



### Stock Details

BSE Code	531439
NSE Code	GOLDTECH
Face Value (Rs )	10.00
52 Wk High (NSE)	145.35
52 Wk Low (NSE)	16.80

### Key Statistics

Rs. In Mn.	FY2007	FY2006
Sales	966.5	802.2
% Growth	20.5	70.8
PAT	124.7	13.6
% Growth	817.3	-38.0
Equity	130	130
Mkt Cap.	1724.5	270.4
Book Value Rs.	10.0	10.0
Sales/Mkt Cap	0.6	3.0
P/B	13.3	2.1

### Company Profile

Goldstone Technologies is a publicly-traded IT services company operating in the US, Europe, Japan and India. It came into existence in the year 1998 and today has about 45 customers and 450 employees globally. The company has headquarter in India and a network centre in US. It has clients from US, Japan, South Africa, Germany, France, Australia and Luxemburg. Goldstone is in the advanced stages of SCP (Service Capability and Performance) certification to offer world-class services for Technical Support Outsourcing.

### About the Business

Goldstone Technologies is a Hyderabad-based IT and business process outsourcing (BPO) services provider. The company mainly provides services of Technical Outsourcing Services, Forte Migration services, Business Integration, Application Development, Application Maintenance, Consulting services etc.

Recently the company has decided to foray into the field of IPTV (Internet Protocol Television). At present the company is preparing necessary ground for entering this business and is looking for Tie ups with various channels and movie rights holders.

The company has two wholly owned subsidiaries :

- Staytop Systems
- Primesoft LLC

Year (Rs. Mn.)	Sales	EBIDTA	PAT	NPM %	EPS	P/E	Book Value
FY 2007	966.46	136.42	124.66	12.81	9.60	13.82	10.00
FY 2006	802.19	24.43	13.59	1.67	0.98	21.22	10.00
FY 2005	469.62	39.19	21.93	4.63	1.99	13.67	10.00

## About the Business

### *Technical Support Outsourcing Services*

Goldstone is a leading provider of offshore-based Technical Support Services. Its clients consist of large, medium and small corporations who trust Goldstone to manage their customer care operations while providing excellent customer services.

### *Forte Migration services*

The recent announcement from Sun Microsystems that UDS (Uniform Data System) will go into maintenance mode before being phased out in the next few years, provides a clear roadmap for UDS users to start moving into more recent technologies soon. It is currently working together with Sun Microsystems to help some of their UDS customers migrate their applications to newer technologies like J2EE (Java 2 Platform, Enterprise Edition).

### *Business Integration*

Goldstone provides a range of Integration solutions for a variety of industry segments. It brings its worldwide consulting experience implementing integration solutions based on variety of middle-ware products for all kinds of integration scenarios – SCM, CRM, EAI, B2B and Wireless. Goldstone also has a suite of Application Adapters built on different architectures.

### *Application Development*

Goldstone offers several years of experience in providing Application Development services to its Global Clients. Goldstone's value proposition is rapid Implementation with reduced cost. More over, Goldstone helps its customers gain the full advantages of scalability, focusing on their core business while still having access to the specialist resources they need, as and when they need them

### *Application Maintenance*

Goldstone's Application Maintenance services not only allow clients to focus on their core business, delivers substantial cost reductions but also improve the quality of applications to ISO 9001:2000 requirements, boosting uptime and increasing throughput. They provide year round, 24x7 support allowing systems to run in support of today's real-time business environments.

### *Consulting services*

Goldstone Technologies provides a wide range of value-added Information Technology (IT) consulting and custom software development services through its presence in the United States and India.

## About the Business

### *IPTV*

Goldstone Technologies Ltd has recently announced its expansion of operations into the IPTV sector to serve its global clients. IPTV is a system of delivering television and media content to consumers over the infrastructure of the internet.

In April 2007 Goldstone and Singapore based SPL Innotech Pte Ltd. entered into a strategic alliance with the aim of providing complete end to end solution for IPTV consisting of head-end equipment, Middleware, Billing, delivery protocols, and Set top boxes.

SPL is the only company in the world providing complete head-end technologies, delivery protocols, and end client access devices all under one umbrella. SPL does not rely on any external products or services other than for Content.

Goldstone and SPL are adopting the latest patented technology, by which, the IPTV services can be delivered to any subscriber in the world, over the public Internet by simply connecting the Set top box to the broadband internet connection. The services are offered cost effectively with highest quality content on minimum internet bandwidth.

The company through this technology intends to cater IPTV solutions to a whopping 18.5 Mn NRI population spread across the globe including 3.5 Mn Telugu inhabitants.

### **SERVICES OFFERED:**

- Initially 60 TV Channels to be offered in various languages as per the customer's preference which will be expandable to over 500 in the near future.
- The customer can watch a particular video On Demand with large collection of Movies, Serials, etc.
- A user can also play high speed games.
- IPTV can also be used for Internet Browsing just like a PC.
- The customer can also select and send Personalized Advertisements / Greetings to the desired recipient.
- A user can also watch a Movie / Song / Serial as per his convenient timing by saving the content for future viewing.
- A user can also access value added services like VoIP(Voice over Internet Protocol), Video Conferencing, Email.

( source : Company )

## About the Business

### *IPTV...*

#### **MAIN FEATURES:**

- Feel at home with Goldstone IPTV Set top box.
- Worlds First solution to function seamlessly even on the Public Internet.
- Watch Live Channels, Video On Demand, Radio Channels, Music On Demand from any corner of the world.
- The Bouquet consists of Telugu and other Regional Channels.
- More than 2500 movies and content.
- Simple to operate and works efficiently even with minimum bandwidth.
- Free communication between subscribers.
- Internet browsing feature on TV.
- Supports VoIP and Video Conference.
- Establishing State of the Art Data Center at Singapore with Gigabit connectivity.
- Personalized greetings and messages.

#### **TECHNOLOGY INSIGHTS**

The Company is using a patented technology for Triple play services which will deliver excellent quality video at only 600 kbps. The Company IPTV service uses highly advanced compression technology which requires less than one-third of the bandwidth as compared to other available technologies which in turn helps in easy access over public Internet and deeper penetration into the ADSL (Asymmetric Digital subscriber line; a data communications technology that enables faster data transmission over copper telephone lines than a conventional voice band modem can provide) network of telecom operators worldwide.

The technology uses a set top box connected to a TV to make available live channels, content on demand and also internet browsing without requiring a PC. The integrated Digital Rights Management ensures fully secure delivery of the video addressing concerns of content providers.

With TV Origin, the Company can provide a platform to many multilevel service providers to create unlimited revenue.

## About the Business

### *IPTV...*

#### **TIE-UPS RELATED TO IPTV**

- The Company has signed up agreement with BSNL for providing IPTV services to BSNL broadband customers initially in Hyderabad and later expanding to other cities. BSNL subscribers will not require internet bandwidth for accessing IPTV services.
- The company has also partnered with Vin Infotech to offer these services in Mauritius which does not has a proper satellite feed; hence most of the Indian channels are not accessible.
- The Company is setting up a Network Operating Centre in Singapore / Taiwan for delivering the service globally.
- The company has recently tied up with Shemaroo to create a bank of about 7,500 movies in various Indian languages — Telugu, Hindi, Tamil, Kannada etc., and thus zero in on the Indian diaspora spread across the globe with its IPTV services. Shemaroo would promote and provide 'On Demand' content on the Company's IPTV platforms across the globe and would also be providing end to end content management for the Company's 'Video on Demand' service. Shemaroo has created a robust mechanism for content identification, acquisition, repurposing, format conversion, packaging, positioning, and also for promoting, marketing and managing the content.
- The Company has signed agreements with 12 National and International Channels to provide live channel content in its soon to be launched Internet Protocol TV (IPTV). These include 11 zee channels, India TV, Aastha TV, b4u movies & music and several other south Indian, Lankan, Chinese, Nepalese and European TV channels.
- Apart from entertainment, the company is looking at other services such as governance, healthcare and education, for offering IPTV services.

With the above developments in line GTL seems to be going ahead in an aggressive fashion for its IPTV business.

## About the Business

### *IPTV...*

#### **REVENUE AND PREREQUISITES**

- Apart from a television set, an IPTV user would need a broadband connection and a set-top box and potentially access hundreds of channels and enjoy video on demand services. As the volumes increase, the cost of the box, which is expected to be about \$130 to \$150 is likely to come down.
- All that a potential user needs to do is subscribe to the company's service on a monthly payment basis and opt for a set-top box that could be either outright purchase or can be taken on monthly payment option. A subscriber who already has broadband connection would be able to access movies of his choice.
- The company expects the IPTV foray to add to both topline and bottomline. GTL expects revenues of Rs 1500 Mn in the coming year, where Rs 500 Mn could potentially come from IPTV and the rest from software and BPO.

## About the Business

### **COLORIZATION BUSINESS**

- Colorization of the old and famous black and white films is now catching up as a new trend thus paving the way to screening the blockbusters of the black and white era in a new light. This trend will not only attract the old generation but also the new generation who would like to relive the old experience. Colorization of black and white movies has proved a hit in the international markets thus connecting to the NRI audience.

- Thus Goldstone Technologies Ltd has formed an alliance with U.S. based Legend Films, Inc. to jointly market colorization services world-wide. As new distribution channels are opening up in the form of DTV, HD-TV, HD-DVD, IPTV, and Digital Cinema, the demand for wholesome content is increasing. The Company is ready to meet this challenge with colorization and restoration technology developed by Legend Films and a highly trained and talented staff in Hyderabad.

- Also, the Company has procured world-wide rights for 12 Indian feature films including the recently announced color production of “Hum Dono” starring Dev Anand. Work on “Hum Dono” and one of the South Indian movies is already in progress at Hyderabad. The Company proposes to handle this business through its subsidiary Goldstone Media Ltd.

- The partnership is formed under an exclusive Goldstone / Legend Films Technology licensing agreement. Legend Film's patented restoration and colorization technology and its recent innovation in color correction represent the latest and most advanced color effects processes in the world. The partnership identifies world-wide territories which the two Companies will address cooperatively using their separate colorization operations.

- The Company would be producing feature film resolution restoration and colorization as well as a full complement of high-end special effects. With its creative staff and Goldstone / Legend Films Technology, the Company intends to acquire Indian films to create its own library of classic content for theatrical presentation and all digital distribution channels.

- The colorization market is slated to be about Rs 1500 Mn in the next three years and this initiative throws open a big opportunity for Goldstone to create a niche in this segment. The Company plans to capture 60% of the untapped market. Before the process of colorization a film needs to be restored. The restoration market alone is expected to grow to Rs 1000 Mn in the next three years.

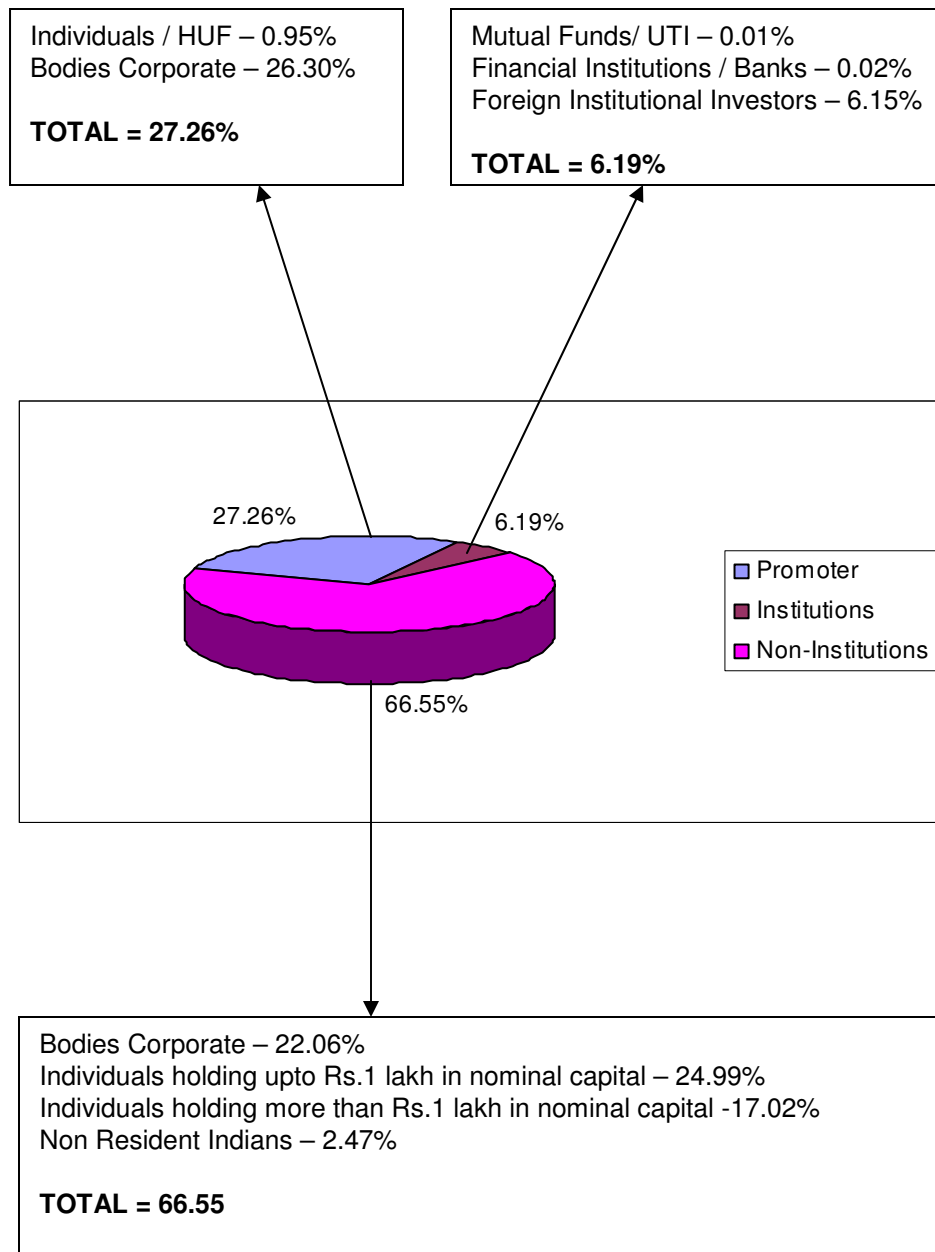
### *RISKS AND CONCERNS*

- The rupee appreciation might adversely affect the company's revenues since it is in the outsourcing business with client base in US. Also India has a sizable NRI population in US so revenues from IPTV business might also be affected.
- We are yet to see the kind of response given to colorized old movies especially by the youth. This will be more vivid in December once the company comes up with its first movie "Hum Dono". If the colorization business does not receive a good response it might hamper the bottomline of the overall business of the company.

### *COMMENTS :-*

We see good times ahead for GTL in the near future especially with its latest foray into IPTV. In the times ahead, IPTV success could contribute significantly to the company's overall growth.

## SHAREHOLDING PATTERN



Income Statement			(Rs. Mn.)
Type	Unaudited	Audited	Audited
Date Begin	1-Apr-06	1-Apr-05	1-Apr-04
Date End	31-Mar-07	31-Mar-06	31-Mar-05
Net Sales	966.46	802.19	469.62
Expenditure	830.04	777.76	430.43
EBITDA	136.42	24.43	39.19
Depreciation	15.97	16.36	15.8
EBIT	120.45	8.07	23.39
Interest	4.1	8.75	8.48
Other Income	6.94	12.13	3.52
PBT	123.29	11.45	18.43
Tax	1.37	2.14	3.5
PAT	124.66	13.59	21.93

Financial Ratio			
Type	Unaudited	Audited	Audited
	2006-07	2005-06	2004-05
Operating Profit Margin/PBDIT (excl. O.I.)	14.12	3.05	8.35
Operating Profit Margin/PBDIT (incl. O.I.)	14.73	4.49	9.03
PBT Margin %	12.67	1.41	3.90
PAT Margin %	12.81	1.67	4.63
ROE %	95.89	10.45	16.87
Interest / Sales %	0.42	1.09	1.81
Tax/PBT %	1.11	18.69	18.99
Book Value (Rs.)	10.00	10.00	10.00
Eps	9.60	0.98	1.99
Market Price - (Rs.)	132.65	20.8	27.2
Price / Earnings Ratio - (x)	13.82	21.22	13.67
Market Cap. (Rs. mill.)	1724.45	270.40	353.60
Market Capitalisation to Sales (x)	1.78	0.34	0.75
Market Price to Book Value (x)	13.27	2.08	2.72
Dividend Yield (%)	-	0	0
Sale / Mkt. Cap. (x)	0.56	2.97	1.33

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