GOLDSTONE TECHNOLOGIES

Analytics and Business Intelligence

IT Consulting, Off Shore Support & Staffing

Technical Support

Twenty Second Annual Report 2015-2016

CORPORATE INFORMATION

Board of Directors:
Mr. K.S.Sarma, IAS (Retd.)
Ms.Janaki Kondapi, IAS (Retd)
Mr. V Venkata Ramana
Mr. Ponnapula Sanjeeva Parthasarathy
Mr. Clinton Travis Caddell
Mr. L P Sashikumar

Board Committees;

Audit Committee:
Mr. K.S.Sarma
Mr. V Venkata Ramana
Mr. Clinton Travis Caddell

Nomination and Remuneration Committee:
Mr. K.S.Sarma
Mr. V Venkata Ramana
Mr. L.P.Sashikumar
*Ms. Janaki Kondapi

Stakeholders Relationship Committee:
Mr. K.S.Sarma
Mr. V Venkata Ramana
Mr. L.P.Sashikumar
*Ms. Janaki Kondapi

Key Managerial Personnel:
Mr. P.S. Parthasarathy;
Managing Director
Mr. Vithal V S S N K Popuri ;
Chief Financial Officer
Ms.Roopali Kale ;
Company Secretary and Compliance Officer

*Member w.e.f. 12.08.2016

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

Principal Bankers:
Central Bank of India
CITI Bank.

Registrars & Share Transfer Agents:
M/s. Aarthi Consultants Private Limited,
1-2-285, Domalguda,
Hyderabad – 500 029

Stock Exchanges where Companys Securities are listed:
Bombay Stock Exchange Limited
National Stock Exchange of India Limited

Registered Office:
9-1-83 & 84,
Amarchand Sharma Complex, S.D. Road,
Secunderabad – 500 003
Telangana, INDIA .
Tel. 91-40-27807640, 0742, 1910.
Fax No. 040-39120023
www.goldstonetech.com,
E-Mail; corporate@goldstonetech.com
CIN; L72200TG1994PLC017211

GOLDSTONE TECHNOLOGIES

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GOLDSTONE TECHNOLOGIES

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of Goldstone Technologies Limited will be held on Friday, the 30th day of September, 2016 at 3.00 P.M. at Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31st, 2016, and the Statement of Profit and Loss for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Clinton Travis Caddell (DIN: 01416681) who retires by rotation and being eligible, offers him-self for re-appointment.
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 modifications, the following resolution as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of the Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time M/s. P. Murali & Co (FRN: 007257S), 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 of the company at such remuneration as may be mutually agreed between the Board of Directors of the Company and Auditors".

SPECIAL BUSINESS:

4. Ratification of the appointment of Ms.Janaki Kondapi (DIN: 01433058) as an Independent Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

   "RESOLVED that the appointment of Ms.Janaki Kondapi (DIN: 01433058) as the Independent Director of the Company made by the Board of Directors pursuant to Sub-section (4) of Section 161 of the Companies Act, 2013, read with Rule 3 and 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement, be and is hereby ratified with effect from 13th November, 2015 to 26th September, 2019. "

BY ORDER OF THE BOARD
For GOLDSTONE TECHNOLOGIES LIMITED

Sd/-
Roopali Kale
Company Secretary

Place: Secunderabad
Date: 12.08.2016

NOTES:-

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item No. 4 of the Notice, is annexed hereto. The relevant details as required under regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of persons seeking appointment/ re-appointment as Directors under Item No. 2 and Item No.4 of the Notice, are also annexed.
2. **A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the Company**. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's registered office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of Limited Companies, Societies, etc., must be supported by appropriate resolution(s)/ authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A Proxy form for the AGM is enclosed.
3. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Numbers in the attendance slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The Register of Members and Transfer Books of the Company shall remain closed from 24th September, 2016 to 30th September, 2016 (both days inclusive) for the purpose of ensuing Annual General Meeting.
8. Queries on accounts and operations of the Company, if any, may please be sent to the Company at least seven days in advance of the Meeting so that the answers may be made readily available at the meeting.
9. During the year , as per the provisions of the Section 124 (5) of the Companies Act, 2013 the Company has transferred the amount of ₹ 2,49,384/- which was laying in unclaimed dividend account for the year 2007-08 to Investor Education and Protection Fund.
10. The Annual Report of the Company for the year 2015-16 is being sent by electronic mode to those Members whose e-mail

addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. The Annual Report of the Company for the year 2015-16 circulated to the Members of the Company is available on the Company's website, viz. www.goldstonetech.com.

11. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the e-mail address through the following link; http;//www.aarthiconsultants.com/GoGreen.php. Please note that as a Member of the Company, you are entitled to receive all such communication in physical form, upon request.

12. **E-VOTING**

The business as set out in the Notice may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer e-voting facility as an alternate to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 22nd Annual General Meeting. The Company has engaged the services of Central Depository Services India Limited (CDSL) to provide the e-voting facility

The Members whose names appear in the Register of Members / List of Beneficial Owners as on 23rd September, 2016 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.

The e-voting period will commence on Tuesday, 27th September, 2016 (09:00 hrs) and will end on Thursday, 29th September, 2016 (17:00 hrs). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.

Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

The Company has appointed M/s. Prathap Satla & Associates, Practicing Company Secretary (C.P. NO: 11879), to act as Scrutinizer to conduct and scrutinize the electronic voting process and poll at the Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereunder.

13. The e-voting facility will be available at the link www.evotingindia.com during the voting period.

14. The procedure and instructions for e-voting are as follows:

A. In case of members receiving e-mail (for members whose e-mail address are registered with the Company/ Registrars)

(i) The shareholders should log on to the e-voting website www.evotingindia.com.

(ii) Click on Shareholders.

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 100 then enter RA00000001 in the PAN field.
Date of Birth (DOB)	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
	(or)
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter DOB or Dividend Bank Details in order to login .If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of

any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for the relevant "Goldstone Technologies Limited" on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xviii) Shareholders can also cast their vote using CDSL's mobile app **"m-Voting"** available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

B. In case of members receiving the physical copy of notice of 22nd Annual General Meeting (for members whose e-mail ids are not registered with the Company/Depositories):

i. Please follow all the steps from S.No.(i) to S.No. (xvii) to cast vote

C. General Instructions:

i. The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 23rd September, 2016.

ii. Members can opt for only one mode of voting, i.e., either by physical poll or e-voting. In case Members cast their votes through both the modes, then voting done by such member will be treated as invalid.

iii. Members who do not have access to e-voting facility have been additionally provided the facility through Ballot Form. They may send duly completed Ballot Form to the Scrutinizer, M/s. Prathap Satla & Associates, Practicing Company Secretary (C.P. No: 11879) having its office at H.No.6-3-1238/15/1, Flat No.301, 3rd Floor, Elite Heights, Somajiguda, Hyderabad-500082 so as to reach on or before the conclusion of the 22nd Annual General Meeting or can carry the same to the AGM and deposit in the Ballot Box during the Meeting. Members have the option to request for physical copy of Ballot Form by sending an e-mail to cs@goldstonetech.com by mentioning their Folio No. / DP ID and Client ID.

iv. The facility for voting through polling paper shall also be made available at the meeting and the members attending the meeting who have not already cast their vote by e-voting shall be able to exercise their right at the meeting.

v. The member who cast their vote by e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their vote again.

vi. The Scrutinizer, after scrutinizing the votes cast at the meeting through poll and through e-voting will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.goldstonetech.com and on the website of www.cdslindia.com The

results shall simultaneously be communicated to the Stock Exchanges.

vii. The result of the voting on the Resolutions at the Meeting will be announced by the Chairman or any other person authorized by him within two days of the AGM.

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

ITEM NO. 4

As per the provisions of the Rule 3 and 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 any intermittent vacancy of woman director or Independent Director respectively, shall be filled up by the Board at the earliest but not later than immediate Board meeting or three months from the date of such vacancy, whichever is later. Further as per Sub-section 4 of Section 161 of the Companies Act, 2013 any person so appointed shall hold office up to the date to which director in whose place he or she is appointed would have held office if it had not been vacated.

Mrs. Promilla Shankar who was appointed as Independent Director of the Company for a period of 5 years from 27th September, 2014 to 26th September,2019 resigned from the position of director w.e.f 12th July, 2015. Therefore, in order to comply with the provisions of the Companies Act, 2013 and the erstwhile Listing Agreement, upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their Meeting held on 13th November, 2015 appointed Ms.Janaki Kondapi as the Independent Director of the Company with effect from 13th November, 2015 to 26th September, 2019. Ms.Janaki Kondapi will hold office up to 26th September, 2019 i.e. the remaining term of Mrs.Promilla Shankar had she not resigned as the Director of the Company.

None of the Director (s), Key Managerial Personnel or their relatives except Ms.Janaki Kondapi, to whom the resolution relates, are interested or concerned financially or otherwise in the resolution.

BY ORDER OF THE BOARD
For GOLDSTONE TECHNOLOGIES LIMITED

Sd/-
Roopali Kale
Company Secretary

Place: Secunderabad
Date: 12.08.2016

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:

(Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Directors' Profile:

A brief resume of the Directors seeking appointment/re-appointment in the Annual General Meeting as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below.

Date of Appointment, Shareholding in the Company, Directorship in Companies and Chairmanship/ Membership of the Committees:

Name of the Director	**Ms.Janaki Kondapi**	**Mr. Clinton Travis Caddell**
Date of Birth	15-08-1951	23-01-1977
Date of Appointment	13-11-2015	30-05-2012
No. of shares held (As on 12.08.2016)	Nil	Nil
Expertise in functional areas	She is a retired IAS Officer. She has been the Chairman of the Andhra Pradesh Pollution Control Board during 2011-2014 and also the Special Chief Secretary to Government, Department of Environment, Forest, Science & Technology. She was Secretary to the Government , Department of Women Development & Child Welfare and Housing and the Collector & District Magistrate, Ranga Reddy District. Her competency areas are Environmental Issues, Drugs and Pharma Industry, Forest related issues, Rural Infrastructure.	Rich experience in the field of Architecture and Design, Networking, Structures, Algorithms, Software Engineering, Data base, Discrete Math and Object Oriented Programming.
List of Directorships in Companies (other than Goldstone Technologies Limited)	Nil	Nil
Chairman/ Member of the Committee of the Board of Directors of Companies (other than Goldstone Technologies Limited) on which he/she is a Director	Nil	Nil
Relationship between Directors inter-se	Nil	Nil

GOLDSTONE TECHNOLOGIES

Directors' Report

To

The Members

Goldstone Technologies Limited

Your Directors have pleasure in presenting the Twenty Second Annual Report of your Company and the Audited Financial Accounts for the year ended on March 31, 2016.

Financial Results :

(₹ in Millions)

	Standalone		Consolidated	
Particulars	**2015-16**	2014-15	**2015-16**	2014-15
Net Sales/Income from Operations	**237.44**	290.66	**519.83**	697.18
Total Expenses	**237.60**	244.46	**523.56**	642.49
Profit from Operations before Other Income, Interest , Depreciation & Exceptional Items	**(0.16)**	46.20	**(3.73)**	54.69
Other Income	**2.34**	1.88	**2.60**	11.09
Profit before Interest, Depreciation & Exceptional Items	**2.18**	48.08	**(1.13)**	65.78
Interest	**2.49**	1.01	**2.53**	1.05
Depreciation	**46.04**	47.61	**46.04**	47.65
Profit after Interest but before Exceptional Items	**(46.35)**	(0.54)	**(49.70)**	17.08
Exceptional Items	**-**	-	**-**	-
Profit before Tax	**(46.35)**	(0.54)	**(49.70)**	17.08
Tax expenses	**(37.84)**	36.01	**(37.89)**	42.90
Net Profit/(Loss) after Tax	**(8.51)**	(36.55)	**(11.81)**	(25.82)
Extraordinary Items (Net of Tax)	**0.14**	1.45	**0.14**	1.45
Net Profit for the period	**(8.65)**	(38.00)	**(11.95)**	(27.27)
Equity Share Capital (1,87,82,066 Shares of ₹10/- each; Previous year 1,87,82,066 Shares of ₹ 10/- each)	**187.82**	187.82	**187.82**	187.82
E.P.S (After Prior Period Items) (₹)	**(0.46)**	(2.02)	**(0.64)**	(1.45)
Net Worth	**484.86**	476.74	**624.66**	619.83
Book Value (Face Value of ₹ 10/- each)	**25.82**	25.38	**33.26**	33.00

Review of Operations :

During the year under review, your Company has reached a consolidated turnover of ₹ 519.83 Million as compared to ₹ 697.18 Million for the previous financial year. The Standalone turnover was ₹ 237.44 Million as against a turnover of ₹ 290.66 Million during the previous year. The Consolidated Net Profit/ (Loss) for the year 2015-2016 was (₹ 11.95) Million in comparison with Net Profit /(Loss) (₹ 27.27) Million during the previous year and the Standalone Net Profit/(Loss) is (₹ 8.65) Million during the year and in comparison with Net Profit/ (Loss) (₹ 38.00) Million during the previous year. However the consolidated cash Profit / (loss) for the FY 2015-16 has been reported at (₹ 3.19) Million as compared to cash profit / (Loss) of ₹ 53.38 Million in the previous year and Standalone cash profit / (loss) has been reported at ₹ 0.11 Million as compared to Cash profit / (Loss) of ₹ 42.57 Million during the previous year.

Dividend :

During the year the Company does not have adequate profits and hence, your Board has not recommended any dividend for the financial year 2015-16.

Share Capital :

The Paid up capital as on 31st March, 2016 was ₹18,78,20,660 (having 1,87,82,066 Equity Shares @ ₹ 10/- each). During the year under review the company has not issued any shares either to the public or to the promoters. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. As on March 31, 2016, except Mr. L.P. Sashikumar (having 757 shares) none of the other Directors of the Company hold shares or convertible instruments of the Company.

Finance :

Cash and cash equivalents as at 31st March, 2016 was Consolidated ₹ 169.60 Million & Standalone ₹ 13.56 Million. The Company continues to focus on judicious management of its working capital, receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

DIRECTORS:

Mr.Clinton Travis Caddell Director, who retires by rotation at the 22nd Annual General Meeting and being eligible, offers himself for re-appointment.

Mr.K.S.Sarma, Mr. Vedula Venkata Ramana have been appointed as Independent Directors of the Company for a term of 5 (Five) years from 27th September 2014 to 26th September, 2019 and are not liable to retirement by rotation.

During the year under review, Mrs.Promilla Shankar, Independent Director of the Company, tendered her resignation w.e.f.12th July, 2015 from the position of Director in the Company.

Ms. Janaki Kondapi was appointed as the Independent Director of the Company in place of Mrs.Promilla Shankar, with effect from 13th November, 2015 to 26th September, 2019. As Ms. Janaki Kondapi is appointed as the Independent Director by virtue of casual vacancy her term as Independent Director will be till the remaining term of Mrs.Promilla Shankar had she not resigned from the Board.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under section 149(6)

of the Companies Act, 2013 and the applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Board Evaluation :

Pursuant to the provisions of the Companies Act, 2013 and the applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

Remuneration Policy :

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

Meetings :

During the year Seven Board Meetings and Five Audit Committee Meetings and Five Nomination and Remuneration Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Meeting of Independent Directors :

The details on the separate meeting of Independent Directors is reported in the Corporate Governance Report.

Familiarization Programme for Independent Directors :

The details on the familiarization programme for Independent Directors is reported in the Corporate Governance Report.

DIRECTOR'S RESPONSIBILITY STATEMENT:

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

i) In the preparation of the annual accounts, the applicable accounting standards have been followed.

ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The directors have prepared the annual accounts on a going concern basis.

v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Consolidated Financial Statements:

During the year, the Board of Directors ('the Board') reviewed the affairs of the Subsidiaries. In accordance with Section 129 (3) of the Companies Act, 2013 and applicable Accounting Standards we have prepared consolidated financial statements of the Company and its subsidiaries which will form part of the Annual Report. Further a statement containing the salient features of the financial statements of our subsidiaries in the prescribed format AOC-1 are appended to the Board's report.

In accordance with Section 136 of the Companies Act, 2013 the Audited financial statements including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries are available on website of the Company www.goldstonetech.com.These documents will also be available for inspection during the business hours at the registered office of the Company.

Subsidiaries and Associates :

As on 31st March 2016 we are having two wholly owned subsidiaries namely M/s. Staytop Systems Inc and M/s. Staytop Systems and Software Pvt Ltd. Till date Staytop Systems and Software Pvt Ltd has no business operations. Further the Company does not have any other Associates or Joint Ventures.

Further as per the applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has framed a policy on Material Subsidiaries as approved by the Board and the same has been uploaded on the Company's website www.goldstonetech.com

During the year no further investments were made in the subsidiaries.

Statement containing salient features of financial statements of subsidiaries

Pursuant to sub-section (3) of section 129 of the Companies Act, 2013 the statement containing the salient features of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures is in the prescribed format AOC-1 are appended as **Annexure 1** to the Board's report.

Report on the performance of Subsidiaries, Joint Ventures and Associates:

Further, brief about the business of the each of the Subsidiaries and Associates is given hereunder:-

Performance of the M/s. Staytop Systems Inc;

M/s. Staytop Systems, Inc., (a foreign wholly owned subsidiary company of M/s. Goldstone Technologies Limited) is engaged in business of IT Consulting and Staffing across USA.

The following is the brief summary of the financial performance during the year;

($ In Millions)

Particulars	**2015-16**	2014-15
Turnover	**4.31**	6.70
Profit before Tax	**(0.05)**	0.29
Net Profit/(Loss) after Tax	**(0.05)**	0.18

Till date the **M/s. Staytop Systems and Software Pvt Ltd** has no business operations and the Company has no Associates as well as Joint Ventures.

Internal control systems and their adequacy:

The Company has an Internal Audit and Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit function monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

Insurance:

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

Statutory Auditors:

M/s. P. Murali & Company (FRN: 007257S), Chartered Accountants, Hyderabad, Statutory Auditors of the Company hold office in accordance with the provisions of the Companies Act, 2013 up to the conclusion of forth-coming Annual General Meeting and are eligible for re-appointment. Pursuant to the provisions of the Section 139 (2) of the Companies Act, 2013 and based on recommendations of the Audit Committee they being eligible, offer themselves for re-appointment. They have furnished a certificate stating that their re-appointment, if made, will be within the limits laid down under Section 141 (3) (g) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules 2014.

The Audit Committee of your Company meets periodically with Statutory Auditors and Internal Auditors to review the performance of the Internal Audit, to discuss the nature and scope of statutory auditors functions, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the statutory auditor and the internal auditor have full access to the Members of the Audit Committee to discuss any matter of substance.

Particulars of Loans, Guarantees or Investments :

During the year under review, no loans, guarantees have been given or investments were made by the Company.

Related Party Transactions :

There are no materially significant related party transactions entered into by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website www.goldstonetech.com. None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company.

The details of contracts or arrangements with related parties made by the company during the year 2015-16 is enclosed in form AOC-2 as **Annexure-2** to the Board's report.

Secretarial audit:

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed M/s. VCSR & Associates, a firm of company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as **Annexure 3** to the Board's Report.

Risk Management Policy:

In terms of the requirement Section 134 (3) (n) and Regulation 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with relevant provisions of the Companies Act 2013 the Company has developed and implemented the Risk Management Policy. The details of the Policy are reported in the Report on Corporate Governance which forms part of the Directors' Report.

At present the company has not identified any element of risk which may threaten the existence of the company.

Code of Conduct:

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts. The code laid down by the Board is known as "code of business conduct" which forms an Appendix to the Code. The Code has been posted on the Company's website www.goldstonetech.com.

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behaviour from an employee in a given situation and the reporting structure. In addition to the above and pursuant to the applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule IV of the Companies Act, 2013 duties of the Independent Directors and code of Independent Directors have been placed on the website of the Company www.goldstonetech.com.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code. All Management Staff were given appropriate training in this regard.

Declaration given by Managing Director of the Company regarding compliance of Code of Conduct is enclosed as Annexure to the Corporate Governance Report.

Prevention of Insider Trading:

In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015 the Company has framed and adopted the following policies for regulating, monitoring and reporting of trading by Insiders and uploaded on website of the Company.

i) Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading By Insiders;

ii) Code of Practices & Procedures for Fair Disclolsure of Unpublished Price Sensitive Information;

The Board is responsible for implementation of the Code. The Board of Directors and the designated employees have confirmed compliance with the Code.

Policies under SEBI (LODR) Regulations 2015:

The Board adopted the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which came into force on 2nd December, 2015 in the Board Meeting held on 13th November, 2015 which replaced the erstwhile Listing Agreement.

Further, pursuant to the said regulations, the Company adopted the following policies

1. Archival Policy
2. Determination of Materiality of Events
3. Preservation of Documents Policy

All the above policies are hosted on the website of the Company www.goldstonetech.com

Vigil mechanism / whistle blower policy:

As per the provisions of the Section 177 (9) & (10) of the Companies Act, 2013, read with amended Clause 49 of the erstwhile Listing Agreement, the Board adopted a Vigil Mechanism called 'Whistle Blower Policy' for directors and employees to report the management /Audit Committee instances of unethical behaviour, actual or suspected, fraud or violation of company's code of conduct or ethics policy. The Vigil Mechanism also provided adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit committee in exceptional cases further it has also been uploaded in the Company's website; www.goldstonetech.com.

Extract of Annual Return:

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as **Annexure 4** to the Board's Report.

Stock Exchange Listing:

Presently, the Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE). The Company confirms that it has paid Annual Listing Fees due to all the Stock Exchanges where the Company's securities are listed for the year 2016-17.

Corporate Governance and Management Discussion & Analysis Reports

As per the Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Corporate Governance and Management Discussion & Analysis Report, which form an integral part of this Report, are set out as separate Annexures, together with the Certificate from the auditors of the Company regarding compliance with the requirements of Corporate Governance.

Managing Director and CFO Certification:

As required under the SEBI Guidelines, the Managing Director and the CFO Certification is attached to Corporate Governance Report.

Material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year i.e.31.3.2016, to which financial statements relate and the date of the Board's Report:

There were no material changes and commitments affecting the financial position of the company between the end of the financial

year i.e. 31.03.2016 and date of this report.

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

Particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under Rule 8(3) of the Companies (Accounts) Rules, 2014 are as follows:

A. CONSERVATION OF ENERGY:

Your company's operations involve low energy consumption. However, adequate measures have been taken to conserve and reduce the energy consumption.

B. 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.

C. FOREIGN EXCHANGE EARNINGS AND OUT GO:

₹ In Millions

Particulars	2015-16	2014-15
Foreign Exchange Earnings	**29.77**	**30.72**
Foreign Exchange Outgo	**54.94**	**32.03**

Details of significant and material orders passed by regulators, courts, tribunals impacting the going concern status and company's operations in future;

There are no orders passed by Regulators/ courts which would impact the going concern status of the company and its future operations.

PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with notification dated 30th June, 2016 in respect of employees of the Company, is enclosed as **Annexure 5** to the Board's report.

Personnel:

Personnel relations have remained very cordial during the period.

Acknowledgements

Your Directors convey their sincere thanks to CITI Bank and Central Bank of India for their support, guidance and assistance.

Your Directors thank all the Employees of your company for their dedicated service, which enabled your company to achieve satisfactory results and performance during the year. Your Directors thank the shareholders for their support and confidence reposed in the company and the management and look forward to their continued co-operation and support.

For and on behalf of the Board

Sd/-	Sd/-
L P Sashikumar	**P.S.Parthasarathy**
Director	Managing Director
DIN: 00016679	DIN: 01837281

Place: Secunderabad
Date: 12.08.2016

GOLDSTONE TECHNOLOGIES

Annexure- 1

Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of **subsidiaries**/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

1.	Sl.No.	**1**	**2**
2.	Name of the Subsidiary:	**STAYTOP SYSTEMS INC.,**	**STAYTOP SYSTEMS AND SOFTWARE PVT LTD.,**
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	**April '2015 to March '2016**	**April '2015 to March '2016**
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.:	**US $. For Profit & Loss Each US $₹65.461 & For Balance Sheet Each US $ is ₹ 66.333**	**INR**
5.	Share capital :	₹ **79,599**	₹ **1,00,000**
6.	Reserves & surplus:	₹ **19,04,20,615**	**NIL**
7.	Total assets:	₹ **29,54,90,208**	₹ **1,00,000**
8.	Total Liabilities	₹ **29,54,90,208**	₹ **1,00,000**
9.	Investments:	**NIL**	**NIL**
10.	Turnover:	₹ **28,23,87,679**	**NIL**
11.	Profit before taxation:	₹ **(33,51,895)**	**NIL**
12.	Provision for taxation:	₹ **(52,775)**	**NIL**
13.	Profit after taxation:	₹ **(32,99,120)**	**NIL**
14.	Proposed Diviend:	**NIL**	**NIL**
15.	% of Shareholding :	**100%**	**100%**

Part "B": Associates and Joint Ventures-NIL

Statement Pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures- **Not Applicable**

Annexure-2

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto :

1. Details of contracts or arrangements or transactions not at arm's length basis **: NIL**

   (a) Name(s) of the related party and nature of relationship : NA

   (b) Nature of contracts/arrangements/transactions : NA

   (c) Duration of the contracts / arrangements/transactions : NA

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any : NA

   (e) Justification for entering into such contracts or arrangements or transactions : NA

   (f) date(s) of approval by the Board : NA

   (g) Amount paid as advances, if any : NA

   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 : NA

2. Details of material contracts or arrangement or transactions at arm's length basis **: Nil**

GOLDSTONE TECHNOLOGIES

Annexure-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To
The Members
GOLDSTONE TECHNOLOGIES LIMITED
Hyderabad

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions of the Acts, Rules and Regulations as mentioned below and the adherence to good corporate practices by M/s. GOLDSTONE TECHNOLOGIES LIMITED (herein called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made thereunder as applicable;

II. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

III. The Depositories Act, 1956 and the Regulations and the Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

V. The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992 (as amended upto 2011);

   (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable to the Company during the Audit Period)

   (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable to the Company during the Audit Period)

VI. Employees Provident Fund and Miscellaneous Provisions Act, 1952

VII. Employees State Insurance Act, 1948

VIII. Employers Liability Act, 1938

IX. Equal Remuneration Act, 1976

X. Income Tax Act, 1961 and Indirect Tax Laws

XI. Minimum Wages Act, 1948

XII. Payment of Gratuity Act, 1972

Other Laws applicable specifically to the Company namely:

a) Information Technology Act, 2005 and the Rules made there under

b) Software Technology Parks of India and Rules made there under

c) The Trade Marks Act, 1999

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above;

We, further report that:

(a) The Company has complied with the clauses of Equity Listing Agreements entered into with stock exchanges.

(b) The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices are given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through and as informed by the Company, there were no dissenting views of members of the Board at any Board / Committee meeting held during the financial year.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific events /actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For VCSR & Associates
Company Secretaries
Sd/-
(Ch.Veeranjaneyulu)
Partner
CP No. 6392

Place: Hyderabad
Date: 12.08.2016

GOLDSTONE TECHNOLOGIES

Annexure-4

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2016

of

GOLDSTONE TECHNOLOGIES LIMITED

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L72200TG1994PLC017211
ii)	Registration Date	:	18-March-1994
iii)	Name of the Company	:	GOLDSTONE TECHNOLOGIES LIMITED
iv)	Category / Sub-Category of the Company	:	Public Limited / Limited by Shares
v)	Address of the Registered Office and contact details :		
	Registered Office	:	9-1-83 & 84, Amarchand Sharma Complex, S D Road, Secunderabad 500003,
		:	Phone Nos : 040 27807640/0742 Fax No. : 040 39120023 Email Id : corporate@goldstonetech.com Website : www. goldstonetech.com
vi)	Whether listed company	:	Yes
vii)	Name, Address and contact details of Registrar & Transfer Agents (RTA),	:	Aarthi Consultants Private Limited,
		:	1-2-285, Domalguda,
		:	Hyderabad 500 029.
		:	Phone No-040-27638111/4445
		:	Fax: 040-27632184
			E-mail id : info@aarthiconsultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated;

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Information Technologies and enable services including software licenses	6209	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Staytop Systems Inc. Address; 9660 Falls of Neuse Rd., Ste. 138 Unit 161, Raleigh, North Carolina, 27615	EIN 77-0472088	Subsidiary	100%	2 (87) (ii)
2.	Staytop Systems and Software Pvt Ltd Address; 9-1- 83 & 84, Amarchand Sharma Complex, S D Road, Secunderabad - 500003	U72200TG2008 PTC060684	Subsidiary	100%	2 (87) (ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category of shareholders	No of shares held at the beginning of the year i.e. as on 01.04.2015				No of shares held at the end of the year i.e.during as on 31.03.2016				% change the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A Promoter									
(1) Indian									
a. Individual/HUF	114281	0	114281	0.61	114281	0	114281	0.61	0
b. Central Government	0	0	0	0	0	0	0	0	0
c. State Government	0	0	0	0	0	0	0	0	0
d. Bodies Corp.	3419872	0	3419872	18.21	3419872	0	3419872	18.21	0
e. Banks /FI	0	0	0	0	0	0	0	0	0
f. Any others	0	0	0	0	0	0	0	0	0
Sub-Totals (A) (1)	3534153	0	3534153	18.82	3534153	0	3534153	18.82	0
2. Foreign									
a. NRIs Individuals	0	0	0	0	0	0	0	0	0
b. Other individuals	0	0	0	0	0	0	0	0	0
c. Bodies Corporate	0	0	0	0	0	0	0	0	0
d. Banks/Fiis	0	0	0	0	0	0	0	0	0
e. Any Others	0	0	0	0	0	0	0	0	0
Sub Totals (A) (2)	0	0	0	0	0	0	0	0	0

Category of shareholders	No of shares held at the beginning of the year i.e. as on 01.04.2015				No of shares held at the end of the year i.e.during as on 31.03.2016				% change the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	3534153	0	3534153	18.82	3534153	0	3534153	18.82	0
Public Shareholding B(1) Institutions									
a. Mutual Funds/ Uti	0	1700	1700	0.01	0	1700	1700	0.01	0
b. Banks/FIIs	2900	0	2900	0.02	2900	0	2900	0.02	0
c. Central Govt	0	0	0	0	0	0	0	0	0
d. State Govt	0	0	0	0	0	0	0	0	0
e. Venture Capital Funds	0	0	0	0	0	0	0	0	0
f. Foreign institutional investors	11889	0	11889	0.06	0	0	0	0	(0.06)
g. Insurance Companies	0	0	0	0	0	0	0	0	0
h. Foreign Ventures capital Investors	0	0	0	0	0	0	0	0	0
i. Other (Specify)	0	0	0	0	0	0	0	0	0
Subtotal B (1)	14789	1700	16489	0.09	2900	1700	4600	0.03	(0.06)
a. Bodies Corporates									
i.Indian	3230718	9500	3240218	17.27	2815399	9500	2824899	15.04	(2.23)
ii.Overseas	0	0	0	0	0	0	0	0	0
b. Individuals	0	0	0	0	0	0	0	0	0
i. Individual shareholding nominal share Capital upto Rs 1 lakh	5667438	171258	5838696	31.09	5552751	169959	5722710	30.47	(0.62)
ii. Individual shareholding nominal share Capital excess of Rs 1 lakh	4922305	12500	4934805	26.27	5269835	12500	5282335	28.12	1.85
c. others (specify)	0	0	0	0	0	0	0	0	0
Foriegn Bodies	0	0	0	0	0	0	0	0	
Non resident indian	685166	120800	805966	4.29	685129	120800	805929	4.29	0
Clearing members	411639	0	411639	2.19	607340	0	607340	3.23	1.04
Trusts	100	0	100	0	100	0	100	0	0
Sub total B(2)	14917366	314058	15231424	81.10	14930554	312759	15243313	81.16	0.06
Total Public shareholding (B)=B(1)+B(2)	14932155	315758	15247913	81.18	14933454	314459	15247913	81.18	0
C. Share held by Custodian For GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	18466308	315758	18782066	100	18467607	314459	18782066	100	0

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2015			Shareholding at the end of the Year 31.03.2016			% change In share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	M/s Trinity Infraventures Limited	34,19,872	18.21	0	34,19,872	18.21	0	0
2	Mrs. L Preetha Priyadarshani	1,13,524	0.60	0	1,13,524	0.60	0	0
3	Mr. L P Sashikumar	757	0.00	0	757	0.00	0	0

iii) Change in Promoters' Shareholding (please specify, if there is no change)

S.No	Name of the Promoter	Change in %
1.	Trinity Infraventures Limited	Nil
2.	Mrs. L Preetha Priyadarashani	Nil
3.	Mr. L P Sashikumar	Nil

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No	Name of the Shareholders	Shareholding at the beginning of the year as on 01.04.2015		Shareholding at the end of the year as on 31.03.2016		Change in share holding during the year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
1	Newtech Stewing Precision Engineering Pvt Ltd	9,20,762	4.90	9,20,762	4.90	-	-
2	Velvet Infratech Pvt Ltd	5,60,000	2.98	5,60,000	2.98	-	-
3	Kunal M Dalal	5,03,546	2.68	5,07,000	2.69	3,454	0.01
4	*Moturu Chandra Sekhar	-	-	3,85,719	2.05	3,85,719	2.05
5	Arcadia Share & Stock Brokers Pvt Ltd	3,34,950	1.78	3,35,009	1.78	59	-
6	*Santosh Vijay Vargiya	-	-	3,15,000	1.67	3,15,000	1.67
7	MVS Ananthakrishnan	2,45,400	1.31	2,95,400	1.57	50,000	0.26
8	*Hemkumar Duvvuru	-	-	2,56,778	1.40	2,56,778	1.40
9	Khande Pitchaiah	2,02,518	1.08	2,02,518	1.08	-	-
10	Mahalakshmi Khande	1,72,963	0.92	1,72,963	0.92	-	-
11	#Sarmenteuse Solutions Pvt Ltd	1,68,000	0.89	-	-	(1,68,000)	(0.89)
12	#Rajesh Vijay Vargiya	3,13,000	1.67	-	-	(3,13,000)	(1.67)
13	#Bull Investments Madras Pvt Ltd	1,66,563	0.89	-	-	(1,66,563)	(0.89)

* Not in the List of Top 10 Shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2016.

Ceased to be in the List of Top 10 shareholders as on 31-03-2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2015.

(v). Shareholding of Directors and Key Managerial Personnel:

The details of the shareholding of Directors and Key Managerial Personnel of the Company are as under:

Sl. No.	For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
A	**DIRECTORS**							
1.	Mr. K S Sarma	Nil	NA	01-04-15 to 31-03-16	Nil	NA	Nil	NA
2.	Mr.V.Venkata Ramana	Nil	NA	01-04-15 to 31-03-16	Nil	NA	Nil	NA
3.	Mr. P.S.Parthasarathy	Nil	NA	01-04-15 to 31-03-16	Nil	NA	Nil	NA
4.	Mr. Clinton Travis Caddell	Nil	NA	01-04-15 to 31-03-16	Nil	NA	Nil	NA
5.	Mr. L P Sashikumar	757	NA	01-04-15 to 31-03-16	Nil	NA	757	NA
6	#Ms. Janaki Kondapi	Nil	NA	13-11-15 to 31-03-16	Nil	NA	Nil	NA
7.	➢ Ms. Promilla Shankar	Nil	NA	01-04-15 to 12-07-15	Nil	NA	Nil	NA
B.	**KEY MANAGERIAL PERSONNEL (KMP)**							
1.	& Ms. Roopali Kale (Company Secretary)	Nil	NA	07-11-15 to 31-03-16	Nil	NA	Nil	NA
2.	Mr. Vithal VSSNK Popuri (CFO)	Nil	NA	01-04-15 to 31-03-16	Nil	NA	Nil	NA
3.	✔ Ms. Adarika Ghose	Nil	NA	01-04-15 to 30-04-15	Nil	NA	Nil	NA

➢ Resigned w.e.f. 12.07.2015
✔ Resigned w.e.f. 30.04.2015
Appointed as Independent Director w.e.f.13.11.2015
& Appointed w.e.f.07.11.2015

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Thousands)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	—	127804.57	—	127804.57
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	—	127804.57	—	127804.57
Change in Indebtedness during the financial year				
• Addition	214.09	—	—	214.09
• Reduction	—	(10420.14)	—	(10420.14)
Net Increase/(Decrease)	214.09	(10420.14)	—	(10206.05)
Indebtedness at the end of the financial year				
i) Principal Amount	214.09	117384.43	—	117598.52
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	**214.09**	**117384.43**	**—**	**117598.52**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in lakhs

Sl. No	Particulars of Remuneration	*Name of MD (Mr.P.S.Parthasarathy)	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under	 17.07 3.25	 17.07 3.25
2.	Stock Option	—	—
3.	Sweat Equity	—	—
4.	. Commission - as % of profit - others, specify…	 — —	 — —
5.	Others, please specify (A) Total Remuneration Fixed ·(B) Total Remuneration Paid Ceiling as per the Act	 24.00 20.32 —	 24.00 20.32 —

* Appointed as Managing Director w.e.f 27.05.2015

B. Remuneration to other directors:

₹ in lakhs

Sl. No.	Particulars of Remuneration	Name of the Independent Director			Name of the Non Executive & Non Independent Director			Total Amount
1.	Directors	Mr. K S Sarma	Mr.V.V. Ramana	#Mrs.Promilla Shankar	⋆ Ms. Janaki Kondapi	Mr. L.P. Sashi Kumar	Mr. Clinton Travis Caddell	
	• Fee for attending board/ committee meetings	2.70	2.70	0.45	0.45	1.80	Nil	8.10
	• Commission	—	—	—	—	—	—	—
	• Others, please specify							
	Total Managerial Remuneration	2.70	2.70	0.45	0.45	1.80	Nil	8.10
	Overall Ceiling as per the Act	—	—	—	—	—	—	—

resigned w.e.f 12.07.2015.

⋆ Appointed as Independent Director w.e.f.13.11.2015

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/ WTD

₹ lakhs

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
		● CEO	➢ Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	1.59	23.64	25.23
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	4.17	4.17
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - Others, specify…	-	-	-	-
5	Others, please specify	-	-	-	-
	Total Remuneration Fixed	**-**	**4.20**	**29.81**	**31.40**
	Total Remuneration Paid	**-**	**1.59**	**27.81**	**29.40**

➢ appointed w.e.f. 07.11.2015

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A.COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

NIL

Annexure -5

Information as required under Section 197 of the Act read with Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

a) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

Non Executive Director	Ratio to Median Remuneration
*Mr. K.S.Sarma	Not Applicable
*Mr. Vedula Venkata Ramana	Not Applicable
*Mrs. Promilla Shankar	Not Applicable
*Ms. Janaki Kondapi	Not Applicable
*Mr. Clinton Travis Caddell	Not Applicable
* Mr. L.P.Sashikumar	Not Applicable
Executive Director	
Mr. P.S.Parthasarathy –Managing Director w.e.f. 27th May, 2015	3.43:1

* Non Executive directors do not have any specific remuneration other than receiving sitting fees for attending the Board Meetings.

b) the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;

Name of the Person	Percentage increase in remuneration
Mr.Vithal V S S N K Popuri (CFO)	**4.96 %**
Ms. Roopali Kale	**NA**

c) The percentage increase in the median remuneration of employees in the financial year. (1.41)

d) The number of permanent employees on the rolls of company: 169

e) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the

percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The average percentile increase in salaries of employees other than managerial personnel in 2015-16 was 14.20 Percentage increase in the managerial remuneration for the year was 2.48.

f) affirmation that the remuneration is as per the remuneration policy of the Company

The Company's remuneration policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavors to attract, retain, develop and motivate a high performance staff Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company affirms remuneration is as per the remuneration policy of the Company.

MANAGEMENT DISCUSSION ANALYSIS AND BUSINESS OUTLOOK

(This review contains Management's discussion of the Company's operational results and financial condition, and should be read in conjunction with the accompanying audited financial statements and associated notes).

Industry Structure, Development and Outlook

Outlook for India in 2016

The year 2016 is predicted to continue with subdued and gradual growth from the previous year. Slowdown in emerging and developing economies, political instability and currency fluctuations have created a challenging environment. Modest recovery in advanced economies has been the only positive sign.

Global growth, currently estimated at 3.1 percent in 2015, is projected at 3.4 percent in 2016 and 3.6 percent in 2017.

The technology industry is facing a similar slowdown with the changing environment. A subdued forecast is predicted for the Indian IT industry as well. India's IT-BPM industry is projected to grow 8.5 per cent in FY2016 – from USD 132 billion in FY2015 to USD 143 billion (excl. e-Commerce), an addition of USD 11 billion.

With the uncertainties in the economy, organizations are determined to adapt and use technology to survive. A huge shift is seen towards digitization with every sector adopting the digital route. Digital technology such as cloud computing, big data analytics, mobile apps and social media are gaining momentum. The coming decade is likely to witness heavy expenditure on digital technology across sectors and industries. This presents a huge opportunity for the IT sector to cash in.

Business Intelligence (BI) and Analytics;

Gartner Inc. predicts the worldwide Business Intelligence (BI) and analytics market to reach $16.9 billion in 2016, an increase of 5.2 percent from 2015.

According to Gartner, the BI and analytics market is in the final stages of a multiyear shift from IT-led, system-of-record reporting to business-led, self-service analytics. As a result, the modern business intelligence and analytics (BI&A) platform has emerged to meet new organizational requirements for accessibility, agility and deeper analytical insight.

Analytics has now become integral to most businesses and each role within the business has adopted an analytics led approach. This has helped analytics to be a simplified service which can be used by everyone.

BI & Analytics will continue to gain momentum and demonstrate impactful outcomes. Few trends to look forward in 2016

- Location based analytics – Helpful to gather market intelligence on location and availability
- Predictive Analytics – Bringing together different chunks of data to build a predictive future usage model
- Cloud Computing - Cloud services to host all sorts of powerful data analytics setups

Source: Gartner 2016, NASSCOM Strategic Review 2016

Opportunities, Threats, Risks and Concerns:

Goldstone Technologies continues to focus on rapid growth opportunities in the technology sector. The business and analytics domain remains our core priority area for the next few years. We are keen on transitioning to the next level of BI solutions by integrating our services

and offering a complete package of analytics.

With the digital boom, it is predicted that 80 per cent of incremental expenditures over the next decade may be driven by digital technologies. Goldstone Technologies is excited to dive into the digital revolution and be a part of this enormous digital change. We are exploiting opportunities within the digital domain that add value to our existing portfolio of services.

We have forged meaningful partnerships with our peers and customers to provide effective solutions to businesses. Our relentless focus on superior customer engagement has helped us become the partner of choice.

Our association and experience with business intelligence has given us an added advantage in becoming a successful implementation partner for Tableau. We are now Gold partner for Tableau in India.

Goldstone has also partnered with Alteryx and Informatica as part of its analytics offering. Alteryx's dedication in making data more accessible and reachable for businesses resonates with Goldstone's passion for data analysis. Informatica's enterprise data integration and management software works complementary to our services.

Few challenges and concerns that need to be addressed in the coming year

- Integrate digital technology with the legacy platforms
- Taking on a more customer centric approach with focus on customization
- Making analytics an integral part of each role within the organization
- Finding exact solutions to highly specific analytics use cases
- Reinvent and optimize traditional offerings along with integrating new services

Analysis of financial performance of the company:

The Consolidated revenues for the year were ₹ 519.83 Millions as against the previous year revenues of ₹ 697.18 Millions. The Standalone revenues for the year were ₹ 237.44 Millions as against of ₹ 290.66 Millions of previous year. The Consolidated Net Profit / (Loss) for the period was (₹ 11.95) Millions against Consolidated Net Profit / (Loss) is (₹ 27.27) Millions during the previous year and the Standalone Net Profit / (Loss) was (₹ 8.65) Millions against the previous year's Net Profit / (Loss) of (₹ 38.00) Millions. However the consolidated cash profit / (loss) for the FY 2015-16 has been reported at (₹ 3.19) Million as compared to Cash profit / (loss) of ₹ 53.38 Million in the previous year and Standalone cash profit / (loss) has been reported at ₹ 0.11 Million as compared to cash profit / (loss) of ₹ 42.57 Million during the previous year.

Liquidity and capital resources:

There is no change in Shareholders' funds during the financial year 2015-16.

The secured loans as at March 31, 2016 stood at Rs. 0.21 Million as against Nil of Previous year.

The Company's ability to generate funds from operating activities, including product and service sales, equity funds and debt financing from its banks and others are expected to provide sufficient liquidity to meet current and future fund requirements.

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 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 177 of the Companies Act, 2013 and as per the requirements of Corporate Governance specified under SEBI (LODR) Regulations, 2015.

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 Resource 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.

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

1. Company's Philosophy;

The Company believes that good corporate governance practices enable the management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its stake holders.

The board considers itself as a trustee of its shareholders and acknowledges its responsibilities to the Shareholders for creating and safeguarding shareholders wealth, while upholding the core values of transparency, integrity, honesty and accountability.

The Company's Code of Ethics and Business Conduct serves as a guide to the employees on the values, ethics and business principles expected of them.

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

2. Board of Directors;

The Board of Goldstone Technologies Limited comprises of Six Directors as on 12th August, 2016 out of them one is Executive Director and all other Directors are Non Executive Directors and Three are Independent Directors. Accordingly, the composition of the Board is in conformity with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Directors bring with them rich and varied experience in different fields of corporate functioning. The Board meets at regular intervals for planning, assessing and evaluating all important business activities.

None of the Directors on the Board is a member of more than 10 committees or Chairman of more than 5 committees as specified in Regulation 26 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, across all the Companies in which he/she is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee memberships held by them in other companies is given below. Other directorships do not include alternate directorships and companies incorporated outside India. Chairmanship / membership of Board committees include membership of Audit and Stakeholders Relationship Committee.

Name	Category	No. of Board Meetings attended during the year 2015-16	Whether Attended AGM held on 29.09.2015	No. of Directorships in other Companies	No. of committee positions held in other public Companies	
					Chairman	Member
Mr. K S Sarma	Independent Director	7	NO	4	Nil	2
Mr. V Venkata Ramana	Independent Director	7	NO	Nil	Nil	Nil
Mr. L P Sashikumar	Promoter Non-Executive Director	7	YES	7	Nil	1
Mr. Clinton Travis Caddell	Promoter Non-Executive Director	3	NO	Nil	Nil	Nil
*Mr. P.S. Parthasarathy	Promoter & Managing Director	6	YES	2	Nil	Nil
^Mrs. Promilla Shankar	Independent Director	1	NO	1	Nil	Nil
# Ms. Janaki Kondapi	Independent Director	2	NO	Nil	Nil	Nil

The letter(s) of appointment(s) to the above Independent Directors and the details of the familiarization programmes imparted to the Independent Directors are disclosed on the website of the company i.e. www.goldstonetech.com

*was appointed as Managing Director w.e.f. 27.05.2015.

^ resigned w.e.f 12.07.2015.

Ms.Janaki Kondapi was appointed as the Independent Director of the Company with effect from 13.11.2015.

Seven Board meetings were held during the year ended March 31, 2016 and the gap between any two successive meetings did not exceed four months. The dates on which the Board meetings were held are as follows:

16th May, 2015 ; 27th May,2015 ; 11th July, 2015 ;5th August, 2015; 13th November, 2015 ; 1st February, 2016 and 28th March, 2016

None of the Non-Executive Directors have any material pecuniary relationship with the Company.

There are no Inter-Se relationships between the Board Members.

The Non-Executive Directors do not hold any shares in the Company.

3. Audit Committee;

The terms of reference stipulated by the Board of Directors to the Audit Committee as contained in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, are as follows:

a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient & credible;

b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, fixation of audit fees and also approval for payment for any other services;

c. Reviewing with management, the quarterly and annual financial statements before submission to the Board, focusing primarily on:

   i. Matters required to be included in the Directors responsibility statement to be included in the Director's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

   ii. Changes, if any, in accounting policies and practices and reasons for the same;

   iii. Major accounting entries involving estimates based on the exercise of judgment by management;

   iv. Qualifications in draft audit report;

   v. Significant adjustments made in the financial statements arising out of audit findings;

   vi. The going concern assumption;

   vii. Compliance with accounting standards;

   viii. Compliance with stock exchange and legal requirements concerning financial statements; and,

   ix. Disclosure of any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

d. Reviewing with the management, the quarterly financial statements before submission to the Board for approval;

e. Reviewing with the management, performance of statutory and internal auditors, the adequacy and compliance of internal control systems;

f. Reviewing the adequacy of internal audit function, if any including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

g. Discussion with internal auditors of any significant findings and follow up thereon;

h. Reviewing the findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

i. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

j. Reviewing the Company's financial and risk management policies;

k. Review of information by Audit Committee:

   i. Management Discussion & Analysis of financial condition and results of operations;

   ii. Statement of significant related party transactions submitted by the management;

iii. Management letters/letters of internal control weaknesses issued by the statutory auditors;

iv. Internal audit reports relating to internal control weaknesses;

v. The appointment, removal and terms of remuneration of the chief internal auditor.

l. review and monitor the auditor's independence and performance, and

m. effectiveness of audit process;

n. examination of the financial statement and the auditors' report thereon;

o. approval or any subsequent modification of transactions of the company with related parties;

p. scrutiny of inter-corporate loans and investments;

q. valuation of undertakings or assets of the company, wherever it is necessary;

r. evaluation of internal financial controls and risk management systems;

s. monitoring the end use of funds raised through public offers and related matters.

t. Examine the reasons for substantial defaults in the payment to the depositors, Members (in case of non-payment of declared dividends) and creditors.

u. Reviewing the functioning of whistle blower mechanism, in case the same exists.

v. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc of the candidate.

w. Reviewing with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purpose other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

As on 12th August, 2016, the Audit Committee of the Company consists of 3 directors, out of whom 2 are Independent Directors including the Chairman, who is a retired IAS officer having related financial management expertise. All the members of the committee are financially literate. Accordingly, the composition of the committee is in conformity with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The last Annual General Meeting of the Company was held on September 29, 2015.

The composition of the Audit Committee as on 12th August, 2016 and particulars of meetings attended by the members are as follows:

Name	Category	No. of Meetings during the year 2015-16	
		Held	Attended
Mr. K S Sarma, Chairman	Independent Director	5	5
Mr. Vedula Venkata Ramana	Independent Director	5	5
Mr. Clinton Travis Caddell	Non Independent Non Executive Director	5	3
# Mrs. Promilla Shankar	Independent Director	5	1

Mrs.Promilla Shankar resigned from the Board w.e.f 12.07.2015.

Five committee meetings were held during the year ended March 31, 2016 i.e. on May 16, 2015; July 11, 2015 ; August 05, 2015; November 13, 2015 and February 1, 2016.

The necessary quorum was present at all meetings.

4. Nomination and Remuneration Committee;

As on 12th August, 2016 the Nomination and Remuneration Committee of the Company consists of 4 directors, all of them are Non Executive Directors and 3 out of them are Independent Directors. The terms of reference stipulated by the Board of Directors to the Nomination and Remuneration Committee as contained in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Sub Section (1) of Section 178 of the Companies Act 2013, are as follows;

- ✓ Formulate the criteria for determining qualifications, attributes, and Independence of a director.
- ✓ Identify the persons who are qualified to become directors and who may be appointed in senior management in accordance with criteria laid down, recommend to the Board their appointment and removal.
- ✓ Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors
- ✓ Devising a policy on diversity of Board of Directors
- ✓ Recommend to the Board appointment and removal of directors and senior management and carryout evaluation of every director's performance.
- ✓ Review the remuneration policy of the company, relating to the remuneration for the directors, Key Managerial Persons and other employees from time to time.
- ✓ whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The composition of the Nomination and Remuneration Committee as on 12th August, 2016 and particulars of meetings attended by the members are as follows:

Name	Category	No. of Meetings during the year 2015-16	
		Held	Attended
Mr. K S Sarma, Chairman	Independent Director	5	5
Mr. Vedula Venkata Ramana	Independent Director	5	5
# Mrs. Promilla Shankar	Independent Director	5	1
Mr. L.P. Sashi kumar	Promoter & Non Executive Director	5	5
*Ms. Janaki Kondapi	Independent Director	-	-

resigned w.e.f 12.07.2015.
* member w.e.f. 12.08.2016

Five Committee meetings were held during the year ended March 31, 2016 i.e. on May 16, 2015; May 27, 2015 ; August 05, 2015; November 06, 2015 and November 13, 2015.

The necessary quorum was present at all meetings.

Evaluation;

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees.

A structured questionnaire was prepared after taking into consideration various parameters such as attendance and participation in meetings, monitoring corporate governance practices, independence of judgement, culture, execution and performance of specific duties, obligations and safeguarding the interests of the company etc.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

i) Separate Meeting of Independent Directors:

The Independent directors of the Company at its meeting held on 28-03-2016 (a) reviewed the performance of the non-independent directors and Board, (b) reviewed the performance of the Chairperson of the Company and (c) assessed the quality, quantity and timeliness of flow of information between the company management and the Board. All the Independent Directors as on 28.03.2016 attended the meeting.

A structured questionnaire was prepared after taking into consideration various parameters such as attendance and participation in meetings, monitoring corporate governance practices, independence of judgement, safeguarding the interests of the company etc. and the evaluation was made. The Members of the Committee evaluated all the directors. The Independent Directors decided that since the performance of the Non-Independent Directors (including Managing Director) is good, the term of their appointment be continued.

The Independent Directors after reviewing the performance of the Chairman decided that the Chairman has good experience, knowledge and understanding of the Board's functioning and his performance is excellent. The Independent Directors decided that the information flow between the Company's Management and the Board is excellent.

ii) Evaluation by Board:

The Board has carried out the annual performance evaluation of its own performance, the Directors individually (excluding the director being evaluated) as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, effectiveness in developing Corporate governance structure to fulfill its responsibilities, execution and performance of specific duties etc. The Board decided that the performance of individual directors, its own performance and working of the committees is good.

All Independent Directors have furnished a declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

iii) Familiarization Programme for Independent Directors;

The Independent Directors of Company are eminent personalities having wide experience in the field of business, finance,

education, industry, commerce and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions.

Independent Directors have been appointed as per the applicable provisions of the Companies Act, 2013 and the applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, after considering their management expertise and wide range of experience. All Independent Directors who have been reappointed by the Members are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters, business operations, their roles, rights, responsibilities in the company, Code for the Independent Directors and the Board Members, updates on business model, nature of industry, operations and financial performance of the Company along with the significant developments in the Company, policies of the Company on Corporate Social Responsibility, Remuneration Criteria, Vigil Mechanism, Related Party Transactions, Risk Management etc, updates on significant amendments in corporate and other laws and its impact on the Company. All Independent Directors were also requested to access the necessary documents / brochures, Code of Conducts, Letter of Appointments, Annual Reports and internal policies available at our website www.goldstonetech.com to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made by Senior Management and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent directors.

iv) Board Diversity:

Pursuant to the relevant provisions of the Companies Act, 2013 and regulation 19(4) read with Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a policy on Board diversity pursuant to that policy the company has an optimum combination of Directors from the different areas / fields like Productions, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development, Human Resources etc. Further Board consists of three independent directors having vast experience in different areas including finance including a woman director,

5. Remuneration of Directors

Policy for selection and appointment of Directors/KMPs and their Remuneration;

The Nomination and Remuneration Committee has adopted a policy namely Nomination and Remuneration Policy which, inter alia, deals with the manner of selection of Board of Directors, Managing Director & KMP's, evaluation of their performance and their remuneration. The policy is hosted on the website of the Company www.goldstonetech.com

Criteria of selection of Non Executive Directors

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the Nomination and Remuneration Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

The Nomination and Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The Nomination and Remuneration Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

i. Qualification, expertise and experience of the Directors in their respective fields;

ii. Personal, Professional or business standing;

iii. Diversity of the Board.

In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board meetings. Commission may be paid with in monitoring limit approved by the shareholders subject to the limit not exceeding 1% of the profits of the Company computed as per applicable provisions of the Act.

A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

Apart from receiving the Sitting Fees from the Company the Non-Executive Directors do not have any Pecuniary relationship or transactions with the Company.

CEO & Managing Director - Criteria for selection / appointment

For the purpose of selection of the CEO & MD, the Nomination and Remuneration Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the CEO & Managing Director

At the time of appointment or re-appointment, the Managing Director shall be paid as may be recommended by the Nomination and Remuneration Committee and such remuneration as may be mutually agreed between the Company and the Managing Director within the overall limits prescribed under the Companies Act, 2013.

The remuneration shall be subject to the approval of the Members of the Company (if necessary) in General Meeting.

The remuneration of the Managing Director comprises only of fixed component. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits.

Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the Nomination and Remuneration Committee shall ensure the relationship of remuneration and performance

benchmark is clear.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the Nomination and Remuneration Committee for its review and approval.

Remuneration Policy

The remuneration policy is to pay compensation and benefits adequately, so as to attract, motivate and retain talent. The Company follows a compensation of fixed pay. Performance of the individuals measured through the annual appraisal process. There was no Employee Stock Option Scheme during the financial year ended March 31, 2016.

Details of Remuneration and other terms of appointment of Directors

All Directors except Managing Director are the Non-Executive Directors (NEDs), they are paid sitting fees for attending either Board or its Committee meetings except Shareholders/ Investors' Grievance Committee Meeting. The Company reimburses the out of pocket expenses incurred by the Directors for attending meetings.

Shareholdings of the Directors in the Company as on March 31, 2016:

Name	Category	No. of Shares of ₹10/- each
Mr. L P Sashi kumar	Promoter & Non Executive Director	757

Remuneration of Directors

Details of remuneration paid to Directors during the financial year 2015-16:

(In ₹)

Name of the Director	Category	Sitting fee	Salary	Benefits	Total
Mr. K S Sarma	Independent Director	2,70,000	Nil	Nil	2,70,000
Mr. V Venkata Ramana	Independent Director	2,70,000	Nil	Nil	2,70,000
#Mrs. Promilla Shankar	Independent Director	45,000	Nil	Nil	45,000
^Ms. Janaki Kondapi	Independent Director	45,000	Nil	Nil	45,000
Mr.Clinton Travis Caddell	Promoter & Non-Executive Director	Nil	Nil	Nil	Nil
* Mr.Ponnapula Sanjeeva Parthasatathy	Promoter & Managing Director	Nil	17,07,000	3,25,000	20,32,000
Mr. L P Sashikumar	Promoter & Non-Executive Director	1,80,000	Nil	Nil	1,80,000

Benefits include contribution to Provident Fund, Gratuity Fund, payment of Perquisites and Commission.

There was no Employee Stock Option Scheme during the financial year ended 31st March, 2016.

* was appointed as Managing Director w.e.f.27.05.15.

resigned w.e.f 12.07.15

^ appointed w.e.f. 13.11.2015

6. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee is to perform all the functions relating to handling of all sorts of shareholders' grievances like non-transfer of shares, loss of share certificates, non-receipt of notices/annual reports etc., and to look after share transfers/transmissions periodically. The Committee *inter-alia* also approves issue of duplicate share certificates and oversees and reviews all matters connected with the securities transfers.

i. The Stakeholders Relationship Committee of the Company consists of three directors, two of which are independent Directors.

ii. The Composition of the Stakeholders Relationship Committee and the number of meetings attended by its members is given below.

Name	Category	No. of Meetings during the year 2015-16	
		Held	Attended
Mr. K S Sarma, Chairman	Independent Director	4	4
Mr. Vedula Venkata Ramana	Independent Director	4	4
Mr. L.P. Sashi kumar	Promoter & Director	4	4
*Ms. Janaki Kondapi	Independent Director	-	-

* member w.e.f. 12.08.2016

Four Stakeholders Relationship Committee Meetings were held during the year ended 31st March, 2016 i.e on May 16, 2015; August 05, 2015; November 13, 2015 and February 1, 2016.

iii. The necessary quorum was present at all meetings.

iv. Details of complaints received and redressed: Number of shareholder complaints received, number solved and number of pending complaints as on March 31, 2016.

Opening Balance as on 01.04.2015	Received during the period 01.04.2015 to 31.03.2016	Resolved during the period 01.04.2015 to 31.03.2016	Closing Balance as on 31.03.2016
Nil	Nil	Nil	Nil

v. Name and Designation of Compliance Officer:

Ms. Roopali Kale, Company Secretary and Compliance Officer

7. The company has formed a business risk evaluation/ management committee consisting of the following members.

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The objectives and scope of the Risk Management Committee broadly comprise of

1. Oversight of risk management performed by the executive management;

2. Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;
3. Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
4. Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

8. General Body Meetings

General Body Meetings : The last three Annual General Meetings were held at Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad – 500 051 as detailed below:

i) Location, date and time of last three Annual General Meetings:

Year	No. of Meeting	Day, Date and Time of the Meeting
2014-15	21st AGM	Tuesday, the September 29, 2015 at 03.00 P.M
2013-14	20th AGM	Saturday, the September 27, 2014 at 03.00 P.M
2012-13	19th AGM	Saturday, the September 28, 2013 at 03.30 P.M

ii) During the previous three Annual General Meetings of the Company, Special Resolutions were passed as specified below.

No. of AGM	Item on which special resolution was passed
21ST AGM	Appointment of Mr.P.S.Parthasarathy as the Managing Director of the Company for a period of Two (2) Years
20TH AGM	NIL
19TH AGM	NIL

iii) Resolutions passed during the year through Postal Ballot: NIL

9. Means of Communication

a. In compliance with the requirements of Listing Agreement, the Company regularly intimates Unaudited as well as Audited Financial Results to the stock exchanges immediately after they are taken on record by the Board. These financial results are normally published in *The Financial Express* (National newspaper) and *Nava Telangana* (regional newspaper). This information is also uploaded on the Company's website www.goldstonetech.com.

b. Management Discussion & Analysis Report forms part of Report of Directors.

10. General Information for Shareholders

i) **Annual General Meeting** will be held on 30th September, 2016 at 03.00 p.m. at Plot No. 1 & 9 IDA, Phase II, Cherlapally, Hyderabad – 500 051.

ii) **Financial Year** of the Company is 1st April to 31st March.

iii) **Financial Reporting** for the quarter ending 30th September, 2016, 31st December,

2016, and 30th June, 2017 will be within forty five days from the closure of the quarter. For the quarter and year ended 31st March, 2017 the Financial reporting will be within 60 days from the closure of the quarter and year ended.

iv) **Dates of Book Closure** will be from 24th September, 2016 to 30th September, 2016 (both days inclusive).

v) **Company's shares are listed** on the Bombay Stock Exchange and National Stock Exchange. The Company has paid the Listing Fees for the period 1st April, 2016 to 31st March, 2017.

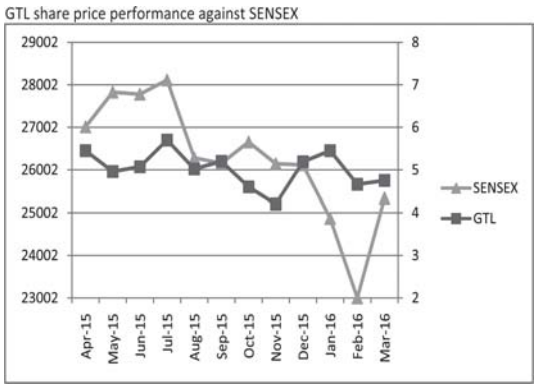
vi) **Stock Code** of the Company's scrip is 531439 in BSE and GOLDTECH in NSE

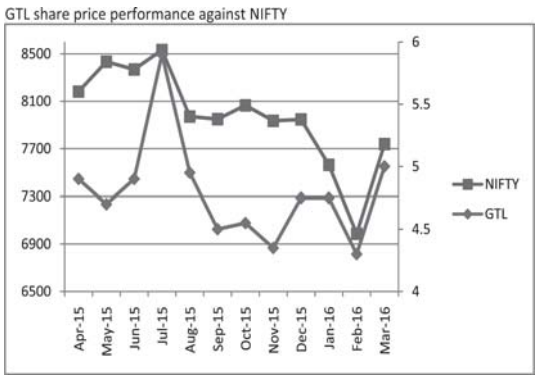
vii) **ISIN Code** is INE805A01014

viii) **Market Price Data:** High, Low (Based on the closing prices)and number of shares traded during each month in the last financial year on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited

2015-16	BSE			NSE		
Month	High	Low	Volume (Nos.)	High	Low	Volume (Nos.)
Apr,15	6.80	4.92	53,946	6.60	4.65	94,723
May,15	6.00	4.50	48,145	5.70	4.20	60,192
June,15	5.10	3.61	68,130	5.50	3.60	83,898
July,15	7.74	4.59	98,923	7.40	4.60	1,34,331
Aug,15	6.99	4.55	1,01,827	6.60	4.75	63,231
Sept,15	5.80	4.40	21,585	5.55	4.05	21,657
Oct,15	5.30	4.60	24,834	4.85	4.30	17,079
Nov,15	4.55	3.80	25,870	4.35	4.00	12,254
Dec,15	5.19	4.10	33,246	4.75	4.20	56,832
Jan,16	7.00	5.07	1,95,532	6.85	4.75	63,192
Feb,16	5.65	4.66	32,327	4.95	3.80	1,32,311
Mar,16	6.03	4.75	1,74,180	5.65	4.30	92,413

ix) Performance of the Share Price of the Company in comparison to the BSE Sensex and NSE Nifty;





x) Registrar and Transfer Agents:

Name & Address : Aarthi Consultants Private Limited,
1-2-285, Domalguda, Hyderabad – 500 029,
Tel: 91 - 40-27638111/ 4445;
Fax: 91 - 40-27632184
E-mail: info@aarthiconsultants.com
Contract Person: Mr. Bhaskara Murthy

xi) Share Transfer System:

The Company's shares are traded in the stock exchanges compulsorily in Demat form. The Company's Registrar and Transfer Agent is the common agency to look after physical and Demat share work. The shares lodged for transfer at the registrar are processed and returned to shareholders within the stipulated time.

xii) Shareholding (as on March 31,2016):

a) Distribution of shareholding

Category	No. of Shareholders		No. of Shares	
	Total	%	Total	%
Up to- 5000	7748	75.30	12,98,242	6.91
5001 – 10000	1108	10.77	9,40,553	5.01
10001 – 20000	599	5.82	9,35,337	4.98
20001 – 30000	241	2.34	6,27,114	3.34
30001 – 40000	129	1.25	4,58,822	2.44
40001 – 50000	114	1.11	5,37,150	2.86
50001 – 100000	184	1.79	13,64,402	7.26
100001 and above	166	1.61	1,26,20,446	67.19
TOTAL	**10289**	**100.00**	**1,87,82,066**	**100.00**

b) Categories of Shareholders

Category	No. of shares	% to share capital
Promoters	35,34,153	18.82
Mutual Funds and UTI	1,700	0.01
Insurance Companies	0	0.00
Banks	2,900	0.02
FIIs	0	0
Private Corporate Bodies	28,24,899	15.04
Indian Public	1,10,04,395	58.59
NRIs / OCBs	8,05,929	4.29
Trust	100	0
Clearing Members	6,07,340	3.23
NBFC	650	0.00
TOTAL	**1,87,82,066**	**100.00**

xiii) Dematerialization of shares and liquidity:

The company's shares are compulsorily traded in dematerialization form. Equity shares of the Company representing 98.32% of the company's share capital are dematerialized as on March 31, 2016.

The Company's shares are regularly traded on Bombay Stock Exchange Limited & The National Stock Exchange of India Limited.

xiv) As on March 31, 2016, the company did not have any outstanding GDRs / ADRs / Warrants or any convertible instruments

xv) Compliance Officer	:	Ms.Roopali Kale Company Secretary & Compliance Officer. Tel: 91 - 40-27807640; Fax: 91 - 40-39120023/39100012 E-mail:cs@goldstonetech.com
xvi) Location of Software Divisions /facilities	:	Registered Office: 9-1-83 & 84, Amarchand Sharma Complex, S D Road, Secunderabad, Telangana– 500 003. Corporate Office: Q4-A3, 10th Floor, Cyber Towers, HITEC City, Madhapur, Hyderabad, Telangana, India-5000081. 9660 Falls of Neuse Rd, Ste. 138 Unit 161, Raleigh, North Carolina, 27615 United States of America
xvii) Address for Correspondence	:	Goldstone Technologies Limited 9-1-83 & 84, Amarchand Sharma Complex S D Road, Secunderabad - 500 003.

xviii) **Investor Relations:** All the queries received from shareholders during the financial year 2015-16 have been responded to. The Company generally replies to the queries within a week of their receipt.

xix) **Nomination Facility:** Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to contact the Company's Share Transfer Agents Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500 029.

11. Other Disclosures

i. As required by the Accounting Standards, issued by the Institute of Chartered Accountants of India, details of related-party transactions are at Notes to Accounts.

ii. There were no instances of non-compliances by the Company, no penalties were imposed or strictures passed against the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

iii. Whistle Blower Policy; As per the provisions of the Section 177 (9) & (10) of the Companies Act, 2013, read with the Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board adopted 'Whistle Blower Policy' for directors and employees to report the management / Audit Committee instances of unethical behaviour, actual or suspected, fraud or violation of company's code of conduct or ethics policy. The Vigil Mechanism also provides adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit committee in exceptional cases further it has also been uploaded on the Company's web site; www.goldstonetech.com.

iv. Company has complied with all mandatory requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

v. The policy on determination of material subsidiaries is displayed on the website of the Company i.e. www.goldstonetech.com

vi. The policy on dealing with related party transactions is displayed on the website of the Company i.e. www.goldstonetech.com

vii. **Share Capital Audit:** A firm of qualified Company Secretaries is conducting the Secretarial Audit on quarterly basis to reconcile the total admitted equity capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity capital. The Secretarial Audit Report confirms that the total issued/ paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

viii. **Code of Conduct:** The Code of Ethics and Business Conduct as adopted by the Board of Directors is applicable to all directors, senior management and employees in above officers' level. The prime purpose of the code is to create an environment wherein all the Board Members and Senior Management of the Company maintain ethical standards and to ensure compliance to the laid down ethical standards. The code is available on the Company's website: www.goldstonetech.com. In addition to the above as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule IV of the Companies Act, 2013 duties of the Independent Directors and code of Independent Directors have been placed on the website of the Company www.goldstonetech.com .

ix. A declaration signed by the Managing Director regarding affirmation of the compliance with the Code of Conduct by Board and senior management is appended to this report.

x. **Compliance:** At every Board meeting, a statement of Compliance with all laws and regulations as certified by the designated Director is placed before the Board for its review. The Board reviews the compliance of all the applicable laws and gives appropriate directions wherever necessary.

The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years; no penalties or strictures have been imposed on the Company by the stock exchanges or SEBI or by any other statutory authorities relating to the above.

xi. **Risk Management:** Business risk

evaluation and management is an ongoing process within the organization. The Board of Directors reviews the reports of compliance to all applicable laws and regulations on a quarterly basis. Any non-compliance is seriously taken up by the Board and the action taken for rectification of non-compliance is reported to the Board.

xii. **Preferential Issue Proceeds:** The Company did not raise any funds during the year under preferential issue mode.

xiii. **Managing Director & CFO certificate:** The Certificate as per requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 was given by Managing Director and Chief Financial Officer company and the same was placed before the Board for its noting in its meeting held for approval of the Audited Financial Results for the year ended 31st March 2016.

xiv. **Remuneration Policy;** The remuneration policy is to pay compensation and benefits adequately, so as to attract, motivate and retain talent. The Company follows a compensation of fixed pay. Performance of the individuals is measured through the annual appraisal process. There was no Employee Stock Option Scheme during the financial year ended March 31, 2016.

12. Compliance

In compliance with the terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate from the auditor regarding compliance of the provisions of Corporate Governance of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this Report.

13. Non-Mandatory Requirements

The Board has taken cognizance of the non-mandatory requirements of Regulation 27 of the Listing Regulations and shall consider adopting the same at an appropriate time.

The Company has complied with corporate governance requirements specified in regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board

Place: Secunderabad
Date: 12.08.2016

Sd/-	Sd/-
P.S.Parthasarathy	**L P Sashikumar**
Managing Director	Director
DIN:01837281	DIN:00016679

GOLDSTONE TECHNOLOGIES

CERTIFICATE FROM THE MANAGING DIRECTOR & CFO

We, P.S.Parthasarathy, Managing Director and Vithal V S S N K Popuri , Chief Financial Officer 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, 2016 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 together present a true and fair view of the Company's affairs and are in compliance with the existing 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 and overall financial reporting;

   (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.

Place: Secunderabad
Date: 25.05.2016

Sd/-
P.S. Parthasarathy
Managing Director
DIN:01837281

Sd/-
Vithal VSSNK Popuri
CFO

Declaration as required Pursuant To Regulation 34(3) read with Schedule V of the Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015,

I hereby declare that all the Directors and Senior Management of the Company have affirmed compliance with the Company's Code of Conduct for the Financial Year ended March 31, 2016.

For and on behalf of the Board

Sd/-
P.S.Parthasarathy
Managing Director
DIN:01837281

Place: Secunderabad
Date: 12.08.2016

Certificate on Compliance of Corporate Governance

To
The Members of
Goldstone Technologies Limited

We have examined the compliance of conditions of Corporate Governance by Goldstone Technologies Limited ('the company"), for the year ended 31st March, 2016, as stipulated in clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 01st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 01st December, 2015 to 31st March, 2016.

The Compliance of the Conditions of the Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For P. Murali & Co.
Chartered Accountants
FRN: 007257S
Sd/-
P. Murali Mohana Rao
Partner
Membership No. 023412

Place: Hyderabad
Date: 12.08.2016

GOLDSTONE TECHNOLOGIES

INDEPENDENT AUDITOR'S REPORT

To the Members of
Goldstone Technologies Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Goldstone Technologies Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements:

Opinion

In our opinion and to the best of our information and according to the explanations given to us,

the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2016, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we further report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) 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;

   c) the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) in our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 .

   e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in ' Annexure B'; and

   g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended 31st March 2016.

For **P. Murali & CO.,**
Chartered Accountants
Firm Registration No : 007257S
Sd/-
P. Murali Mohana Rao
Partner
M.No. 023412

Place: Hyderabad
Date: 25.05.2016

Annexure A to the Auditors Report

Annexure referred to in Independent Auditors Report to the Members of Goldstone Technologies Limited on the standalone financial statements for the year ended 31st March 2016, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, this clause of the CARO order is not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the company.

iv. The Company has not granted any loans or made any Investments, or provided any guarantee or security to the parties covered under section 185 and 186 of the Act. Therefore, the provisions of clause 3(iv) of the said order are not applicable to the company.

v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and rules framed there under to the extent notified.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India ;

(b) There were no undisputed amounts payable in respect of Provident Fund, , Employees' State Insurance, Income-tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues in arrears as at 31st March 2016 for a period of more than 6 months for the date they became payable.

(c) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.

viii. In our opinion, and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution or banks or Government or dues to

debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public officer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of this clause are not applicable to the Company.

x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our Audit.

xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandate by the provisions of section 197 read with schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the Provisions of clause 3(xii) of the order are not applicable to the company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting standard (AS) 18, related party disclosures specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment of private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of The Reserve Bank of India Act 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

For **P. Murali & CO.,**
Chartered Accountants
Firm Registration No : 007257S
Sd/-
P. Murali Mohana Rao
Partner
M.No. 023412

Place: Hyderabad
Date: 25.05.2016

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

We have audited the internal financial controls over financial reporting of Goldstone Technologies Limited ('the company') as of 31st march 2016 in conjunction with our audit of standalone financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Charted Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in

reasonable detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acqusition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be deducted. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become in adequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2016, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Charted Accountants of India.

For **P. Murali & CO.,**
Chartered Accountants
Firm Registration No : 007257S
Sd/-
P. Murali Mohana Rao
Partner
M.No. 023412

Place: Hyderabad
Date: 25.05.2016

GOLDSTONE TECHNOLOGIES

Standalone Balance Sheet as at 31st March, 2016

(Amount In ₹)

Particulars	Note No	As on 31/03/2016	As on 31/03/2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	18,78,20,660	18,78,20,660
(b) Reserves and Surplus	2	34,79,20,968	35,65,71,932
(2) Non-Current Liabilities			
(a) Deferred tax liabilities (Net)	3	(25,39,516)	3,47,49,898
(b) Long term provisions	4	1,28,52,609	52,58,716
(3) Current Liabilities			
(a) Short-term borrowings	5	11,75,98,520	12,78,04,572
(b) Trade payables	6	1,34,78,703	2,47,02,402
(c) Other current liabilities	7	43,68,799	53,38,410
(d) Short-term provisions	8	24,63,673	19,32,499
Total		**68,39,64,416**	**74,41,79,089**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	10,36,05,242	10,61,28,590
(ii) Intangible assets	9	10,03,04,509	14,17,94,520
(iii) Tangible assets under development	9	13,27,36,793	13,27,36,793
(b) Non-current investments	10	9,27,62,433	927,62,433
(c) Long term loans and advances	11	17,14,94,647	15,00,58,312
(d) Other non-current assets	12	2,05,37,250	2,21,10,789
(2) Current assets			
(a) Trade receivables	13	4,71,58,901	7,68,20,314
(b) Cash and cash equivalents	14	1,35,59,888	1,89,78,476
(c) Short-term loans and advances	15	18,04,753	27,88,862
Total		**68,39,64,416**	**74,41,79,089**

Significant Accounting Policies 23

The accompanying Notes are an Integral part of the Financial statements

As per our report attached
For **P.Murali & Co.,**
Chartered Accountants
FRN. No: 007257S
Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412
Place : Hyderabad
Date : 25.05.2016

For **GOLDSTONE TECHNOLOGIES LIMITED**

Sd/-
P.S.Parthasarathy
Managing Director

Sd/-
L.P.Sashikumar
Director

Sd/-
Vithal VSSNK Popuri
CFO

Sd/-
Roopali Kale
Company Secretary

GOLDSTONE TECHNOLOGIES

Standalone Profit and Loss statement for the year ended 31st March, 2016

(Amount In ₹)

Particulars	Note No	For the year ended 31/03/2016	For the year ended 31/03/2015
I. Revenue from operations	16	23,74,45,390	29,06,64,630
II. Other Income	17	23,49,340	18,81,527
III. Total Revenue (I +II)		**23,97,94,730**	**29,25,46,157**
IV. Expenses:			
Cost of materials consumed/purchased	18	4,73,70,807	3,66,00,521
Employee benefit expenses	19	16,57,27,178	17,49,21,280
Other operating expenses	20	83,27,485	1,11,13,309
Administrative Expenses	21	1,61,79,106	2,18,29,846
Finance costs	22	24,91,949	10,14,529
Depreciation and amortization expenses	9	4,60,47,766	4,76,14,418
Total Expenses		**28,61,44,291**	**29,30,93,903**
V. Profit before exceptional and extraordinary items and tax (III - IV)		(4,63,49,561)	(5,47,747)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(4,63,49,561)	(5,47,747)
VIII. Extraordinary Items		1,41,364	14,48,369
IX. Profit before tax (VII - VIII)		**(4,64,90,925)**	**(19,96,116)**
X. Tax expense:			
(1) Current tax		-	30,43,630
(2) Tax of previous year		(5,50,547)	-
(3) Deferred tax Liability/(Asset)		(3,72,89,414)	3,29,66,209
XI. Profit/(Loss) from the period from continuing operations (IX - X)		(86,50,964)	(3,80,05,956)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		**(86,50,964)**	**(3,80,05,956)**
No.of equity shares:		1,87,82,066	1,87,82,066
XVI. Earning per equity share:			
(1) Basic		(0.46)	(2.02)
(2) Diluted		(0.46)	(2.02)

Significant Accounting Policies 23

The accompanying Notes are an Integral part of the Financial statements

As per our report attached
For **P.Murali & Co.,**
Chartered Accountants
FRN. No: 007257S
Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412
Place : Hyderabad
Date : 25.05.2016

For **GOLDSTONE TECHNOLOGIES LIMITED**

Sd/-
P.S.Parthasarathy
Managing Director

Sd/-
L.P.Sashikumar
Director

Sd/-
Vithal VSSNK Popuri
CFO

Sd/-
Roopali Kale
Company Secretary

GOLDSTONE TECHNOLOGIES

NOTE NUMBERS TO STANDALONE BALANCE SHEET

Particulars	As on 31/03/2016		As on 31/03/2015	
	No. of Shares	Amount In ₹	No. of Shares	Amount In ₹
NOTE NO. 1 : SHARE CAPITAL				
a Share Capital (For each class of capital)				
(a) Authorised	5,00,00,000	50,00,00,000	5,00,00,000	50,00,00,000
(b) Issued	-	-	-	-
(c) Subscribed & Fully Paid Up	1,87,82,066	18,78,20,660	1,87,82,066	18,78,20,660
Par value per share @ ₹ 10/-				
Total Equity Share capital		**18,78,20,660**		**18,78,20,660**
Total Share capital		**18,78,20,660**		**18,78,20,660**
b A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:	Number of Shares		Number of Shares	
At the Beginning		1,87,82,066		1,87,82,066
At the end		**1,87,82,066**		**1,87,82,066**
c Details of Shareholder holding more than 5% shares of the company:	**% of Share Holding**			
Equity Shares of ₹ 10 each held by Trinity Infraventure Limited				
- No. Of Shares (C.Y) 3419872 and No. Of Shares (P.Y) 3419872	**18.20%**		**18.20%**	
	As on 31/03/2016 Amount In ₹		**As on 31/03/2015** Amount In ₹	
NOTE NO. 2 : RESERVES AND SURPLUS				
I. a) Capital Reserve				
As at the commencement of the year		5,97,80,538		5,97,80,538
Add: Additions during the year		-		-
Less: Utilised for during the year		-		-
		5,97,80,538		**5,97,80,538**
b) Securities Premium Reserve				
As at the commencement of the year		21,83,79,399		21,83,79,399
Add: Additions during the year		-		-
Less: Utilised for during the year		-		-
		21,83,79,399		**21,83,79,399**
c) General Reserves				
As at the commencement of the year		1,83,00,679		1,83,00,679
Add: Additions during the year		-		-
Less: Utilised for during the year		-		-
		1,83,00,679		**1,83,00,679**
d) Surplus :				
Opening Balance -Profit and Loss Account		6,01,11,316		12,13,97,237
Less: Prior Period Taxes		-		24,94,450
Less: Depreciation Adjustment Transfer to Profit & Loss Account		-		2,07,85,515
Add: Transfer from Profit & Loss Account		(86,50,964)		(3,80,05,956)
		5,14,60,352		**6,01,11,316**
Total Reserves and Surplus		**34,79,20,968**		**35,65,71,932**

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Particulars	As on 31/03/2016 Amount In ₹	As on 31/03/2015 Amount In ₹
NOTE NO. 3 : DEFERRED TAX LIABILITY (NET)		
Opening Deferred tax Liability / (Asset)	3,47,49,898	17,83,689
Less: Deferred Tax Liability / (Asset) for the year		
(Due to SLM and WDV Difference & others)	(3,72,89,414)	3,29,66,209
Gross Deferred tax Liability/ (Asset)	(25,39,516)	3,47,49,898
Deferred Tax Liability/ (Asset) - Net	**(25,39,516)**	**3,47,49,898**
NOTE NO. 4 : LONG TERM PROVISIONS		
a) Provisions for employee benefits		
- Provision for Gratuity	79,24,725	23,28,464
- Provision for Leave Encashment	49,27,884	29,30,252
Total Long Term Provisions	**1,28,52,609**	**52,58,716**
NOTE NO.5 : SHORT TERM BORROWINGS		
Short term borrowings		
a) Working Capital from Banks - Secured	2,14,092	-
b) Unsecured Borrowings	11,73,84,428	12,78,04,572
(Refer notes on accounts note sl.no.16)		
Total short term borrowings	**11,75,98,520**	**12,78,04,572**
NOTE NO. 6 : TRADE PAYABLES		
a) Trade Payables	1,04,95,564	2,26,66,138
(There is no outstanding amount payable to Micro,Small & Medium Enterprises Development(MSMED) Act,2006)		
b) Trade Payables - Others	29,83,139	20,36,264
Total Trade Payables	**1,34,78,703**	**2,47,02,402**
NOTE NO.7 : OTHER CURRENT LIABILITIES		
a) Statutory Liabilities Payable	42,97,374	53,38,410
b) Staff Advances Payable	71,425	-
Total other current liabilities	**43,68,799**	**53,38,410**
NOTE NO.8 : SHORT TERM PROVISIONS		
a) Others		
Provision for Tax	-	-
b) Provisions for employee benefits		
- Provision for Gratuity	2,91,275	1,73,485
- Provision for Leave Encashment	21,72,398	17,59,014
Total short term provisions	**24,63,673**	**19,32,499**

Note Number : 9
FIXED ASSETS AS ON 31st MARCH, 2016

(Amount In ₹)

Sl. No.	Particulars	Gross Block			Useful Life	Depreciation/Amortization				Net Block as on 31.03.2016	Net Block as on 31.03.2015
		As on 01.04.2015	Additions during the year	As on 31.03.2016		Dep. As on 01.04.2015	Dep. For the year 2015-2016	Adjustment to Reserve	Total Depreciation 31.03.2016		
(i)	**TANGIBLE ASSETS:**										
1	LAND	7,66,71,399	-	7,66,71,399	-	-	-	-	-	7,66,71,399	7,66,71,399
2	BUILDING	2,74,38,522	-	2,74,38,522	30	1,32,57,987	8,30,303	-	1,40,88,290	1,33,50,232	1,41,80,535
3	PLANT & MACHINERY	47,47,527	73,500	48,21,027	15	34,58,416	90,837	-	35,49,253	12,71,774	12,89,111
4	ELECTRICAL EQUIPMENT	1,40,06,589	-	1,40,06,589	5	1,28,88,111	4,10,059	-	1,32,98,170	7,08,419	11,18,478
5	OFFICE EQUIPMENT	1,11,16,158	1,23,609	1,12,39,767	5	1,02,23,146	3,00,808	-	1,05,23,954	7,15,813	8,93,012
6	COMPUTERS	15,27,86,196	2,79,816	15,30,66,012	6/3	14,95,28,687	10,15,317	-	15,05,44,004	25,22,008	32,57,509
7	FURNITURE & FIXTURES	1,59,09,209	31,000	1,59,40,209	10	1,27,34,742	6,96,380	-	1,34,31,122	25,09,087	31,74,467
8	VEHICLES	1,52,95,261	15,26,482	1,68,21,743	8/10	1,03,47,255	11,47,854	-	1,14,95,109	53,26,634	49,48,006
9	LEASE HOLD IMPROVEMENTS	54,20,886	-	54,20,886	10	48,24,813	66,197	-	48,91,010	5,29,876	5,96,073
	TOTAL	**32,33,91,747**	**20,34,407**	**32,54,26,154**		**21,72,63,157**	**45,57,755**	**-**	**22,18,20,912**	**10,36,05,242**	**10,61,28,590**
(ii)	**INTANGIBLE ASSETS:**										
10	COST OF MOVIE RIGHTS & COLOURISATION (Refer notes on accounts note sl.no.15)	12,35,63,869	-	12,35,63,869	20%	4,94,25,548	2,47,12,774	-	7,41,38,322	4,94,25,547	7,41,38,321
11	INTANGIBLE FIXED ASSETS	16,77,72,365	-	16,77,72,365	10%	10,01,16,166	1,67,77,237	-	11,68,93,403	5,08,78,962	6,76,56,199
	TOTAL	**29,13,36,234**	**-**	**29,13,36,234**		**14,95,41,714**	**4,14,90,011**	**-**	**19,10,31,725**	**10,03,04,509**	**14,17,94,520**
(iii)	**TANGIBLE ASSETS UNDER DEVELOPMENT:**										
12	CAPITAL WORK IN PROGRESS	13,27,36,793	-	13,27,36,793	-	-	-	-	-	13,27,36,793	13,27,36,793
	TOTAL	**13,27,36,793**	**-**	**13,27,36,793**		**-**	**-**	**-**	**-**	**13,27,36,793**	**13,27,36,793**
	GRAND TOTAL	**74,74,64,774**	**20,34,407**	**74,94,99,181**		**36,68,04,871**	**4,60,47,766**	**-**	**41,28,52,637**	**33,66,46,544**	**38,06,59,903**
	Previous Year	74,57,66,627	16,98,147	74,74,64,774		29,84,04,938	4,76,14,418	2,07,85,515	36,68,04,871	38,06,59,903	

Particulars	As on 31/03/2016 Amount In ₹	As on 31/03/2015 Amount In ₹
NOTE NO. 10: NON-CURRENT INVESTMENTS		
I Non- Current Investments		
Investment in Subsidiaries		
a) Equity Shares - Unquoted		
Staytop Systems Inc., and 100% of holding	9,26,63,433	9,26,63,433
Staytop Systems & Software Pvt Ltd and 99% of holding	99,000	99,000
Total Non - Current Investments	**9,27,62,433**	**9,27,62,433**
NOTE NO. 11: LONG TERM LOANS AND ADVANCES		
I Unsecured		
a) Long term loans and advances	11,21,33,099	10,86,56,380
b) Advance tax Net	5,93,61,548	4,14,01,932
Total Long term loans and advances	**17,14,94,647**	**15,00,58,312**
NOTE NO.12 : OTHER NON - CURRENT ASSETS		
I Long term Trade receivable (Including trade receivables on deferred credit basis)		
a) Interest Accrued on Deposits	21,24,021	22,10,016
b) Other Deposits	1,08,66,489	1,23,54,337
II Others	75,46,740	75,46,436
Total non - current assets	**2,05,37,250**	**2,21,10,789**

Particulars	As on 31/03/2016 Amount In ₹	As on 31/03/2015 Amount In ₹
NOTE NO. 13 : TRADE RECEIVABLES		
I Outstanding for a period exceeding six months from the date they are due for payment		
Secured, Considered Good	-	-
Unsecured, Considered Good	1,66,43,413	75,54,978
Doubtful	-	-
	1,66,43,413	**75,54,978**
II Other Receivables:		
Secured, Considered Good	-	-
Unsecured, Considered Good	3,05,15,488	6,92,65,336
Doubtful	-	-
	3,05,15,488	**6,92,65,336**
Total Trade Receivables	**4,71,58,901**	**7,68,20,314**
NOTE NO. 14 : CASH AND CASH EQUIVALENTS		
I Cash and cash equivalents :		
a) Balances with banks :	1,35,27,609	1,89,52,618
b) Cash on hand	32,279	25,858
Total Cash and Cash Equivalents	**1,35,59,888**	**1,89,78,476**
NOTE NO. 15 : SHORT TERM LOANS AND ADVANCES		
I Short - term loans and advances:		
a) Staff Advances	3,54,600	4,17,450
b) Advance to Trade Payables	2,05,581	4,05,436
c) Prepaid Expenses	12,44,572	19,65,976
Total short term loans & advances	**18,04,753**	**27,88,862**

NOTE NUMBERS TO STANDALONE STATEMENT OF PROFIT & LOSS

Particulars	For the year ended 31/03/2016 Amount In ₹	For the year ended 31/03/2015 Amount In ₹
NOTE NO. 16 : REVENUE FROM OPERATIONS		
Revenue from operations in respect of non-finance company		
(a) Sale of Services-Exports	2,47,83,321	3,62,02,538
(b) Sale of Software Licence & Services-Domestic	21,26,62,069	25,44,62,092
Total Revenue from Operations	**23,74,45,390**	**29,06,64,630**
NOTE NO. 17 : OTHER INCOME		
(a) Interest income	9,53,231	6,21,992
(b) Interest income on Income tax refund	13,01,124	-
(c) Other non-operating income	94,985	12,59,535
Total Other Income	**23,49,340**	**18,81,527**
NOTE NO. 18 : COST OF MATERIALS CONSUMED		
Purchase cost of software licence	4,73,70,807	3,66,00,521
Total Cost Of Material Consumed	**4,73,70,807**	**3,66,00,521**
NOTE NO. 19 : EMPLOYEE BENEFIT EXPENSES		
(a) Salaries & Wages	13,81,10,139	15,09,94,031
(b) Contribution to Provident & Other Funds	1,45,20,968	89,67,801
(c) Staff Welfare & Other Expenses	1,30,96,071	1,49,59,448
Total Employee Benefit Expenses	**16,57,27,178**	**17,49,21,280**

Particulars	For the year ended 31/03/2016 Amount In ₹	For the year ended 31/03/2015 Amount In ₹
NOTE NO. 20:OTHER OPERATING EXPENSES		
(a) Power/Electricity & Fuel	20,02,901	26,94,896
(b) Rent	25,97,334	35,89,269
(c) Repairs to Building	48,899	5,53,400
(d) Repairs to office equipment	5,67,162	4,72,822
(e) Insurance	13,62,648	22,44,588
(f) Car Hire charges & transportation	84,539	10,77,148
(g) Payment to Auditors:		
(i) As Auditor	4,50,000	4,50,000
(ii) For Other Services	25,000	25,000
(iii) For Reimbursement of expenses	13,073	6,186
(h) Bad debts writtenoff	11,75,929	-
Total Other Operating Expenses	**83,27,485**	**1,11,13,309**
NOTE NO. 21 : ADMINISTRATIVE EXPENSES		
(a) Telephone Postage and Others	22,86,433	22,57,730
(b) Business Promotion Expenses	2,30,690	3,61,874
(c) Conveyance & Travelling Expenses	41,53,038	60,96,461
(d) Office Maintenance	6,37,912	16,55,290
(e) Printing & Stationery Expenses	3,61,977	4,61,068
(f) Security Charges	1,72,500	5,85,409
(g) Rates & Taxes	7,37,546	5,52,979
(h) Invoice Processing Charges	3,25,000	27,90,483
(i) Seminar Fee/Training/Legal Fee/Listing Fee	8,27,784	9,80,582
(j) Web Development Expenses	41,268	36,559
(k) Professional Consultancy fee	25,69,354	34,70,396
(l) Director Sitting Fee	7,72,500	5,85,000
(m) Vehicle maintenance Charges	4,22,580	98,260
(n) Secretarial expenses	1,95,094	1,46,275
(o) Foreign exchange Loss	12,34,945	10,45,520
(p) Other expenses	12,10,485	7,05,960
Total Administrative Expenses	**1,61,79,106**	**2,18,29,846**
NOTE NO. 22 : FINANCE COSTS		
I (a) Interest Expenses :		
- Interest on loans	1,17,508	6,07,575
- Interest - others	14,77,982	-
- Bank Charges	8,96,459	4,06,954
Total Finance Costs	**24,91,949**	**10,14,529**

GOLDSTONE TECHNOLOGIES

Standalone Statement of Cash Flows as on 31-03-2016

(Amount in ₹)

	Particulars	31/03/2016	31/03/2015
A	**Cash Flow from Operating Activities**		
	Net Profit before tax before extra ordinary items	**(46,349,561)**	**(547,747)**
	Adjustments for:		
	Depreciation	46,047,766	47,614,418
	Interest income	(2,254,355)	(621,992)
	Interest Paid	117,508	607,575
	Foreign Exchange Fluctuation Loss/(Gain)	-	-
	Operating Profit before working capital Changes	**(2,438,642)**	**47,052,254**
	Adjustments for:		
	Trade and other receivables	29,661,413	(7,174,524)
	Trade advances	984,109	4,588,647
	Trade payables	(11,223,699)	8,175,708
	Provisions	(438,437)	(3,127,207)
	Cash generated from Operations	**16,544,744**	**49,514,878**
	Direct Taxes paid (net)	550,547	(3,043,630)
	Cash flow before extraordinary items	**17,095,291**	**46,471,248**
	Prior Period Items	(141,364)	(1,448,369)
	Net Cash Flow from Operating Activities	**16,953,927**	**45,022,879**
B	**Cash Flow from Investing Activities**		
	Purchase of fixed assets	(2,034,407)	(1,698,149)
	Interest income	2,254,355	621,992
	Net Cash (Used) from Investing Activities	**219,948**	**(1,076,157)**
C	**Cash Flow from Financing Activities**		
	Long Term Loans & Advances	(12,268,903)	(28,671,425)
	Secured loans Repayment	(10,206,052)	(8,799,433)
	Interest Paid	(117,508)	(607,575)
	Net Cash (used) generated from Financing Activities	**(22,592,463)**	**(38,078,433)**
	Cash and Cash Equivalents (Opening Balance)	18,978,476	13,110,187
	Net Increase / (Decrease) in Cash & Cash Equivalents(A+B+C)	**(5,418,588)**	**5,868,289**
	Cash and Cash Equivalents (Closing Balance)	**13,559,888**	**18,978,476**

As per our report attached
For **P.Murali & Co.,**
Chartered Accountants
FRN. No: 007257S
Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412
Place : Hyderabad
Date : 25.05.2016

For **GOLDSTONE TECHNOLOGIES LIMITED**

Sd/-
P.S.Parthasarathy
Managing Director

Sd/-
L.P.Sashikumar
Director

Sd/-
Vithal VSSNK Popuri
CFO

Sd/-
Roopali Kale
Company Secretary

23. SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A) Statement on Significant Accounting Policies

i) Basis of Accounting

The Financial Statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost conversion on accrual basis, except certain tangible assets which are being carried at revalued amounts. Pursuant to section 133 of the Companies Act 2013 read with the Rule 7 of the Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing accounting standards notified under the Companies Act 1956, shall continue to apply. Consequently these financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 (Companies Accounting Standards Rules, 2006 as amended) and the relevant provisions of the Companies Act, 2013 ('the Act'). The accounting policies have been consistently applied with those used in the previous year.

ii) Method of Accounting

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

iii) Revenue Recognition:

a) All incomes and expenditure are accounted on accrual basis

b) Revenue from Information Technology Software Support Service 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.

iv) Fixed Assets:

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

b) During the year the Company has provided Depreciation on Fixed Assets based on the estimated life in the manner prescribed in Schedule II Part C to the Companies Act, 2013.

v) Depreciation:

a) Depreciation on Fixed Assets is provided on straight -line method.

b) Effective from 1st April 2014, the Company depreciates its fixed assets over the useful life as prescribed in Schedule II of the Companies Act 2013, as against the earlier practice of depreciating at the rates prescribed in the Schedule XIV of the Companies Act, 1956.

vi) 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.

vii) Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. In respect of foreign subsidaries, 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 charged off after adjusting the reserve.

viii) 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.

ix) 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.

x) Impairment of assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired.

xi) Contingent Liabilities and Contingent Assets

Liabilities, which are contingent in nature, are not recognized in the books of account but are disclosed separately in the Notes. Contingent Assets are neither recognized nor disclosed in the books of account.

Accounting for Provisions, Contingent Liabilities and Contingent Assets:

Provisions have been recognized by the Company for all present obligations arising from past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made by using a substantial degree of estimation. This is as per the provisions of AS-28 issued by ICAI.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an on-going basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets have not been recognized in the financial statements.

xii) Claims

Claims made by the Company are recognized to the extent the Company deems them recoverable. Claims against the Company, including liquidated

damages, are recognized only on acceptance basis.

xiii) Inventories

Inventories are valued at cost or net realizable value, whichever is less. Cost comprises of expenditure incurred in the normal course of business in brining such inventories to its their location. Finished goods at the factory are valued at cost in all applicable cases. Obsolete, non-moving and defective inventories are identified at the time of physical verification of inventories and adequate provision, wherever necessary, is made for such inventories.

xiv) Intangible Assets

Intangible Assets are recognized in the Balance Sheet at cost, net of any accumulated amortization / impairment. Preliminary expenses are amortized over a period of 5 years.

xv) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are treated as a period cost and are expensed in the year of occurrence.

B. NOTES ON ACCOUNTS:

1. Contingent Liability:

Outstanding Bank Guarantees – ₹67.56 Lakhs (Previous year ₹79.88 Lakhs)

2. Investments:

A) The company acquired 100% holding in M/s Staytop Systems Inc at a total purchase consideration of USD 2,100,000 in the year 2005. Out of the total purchase consideration an amount of USD 2,000,000 was paid up to 2006-07 and for the balance amount of USD 100,000 the company issued 35,918 Equity Shares as fully paid and no new fresh investments during the year.

B) The company has holding of 9900 share @ ₹10/- of M/s Staytop Systems and Software Pvt Ltd.,

3. Confirmation of balances with sundry debtors and sundry creditors:

Company has taken necessary steps to get the confirmation of balances from the parties.

4. Provision for Income-Tax:

As per the provisions of Income tax Act, 1961 there is a loss under the head Income from Business or Profession, hence no tax will arise, because of which no provision for Income tax has been provided for the year ending on 31st March 2016.

5. 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:

(₹ In Millions)

Deferred Tax Liability as at 1st April, 2015	34.75
Deferred Tax Liability / (Asset) as at 31st March, 2016	(2.54)

6. Fixed Assets :

During the year the Company has computed depreciation on Fixed Assets based on the useful life in the manner prescribed in part C of Schedule II of new Companies Act 2013.

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:

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	Staytop Systems and Software Pvt Ltd	Subsidiary
3	P.S.Parthasarathy	Key Managerial Personnel - Managing Director
4	Vithal VSSNK Popuri	Key Managerial Personnel - Chief Financial Officer
5	Roopali Kale	Key Managerial Personnel - Company Secretary & Compliance Officer

Transaction during the year with related parties:

Name of the related party	Nature of Transaction	₹ In Millions
Staytop Systems Inc	Income – Sale of Information Technology Services	0.00
Staytop Systems Inc	Expenses spent for Information Technology Services	3.48

8. Earnings Per Share:

Calculation of EPS Basic & Diluted:

(Amount in ₹)

Particulars	Current Year 2015-16	Previous Year 2014-15
Net Profit /(Loss)After Tax	**(85,09,599)**	**(3,65,57,586)**
Net Profit/(Loss) after Extraordinary Items	**(86,50,963)**	**(3,80,05,956)**
Weighted average number of shares considered	**1,87,82,066**	**1,87,82,066**
Basic EPS (in Rs.)	**(0.46)**	**(2.02)**
Diluted EPS (in Rs.)	**(0.46)**	**(2.02)**

9. Segment Reporting:

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

Business Segment – In the previous year the company was engaged in the business of Information Technology & Information Technology Enabled Services. The business segment wise details are given below.

Segment wise standalone financial results for the year ended March 31, 2016

(₹ in millions)

Sl. No.	Particulars	Current Year 31.03.2016	Previous Year 31.03.2015
1	**Segment Revenue**		
	a) Information Technology / Software Services	177.61	244.30
	b) Software License	59.84	46.36
	c) Other Income	2.35	1.88
	Total Revenue from Operations	**239.80**	**292.54**
2	**Segment Results**		
	Profit (+)/Loss (-) before tax, Depn. & Interest from India		
	a) Information Technology / Software Services	(0.27)	44.27
	b) Software License	2.46	3.80
	Total	2.19	48.07
	Less: Interest (not allocable)	2.49	1.01
	Less: Depreciation (not allocable)	46.05	47.61
	Total Profit/(Loss) Before Tax	**(46.35)**	**(0.55)**

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.

- **Geographical Segment:**

(₹ In Millions)

Particulars	Current Year	Previous Year
Revenue:		
India – Exports	**24.78**	36.20
India – Others	**212.66**	254.46
Outside India	**0.00**	0.00
Additions to Fixed Assets:		
India	**2.03**	1.70
Outside India	**-**	-
Carrying Amount of Segment Assets		
India	**336.65**	380.66
Outside India	**0.00**	0.00

10.1 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.

10.2 Employee Benefits

(i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the employee has rendered services.

(ii) Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss of the year in which the employee has rendered services.

(iii) Actuarial gains and losses in respect of post-employment and other long-term benefits are charged to the Statement of Profit and Loss

Retirement benefits to employees The Company has made provision based on actuarial valuation in Respect of Gratuity and Leave Encashment as per AS 15. The details are as follows:

(Amount in ₹)

Particulars	As on 31-03-2016	As on 31-03-2015
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	70,79,624	0
Current Service Cost	27,79,542	0
Interest Cost	7,76,908	0
Actuarial Losses / (Gain)	(17,48,910)	0
Past Service Cost	0	0
Benefits paid	(6,71,164)	0
Closing Defined Benefit Obligation	82,16,000	70,79,624
Change in Fair Value of Assets		
Expected Return on Plan Assets	0	0
Actuarial Gain / (Losses)	0	0
Assets Distributed on Settlements	0	0
Contribution by Employer	6,71,164	0
Assets acquired on Acquisition / (Distribution on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits paid	(6,71,164)	0
Closing Fair Value of Plan Assets	0	0
Expected Employer's contribution next year	1,73,485	2,91,275

Financial Assumptions at the Valuation date:

	As on 31-03-2016	As on 31-03-2015
Discount Rate	**7.55%**	**7.95%**
Expected Rate of Return on Assets (p.a.)	**0.00%**	**0.00%**
Salary Escalation Rate (p.a.)	**7.00%**	**7.00%**

a) Discount Rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

b) Expected Rate of Return on Plan Assets:

This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

c) Salary Escalation Rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Demographic Assumptions at the Valuation Date:

d) Retirement Age:

The employees of the Company are assumed to retire at the age of 58 years.

e) Mortality:

Published rates under the Indian Assured Lives Mortality (2006-08) Ult table.

f) Leaving Service:

Rates of leaving service at specimen ages are as shown below:

Age (Years)	Rates (p.a.)
21-30	10%
31-40	5%
41-50	3%
51-57	2%

g) Disability:

Leaving service due to disability is included in the provision made for all causes of leaving service (paragraph (f) above).

Compensated Absence Liability

The Defined Benefit Obligation of compensated absence in respect of the employees of the Company as at 31 March 2016 works out to ₹ 7,100,282

The break-up of the Defined Benefit Obligation (which equals to net liability assuming this liability is not externally funded) between current & non-current is as follows:

Particulars	Amount (₹)
Current Liability	21,72,398
Non-Current Liability	49,27,884
Net Liability	**71,00,282**

11. Accounting for Provisions, Contingent Liabilities and Contingent Assets:

Provisions have been recognized by the Company for all present obligations arising from past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made by using a substantial degree of estimation. This is as per the provisions of **AS-28** issued by ICAI.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an on-going basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets have not been recognized in the financial statements.

12. Prior Period Adjustments:

Prior period adjustment of ₹ 141,364/- (Previous year ₹ 1,448,369/-) shown in the Profit and Loss account is the net amount of the debits and credits pertaining to previous years, which were

not provided during those periods.

13. Additional Information required as per Para's 3 & 4 of Part II of Schedule IV to the Companies Act, 2013:

13.1 The Company is engaged in Information Technology & Information Technology Enabled Services. The production and sale of such service 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, 2013.

13.2 Managerial Remuneration:

(₹ in Millions)

Particulars	**Current Year 2015-16**	Previous Year 2014-15
Managing Director		
Salary	1.70	-
Other perquisite	0.33	-
Executive Director		
Salary	-	-
Other perquisite	-	-
Total	**2.03**	**-**

13.3 Foreign Exchange Transaction:

(₹ In Millions)

Particulars	**Current Year 2015-16**	Previous Year 2014-15
1) Value of Imports on CIF Basis		
a) Capital Goods – Electronic Equipments	-	-
b) Capital Goods – Furniture & Fixtures	-	-
2) Expenditure in Foreign Currency		
a) Travelling Expenses	**0.82**	**3.25**
b) Other Payments paid In Foreign Exchange	**54.12**	**28.78**
3) Earnings in Foreign Currency (on Receipt basis)		
Software Exports	**29.77**	**30.72**

13.4 Auditors Remuneration:

(Amount in ₹)

Particulars	**Current Year 2015-16**	Previous Year 2014-15
Audit Fees	**4,50,000**	**4,50,000**
Certification Work	**25,000**	**25,000**

14. Inventory:

During the year the company has no Inventories

15. Capital Work in Progress

Capital Work in Progress includes cost of Fixed Assets under installation including Advances given for purchase of Capital Goods, interest on borrowing costs attributable to the assets for the Assets taken on Finance and any un allocated expenditure pertaining there to.

16. Short term Borrowings:

Working Capital Facilities from Central Bank of India are secured by:

i). Hypothecation against first charge on receivables of the company both present and future.

ii). Equitable Mortgage of immovable property of M/s Goldstone Technologies Limited & M/s Goldstone Infratech Limited.

iii). Corporate Guarantee given by M/s Trinity Infraventures Limited & M/s Goldstone Infratech Limited for above loan

iv). Personal guarantee of a promoter director of the company.

v) The said working capital facility has been sanctioned for a period of one year and renewable on a Yearly basis with rate of interest -base rate of the bank plus 3.5% and renewable on a yearly basis.

17. Trade payables:

"The Company has no "Supplier / Vendor" within the meaning of Section 2 (n) of the Micro, Small and Medium Enterprises Development Act, 2006.

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

As per our report attached
For **P.Murali & Co.,**
Chartered Accountants
FRN. No: 007257S
Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
Date : 25.05.2016

For **GOLDSTONE TECHNOLOGIES LIMITED**

Sd/-	Sd/-
P.S.Parthasarathy	**L.P.Sashikumar**
Managing Director	Director
Sd/-	Sd/-
Vithal VSSNK Popuri	**Roopali Kale**
CFO	Company Secretary

GOLDSTONE TECHNOLOGIES

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Goldstone Technologies Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of **Goldstone Technologies Limited** ("the Holding Company"), and its subsidiaries together referred to as " the Group" comprising the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements')

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. The Board of Directors of the Company is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the rules made there under including the accounting standards and matters which are required to be included in audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view. In order to design audit procedures that are appropriate in the circumstances. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements:

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of the Company, as at 31st March 2016, and their consolidated Loss and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

   b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books;

   c) the Consolidated Balance Sheet, the consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of our audit of the aforesaid consolidated financial statements;

   d) in our opinion, the aforesaid consolidated financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 .

   e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2016, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in ' Annexure A'; and

   g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements do not have any pending litigations which could have impact on its financial

position.

ii. The Holding company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and the subsidiary company incorporated in India.

Other Matter:

We did not audit the financial statements of one subsidiary company included in the consolidated financial results, whose financial statements/financial information reflect total assets of Rs. 29,54,90,208/- as at 31st March, 2016, total revenue of Rs. 28,23,87,679/- for the year ended 31st March, 2016. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and our report in terms of sub section (3) of section 143 of the Act insofar as it relates to the aforesaid subsidaries, jointly controlled entities and associates, is based on solely on the reports of the other Auditors.

For **P. Murali & CO.,**
Chartered Accountants
Firm Registration No : 007257S
Sd/-
P. Murali Mohana Rao
Partner
M.No 023412

Place: Hyderabad
Date: 25.05.2016

Annexure A to the Independent Auditor's Report

Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

In conjunction with our Audit of the consolidated financial statements of the company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of GOLDSTONE TECHNOLOGIES LIMITED ('the Holding company') and its subsidiary company companies which are incorporated in India, as of the date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary company, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Charted Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acqusition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be deducted. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become in adequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, The Holding Company and its subsidiary company, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2016, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Charted Accountants of India.

For **P. Murali & CO.,**
Chartered Accountants
Firm Registration No : 007257S
Sd/-
P. Murali Mohana Rao
Partner
M.No 023412

Place: Hyderabad
Date: 25.05.2016

GOLDSTONE TECHNOLOGIES

Consolidated Balance Sheet as at 31st March 2016

(Amount In ₹)

Particulars	Note No	As on 31/03/2016	As on 31/03/2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	18,78,20,660	18,78,20,660
(b) Reserves and Surplus	2	48,77,17,243	49,96,67,325
(2) Minority Interest		1,000	1,000
(3) Non-Current Liabilities			
(a) Deferred tax liability/ (Asset) (Net)	3	(25,39,516)	3,47,49,898
(b) Long term provisions	4	1,28,52,609	52,58,716
(4) Current Liabilities			
(a) Short-term borrowings	5	11,75,98,520	12,78,04,572
(b) Trade payables	6	4,20,93,836	7,03,71,401
(c) Other current liabilities	7	65,70,093	99,71,115
(d) Short-term provisions	8	5,30,88,009	4,17,44,922
Total		**90,52,02,454**	**97,73,89,609**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	10,36,05,294	10,61,28,642
(ii) Intangible assets	9	19,28,88,343	23,44,57,953
(iii) Tangible assets under development	9	13,27,36,793	13,27,36,793
(b) Non-current investments	10	-	-
(c) Long term loans and advances	11	17,14,94,647	15,00,58,312
(d) Other non-current assets	12	2,06,03,850	2,21,10,789
(2) Current assets			
(a) Trade receivables	13	5,89,21,925	10,84,57,883
(b) Cash and cash equivalents	14	16,96,00,442	16,91,85,301
(c) Short-term loans and advances	15	5,53,51,160	5,42,53,936
Total		**90,52,02,454**	**97,73,89,609**

Significant Accounting Policies 23

The accompanying Notes are an Integral part of the Financial statements

As per our report attached
For **P.Murali & Co.,**
Chartered Accountants
FRN. No: 007257S
Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412
Place : Hyderabad
Date : 25.05.2016

For **GOLDSTONE TECHNOLOGIES LIMITED**

Sd/-
P.S.Parthasarathy
Managing Director

Sd/-
L.P.Sashikumar
Director

Sd/-
Vithal VSSNK Popuri
CFO

Sd/-
Roopali Kale
Company Secretary

GOLDSTONE TECHNOLOGIES

Consolidated Profit and Loss statement for the year ended 31st March 2016

(Amount In ₹)

Particulars	Note No	For the year ended 31/03/2016	For the year ended 31/03/2015
I. Revenue from operations	16	51,98,33,069	69,71,75,591
II. Other Income	17	26,00,645	1,10,91,721
III. Total Revenue (I +II)		**52,24,33,714**	**70,82,67,312**
IV. Expenses:			
Cost of materials consumed/purchased	18	4,73,70,807	3,66,00,521
Employee benefit expenses	19	44,03,61,227	55,22,43,918
Other operating expenses	20	1,18,58,900	1,76,75,504
Administrative Expenses	21	2,39,67,534	3,59,64,451
Finance costs	22	25,28,934	10,53,623
Depreciation and amortization expenses	9	4,60,47,766	4,76,50,494
Total Expenses		**57,21,35,168**	**69,11,88,510**
V. Profit before exceptional and extraordinary items and tax (III - IV)		(4,97,01,454)	1,70,78,803
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(4,97,01,454)	1,70,78,803
VIII. Extraordinary Items		1,41,364	14,48,370
IX. Profit before tax (VII - VIII)		**(4,98,42,818)**	**1,56,30,433**
X. Tax expense:			
(1) Current tax		(52,775)	99,32,512
(2) Previous Years tax		(5,50,547)	-
(3) Deferred tax Liability/(Asset)		(3,72,89,414)	3,29,66,209
XI. Profit/ (Loss) from the period from continuing operations (IX - X)		(1,19,50,082)	(2,72,68,288)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		**(1,19,50,082)**	**(2,72,68,288)**
No.of equity shares:		1,87,82,066	1,87,82,066
XVI. Earning per equity share:			
(1) Basic		(0.64)	(1.45)
(2) Diluted		(0.64)	(1.45)

Significant Accounting Policies 23

The accompanying Notes are an Integral part of the Financial statements

As per our report attached
For **P.Murali & Co.,**
Chartered Accountants
FRN. No: 007257S
Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412
Place : Hyderabad
Date : 25.05.2016

For **GOLDSTONE TECHNOLOGIES LIMITED**

Sd/-
P.S.Parthasarathy
Managing Director

Sd/-
L.P.Sashikumar
Director

Sd/-
Vithal VSSNK Popuri
CFO

Sd/-
Roopali Kale
Company Secretary

NOTE NUMBERS TO CONSOLIDATED BALANCE SHEET

Particulars	As on 31/03/2016		As on 31/03/2015	
	No. of Shares	Amount In ₹	No. of Shares	Amount In ₹
NOTE NO. 1 : SHARE CAPITAL				
a Share Capital (For each class of capital)				
(a) Authorised	5,00,00,000	50,00,00,000	5,00,00,000	50,00,00,000
(b) Issued	-	-	-	-
(c) Subscribed & Fully Paid Up	1,87,82,066	18,78,20,660	1,87,82,066	18,78,20,660
Par value per share @ ₹ 10/-				
Total Equity Share capital		**18,78,20,660**		**18,78,20,660**
Total Share capital		**18,78,20,660**		**18,78,20,660**
b A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:	Number of Shares		Number of Shares	
At the Beginning		1,87,82,066		1,87,82,066
At the end		**1,87,82,066**		**1,87,82,066**
c Details of Shareholder holding more than 5% shares of the company:	**% of Share Holding**			
Equity Shares of ₹ 10 each held by Trinity Infraventure Limited				
- No. Of Shares (C.Y) 3419872 and No. Of Shares (P.Y) 3419872	**18.20%**		**18.20%**	
	As on 31/03/2016 Amount In ₹		**As on 31/03/2015** Amount In Rs ₹	
NOTE NO. 2 : RESERVES AND SURPLUS				
I. a) Capital Reserve				
As at the commencement of the year		5,97,80,538		5,97,80,538
Add: Additions during the year		-		-
Less: Utilised for during the year		-		-
		5,97,80,538		**5,97,80,538**
b) Securities Premium Reserve				
As at the commencement of the year		21,83,79,399		21,83,79,399
Add: Additions during the year		-		-
Less: Utilised for during the year		-		-
		21,83,79,399		**21,83,79,399**
c) General Reserves				
As at the commencement of the year		1,83,00,679		1,83,00,679
Add: Additions during the year		-		-
Less: Utilised for during the year		-		-
		1,83,00,679		**1,83,00,679**
d) Surplus :				
Opening Balance -Profit and Loss Account		20,32,06,709		25,37,54,963
Less: Prior Period Taxes		-		24,94,450
Less: Depreciation Adjustment Transfer to Profit & Loss Account		-		2,07,85,515
Add: Transfer from Profit & Loss Account		(1,19,50,082)		(2,72,68,289)
		19,12,56,627		**20,32,06,709**
Total Reserves and Surplus		**48,77,17,243**		**49,96,67,325**

Particulars	As on 31/03/2016 Amount In ₹	As on 31/03/2015 Amount In ₹
NOTE NO. 3 : DEFERRED TAX LIABILITY/ (ASSET) (NET)		
Opening Deferred tax Liability/ (Asset)	3,47,49,898	17,83,689
Less:		-
Deferred Tax Asset for the year (Due to SLM and WDV Difference & others)	(3,72,89,414)	3,29,66,209
Gross Deferred tax Liability/ (Asset)	(25,39,516)	3,47,49,898
Deferred Tax Liability/ (Asset) - Net	**(25,39,516)**	**3,47,49,898**
NOTE NO. 4 : LONG TERM PROVISIONS		
a) Provisions for employee benefits	-	-
- Provision for Gratuity	79,24,725	23,28,464
- Provision for Leave Encashment	49,27,884	29,30,252
Total Long Term Provisions	**1,28,52,609**	**52,58,716**
NOTE NO.5 : SHORT TERM BORROWINGS		
a) Working Capital from Banks - Secured	2,14,092	-
b) Unsecured Borrowings (Refer notes on accounts note sl.no.16)	11,73,84,428	12,78,04,572
Total Short Term Borrowings	**11,75,98,520**	**12,78,04,572**
NOTE NO. 6 : TRADE PAYABLES		
a) Trade Payables (There is no outstanding amount payable to MicroSmall & Medium Enterprises Development(MSMED) Act2006)	3,91,10,697	6,83,35,137
b) Trade Payables - Others	29,83,139	20,36,264
Total Trade Payables	**4,20,93,836**	**7,03,71,401**
NOTE NO.7 : OTHER CURRENT LIABILITIES		
a) Statutory Liabilities Payable	42,97,374	7,68,47,199
b) Other Current Liabilities	22,01,294	(6,68,76,084)
c) Staff Advances Payable	71,425	-
Total Other Current Liabilities	**65,70,093**	**99,71,115**
NOTE NO.8 : SHORT TERM PROVISIONS		
a) Provisions for employee benefits		
- Provision for Gratuity	2,91,275	1,73,485
- Provision for Leave Encashment	21,72,398	17,59,014
b) Others		
Provision for Liabilities	5,06,24,336	3,98,12,423
Total Short Term Provisions	**5,30,88,009**	**4,17,44,922**

Note Number : 9
FIXED ASSETS AS ON 31st MARCH, 2016

(Amount In ₹)

Sl. No.	Particulars	Gross Block				Useful Life	Depreciation/Amortization				Net Block as on 31.03.2016	Net Block as on 31.03.2015
		As on 01.04.2015	Additions during the year	Sale/Deletions during the year	As on 31.03.2016		Dep. As on 01.04.2015	Dep. For the year 2015-2016	Adjustment to Reserve	Total Depreciation		
(i)	**TANGIBLE ASSETS:**											
1	LAND	7,66,71,399	-	-	7,66,71,399	-	-	-	-	-	7,66,71,399	7,66,71,399
2	BUILDING	2,74,38,522	-	-	2,74,38,522	30	1,32,57,987	8,30,303	-	1,40,88,290	1,33,50,232	1,41,80,535
3	PLANT & MACHINERY	47,47,527	73,500	-	48,21,027	15	34,58,416	90,837	-	35,49,253	12,71,774	12,89,111
4	ELECTRICAL EQUIPMENT	1,40,06,589	-	-	1,40,06,589	5	1,28,88,111	4,10,059	-	1,32,98,170	7,08,419	11,18,478
5	OFFICE EQUIPMENT	1,13,69,477	1,23,609	-	1,14,93,086	5	1,04,58,178	3,00,808	-	1,07,58,986	7,34,100	9,11,299
6	COMPUTERS	15,38,69,268	2,79,816	-	15,41,49,084	6/3	15,08,49,235	10,15,317	-	15,18,64,552	22,84,532	30,20,033
7	FURNITURE & FIXTURES	1,59,09,209	31,000	-	1,59,40,209	10	1,25,15,501	6,96,380	-	1,32,11,881	27,28,328	33,93,708
8	VEHICLES	1,52,95,261	15,26,482	-	1,68,21,743	8/10	1,03,47,255	11,47,854	-	1,14,95,109	53,26,634	49,48,006
9	LEASE HOLD IMPROVEMENTS	54,20,886	-	-	54,20,886	10	48,24,813	66,197	-	48,91,010	5,29,876	5,96,073
	TOTAL	**32,47,28,138**	**20,34,407**	**-**	**32,67,62,545**		**21,85,99,496**	**45,57,755**	**-**	**22,31,57,251**	**10,36,05,294**	**10,61,28,642**
(ii)	**INTANGIBLE ASSETS:**											
10	COST OF MOVIE RIGHTS & COLOURISATION (Refer note sl.no.15)	12,35,63,869	-	-	12,35,63,869	20%	4,94,25,548	2,47,12,774	-	7,41,38,322	4,94,25,547	7,41,38,321
11	INTANGIBLE FIXED ASSETS	16,77,72,365	-	-	16,77,72,365	10%	10,01,16,166	1,67,77,237		11,68,93,403	5,08,78,962	6,76,56,199
12	GOODWILL	9,26,63,433	-	79,599	9,25,83,834		-		-	-	9,25,83,834	9,26,63,433
	TOTAL	**38,39,99,667**	**-**	**79,599**	**38,39,20,068**		**14,95,41,714**	**4,14,90,011**	**-**	**19,10,31,725**	**19,28,88,343**	**23,44,57,953**
(iii)	**TANGIBLE ASSETS UNDER DEVELOPMENT:**											
13	CAPITAL WORK IN PROGRESS	13,27,36,793	-	-	13,27,36,793		-	-	-	-	13,27,36,793	13,27,36,793
	TOTAL	**13,27,36,793**	**-**	**-**	**13,27,36,793**		**-**	**-**	**-**	**-**	**13,27,36,793**	**13,27,36,793**
	GRAND TOTAL	**84,14,64,598**	**20,34,407**	**79,599**	**84,34,19,406**		**36,81,41,210**	**4,60,47,766**	**-**	**41,41,88,976**	**42,92,30,430**	**47,33,23,388**
	Previous Year	83,97,30,323	17,34,275	-	84,14,64,598		29,97,05,200	4,76,50,494	2,07,85,515	36,81,41,210	47,33,23,389	54,00,25,123

Particulars	As on 31/03/2016 Amount In ₹	As on 31/03/2015 Amount In ₹
NOTE NO. 10: NON-CURRENT INVESTMENTS		
Investment in Subsidiaries		
a) Equity Shares - Unquoted		
Staytop Systems Inc. and 100% of holding	-	-
Staytop Systems & Software Pvt Ltd and 99% of holding	-	-
Total Non - Current Investmens (Net)	**-**	**-**
NOTE NO. 11: LONG TERM LOANS AND ADVANCES		
Unsecured		
a) Long term loans and advances	11,21,33,099	10,86,56,380
b) Advance tax Net	5,93,61,548	4,14,01,932
Total Long Term Loans and Advances	**17,14,94,647**	**15,00,58,312**
NOTE NO.12 : OTHER NON - CURRENT ASSETS		
a) Interest Accrued on Deposits	21,24,021	22,10,016
b) Other Deposits	1,09,33,089	1,23,54,337
c) Others	75,46,740	75,46,436
Total Non - Current Assets(Net)	**2,06,03,850**	**2,21,10,789**
NOTE NO. 13 : TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured Considered Good	-	-
Unsecured Considered Good	1,66,43,413	75,54,978
Doubtful	-	-
	1,66,43,413	**75,54,978**
Other Receivables:		-
Secured Considered Good	-	-
Unsecured Considered Good	4,22,78,512	10,09,02,905
Doubtful	-	-
	4,22,78,512	**10,09,02,905**
Total Trade Receivables(Net)	**5,89,21,925**	**10,84,57,883**

Particulars	As on 31/03/2016 Amount In ₹	As on 31/03/2015 Amount In ₹
NOTE NO. 14 : CASH AND CASH EQUIVALENTS		
Cash and cash equivalents :		
a) Balances with banks	16,95,68,163	16,91,59,443
b) Cheques / Drafts on hand	-	-
c) Cash on hand	32,279	25,858
Total Cash and Cash Equivalents	**16,96,00,442**	**16,91,85,301**
NOTE NO. 15 : SHORT TERM LOANS AND ADVANCES		
Short - term loans and advances:		
a) Staff Advances	3,54,600	4,17,450
b) Advance to Trade Payables	2,05,581	4,05,436
c) Prepaid Expenses	42,24,714	49,12,520
d) Loans and advances to related parties		
Secured	-	-
Unsecured	4,74,31,239	4,81,20,076
Doubtful	-	-
e) Advances with Statutory Bodies		
Secured	-	-
Unsecured	31,35,026	3,98,454
Doubtful	-	-
Total Short Term Loans & Advances(Net)	**5,53,51,160**	**5,42,53,936**

GOLDSTONE TECHNOLOGIES

NOTE NUMBERS TO CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Particulars	For the year ended 31/03/2016 Amount In ₹	For the year ended 31/03/2015 Amount In ₹
NOTE NO. 16:REVENUE FROM OPERATIONS		
(i) Revenue from operations in respect of non-finance company		
(a) Sale of Services-Exports	30,71,71,000	44,27,13,499
(b) Sale of Software Licence & Services-Domestic	21,26,62,069	25,44,62,092
Total Revenue from Operations	**51,98,33,069**	**69,71,75,591**
NOTE NO. 17 : OTHER INCOME		
(a)Interest income	9,53,231	6,21,992
(b)Interest income on Income tax refund	13,01,124	-
(c)Other non-operating income	3,46,290	1,04,69,729
Total Other Income	**26,00,645**	**1,10,91,721**
NOTE NO. 18: COST OF MATERIALS CONSUMED		
Purchase cost of software Licence	4,73,70,807	3,66,00,521
Total Cost Of Material Consumed	**4,73,70,807**	**3,66,00,521**
NOTE NO. 19 : EMPLOYEE BENEFIT EXPENSES		
(a) Salaries & Wages	41,02,86,144	52,83,16,669
(b) Contribution to Provident & Other Funds	1,45,20,968	89,67,801
(c) Staff Welfare Expenses	1,55,54,115	1,49,59,448
Total Employee Benefit Expenses	**44,03,61,227**	**55,22,43,918**
NOTE NO. 20 : OTHER OPERATING EXPENSES		
(a) Power/Electricity & Fuel	20,80,148	29,45,622
(b) Rent	35,50,262	51,28,991
(c) Repairs to Building	48,899	5,53,400
(d) Repairs to Office equipment	5,67,162	4,72,822
(e) Insurance	38,61,244	69,88,924
(f) Car Hire charges & transportation	87,183	11,04,558
(g) Payment to Auditors:		
(i) As Auditor	4,50,000	4,50,000
(ii) For Other Services	25,000	25,000
(iii) For Reimbursement of expenses	13,073	6,187
(h) Bad debts writtenoff	11,75,929	-
Total Other Expenses	**1,18,58,900**	**1,76,75,504**

Particulars	For the year ended 31/03/2016 Amount In ₹	For the year ended 31/03/2015 Amount In ₹
NOTE NO. 21 : ADMINISTRATIVE EXPENSES		
(a) Telephone, Postage and Others	25,68,559	31,55,791
(b) Business Promotion Expenses	4,51,493	34,53,301
(c) Conveyance & Travelling Expenses	59,22,079	94,02,333
(d) Office Maintenance	6,79,930	20,86,614
(e) Printing & Stationery Expenses	3,65,306	4,82,258
(f) Security Charges	1,72,500	5,85,409
(g) Rates & Taxes	7,37,546	5,52,979
(h) Invoice processing Charges	49,21,284	80,47,231
(i) Seminar Fee/Training/Legal Fee/Listing Fee	13,54,942	15,14,945
(j) Web Development Expenses	1,80,501	1,94,689
(k) Professional Consultancy fee	25,69,354	34,70,396
(l) Director Sitting Fee	7,72,500	5,85,000
(m) Vehicle maintenance Charges	4,22,580	98,261
(n) Secretarial expenses	1,95,095	1,46,275
(o) Foreign exchange Loss	12,34,945	10,45,520
(p) Other expenses	14,18,920	11,43,449
Total Administrative Expenses	**2,39,67,534**	**3,59,64,451**
NOTE NO. 22 : FINANCE COST		
(a) Interest Expenses :		
- Interest on loans	1,17,508	6,07,575
- Interest - others	14,77,982	-
- Bank Charges	9,33,444	4,46,048
Total Finance Cost	**25,28,934**	**10,53,623**

GOLDSTONE TECHNOLOGIES

Consolidated Statement of Cash Flows as on 31/03/2016

(Amount in ₹)

	Particulars	31/03/2016	31/03/2015
A	**Cash Flow from Operating Activities**		
	Net Profit before tax	(4,97,01,454)	1,70,78,803
	Adjustments for:		
	Depreciation	4,60,47,766	4,76,50,494
	Interest Income	(22,54,355)	(6,21,992)
	Interest Paid	1,17,508	6,07,575
	Operating Profit before working capital Changes	**(57,90,535)**	**6,47,14,880**
	Adjustments for:		
	Trade and other receivables	4,95,35,959	1,11,20,508
	Trade advances	(10,97,225)	1,75,93,043
	Trade payables	(2,82,77,565)	84,36,978
	Provisions	79,42,066	87,70,933
	Cash generated from Operations	**2,23,12,700**	**11,06,36,342**
	Direct Taxes paid (net)	6,03,321	(99,32,512)
	Cash flow before extraordinary items	**2,29,16,021**	**10,07,03,830**
	Prior Period Items	1,41,364	14,48,370
	Net Cash Flow from Operating Activities	**2,27,74,657**	**9,92,55,460**
B	**Cash Flow from Investing Activities**		
	Purchase of fixed assets	(19,54,808)	(17,34,275)
	Interest Income	22,54,355	6,21,992
	Net Cash (Used)/from Investing Activities	**2,99,547**	**(11,12,283)**
C	**Cash Flow from Financing Activities**		
	Equity Share Capital	-	-
	Long Term Loans & Advances	(1,23,35,503)	(2,86,71,425)
	Secured loans Repayment	(1,02,06,052)	(72,14,426)
	Interest Paid	(1,17,508)	(6,07,575)
	Net Cash (Used) generated from Financing Activities	**(2,26,59,063)**	**(3,64,93,426)**
	Cash and Cash Equivalents (Opening Balance)	16,91,85,301	10,75,35,550
	Net Increase in Cash & Cash Equivalents(A+B+C)	**4,15,141**	**6,16,49,751**
	Cash and Cash Equivalents (Closing Balance)	**16,96,00,442**	**16,91,85,301**

As per our report attached
For **P.Murali & Co.,**
Chartered Accountants
FRN. No: 007257S
Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412
Place : Hyderabad
Date : 25.05.2016

For **GOLDSTONE TECHNOLOGIES LIMITED**

Sd/-
P.S.Parthasarathy
Managing Director

Sd/-
L.P.Sashikumar
Director

Sd/-
Vithal VSSNK Popuri
CFO

Sd/-
Roopali Kale
Company Secretary

23. SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A) Statement on Significant Accounting Policies

i) a) Basis of Accounting

The Financial Statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost conversion on accrual basis, except certain tangible assets which are being carried at revalued amounts. Pursuant to section 133 of the Companies Act 2013 read with the Rule 7 of the Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing accounting standards notified under the Companies Act 1956, shall continue to apply. Consequently these financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 (Companies Accounting Standards Rules, 2006 as amended) and the relevant provisions of the Companies Act, 2013 ('the Act'). The accounting policies have been consistently applied with those used in the previous year.

b) Basis of Consolidation

The group financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the accounting standard on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The Group financial statements incorporate the financial information of Goldstone Technologies Ltd., its Subsidaries are those entities that are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of the enterprise so as to obtain benefits from the date on which control is acquired by the Group and no longer consolidated from the date such control ceases. The financial statements of the parent company and subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets , liabilities , income and expenses after eliminating intra-group balances and transactions and any resulting unrealized gain / loss arising from intra group transactions. Unrealized losses resulting from intra group transactions of Subsidaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group. The companies which were taken into consolidation are as follows:

1) Staytop Systems Inc.

2) Staytop Systems and Software Pvt. Ltd.

c) Method of Accounting

The Company follows mercantile system of accounting and recognizes

income and expenditure on accrual basis.

ii) Revenue Recognition:

a) All incomes and expenditure are accounted on accrual basis.

b) Revenue from Information Technology Software Support Service contracts, priced on time and material basis, is recognised on the basis of billable time spent by employees working on the project, at the contracted rate.

c) Revenue from fixed price contracts is recognized on milestones achieved as per the terms of specific contracts.

iii) Fixed Assets:

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

b) Depreciation on Fixed Assets is provided Depreciation on Fixed Assets based on the estimated life in the manner specified in Schedule II, Part C to the Companies Act, 2013.

iv) Depreciation:

a) Depreciation on Fixed Assets is provided on straight -line method.

b) Effective from 1st April 2014, the Company depreciates its fixed assets over the useful life as prescribed in Schedule II of the Companies Act 2013, as against the earlier practice of depreciating at the rates prescribed in the Schedule XIV of the Companies Act, 1956.

v) 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.

vi) Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. In respect of foreign subsidaries, all revenue and expense transactions during the year are translated at average rate. Monetary assets and liabilities are translated at the rate prevailing on the balance sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. The resultant gain on account of foreign currency translation to be shown as foreign currency translation reserve and loss to be charged off after adjusting the reserve.

vii) 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.

viii) 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.

ix) Impairment of assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired.

x) Contingent Liabilities and Contingent Assets

Liabilities, which are contingent in nature, are not recognized in the books of account but are disclosed separately in the Notes. Contingent Assets are neither recognized nor disclosed in the books of account.

xi) Claims

Claims made by the Company are recognized to the extent the Company deems them recoverable. Claims against the Company, including liquidated damages, are recognized only on acceptance basis.

xii) Inventories

Inventories are valued at cost or net realizable value, whichever is less. Cost comprises of expenditure incurred in the normal course of business in brining such inventories to its their location. Finished goods at the factory are valued at cost in all applicable cases. Obsolete, non-moving and defective inventories are identified at the time of physical verification of inventories and adequate provision, wherever necessary, is made for such inventories.

xiii) Intangible Assets

Intangible Assets are recognized in the Balance Sheet at cost, net of any accumulated amortization / impairment. Preliminary expenses are amortized over a period of 5 years.

xiv) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are treated as a period cost and are expensed in the year of occurrence.

B. NOTES ON ACCOUNTS:

1. Contingent Liability:

Outstanding Bank Guarantees – ₹67.56 Lakhs (Previous year ₹79.88 Lakhs)

2. Investments:

A) The company acquired 100% holding in M/s Staytop Systems Inc at a total purchase consideration of USD 2,100,000 in the year 2005. Out of the total purchase consideration an amount of USD 2,000,000 was paid up to 2006-07 and for the balance amount of USD 100,000 the company issued 35,918 Equity Shares as fully paid and no new fresh investments during the year.

B) The company has holding of 9900 share @ ₹10/- of M/s Staytop Systems and Software Pvt Ltd.,

3. Confirmation of balances with sundry debtors and sundry creditors:

Company has taken necessary steps to get the confirmation of balances from the parties.

4. Provision for Income-Tax:

As per the provisions of Income tax Act, 1961 there is a loss under the head Income from Business or Profession, hence no tax will arise, because of which no provision for Income tax has been provided for the year ending on 31st March 2016. For subsidiary companies, necessary tax provision, wherever required have been provided as per the prevailing tax laws of the subsidiary company's domicile country.

5. 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:

₹ In Millions

Deferred Tax Liability / (Asset) as at 1st April, 2015	34.75
Deferred Tax Liability / (Asset) as at 31st March, 2016	(2.54)

6. 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:

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	Staytop Systems and Software Pvt Ltd	Subsidiary
3	P.S.Parthasarathy	Key Managerial Personnel - Managing Director
4	Vithal VSSNK Popuri	Key Managerial Personnel - Chief Financial Officer
5	Roopali Kale	Key Managerial Personnel - Company Secretary & Compliance Officer

Transaction during the year with related parties:

Name of the related party	Nature of Transaction	₹ In Millions
Staytop Systems Inc	Income – Sale of Information Technology Services	0.00
Staytop Systems Inc	Expenses spent for Information Technology Services	3.48

7. Earnings Per Share:

Calculation of EPS Basic & Diluted:

(Amount in ₹)

Particulars	Current Year 2015-16	Previous Year 2014-15
Net Profit/(Loss) After Tax	**(1,18,08,719)**	**(2,58,19,919)**
Net Profit /(Loss) after Extraordinary Items	**(1,19,50,083)**	**(2,72,68,288)**
Weighted average numbers of shares considered	**1,87,82,066**	**1,87,82,066**
Basic EPS (in Rs.)	**(0.64)**	**(1.45)**
Diluted EPS (in Rs.)	**(0.64)**	**(1.45)**

8. 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

Business Segment – In the previous year the company was engaged in the business of Information Technology & Information Technology Enabled Services. The business segment wise details are given below.

Segment wise Consolidated financial results for the year ended March 31, 2016

(₹ in millions)

Sl. No.	Particulars	Current Year 31.03.2016	Previous Year 31.03.2015
1	**Segment Revenue**		
	a) USA - Information Technology Service / Software Services	305.47	442.73
	b) India - Information Technology Service / Software Services	154.53	211.08
	c) Software Licenses	59.83	46.36
	Less: Inter Company Sales	0.00	(2.99)
	Net Sales / Income from Operations	**519.83**	**697.18**
2	**Segment Results**		
	Profit (+)/Loss (-) before tax, Depn.. & interest from		
	a) USA - Information Technology Service / Software Services	(2.18)	42.06
	b) India - Information Technology Service / Software Services	(1.41)	19.92
	c) Software Licenses	2.46	3.80
	Total	**(1.13)**	**65.78**
	Less: Interest (not allocable)	2.53	1.05
	Less: Depreciation (not allocable)	46.05	47.65
	Total Profit/(Loss) Before Tax	**(49.71)**	**17.08**

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.

- **Geographical Segment:**

(₹ In Millions)

Particulars	Current Year	Previous Year
Revenue:		
India – Exports	**24.78**	36.20
India – Others	**212.66**	254.46
Outside India	**282.39**	406.52
Additions to Fixed Assets:		
India	**2.03**	1.70
Outside India	**-**	-
Carrying Amount of Segment Assets		
India	**429.23**	473.32
Outside India	**0.00**	0.00

9. 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.

10. Employee Benefits

(i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the employee has rendered services.

(ii) Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss of the year in which the employee has rendered services.

(iii) Actuarial gains and losses in respect of post-employment and other long-term benefits are charged to the Statement of Profit and Loss

Retirement benefits to employees : The Company has made provision based on actuarial valuation in respect of Gratuity and Leave Encashment as per AS 15. The details are as follows:

(Amount in ₹)

Particulars	As at 31-03-2016	As at 31-03-2015
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	70,79,624	0
Current Service Cost	27,79,542	0
Interest Cost	7,76,908	0
Actuarial Losses / (Gain)	(17,48,910)	0
Past Service Cost	0	0
Benefits paid	(6,71,164)	0
Closing Defined Benefit Obligation	82,16,000	70,79,624
Change in Fair Value of Assets		
Expected Return on Plan Assets	0	0
Actuarial Gain / (Losses)	0	0
Assets Distributed on Settlements	0	0
Contribution by Employer	6,71,164	0
Assets acquired on Acquisition / (Distribution on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits paid	(6,71,164)	0
Closing Fair Value of Plan Assets	0	0
Expected Employer's contribution next year	1,73,485	2,91,275

Financial Assumptions at the Valuation date:

	As at 31-03-2016	As at 31-03-2015
Discount Rate	**7.55%**	**7.95%**
Expected Rate of Return on Assets (p.a.)	**0.00%**	**0.00%**
Salary Escalation Rate (p.a.)	**7.00%**	**7.00%**

a) Discount Rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

b) Expected Rate of Return on Plan Assets:

This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

c) Salary Escalation Rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Demographic Assumptions at the Valuation Date:

a) Retirement Age:

The employees of the Company are assumed to retire at the age of 58 years.

b) Mortality:

Published rates under the Indian Assured Lives Mortality (2006-08) Ult table.

c) Leaving Service:

Rates of leaving service at specimen ages are as shown below:

Age (Years)	Rates (p.a.)
21-30	10%
31-40	5%
41-50	3%
51-57	2%

d) Disability:

Leaving service due to disability is included in the provision made for all causes of leaving service (paragraph (f) above).

Compensated Absence Liability

The Defined Benefit Obligation of compensated absence in respect of the employees of the Company as at 31 March 2016 works out to ₹ 7,100,282.

The break-up of the Defined Benefit Obligation (which equals to net liability assuming this liability is not externally funded) between current & non-current is as follows:

Particulars	Amount (₹)
Current Liability	21,72,398
Non-Current Liability	49,27,884
Net Liability	**71,00,282**

11. Accounting for Provisions, Contingent Liabilities and Contingent Assets:

Provisions have been recognized by the Company for all present obligations arising from past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made by using a substantial degree of estimation. This is as per the provisions of **AS-28** issued by ICAI.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an on-going basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets have not been recognized in the financial statements.

12. Prior Period Adjustments:

Prior period adjustment of ₹ 141,364/- (Previous year ₹ 1,448,369/-) shown in the Profit and Loss account is the net amount of the debits and credits pertaining to previous years, which were not provided during those periods.

13. Additional Information required as per Para's 3 & 4 of Part II of Schedule VI to the companies Act, 2013:

13.1 The Company is engaged in Information Technology & Information Technology Enabled Services. The production and sale of such service 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, 2013.

13.2 Managerial Remuneration:

(₹ in Millions)

Particulars	**Current Year 2015-16**	Previous Year 2014-15
Managing Director		
Salary	1.70	-
Other perquisite	0.33	-
Executive Director		
Salary	-	-
Other perquisite	-	-
Total	**2.03**	**-**

13.3 Foreign Exchange Transaction:

(₹ In Millions)

Particulars	**Current Year 2015-16**	Previous Year 2014-15
1) Value of Imports on CIF Basis		
a) Capital Goods – Electronic Equipments	-	-
b) Capital Goods – Furniture & Fixtures	-	-
2) Expenditure in Foreign Currency		
a) Travelling Expenses	**0.82**	**3.25**
b) Other Payments paid In Foreign Exchange	**54.12**	**28.78**
3) Earnings in Foreign Currency (on Receipt basis)		
Software Exports	**29.77**	**30.72**

13.4 Auditors Remuneration:

(Amount in ₹)

Particulars	**Current Year 2015-16**	Previous Year 2014-15
Audit Fees	**4,50,000**	**4,50,000**
Certification Work	**25,000**	**25,000**

14. Inventory:

During the year the company has no Inventories

15. Capital Work in Progress

Capital Work in Progress includes cost of Fixed Assets under installation including Advances given for purchase of Capital Goods, interest on borrowing costs attributable to the assets for the Assets taken on Finance and any unallocated expenditure pertaining there to.

16. Short term Borrowings:

Working Capital Facilities from Central Bank of India are secured by:

i). Hypothecation against first charge on receivables of the company both present and future.

ii). Equitable Mortgage of immovable property of M/s Goldstone Technologies Limited & M/s Goldstone Infratech Limited.

iii). Corporate Guarantee given by M/s Trinity Infraventures Limited & M/s Goldstone Infratech Limited for above loan

iv). Personal guarantee of a promoter director of the company

v) The said working capital facility has been sanctioned for a period of one year and renewable on a yearly basis with rate of interest -base rate of the bank plus 3.5% and renewable on a yearly basis.

17. Trade payables:

"The Company has no information as to whether any of its vendors constitute a "Supplier" within the meaning of Section 2 (n) of the Micro, Small and Medium Enterprises Development Act, 2006 as no declarations were received under the said Act from them".

18. Short-term provisions:

Includes foreign exchange notional gain on account of conversion of closing balance of reserves and surplus for an amount of Rs 50.62 Millions.

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

As per our report attached
For **P.Murali & Co.,**
Chartered Accountants
FRN. No: 007257S
Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
Date : 25.05.2016

For **GOLDSTONE TECHNOLOGIES LIMITED**

Sd/-	Sd/-
P.S.Parthasarathy	**L.P.Sashikumar**
Managing Director	Director
Sd/-	Sd/-
Vithal VSSNK Popuri	**Roopali Kale**
CFO	Company Secretary

GOLDSTONE TECHNOLOGIES	**GOLDSTONE TECHNOLOGIES LIMITED** CIN : L72200TG1994PLC017211 Regd. Office: 9-1-83 & 84, Amarchand Sharma Complex S D Road, Secunderabad – 500 003 Phone No. 91-40-27807640 E-mail id: corporate@goldstonetech.com website: www.goldstonetech.com

ATTENDANCE SLIP

(To be present at the entrance)

Regd. Folio/ : _____ Shares held: _____

Client ID/ DPID: _____

I hereby certify that I am registered shareholder/proxy/representatives of the registered shareholder (s) of Goldstone Technologies Limited.

I hereby record my presence at the 22nd Annual General Meeting to be held on Friday, the September 30th, 2016 at 3.00 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.
2) Members are requested to register their names at least 15 minutes prior to the commencement of the meeting.

GOLDSTONE TECHNOLOGIES	**GOLDSTONE TECHNOLOGIES LIMITED** CIN : L72200TG1994PLC017211 Regd. Office: 9-1-83 & 84, Amarchand Sharma Complex S D Road, Secunderabad – 500 003. Phone No. 91-40-27807640 E-mail id: corporate@goldstonetech.com website: www.goldstonetech.com

FORM-No-MGT-11

Proxy Form

(Pursuant to Section 105 (6) of the Companies Act 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s):	
Registered Address:	
E-Mail Id:	
Folio No/Client Id:	
DP Id:	

I/We, being the member(s) of _____ Shares of the above named Company, hereby appoint

1.	Name	
	Address	
	Email Id or failing him	Signature
2.	Name	
	Address	
	Email Id or failing him	Signature
3.	Name	
	Address	
	Email Id or failing him	Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on Friday, September 30th, 2016 at 3.00 P.M. Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No	Resolutions	For	Against
1.	Consider and Adopt Audited Financial Statement, Reports of the Board of Directors and Auditors.		
2.	Re-Appointment of Mr. Clinton Travis Caddell who retires by rotation.		
3.	Re-Appointment of Auditors and fixing of their remuneration.		
4.	Ratification of Appointment of Ms.Janaki Kondapi as the Independent Director		

Signed this _____ day of _____2016.

Signature of shareholder;_____ Signature of Proxy holder(s)_____

Affix Revenue Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before commencement of the Meeting.

GOLDSTONE TECHNOLOGIES	**GOLDSTONE TECHNOLOGIES LIMITED** CIN : L72200TG1994PLC017211 Regd. Office: 9-1-83 & 84, Amarchand Sharma Complex S D Road, Secunderabad – 500 003. Phone No. 91-40-27807640 E-mail id: corporate@goldstonetech.com website: www.goldstonetech.com

FORM-No-MGT-12

Polling Paper

(Pursuant to Section 109 (5) of the Companies Act 2013 and Rule 21 (1) (c) of the Companies (Management and Administration) Rules, 2014).

Name of the Company	GOLDSTONE TECHNOLOGIES LIMITED
Registered Address:	9-1-83 & 84, AMARCHAND SHARMA COMPLEX S D ROAD, SECUNDERABAD – 500 003
	BALLOT PAPER
Name of the First named Shareholder :	
Postal Address:	
Folio No/Client Id & DP Id:	
Class of Share	

I hereby exercise my vote in respect of Ordinary/Special resolution enumerated to be considered in Twenty Second Annual General Meeting of the Company to be held on Friday, September 30th, 2016 at 3.00 p.m. Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051 by recording my assent or dissent to the said resolutions in the following manner.

No	Item No.	No. of Shares held by me	I Assent to the Resolution	I dissent to the Resolution
1.	Consider and Adopt Audited Financial Statement, Reports of the Board of Directors and Auditors.			
2.	Re-Appointment of Mr. Clinton Travis Caddell who retires by rotation.			
3.	Re-Appointment of Auditors and fixing of their remuneration.			
4.	Ratification of Appointment of Ms.Janaki Kondapi as the Independent Director			

Place :

Date : (Signature of the shareholder)

if undeliverd please return to :

Goldstone Technologies Limited
Cin : L72200TG1994PLC017211
9-1-83 & 84 Amarchand Complex,
Sarojini Devi Road, Secenderabad - 500 003.
Ph. 040-27807640
Email : corporate@goldstonetech.com
Website : www.goldstonetech.com