES			
a. Sundry Debtors	7	373,474,469	581,916,166
b. Cash and Bank Balances	8	10,967,026	10,839,190
c. Loans and Advances	9	47,191,721	23,662,676
d. Inventory	10	130,874,868	83,632,544
		562,508,083	700,050,576
Less: Current Liabilities & Provisions			
a. Current Liabilities	11	467,868,489	472,386,617
b. Provisions	12	7,357,278	31,510,433
		475,225,767	503,897,050
NET CURRENT ASSETS		87,282,316	196,153,526
Total		798,485,876	829,058,858
Significant Accounting Policies and Notes to Accounts	18		

As per our report attached

For P. MURALI & CO.

Chartered Accountants

Sd/-

P. Murali Mohana Rao

Partner

Membership No. 23412

Place: Hyderabad

Date : 1st Sep., 2009

For and on behalf of the Board

Sd/-

L.P.Sashikumar

Director

Sd/-

D.P.Sreenivas

Executive Director

Sd/-

A. Narendra

Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Sch.	For the year ended 31st March, 2009 Rupees	For the year ended 31st March, 2008 Rupees
INCOME			
Sales Exports	13	226,385,279	561,899,124
Sales Domestic	13	4,407,386	43,344,928
Other Operating Income	14	83,086,630	-
Other income	14	6,436,799	10,279,158
Total		320,316,094	615,523,210
EXPENDITURE			
Personnel costs	15	133,539,303	201,728,798
Operating & Admin Expenses	16	147,177,749	289,022,766
Increase in Inventory	10	-	(36,554,675)
Finance Charges	17	5,122,082	3,642,238
Depreciation		20,794,569	26,644,996
Total		306,633,703	484,484,123
Profit before taxation		13,682,390	131,039,087
Provision for : Taxation / Fringe Benefit Tax		1,954,113	16,401,176
Deferred tax Liability Reversed/Deferred Tax asset		2,038,895	947,518
Profit after tax		9,689,382	115,585,429
Prior period adjustments (Net)		(1,404,122)	107,900
Profit /(Loss)after Prior period Items		11,093,504	115,477,529
Surplus brought forward from previous year		172,250,894	69,957,812
Profit available for Appropriations		183,344,398	185,435,341
Proposed Dividend for 07-08		-	11,269,240
Tax on Proposed Dividend for 07-08		-	1,915,207
Profit Carried to Balance Sheet		183,344,398	172,250,894
Earnings per Share (Equity Shares of nominal value Rs. 10/- each)			
Basic		0.59	7.45
Diluted		0.59	7.05
Number of shares used in Computing EPS			
Basic		18,782,066	15,490,332
Diluted		18,782,066	16,386,056
Significant Accounting Policies and Notes on Accounts	18		

As per our report attached

For P. MURALI & CO.

Chartered Accountants

Sd/-

P. Murali Mohana Rao

Partner

Membership No. 23412

Place: Hyderabad

Date : 1st Sep., 2009

For and on behalf of the Board

Sd/-
L.P.Sashikumar
Director

Sd/-
D.P.Sreenivas
Executive Director

Sd/-
A. Narendra
Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st March, 2009

	As at 31st March, 2009 Rupees	As at 31st March, 2008 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 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	187,820,660
Total	187,820,660	187,820,660
2. RESERVES AND SURPLUS		
Capital Reserve - As per last Balance Sheet	14,780,538	14,780,538
Add: Share Warrants forfeiture	45,000,000	
	59,780,538	14,780,538
Securities Premium Account - As per last Balance Sheet	108,404,803	108,404,803
Add: Premium on preferential Allotment of Equity Shares	109,974,596	109,974,596
	218,379,399	218,379,399
General Reserve - As per last Balance Sheet	18,300,679	18,300,679
Foreign Currency Translation Reserve - Transferred	(1,214,042)	(1,325,490)
Profit & Loss Account	183,344,398	172,250,395
Surplus as per annexured account	-	-
Total	478,590,971	422,385,521
3 LOAN FUNDS		
A) SECURED LANS		
a. From Banks		
Equipment Loans	7,918,383	27,042,267
Cash credit	7,155,840	-
Term Loan	-	10,434,755
Building Loan	28,816,024	35,227,336
Working Capital Loan	80,910,310	79,160,295
Overdrafts	-	14,651,586
Vehicle Loans	2,812,784	3,709,226
b. From a Company	1,805,487	3,010,689
Total	129,418,828	173,236,154

4: FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.2008 Rupees	Additions during the year Rupees	Deductions during the year Rupees	As on 31.03.2009 Rupees	Upto 01.04.2008 Rupees	For the year Rupees	Adjustments during the year Rupees	Upto 31.03.2009 Rupees	As on 31.03.2009 Rupees	As on 31.03.2008 Rupees
1. Land	74,171,399	-	-	74,171,399	-	-	-	-	74,171,399	74,171,399
2. Buildings	26,812,378	-	-	26,812,378	6,468,177	1,273,588	-	7,741,765	19,070,613	20,344,201
3. Leasehold Improvements	4,737,576	-	-	4,737,576	4,737,576	-	-	4,737,576	-	-
4. Plant & Machinery	2,708,808	536,022	-	3,244,830	3,171,630	7,684	-	3,179,314	65,516	307,707
5. Furniture & Fixtures	10,426,690	1,116,617	-	11,543,307	2,980,666	662,779	-	3,643,445	7,899,862	3,128,564
6. Electrical Installation	10,982,644	1,550,319	-	12,532,963	2,685,888	523,047	-	3,208,935	9,324,028	6,268,628
7. Vehicles	8,702,513	-	-	8,702,513	2,145,619	826,739	-	2,972,358	5,730,155	6,556,986
8. Computer system & Software	135,189,706	1,446,849	-	136,636,555	101,509,179	6,243,723	3,008,659	104,744,243	31,892,312	33,260,371
9. Electronic Equipment & Office Equipment	8,895,683	-	-	8,895,683	4,776,374	393,436	-	5,169,810	3,725,873	10,114,433
Total	282,627,397	4,649,807	-	287,277,204	128,475,109	9,930,996	3,008,659	135,397,446	151,879,758	154,152,289
INTANGIBLE ASSETS										
10. Design, Development and Testing of Software tools for IT Services	105,397,042	29,228,906	-	134,625,948	17,073,070	16,789,536	-	33,862,606	100,763,342	88,323,972
11. IPTV Start-up Expenses	79,092,220	32,701,918	-	111,794,138	-	-	-	-	111,794,138	79,092,220
Total	467,116,659	66,580,632	-	533,697,290	145,548,179	26,720,532	3,008,659	169,260,052	364,437,238	321,568,481
Previous year	277,334,392	110,690,046	-	388,024,438	118,903,183	26,644,996	-	145,548,179	242,476,259	158,431,209

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
5. INVESTMENTS- AT COST		
Long Term Investment		
Unquoted		
Investment in shares of Wholly owned Subsidiary (Staytop Systems Inc, USA)	92,663,433	92,663,433
Investment in Staytop Systems & Software Pvt Ltd	99,000	-
Investment in 4G Informatics Private Limited	102,065,678	95,205,373
Total	194,828,111	187,868,806
6 CAPITAL WORK IN PROGRESS		
Capital Expenses for Digital Media	2399,000	2,399,000
Capital Expenses for IPTV	125,991,120	112,210,792
Buildings under construction	23,548,087	6,358,249
Total	151,938,207	120,968,041
7 SUNDRY DEBTORS (Unsecured)		
a Debts outstanding for a period exceeding six months		
i. Considered Good	40,419,519	108,138,100
ii. Considered Doubtful	932,483	932,483
Less : Provision	932,483	932,483
Total	40,419,519	108,138,100
b Other Debts - Considered Good	333,054,950	473,778,066
Total	373,474,469	581,916,166
8 CASH & BANK BALANCES		
Cash on hand	57,642	20,666
Cheques on Hand	-	-
Bank balances with Scheduled Banks		
-In Current Accounts	105,083	175,005
-In Fixed Deposit (Lodged with the bank against BG)	250,000	200,000
Balances with others - Non Scheduled Banks	10,554,301	10,443,519
Total	10,967,026	10,839,190

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
9 LOANS & ADVANCES		
(Unsecured , Considered Good)		
a Advances to suppliers	32,928,929	8,556,780
b Advances to Staff	4,730,205	5,727,907
c Deposits	5,139,962	5,975,330
d Other Current Assets	2,948,049	1,497,308
e Prepaid Expenses	1,444,576	1,905,351
Total	47,191,721	23,662,676
10 Inventory		
Inventory- Set Top Boxes	8,364,675	8,364,675
Stock of Movie Rights	28,190,000	28,190,000
Opening Work in Process	49,577,869	-
- Processing charges during the year	44,742,324	-
Closing Work in Process	94,320,193	49,577,869
Total	130,874,868	86,132,544
11 CURRENT LIABILITIES		
Sundry Creditors	86,106,236	215,352,257
(No outstanding dues to SSI Undertakings)		
Other Creditors/ Liabilities	373,574,293	254,341,653
Statutory Liabilities	8,187,960	2,692,709
Total	467,868,489	472,386,619
12 PROVISIONS		
Provision for Taxation	1,707,989	15,249,194
Provision for FBT	236,619	65,078
Provision for Gratuity and Leave Encashment	5,412,670	3,011,715
Proposed Dividend 07-08	-	11,269,240
Provision for Dividend Tax 07-08	-	1,915,207
Total	7,357,278	31,510,434

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	For the Year ended 31st March, 2009 Rupees	For the Year ended 31st March, 2008 Rupees
13 SALES		
Software & Services		
- Domestic	4,407,386	43,344,928
- Exports	226,385,279	561,899,124
Total	230,792,665	605,244,052
14 OTHER OPERATING INCOME / OTHER INCOME		
Interest on Fixed Deposits	-	329,827
Other Income	34,775	3,774,500
Lease Rent	6,402,024	6,174,831
Exchange Fluctuation Gain	83,086,630	-
Total	89,523,429	10,279,158
15 PERSONNEL EXPENDITURE		
Salaries, Wages and other Benefits	132,457,261	200,290,090
Staff Welfare	1,045,193	960,060
Staff Recruitment & Training	36,849	478,648
Total	133,539,303	201,728,798
16 ADMINISTRATIVE AND SELLING EXPENSES		
Directors Remuneration	42,36,400	5,035,715
Cost of Set Top Boxes	-	9,263,045
Collection Charges	3,690,557	
Reimbursements	(647,988)	-
Discounts taken by clients	-	150,064
Advertisement	244,539	2,481,722
Electricity	2,182,381	112,564
Gifts and Donations	20,000	-
Rent	27,317,686	5,568,390
Legal Fees	352,516	984,322
Printing and Stationary	305,287	474,840
Postage ,Telephones and Internet	10,771,321	6,675,481
Insurance	2,756,867	8,071,481
Professional and Consultancy	19,882,873	17,044,134
Rates and Taxes	1,268,720	7,335,469
Meeting Expenses	547,114	135,708

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	For the Year ended 31st March, 2009 Rupees	For the Year ended 31st March, 2008 Rupees
Marketing Expenses / Commissions	34,887	1,683,800
Meeting, EGM & AGM Expenses	52,390	143,099
Books & Periodicals	13,481	31,353
BO Refreshment	14,000	162,729
Membership & Subscription	800,042	146,181
Vehicle Maintenance	3,163,855	1,046,228
Travelling Expenses	-	-
-Directors-	710,251	2,110,943
-Others	6,538,189	13,514,775
Conveyance	166,350	58,412
Consultancy Salaries	-	185,232
Cargo Charges	7,000	-
Bad Debts	2,051,985	4,068,959
BW,Co-Location, Down Linking Charges -O.I	-	27,252
Business Promotion	607,636	416,124
Auditors Remuneration	308,536	167,693
Office Maintenance	2,723,761	2,568,506
Repairs & Maintenance	1,993,997	1,311,739
Miscellaneous Expenses	1,573,112	317,339
Payroll Processing	-	443,905
Listing Fees	191,910	487,627
Outside Services	-	783,385
Software Development Expenses	-	83,160
Secretarial Charges	32,310	133,761
Seminer & Conferences	-	82,754
Foreign Exchange Fluctuation	-	20,751,941
Security Charges	910,926	5,500
Licence Fee	-	376,519
Income Tax Paid	456,128	1,475,085
Service Tax	732,154	199,551
FBT	176,502	404,461

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	For the Year ended 31st March, 2009 Rupees	For the Year ended 31st March, 2008 Rupees
Movie Recording Expenses	-	972,782
Movie Expenses	-	933,081
Digital Cinema Processing Expenses	-	541,660
Consumption of Movie	-	30,690,000
Project Work Expenses	50,990,077	181,632,487
Total	147,177,749	331,290,958
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)
	147,177,749	298,022,766
17 FINANCIAL EXPENSES		
Bank Charges	499,884	567,385
Interest	4,258,181	2,684,694
Interest on Car Loan	364,017	390,158
Total	5,122,082	3,642,237

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. 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 or 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 or gain 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.

(viii) Intangible Assets :

Design, Development and Testing of Software tools for IT Services are amortized over a period of five years commencing from the successive year in which such expenditure is incurred.

Startup expenses in respect of new projects are amortized over the estimated useful life of the respective projects after commencements of regular operations.

(ix) Borrowing Costs :

Borrowing Costs directly attributable to acquisition or construction/development of the relevant fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized. Other borrowing costs are expensed in the year in which they are incurred.

(x) Inventory :

Inventories are valued at cost.

B. NOTES ON ACCOUNTS:

1. Contingent Liability :

- 1.1. Outstanding Bank Guarantees – Rs. 22 Lakhs (Previous year Rs.22 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. 28,12,784/- are secured by way of hypothecation of the said vehicles.
- 2.2. Equipment Loans of Rs. 79,18,383/- are secured by way of hypothecation of the said Equipments
- 2.3. Building Loan of Rs.2,88,16,024/- 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.10,20,65,678.

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. 1.71 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, 2008	0.61
Add: Deferred tax liabilities reversed during the year on account of timing differences - between book and tax depreciation	2.05
Deferred Tax liabilities as at 31 st March, 2009	2.66

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
3	Stay top Systems & Softwares Pvt. Ltd.	Subsidiary

7.2. 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	1.82

8. Earnings Per Share

Calculation of EPS Basic & Diluted

Rs. In Millions

Particulars	Current Year 2008-09	Previous Year 2007-08
Total No. of Equity Shares considered for calculation of EPS on weighted average basis	18,782,066	1,54,90,332
Profit after Taxes before Prior Period Adjustments	9.69	115.59
Profit after Taxes after Prior Period Adjustments	11.09	115.48
EPS after Taxes before Prior Period Adjustments	0.52	7.46
EPS after Taxes after Prior Period Adjustments	0.59	7.45

9. Segment Reporting :

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.

Rs. In Millions

Segment wise stand alone financial results for the quarter ended March 31, 2009

Particulars	Current Year 31.03.2009	Previous Year 31.03.2008
1. Segment Revenue		
a) US Branch	157.62	232.10
b) India operations		
Software Division	162.69	336.31
Media Division	-	46.28
IPTV Division	-	0.83
Total Revenue from Operations	320.32	615.52
2. Segment Results		
Profit (+)/Loss (-) before tax, Deprn. & interest from		
a) US Branch	(30.21)	6.51
b) India operations total	69.80	146.28
Total	39.78	152.79
Less: interest (not allocable)	5.12	3.64
Less: Depreciation (not allocable)	20.79	18.15
Total Profit/(Loss) Before Tax	13.68	131.00

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. Geographical Segment :

Rs. In Millions

Particulars	Current Year	Previous Year
Revenue:		
India – Exports	162.69	336.31
Outside India	157.62	232.10
Additions to Fixed Assets:		
India	4.65	81.98
Outside India	-	1.06
Carrying Amount of Segment Assets		
India	145.82	162.41
Outside India	6.06	19.93

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 Information Technology & Information Technology Enabled Services. 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	18,36,400	48,34,800
Other perquisite	—	—
Executive Director		
Salary	16,20,000	16,20,000
Other perquisite	7,80,000	7,80,000

12.3 Foreign Exchange Transaction

Rs. In Millions

Particulars	Current Year 2008-09	Previous Year 2007-08
1) Value of Imports on CIF Basis		
a) Capital Goods – Electronic Equipments	---	53.36
b) Capital Goods – Computer Software	1.54	---
2) Expenditure in Foreign Currency		
a) Travelling Expenses	1.17	3.68
b) Other Payments paid In Foreign Exchange	39.01	10.55
3) Earnings in Foreign Currency (on Receipt basis)a)		
Software Exports	68.38	41.73

12.4 Auditors Remuneration

Particulars	Current Year 2008-09	Previous Year 2007-08
Audit Fees	Rs. 3,00,000/-	Rs. 3,00,000/-
Certification Work	Rs. 1,68,360/-	Rs. 1,68,360/-

13.Inventory:

Restoration and colorization expenses in respect of the films for which the company has acquired distribution rights are carried as working in progress pending completion of the respective films.

14. Company has allotted 2,00,00,000 no's of convertible Equity Share Warrants on Preferential basis to Goldstone Exports Limited at Rs. 22 per warrant. Goldstone Exports Limited has paid Rs. 2.20 per warrant being 10% of the issue price of the warrant as per the terms of allotment. Balance amount was payable within 18 months period from the date of allotment of the warrants as per the terms of the allotment. Since Goldstone Exports Limited did not exercise the conversion option of the warrants allotted to them period the share warrant money of Rs. 45.00 million has been forfeited during the year and the same has been transferred to Capital Reserve being Capital Receipt.

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

As per our report attached
For P. MURALI & CO.
Chartered Accountants

For and on behalf of the Board

Sd/-
P. Murali Mohana Rao
Partner
Membership No. 23412

Sd/-
L.P.Sashikumar
Director

Sd/-
D.P.Sreenivas
Executive Director

Sd/-
A. Narendra
Company Secretary

Place: Hyderabad
Date : 1st Sep, 2009

C. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2009 Rs. In Millions

	31st March, 2009	31st March, 2008
A Cash Flow from Operating Activity		
Net Profit before tax	13.86	131.04
Adjustments for:		
Depreciation	20.79	18.11
Provision for gratuity & earned leave	2.40	1.54
Other income	(6.40)	(10.28)
Interest Expenditure on Long Term Loan	(5.12)	(3.64)
Foreign Exchange Fluctuation Loss	-	20.75
Prior Period Items	(1.40)	
Operating Profit before working capital Changes	23.95	157.52
Adjustments for:		
Trade and other receivables	268.39	(374.72)
Inventory	(53.17)	(36.55)
Trade advances	(23.53)	(3.53)
Trade payables	(4.42)	303.60
Provisions	(30.06)	15.93
Cash generated from Operations	181.16	62.25
Direct Taxes paid (net) - Prior period adj.	(0.63)	(1.88)
Deferred Tax Liability / Asset		(0.95)
Interest paid	5.12	3.64
B. Cash flow before extraordinary items	185.65	63.06
Prior Period Items	1.40	(0.11)
Net Cash Flow from Operating Activity	187.05	62.96
Cash Flow from Investing Activity		
Purchase of fixed assets	(145.67)	(121.26)
Capital work in progress	48.12	(157.75)
Purchase of Investments	(6.96)	(99.58)
Development expenditure	-	(62.71)
Other Income	6.40	10.28
Net Cash Used for Investing Activity	(98.11)	(368.31)
C. Cash Flow from Financing Activities		
Equity Share Capital	-	57.81
Share Premium and Reserves	-	109.97
Share Application Money received \ Repaid	(45.00)	33.66
Secured Loans	(43.82)	143.70
Unsecured Loan	-	(46.20)
Net Cash generated from Financing Activity	(88.82)	298.94
Cash and Cash Equivalents (Opening Balance)	10.84	17.26
Net Increase in Cash & Cash Equivalents(A+B+C)	0.13	(6.42)
Cash and Cash Equivalents (Closing Balance)	10.97	10.84

As per our report attached

For P. MURALI & CO.

Chartered Accountants

Sd/-

P. Murali Mohana Rao

Partner

Membership No. 23412

Place: Hyderabad

Date : 1st Sep, 2009

For and on behalf of the Board

Sd/-

L.P.Sashikumar

Director

Sd/-

D.P.Sreenivas

Executive Director

Sd/-

A. Narendra

Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE:

I. Registration Details:

Registration No.	17211	State Code:	01
Balance Sheet Date:	31.03.2009		

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

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

* Preferential Allotment

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

Sources of Funds:

Total Liabilities:	7984.86	Total Assets:	7984.46
Paid-up Capital	1878.21	Reserves and Surplus	4785.91
Secured Loans:	1294.19	Unsecured Loans:	—
Deferred Tax Liability	26.55		

Application of Funds:

Net Fixed Assets	5163.75	Investments	1948.28
Net Current Assets:	872.82	Misc. Expenditure	—
Accumulated Losses:	NIL		

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

Turnover/Income	3203.16	Total Expenditure	3066.34
Profit before tax	136.82	Profit after tax	110.94
Earning per Share in Rs.	0.59	Dividend Rate	—

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 2009 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. 8706.34 Lakhs as at 31st March 2009 and total revenue of Rs. 6933.34 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 Accounts 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, 2009
 - 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, 2009.
 - 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 2009.

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

Sd/-
P. Murali Mohana Rao
Partner
Membership No. 23412

Place: Hyderabad
Date:- 1st Sep. 2009

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009

	Sch.	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
I SOURCE OF FUNDS			
1 SHAREHOLDERS' FUNDS			
a. Share capital	1	187,820,660	187,820,660
b. Share Application Money		-	45,000,000
c. Reserves and Surplus	2	550,737,852	476,793,594
		738,558,512	709,614,254
2 LOAN FUNDS	3		
a. Secured Loans		129,418,828	173,236,154
3 MINORITY INTEREST		1,000	-
4 DEFERRED TAX			
Deferred Tax Liability		2,655,417	616,522
Total		870,633,757	883,466,931
II APPLICATION OF FUNDS			
1 FIXED ASSETS	4		
a. Gross block		626,915,100	483,364,223
b. Less : Depreciation		169,748,402	145,588,122
Net block		457,166,698	337,776,101
Add : Capital Work in Progress	6	151,938,207	200,060,263
		609,104,905	537,836,364
2 INVESTMENTS	5	102,065,678	95,205,375
3 CURRENT ASSETS, LOANS & ADVANCES			
a. Sundry Debtors	7	433,865,933	687,328,076
b. Cash and Bank Balances	8	16,108,418	20,795,444
c. Loans and Advances	9	131,707,952	88,164,875
d. Inventory	10	130,874,868	83,632,544
		712,557,171	879,920,939
Less: Current Liabilities & Provisions			
a. Current Liabilities	11	545,736,720	597,269,737
b. Provisions	12	7,357,278	33,311,433
		553,093,998	630,581,170
NET CURRENT ASSETS		159,463,173	249,339,769
Miscellaneous Expenditure		-	1,085,425
Total		870,633,757	883,466,933
Significant Accounting Policies and Notes to Accounts	19		

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

Sd/-
P. Murali Mohana Rao
Partner
Membership No. 23412

Place: Hyderabad
Date : 1st Sep, 2009

For and on behalf of the Board

Sd/-
L.P.Sashikumar
Director

Sd/-
D.P.Sreenivas
Executive Director

Sd/-
A. Narendra
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Sch.	For the year ended 31st March, 2009 Rupees	For the year ended 31st March, 2008 Rupees
INCOME			
Sales Exports	13	599,386,270	1,009,908,249
Sales Domestic	13	4,407,386	43,344,928
Other Operating Income	14	83,086,630	-
Other income	14	6,458,081	10,303,349
Total		693,338,367	1,063,556,526
EXPENDITURE			
Personnel costs	15	207,742,913	263,190,146
Operating & Admin Expenses	16	427,981,990	651,546,867
Increase in Inventory	10	-	3,644,094
Finance Charges	17	5,126,903	3,644,094
Depreciation		20,825,099	26,685,286
Miscellaneous Expenses Written off		-	-
Total		661,676,905	908,511,718
Profit before taxation		31,661,462	155,044,808
Provision for : Taxation / Fringe Benefit Tax		8,295,075	25,546,281
Deferred tax Liability Reversed/Deferred Tax asset		2,038,895	947,518
Profit after tax		21,327,492	130,446,045
Prior period adjustments (Net)		(1,404,122)	107,900
Profit /(Loss) after Prior period Items		22,731,614	130,338,145
Surplus brought forward from previous year		231,640,050	114,486,352
Profit available for Appropriations		254,371,664	244,824,497
Proposed Dividend for 07-08		-	11,269,240
Tax on Proposed Dividend for 07-08		-	1,915,207
Profit Carried to Balance Sheet		254,371,664	231,640,050
Earnings per Share (Equity Shares of nominal value Rs. 10/- each)			
Basic		1.14	8.42
Diluted		1.14	7.95
Number of shares used in Computing EPS			
Basic		18,782,066	15,490,332
Diluted		18,782,066	16,386,056
Significant Accounting Policies and Notes on Accounts	19		

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

For and on behalf of the Board

Sd/-
P. Murali Mohana Rao
Partner
Membership No. 23412

Sd/-
L.P.Sashikumar
Director

Sd/-
D.P.Sreenivas
Executive Director

Place: Hyderabad
Date : 1st Sep, 2009

Sd/-
A. Narendra
Company Secretary

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009

	As at 31st March, 2009 Rupees	As at 31st March, 2008 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 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	187,820,660
Total	187,820,660	187,820,660
2 RESERVES AND SURPLUS		
Capital Reserve - As per last Balance Sheet	14,780,538	14,780,538
Add: Share Warrants forfeiture	45,000,000	
	59,780,538	14,780,538
Securities Premium Account - As per last Balance Sheet	108,404,803	108,404,803
Add: Premium on preferential Allotment of Equity Shares	109,974,596	109,974,596
	218,379,399	218,379,399
General Reserve - As per last Balance Sheet	18,300,679	18,300,679
Foreign Currency Translation Reseve - Transferred this year	(94,927)	(6,311,075)
Profit & Loss Account	254,372,163	231,644,053
Surplus as per annexured account	-	-
Total	550,737,852	476,793,594
3 LOAN FUNDS		
A) SECURED LOANS		
a. From Banks		
Equipment Loans	7,918,383	27,042,267
Cash credit	7,155,840	-
Term Loan	-	10,434,755
Building Loan	28,816,024	35,227,336
Working Capital Loan	80,910,310	79,160,295
Overdrafts	-	14,651,586
Vehicle Laons	2,812,784	3,709,226
b. From a Company	1,805,487	3,010,689
Total	129,418,828	173,236,154

4: FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.2008 Rupees	Additions during the year Rupees	Deductions during the year Rupees	As on 31.03.2009 Rupees	Upto 01.04.2008 Rupees	For the year Rupees	Adjustments during the year Rupees	Upto 31.03.2009 Rupees	As on 31.03.2009 Rupees	As on 31.03.2008 Rupees
1. Goodwill	92,663,433	-	-	92,663,433	-	-	-	-	92,663,433	92,663,433
2. Land	74,171,399	-	-	74,171,399	-	-	-	-	74,171,399	74,171,399
3. Buildings	26,812,378	-	-	26,812,378	6,468,177	1,273,588	-	7,741,765	19,070,613	20,344,201
4. Leasehold Improvements	4,737,576	-	-	4,737,576	4,737,576	-	-	4,737,576	-	-
5. Plant & Machinery	2,708,808	536,022	-	3,244,830	3,171,630	7,684	-	3,179,314	65,516	307,707
6. Furniture & Fixtures	10,426,690	1,116,617	-	11,543,307	2,980,666	662,779	-	3,643,445	7,899,862	3,128,564
7. Electrical Installation	10,982,644	1,550,319	-	12,532,963	2,685,888	523,047	-	3,208,935	9,324,028	6,268,628
8. Vehicles	8,702,513	-	-	8,702,513	2,145,619	826,739	-	2,972,358	5,730,155	6,556,986
9. Computer system	135,490,762	1,446,849	-	136,937,611	101,762,498	6,243,723	3,008,659	104,997,562	31,940,049	33,260,371
10. Electronic equipment & Office Equipment	9,149,002	-	-	9,149,002	5,011,406	393,436	-	5,404,842	3,774,160	10,114,433
Total	375,845,206	4,649,807	-	380,495,013	128,963,461	9,930,996	3,008,659	135,885,798	244,609,215	246,815,722
INTANGIBLE ASSETS										
11. Design, Development and Testing of Software tools for IT Services	105,397,042	29,228,906	-	134,625,948	17,073,070	16,789,536	-	33,862,606	100,763,342	88,323,972
12. IPTV Startup Expenses	79,092,220	32,701,918	-	111,794,138	-	-	-	-	111,794,138	79,092,220
Total	560,334,468	66,580,632	-	626,915,099	146,036,531	26,720,532	3,008,659	169,748,404	457,166,695	414,231,914
Previous Year	365,622,825	115,65,046	-	480,867,802	118,903,183	26,644,996	-	145,548,179	315,139,692	246,872,979

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
5. INVESTMENTS- AT COST		
Long Term Investment		
Investment in 4G Informatics Private Limited	102,065,678	95,205,373
Total	102,065,678	95,205,373
6 CAPITAL WORK IN PROGRESS		
Capital Expenses for Digital Media	2,399,000	2,399,000
Capital Expenses for IPTV	125,991,120	112,210,792
Buildings under construction	23,548,087	6,358,249
Total	151,938,207	120,968,041
7: SUNDRY DEBTORS (Unsecured)		
a Debts outstanding for a period exceeding six months		
i. Considered Good	100,810,983	108,138,100
ii. Considered Doubtful	932,483	932,483
Less : Provision	932,483	932,483
Total	100,810,983	108,138,100
b. Other Debts - Considered Good	333,054,950	579,189,976
Total	433,865,933	687,328,076
8 CASH & BANK BALANCES		
Cash on hand	57,642	20,666
Cheques on Hand	-	-
Bank balances with Scheduled Banks	-	-
-In Current Accounts	105,083	10,131,259
-In Fixed Deposit (Lodged with the bank against BG)	250,000	200,000
Balances with others - Non Scheduled Banks	15,695,694	10,443,519
Total	16,108,418	20,795,444
9 LOANS & ADVANCES (Unsecured , Considered Good)		
Advances to suppliers	87,174,034	261,16,403
Advances to Staff	49,84,195	5,737,895

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
Deposits	31,033,460	29,032,671
Other Current Assets	707,1687	28,304,209
Prepaid Expenses	1,444,576	1,905,351
Total	131,707,952	91,096,529
10 Inventory		
Inventory- Set Top Boxes	8,364,675	8,364,675
Stock of Movie Rights	28,190,000	28,190,000
Opening Work in Process	49,577,869	
- Processing charges during the year	44,742,324	
Closing Work in Process	94,320,193	49,577,869
Total	130,874,868	86,132,544
11 CURRENT LIABILITIES		
Sundry Creditors (No outstanding dues to SSI Undertakings)	125,453,550	272,289,614
Other Creditors/ Liabilities	412,095,210	322,287,415
Statutory Liabilities	8,187,960	2,692,709
Total	545,736,720	597,269,738
12 PROVISIONS		
Provision for Taxation	1,707,989	17,050,196
Provision for FBT	236,619	65,078
Provision for Gratuity and Leave Encashment	5,412,670	3,011,715
Proposed Dividend 07-08	-	11,269,240
Provision for Dividend Tax 07-08	-	1,915,207
Total	7,357,278	33,311,436
13 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	-	1,085,425
Total	-	1,085,425

**CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR
THE YEAR ENDED 31ST MARCH, 2009**

	For the year ended 31st March, 2009 Rupees	For the year ended 31st March, 2008 Rupees
14. SALES		
Software & Services		
- Domestic	4,407,386	43,344,928
- Exports	599,386,270	1,009,908,249
Total	603,793,656	1,053,253,177
14 OTHER OPERATING INCOME / OTHER INCOME		
Interest on Fixed Deposits	-	337,371
Other Income	56,057	3,791,146
Lease Rent	6,402,024	6,174,831
Exchange Fluctuation Gain	83,086,630	-
Total	89,544,711	10,303,348
15 PERSONNEL EXPENDITURE		
Salaries, Wages and other Benefits Contribution to PF & Other Funds	206,592,029	200,290,090
Staff Welfare	1,086,512	960,060
Staff Recruitment & Training	64,372	53,140,47
Total	207,742,913	206,564,197
16 ADMINISTRATIVE AND SELLING EXPENSES		
Directors Remuneration	42,36,400	5,035,715
Cost of Set Top Boxes	-	9,263,045
Collection Charges	3,690,557	-
Reimbursements	(808,954)	-
Discounts taken by clients	-	386,190
Advertisement	1,042,374	2,880,470
Electricity	2,182,381	126,883
Gifts and Donations	20,000	-
Rent	28,793,078	6,511,000
Legal Fees	352,516	984,322
Printing and Stationary	359,424	495,618
Postage ,Telephones and Internet	11,285,265	6,808,647

**CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR
THE YEAR ENDED 31ST MARCH, 2009**

	For the year ended 31st March, 2009 Rupees	For the year ended 31st March, 2008 Rupees
Insurance	5,159,011	8,071,481
Professional and Consultancy	284,380,775	374,966,632
Rates and Taxes	1,268,720	7,335,469
Meeting Expenses	547,114	160,718
Marketing Expenses / Commissions	2,829,429	2,489,515
Meeting, EGM & AGM Expenses	52,390	143,099
Books & Periodicals	13,481	31,353
BO Refreshment	14,000	162,729
Membership & Subscription	808,893	146,181
Vehicle Maintenance	3,245,531	1,046,228
Travelling Expenses	-	-
-Directors-	710,251	2,110,943
-Others	8,663,898	14,898,388
Conveyance	166,350	58,412
Consultancy Salaries	-	185,232
Cargo Charges	7,000	-
Bad Debts	5,587,055	4,068,959
BW,Co-Location, Down Linking Charges -O.I	-	27,252
Business Promotion	686,891	416,124
Auditors Remuneration	308,536	165,674
Office Maintenance	3,063,821	2,568,506
Repairs & Maintenance	1,998,444	1,321,004
Miscellaneous Expenses	2,321,951	1,129,564
Payroll Processing	507,395	1,240,540
Listing Fees	191,910	487,627
Outside Services	202,294	783,385
Software Development Expenses	-	272,181
Secretarial Charges	32,310	133,761

**CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR
THE YEAR ENDED 31ST MARCH, 2009**

	For the year ended 31st March, 2009 Rupees	For the year ended 31st March, 2008 Rupees
Seminer & Conferances	-	82,754
Foreign Exchange Fluctuation	-	20,751,941
Security Charges	910,926	5,500
Licence Fee	19,741	384,737
Project related cost & discount taken by client	490,273	-
Income Tax Paid	741,827	45,819
Service Tax	732,154	199,551
FBT	176,502	404,461
Movie Recording Expenses	-	972,782
Movie Expenses	-	933,081
Digital Cinema Processing Expenses	-	541,660
Consumption of Movie	-	30,690,000
Project Work Expenses	50,990,077	181,632,487
Total	427,981,990	693,815,060
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)
	427,981,990	651,546,868
17 FINANCIAL EXPENSES		
Bank Charges	504,705	569,241
Interest	4,258,181	2,684,694
Interest on Car Loan	364,017	390,158
Total	5,126,903	3,642,237

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. 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.
- c. Staytop Systems & Software Pvt Ltd.

2) Deferred Tax Liability:

Deferred Tax Liability/Asset is recognized in accordance with Accounting Standard 22 – “Accounting for taxes on Income”

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	1.82

4. Earnings Per Share:

Calculation of EPS Basic Diluted :

Rs. In Millions

Particulars	Current Year 2008-09	Previous Year 2007-08
Total No. of Equity Shares considered for calculation of EPS	187,82,066	15,490,332
Profit after Taxes before Prior Period Adjustments	21.33	130.45
Profit after Taxes after Prior Period Adjustments	22.73	130.34
EPS after Taxes before Prior Period Adjustments (In Rs.)	1.14	8.42
EPS after Taxes after Prior Period Adjustments (In Rs.)	1.21	8.41

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:

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

- (i) **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, 2009

Rs. In Millions

Particulars	Current Year 31.03.2009	Previous Year 31.03.2008
1. Segment Revenue		
a) US Branch	157.62	232.10
b) India operations		
Software Division	162.69	336.31
Media Division		46.28
IPTV Division		0.83
c) Subsidiary	373.02	448.03
Total Revenue from Operations	693.34	1,063.56
2. Segment Results		
Profit (+)/Loss (-) before tax, Deprn. & interest from		
a) US Branch	(30.21)	6.51
b) India operations total	69.80	146.28
c) Subsidiary	18.01	24.05
Total	57.61	176.84
Less: interest (not allocable)	5.13	3.64
Less: Depreciation (not allocable)	20.83	18.15
Total Profit/(Loss) Before Tax	31.66	155.04

(ii) 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.

Rs. In Millions

Particulars	Current Year 31.3.09	Previous Year 31.3.08
Revenue :		
India – Exports	162.69	383.43
Outside India	530.64	680.13
Additions to Fixed Assets :		
India	4.65	81.98
Outside India	-	1.06
Carrying amount of Segment Fixed Assets :		
India	145.82	162.41
Outside India	6.06	19.93

6) **4G Informatics Private Limited**

The company has a dispute with the subsidiary company and filed a case in the Company Law Board. Under the directions of the Company Law Board, your company has entered into a settlement agreement with 4G Informatics Private Limited for taking back the investment. After fulfilling the

conditions of the settlement agreement, 4G Informatics Private Limited would not be subsidiary of the company. Hence the company has not considered the figures of 4G Informatics Private Limited for the propose of consolidation of Financial Statements.

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2009

Rs. In Millions

	31st March, 2009	31st March, 2008
A Cash Flow from Operating Activity		
Net Profit before tax	31.66	155.04
Adjustments for:		
Depreciation	20.83	18.15
Provision for gratuity & earned leave	2.40	1.54
Other income	(6.46)	(10.30)
Foreign Exchange Fluctuation	-	20.75
Interest on Long Term Loan	(5.13)	3.64
Prior Period Items	(1.40)	-
Operating Profit before working capital Changes	41.90	181.54
Adjustments for:		
Trade and other receivables	313.41	(412.32)
Inventory	(53.17)	(36.55)
Trade advances	(47.63)	(38.38)
Trade payables	(51.43)	358.49
Provisions	(27.26)	13.90
Cash generated from Operations	175.82	66.67
Direct Taxes paid (net) - Prior period adjs.	(0.92)	(20.78)
Deferred Tax Liability	-	(0.95)
Interest paid	5.13	3.64
Cash flow before extraordinary items	180.03	48.58
Prior Period Items	1.40	(0.11)
Net Cash Flow from operating activity	181.43	48.47

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2009

Rs. In Millions

	31st March, 2009	31st March, 2008
B. Cash Flow from Investing Activity		
Purchase of fixed assets	(146.05)	(117.55)
Capital work in progress	48.12	(157.75)
Purchase of Investments	(6.86)	(95.21)
Development Expenditure	1.09	0.09
Other Income	6.40	10.30
Net Cash Used for Investing Activity	(97.30)	(360.11)
C. Cash Flow from financing activities		
Equity Share Capital	-	57.81
Share Premium and Reserves	-	109.97
Repayment of Term Loan	-	-
Share Application Money received \ Repaid	(45.00)	33.66
Secured Loans	(43.82)	143.70
Unsecured Loan		(46.20)
Net Cash generated from financing activity	(88.82)	298.94
Cash and Cash Equivalents (Opening Balance)	20.80	33.49
Net Increase in Cash & Cash equivalents(A+B+C)	(4.69)	(12.69)
Cash and Cash Equivalents (Closing Balance)	16.11	20.80

As per our report attached

For P. MURALI & CO.
Chartered Accountants
Sd/-
P. Murali Mohana Rao
Partner
Membership No. 23412
Place : Hyderabad
Date : 1st Sep, 2009

For and on behalf of the Board

Sd/-
L.P.Sashikumar
Director

Sd/-
D.P.Sreenivas
Executive Director

Sd/-
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 2009.

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 Particulars	2008-09		2007-08	
	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

Burlington, VT
Date : 1st Sep, 2009

Sd/-
Mahita Caddell
Director

BALANCE SHEET AS AT 31st MARCH, 2009

Particulars	31-03-2009		31-03-2008	
	In US\$	In. Rs	In US\$	In. Rs
ASSETS				
CURRENT ASSETS				
Cash & Bank Balances				
Accounts Receivable'	3270	130,637	3270	130,637
Loans & Advances				
Total Current Assets	3270	130,637	3270	130,637
Fixed Assets				
Differed Expenses				
Total Assets	3270	130,637	3270	130,637
LIABILITIES				
Accounts Payable				
Other Liabilities				
Total Current Liabilities				
Stock Holders Equity/ Retained earnings	3270	130,637	3270	130,637
Total Liabilities & Equity	3270	130,637	3270	130,637

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

Particulars	31st March, 2009		31st March, 2008	
	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 : 1st Sep, 2009

For and on behalf of the Board

Sd/-
Mahita Caddell
Director

Sd/-
Clinton Travis Caddell
Director

DIRECTORS' REPORT

To
The Members
Stay Top Systems Inc;

Your Directors present the Twelfth Annual Report on the business and operations of the Company and the accounts for the period ending 31st March 2009.

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	2008-09		2007-08	
	In US\$	Rs. In Million	In US\$	Rs. In Million
Gross Revenue	8,124,613	373.00	11,121,393	448.03
Operating Profit/(Loss)	392,280	17.98	595,887	24.01
Depreciation	665	0.03	0	0
Net Profit/(Loss)	253,499	11.64	368,905	14.86

Review of the Operations

The Company is a wholly owned subsidiary of Goldstone Technologies Limited. During current period i.e., from 1st April 2008 to 31st March 2009, the company earned revenues of US\$ 8,124,613 (Rs. 373.00 Million) as against US\$11,121,393 (Rs. 448.03 Million) in 2007-08 and registered a net profit of US\$ 253,499 (Rs.11.64 Million) from 1st April 2008 to 31st March 2009 as against US\$368,905(Rs.14.86 Million) in 2007-08.

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

Burlington, VT
Date : 1st Sep, 2009

Sd/-
Mahita Caddell
Director

BALANCE SHEET AS AT 31st MARCH, 2009

Particulars	31st March, 2009		31st March, 2008	
	In US\$	In. Rs	In US\$	In. Rs
ASSETS				
CURRENT ASSETS				
Cash & Bank Balances	95,022	4,841,394	249,218	9,956,254
Accounts Receivable	1,185,308	60,391,464	2,638,596	105,411,910
Loans & Advances	1,658,807	84,516,230	1,614,573	64,502,199
Total Current Assets	2,939,138	149,749,088	4,502,387	179,870,363
Fixed Assets	1,296	66,024	3,062	122,304
Deferred Expenses	-	-	25,000	998,750
Total Assets	2,940,434	149,815,112	4,530,449	180,991,417
LIABILITIES				
Accounts Payable	772,273	39,347,313	1,425,215	56,937,356
Other Liabilities	752,128	38,320,917	1,927,753	77,013,690
Total Current Liabilities	1,524,401	77,668,230	3,352,968	133,951,046
Stock Holders Equity/ Retained earnings	1,416,033	72,146,881	1,177,481	47,040,371
Total Liabilities & Equity	2,940,434	149,815,112	4,530,449	180,991,417

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

Particulars	31st March, 2009		31st March, 2008	
	In US\$	In. Rs	In US\$	In. Rs
INCOME				
Professional Services/ Consulting	8,124,613	373,000,991	11,120,792	448,009,125
Other Income	464	21,283	601	24,191
Total Income	8,125,077	373,022,274	11,121,393	448,033,316
EXPENSES				
Payroll Expenses	1,616,284	74,203,610	1,405,608	56,625,949
Administration & Other Charges	6,255,294	287,180,554	9,346,880	376,546,750
TOTAL EXPENSES	7,871,578	361,384,164	10,752,488	433,172,699
NET PROFIT	253,499	11,638,110	368,905	14,860,617

Burlington, VT
Date : 1st Sep, 2009

For and on behalf of the Board

Sd/-
Mahita Caddell
Director

Sd/-
Clinton Travis Caddell
Director

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 15th Annual General Meeting of the company to be held on Wednesday, the 30th September, 2009 at 4.30 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 _____ 2009.

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 15th Annual General Meeting to be held on Wednesday, the 30th September, 2009 at 4.30 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.