

Notice

Notice is hereby given that the Twelfth Annual General Meeting of the Company will be held on Wednesday the 27th day of December 2006 at 10.30 A.M at Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance sheet as at 31st March 2006 and Profit and Loss Account for the year ended as on that date along with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in the place of Mrs. Mahita Caddell, who retires by rotation and being eligible, offers herself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"WHEREAS a Special Notice has been received pursuant to Section 225(1) of the Companies Act, 1956 from a Shareholder for the appointment of M/s P.Murali & Co., Chartered Accountants, in place of the retiring Auditors, namely M/s. Nataraja Iyer & Co., Chartered Accountants.

NOW THEREFORE IT IS RESOLVED that M/s P.Murali & Co., Chartered Accountants, Hyderabad be and are hereby appointed as the Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration as may be decided by the Board of Directors of the Company."

SPECIAL BUSINESS

4. Appointment of Mr. Clinton Travis Caddell as Managing Director and CEO

Mr. Clinton Travis Caddell was appointed on 22-03-2006 as additional director and on

24-04-2006 as Managing Director and CEO of the Company with effect from 01-05-2006 by the Board of Directors in the respective Board Meetings subject to the approval of the Central Government without any remuneration. In the meeting of the Board of Directors of the Company held on 29-11-2006 it proposed to pay remuneration to Mr. Clinton Travis Caddell with effect from 01-12-2006 as recommended by the Remuneration Committee. Hence the following resolutions were proposed as Special Resolution for the Consideration of the members of the Company to be passed with or without modifications.

"RESOLVED THAT Mr. Clinton Travis Caddell, be and is hereby appointed as Director of the Company and he is not liable to retire by rotation".

"FURTHER RESOLVED THAT subject to the approval of the Central Government pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII (as amended from time to time) to the said Act, and as recommended by the remuneration committee the consent of the members of the Company be and is hereby accorded for appointment of Mr. Clinton Travis Caddell as Managing Director of the Company for a period of three Years with effect from 01-05-2006 on a remuneration as described below payable with effect from 01-12-2006

1. Salary: US\$ 120,000 per annum
2. Statutory Contributions if any applicable
3. Perquisites as given below in accordance with the policies of the Company
 - a. Gratuity
 - b. Leave encashment

- c. Medical Insurance
 - d. Telephone at residence
 - e. Club Fees (maximum of two clubs)
4. Stock Options – As per the policies of the Company

“RESOLVED FURTHER THAT whenever Mr. Clinton Travis Caddell is deputed on long-term basis or transferred from US to any other Country, he shall be entitled for remuneration incentives and perquisites in addition to reimbursement of relocation expenses, as may be decided by the Board of Directors based on the Compensation model of the Company applicable for such deputations/ transfers to that country. Subject to approval of authorities as may be necessary”.

“RESOLVED FURTHER THAT the Board, be and is hereby authorized to vary, alter or modify the different components of the above remuneration with the consent of Mr. Clinton Travis Caddell as Managing Director & CEO in Whole-time Employment”.

5. Appointment of Mr. D P Sreenivas as Executive Director

Mr. D. P. Sreenivas was appointed as additional director of the Company on 22-03-2006 and in the Board meeting held on 29-11-2006 as Executive Director of the Company, now it is proposed to the members to consider and if thought fit to pass with or without modifications the following resolutions as an Ordinary Resolution.

“RESOLVED THAT Mr. D P Sreenivas, be and is hereby appointed as Director of the Company liable to retire by rotation”.

“FURTHER RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311

and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII (as amended from time to time) to the said Act, the consent of the Company be and is hereby accorded for appointment of Mr. D P Sreenivas, as Executive Director of the Company for a period of 3 years with effect from 01-12-2006 on a remuneration as detailed below

I. Salary: Rs. 1,35,000 Per Month

Perquisites:

1. Housing: Rent Free Accommodation or House Rent Allowance of Rs. 45,000 Per month
2. Other Allowances like Maintenance of house office, Subscription to internet, Professional Development Allowance, Dress Allowance, Gardener, Servant etc; not exceeding Rs. 20,000 Per month.
3. Contribution to Provident Fund, Superannuation Fund or Annuity Fund. This will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half month's salary for each completed year of service.
4. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
5. Provision of Car for use on Company's business and Telephone at residence. These will not be considered as perquisites. The company shall bill personal long distance calls on telephone and the use of the car for private purpose.

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

“RESOLVED THAT Mr. Nandan Kundetkar, be and is hereby appointed as Director of the Company liable to retire by rotation”.

7. PREFERENTIAL ALLOTMENT

To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution for Issue of Share Warrants

“RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act 1956 (including statutory modification(s), amendments or re-enactments thereof for the time being in force) and subject to the approval of the members in the General meeting and in accordance with the enabling provisions in the Memorandum and Articles of Association of the company and the Listing Agreement entered into between the Company with the Stock Exchanges, the subsisting guidelines and clarifications issued by the Government of India / Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) or any other relevant authority and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of directors of the company, consent of the company be and is hereby accorded to the board of directors of the company and / or a duly authorised committee thereof for the time being exercising the powers conferred by the board of directors (hereinafter referred to as “the board”) in its absolute discretion,

to offer /issue and allot not more than 2,00,00,000 warrants, at the issue price to be determined in accordance with the relevant SEBI Guidelines, convertible, at the option of the warrant holders within an aggregate time period of 18 months from date of allotment of the warrants into 2,00,00,000 equity shares at a price Rs.22/, to M/s. Goldstone Exports Limited, on a preferential basis, as the Board may in its absolute discretion decide, in one or more trenches and on such terms and conditions, as the board considers fit, subject to the following:

1. The warrants and the equity shares to be offered and allotted upon conversion shall be subject to the provisions of the Memorandum and Articles of Association of the company in all respects.
2. The relevant date for calculating the price for issue and allotment of the above warrants is 24-11-2006.
3. The equity shares to be allotted on conversion of the warrants shall rank pari passu with the existing equity shares of the company in all respects.
4. The allotment of these warrants however subject to the condition that no conversion of warrants issued under the sanction of this resolution shall be admissible after a period of 18 months from the date of allotment.
5. An amount equal to 10% of the price fixed in relation to each of the warrant shall be paid upfront by the person to whom the allotment is being made, at the time of allotment of the warrant and the same shall be adjusted against the price payable for the subsequent allotment of equity shares against the warrants. Further, in the event the

option of conversion of warrant into equity share is not exercised by the warrant holder, in terms of this resolution the upfront payment of 10% shall stand forfeited.”

“FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board / committee be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilization of the proceeds”.

8. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB's)

To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution for Issue of FCCB's

“RESOLVED THAT pursuant to section 81(1A) and any other applicable Provisions of the Companies Act, 1956 and relevant Provisions of the memorandum and articles of association of the Company and subject to the approval of the members in the General Meeting and the listing agreements entered into by the Company Subject to any necessary approval, consent, Permission and/or sanction of the Government of India, Reserve Bank of India, Securities and Exchange Board of India and any other appropriate authorities, institutions or bodies, and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, Permission, or sanction, the Board of Directors of the Company (hereinafter referred to as “ the Board”, which term shall be deemed to include any committee referred to below), and duly authorized committee thereof for the time being exercising the powers conferred on the Board by this resolution be and is hereby authorized on behalf of the Company to issue and allot, any

securities convertible into equity shares at the option of the company and/ or holder of the securities representing either Equity shares or convertible securities representing either Equity shares or convertible into equity shares either in India or in the course of international offerings in one or more foreign markets, either in the form and/or name of Global Depository Receipts/ FCCBs or otherwise, to Qualified Institutional Buyers (QIBs), foreign investors (Whether institutions and/ or incorporated bodies and/ or individuals or otherwise, and whether or not such investors are members of the Company), for (or which, upon conversion of all securities so issued or allotted, could give rise to the issue of) an aggregate number equity shares or such receipts or instruments equivalent to 100 million equity shares of Rs.10/- each including the over allotment option, if any, and/or up to an amount not exceeding US Dollars 100 million as decided by the company/ underwriters, in terms of Chapter XIII A of SEBI Disclosure and Investor Protection Guidelines, 2000, as amended, such issue and allotment to be made at such time or times, in such trench or trenches, at such Price or Prices at a discount or premium to market price or prices, in such manner as the Board may, in its discretion think fit, in consultation with the lead manager and underwriters, and otherwise on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.

RESOLVED FURTHER THAT the Company and/ or any agency or body authorized by the Company may issue Depository Receipts representing the underlying equity shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in international Capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulation, and under the forms and practices prevalent in the international markets.

RESOLVED FURTHER THAT the securities issued as above shall be deemed to have been made abroad in the market and/or at the place of issue of the security in the international market and shall be governed by the respective Law of Land and the Listing Agreement(s) to be entered into with the stock exchange(s) abroad.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities referred to in paragraph above or as may be necessary in accordance with the terms of the offering, all such shares being pari passu with the equity shares of the company in all respects, expecting such right as to dividend as may be provided under the terms of the issue and in the Offer document.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Equity Shares or Securities or instruments or securities representing the same, as described in paragraph above, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and depository arrangements and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit”.

9. Allotment of Shares to Employees / Professionals under ESOPS

To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution for Issue of ESOPS

“RESOLVED THAT pursuant to section 81 (1A) and other applicable provisions, if any, of the

Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Articles of Association of the Company and Securities Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (including any statutory modification or re-enactment thereof) and subject to such other approvals as may be required from such other appropriate authorities, and subject to such terms and conditions and stipulations, if any, while granting such approvals, permissions and sanctions, the Board of Directors of the Company (hereinafter referred to as Board which expression shall include a Committee of Directors duly authorised in this behalf) be and is hereby authorized to issue, offer, in one or more tranches, all or any of the following, in one or more combination thereof equity shares or equity linked securities or convertible debentures (whether fully convertible or not, whether fully secured or not), Non-Convertible Debentures (whether secured or not), Secured Premium Notes (SPN), Floating Rate bands and/or any other securities, all or any of the aforesaid with or without detachable or non-detachable warrants, convertible equity shares (hereinafter referred to as “Securities” for sake of brevity), not exceeding 5% of the Paid-up Share Capital of the Company to its employees, whether in India or abroad, whether shareholder of the company or not (hereinafter collectively referred to as “Employees”), at such prices and other terms and conditions as the Board may in its absolute discretion think fit under the Employees Stock Option Scheme.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the securities/shares allotted under the Employees Stock Option Scheme on the Stock Exchanges where the Company’s shares are listed as per the terms and conditions of Listing Agreement with the concerned stock exchanges

and other applicable guidelines, rules and regulations.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of the Directors of the Company to give effect to the resolution.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to do all such act and deeds necessary or expedient to formulate or amend or adopt any modification or redefine the proposal or scheme or plan of Employee Stock Option Scheme based on the guidelines issued by the Securities Exchange Board of India or any statutory authority from time to time.”

10. INCREASE OF AUTHORISED SHARE CAPITAL

To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution for Increase of Authorised Share Capital

“RESOLVED THAT the Authorised Capital of the company be increased from Rs.25,00,00,000/- (Rupees Twenty Five Crores Only) to Rs. 50,00,00,000/- (Rupees Fifty Crores Only) by Creation of 2,50,00,000 Equity Shares of Rs.10/- each ranking for dividend and in all other respects pari passu with the existing Equity Shares of the Company.”

“RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company relating to the Share Capital be and is hereby amended by deleting the words and figures i.e., Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crores Fifty Lakhs Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each and substituting in its place the words and figures Rs. 50,00,00,000 (Rupees Fifty Crores Only) divided into 5,00,00,000 (Five

Crores Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each.”

11. Alteration of Articles of Association

To consider and if thought fit to pass with or without modification the following resolution as Special Resolution for Articles of Association

“RESOLVED THAT pursuant to the provisions of Section 31 (1) of the Companies Act, 1956 and subject to the approval of members in General meeting, the existing Article No. 3 (a) of the Articles of Association of the Company be and is hereby deleted and in its place the following Article be substituted therefor.

‘The Authorised Share Capital is Rs. 50,00,00,000/- (Rupees Fifty Crores only) divided into 5,00,00,000 (Five crores only) Equity Shares of Rs.10/- (Rupees Ten Only) each’.

12. Overseas Subsidiary Companies

To consider and if thought fit to pass with or without modification the following resolution as Special Resolution for Overseas Subsidiary Companies

“RESOLVED THAT pursuant to the provisions of FEM (Transfer of issue of any Foreign Security) Regulations, 2004 and other applicable provisions if any of the Companies Act 1956. The consent of the shareholders is hereby accorded to the Board of Directors of the Company to invest in joint venture or wholly owned subsidiaries abroad.”

For and on behalf of the Board

Sd/-

C Travis Caddell
Managing Director

Place: Secunderabad

Date: 29-11-2006

Notes:

- a) The Explanatory Statements as required Under Section 173 of the Companies Act, 1956, is enclosed.
- b) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself the proxy need not be a member of the company. The Proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- c) The Register of Members and Share Transfer Books of the Company shall remain closed on Tuesday 26th and Wednesday 27th December 2006 for the purpose of Annual General Meeting.
- d) 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 available at the Meeting.
- e) Members / Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed for attending the meeting.

Additional Information on Directors Recommended for Appointment/Seeking Re-election at the Ensuing Annual General Meeting

Mrs. Mahita Caddell

Mrs. Mahita Caddell aged 34 years is also Director of Goldstone Teleservices Limited. She is MS (International Business Administration and Information Systems), Graduate from the University of North Carolina, USA and has over 6 years of experience in Industry and Business.

Mr. Clinton Travis Caddell

Mr. Clinton Travis Caddell aged 30 years also Director in Online Media Solutions Limited, he

holds Bachelor of Science (Computer Science) from University of North Carolina, USA. His line of expertise includes Architecture and Design, Networking, Structures, Algorithms, Software Engineering, Data Base, Discrete Math and Object Oriented Programming. He is having over 6 years of experience in Industry and Business. Mr. Clinton Travis Caddell worked as Software Engineer at Lockheed Martin, USA for a period of 6 years, with a compensation package of USD 60,000 per annum.

Mr. D P Sreenivas

Mr. D P Sreenivas aged 33 years also Director in Online Media Solutions Limited, Bachelor of Commerce (S V University), he has an experience of over 12 years in wide spectrum of Industries in the areas of Management and Liaison. He has worked in Multi National Companies like Ford Motor, Ford Credit and Ciber. He as a Project Lead at Ford Credit was involved in the automation of dealer business and also instrumental in implementing the dealer portal project. He has a remarkable expertise in the areas of Management and Liaison.

Mr. Nandan Kundetkar

Mr. Nandan Kundetkar aged 39 years is also promoter Director of SPL Innotech Pte Ltd, Singapore. A Postgraduate in electronics from Mumbai University, he has to his credit many research papers, versatile background in the design and development of various high end technology products, Specializing various technology domains. He is a scientist by heart but the destiny brought him into business. Apart from being the brain behind the SPL's technological innovations; the vital business models, international markets strategies are also handled by him.

To his credit there are quite a few important and revolutionary patents in the IPTV and

broadband multimedia one of them on the core advertising and messaging methods, which would influence lot of revenue models of IPTV and broadband multimedia in future.

He has great passion for teaching and has strong public relations world wide. He works with the top semiconductor companies in the world on different projects, which are going to be fantasies even for the developed nations.

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

Item No. 4

Mr. Clinton Travis Caddell was appointed as Additional Director of the Company in the Board Meeting held on 22nd March 2006, he was appointed as Managing Director and CEO in the Board Meeting held on 24th April, 2006 With effect from 1st May 2005 no remuneration was proposed by the board.

Notice pursuant to the provisions of Sec 257 of the Companies Act, 1956, together with the requisite deposit have been received from the members proposing his candidature for the office of Director not liable to retire by rotation.

The Board of Directors in their meeting held on 29th November, 2006, based on the recommendation of the Remuneration Committee, proposed to revise the terms of appointment of Mr. Clinton Travis Caddell, Managing Director and CEO of the company with effect from 1st December, 2006, the terms and conditions are detailed in the Resolution 4.

As per the provisions of section 198, 269, 309, 310, 311 read with schedule XIII of the Companies Act, 1956, approval of the Shareholders is required by way special Resolution, subject to the consent of Central Government hence the Directors recommends to pass the resolution as special resolution.

None of the Directors except Mr. Clinton Travis Caddell and Mrs. Mahita Caddell are interested in this resolution.

Item No. 5

Mr. D. P Sreenivas was appointed as Additional Director of the Company with effect from 22nd March 2006. The Board of Directors in their meeting held on 29th November, 2006, on the recommendation of the Remuneration Committee, proposed to appoint him as Executive Director of the company with effect from 1st December, 2006, on the terms and conditions are detailed in the Resolution 5.

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

As per the provisions of sections 198, 269, 309, 310, 311 read with schedule XIII of the Companies Act, 1956, approval of the shareholders is required by way of Ordinary resolution in the General meeting and hence the Directors recommends the resolution for your approval.

Your Directors recommend the resolution for approval of the members.

None of the Directors except Mr. D P Sreenivas, are interested in this resolution.

Item No. 6

Mr. Nandan Kundetkar was appointed as Additional Director of the Company with effect from 24th April 2006.

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

Your Directors recommend the resolution for approval of the members.

None of the Directors except Mr. Nandan Kundetkar, are interested in this resolution.

Item No. 7

To consider the proposal of Issue of Share Warrants

To augment resources for product development expenditure, long term working capital needs, capital expenditure and other corporate action, your company has proposed to issue further 2,00,00,000 equity shares and /or 2,00,00,000 Warrants convertible into Equity shares and/or other securities to the promoters group on preferential allotment basis. Your Director recommend the resolution for shareholders approval for issue of equity shares by way of preferential allotment as mentioned in the proposed resolution, pursuant to section 81 (1A) of the Companies Act, 1956.

Disclosures as per 13.1 A of SEBI (Disclosure and investor Protection) Guidelines 2000, the required details was furnished as under:

a. Objects of the issue through preferential offer

The objects of the proposed issue of equity shares and warrants to proposed allottees are to augment resources for:

Long Term Working Capital Requirements

Capital Expenditure

General Corporate Requirements

b. Intention of Promoters/ Directors/ Key management persons to subscribe to the offer

M/s. Goldstone Exports Limited which is participating in the ensuing preferential issue, will fall under the category 'Promoters' and have agreed to subscribe to the preferential offer.

c. The identity of the proposed allottees and the percentage of post-preferential issue capital that may be held by them.

The percentage of Post - Preferential issue held by the proposed investors is presented in below table.

S.No	Category	Pre Issue		Post Issue	
		No of Shares	%of Shares	No of Shares holding	%of shares holding
1.	Goldstone Exports Limited	3419272	26.30	23419272	70.96

Note:- The Proposed Issue of Share Warrants will be converted into Equity Shares subject to completion of Open Offer pending with SEBI

d. Change in the control or composition of the Board

There will be neither any change in the composition of the Board nor any change in the control of the company on account of the proposed preferential allotment. However, there will be corresponding change in the shareholding pattern as well as voting rights consequent to preferential allotment.

e. The Pre and post Shareholding patterns will be as follows:

The Shareholding patterns before and after this issue is presented in the table below.

Sl.No	Category	Pre Issue		Post Issue	
		No of Shares	%of Shares	No of Shares holding	%of shares holding
1.	Promoters				
	Indian	35,43,053	27.25	2,35,43,053	71.34
	Foreign	593	0.00	593	0.00
	Non - Promoters	-	-	-	-
2.	NRI's / FII's/ OCB's	4,60,168	3.69	4,60,168	1.39
3	Govt / Banks/ Mutual Funds	4,700	0.04	4,700	0.01
4.	Bodies Corporate	20,36,704	1.42	20,36,704	6.18
5.	General Public	69,56,102	54.85	69,56,102	21.08
	Total	1,30,01,320	100.00	3,30,01,320	100.00

f) Proposed time with in which the allotment shall be completed

The allotment of the share warrants will be completed within a period of 6 month from 27th December 2006 being the date on which shareholders sanction is to be obtained for preferential allotment.

As per Section 81 (1A) of the Companies Act 1956, approval of the shareholders in the General Meeting is required for allotment of Equity Shares/Warrants convertible into Equity Shares/Other Securities on Preferential basis and hence this resolution is placed before the shareholders.

The share price of Rs.22 is arrived at as per SEBI preferential Issue Guidelines and Auditors Certificate as to the issue price will be placed before the shareholders in the General Meeting.