



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventh Annual General Meeting of the Company will be held on Friday, the 28th day of September, 2007 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 receive, consider and adopt the Audited Balance sheet as at 31st March, 2007 and Profit and Loss Account for the year ended as on that date along with Directors' Report and Auditors' Report thereon.
2. To declare the Dividend on Equity Shares for the year 2006-07.
3. To appoint a Director in place of Mr. S Murali Krishna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. L.P.Sashikumar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

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

SPECIAL BUSINESS

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

"RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310, 314 and other applicable provisions, if any, read along with Schedule XIII (as amended) of the Companies Act, 1956 consent of the company be and is hereby accorded for re-appointment of Mr. L.P.Sashikumar as the Managing Director of the company for a period of one year with effect from 1st April, 2007 and the following remuneration paid/ payable to him with effect from 1st April 2007 be and is hereby approved, ratified and he be paid the following remuneration till the same is revised:

1. Salary

Salary in the scale of Rs. 80,000/- (Rupees Eighty Thousand only) per month.

2. Perquisites

Category A

1. Housing : Rent Free Accommodation or House Rent Allowance – Rs.12,000/-per month (Rupees Twelve Thousand only)
2. Other Allowances like Maintenance, Subscription to internet, Professional Development Allowance, Gardener, Servant etc: not exceeding Rs.24,000/- per month. (Rupees Twenty Four Thousand only)
3. Reimbursement upto Rs. 18,000/- (Rupees Eighteen Thousand only) Per month, towards Entertainment, LTA, and Subscription to Professional journals.
4. Medial Expenditure incurred for self and family subject to a ceiling of Rs 16,000/- (Rupees Sixteen Thousand only) per annum

Category B

The Company's contribution towards pension scheme or superannuation fund together with provident fund not exceeding 25% of the salary wherein contribution towards provident fund shall not exceed 12% of the salary. However, for the purpose of calculation of overall ceiling on perquisites, the company's contribution towards provident fund, superannuation fund or annuity fund will not be included to the extent these either singly or put together are not taxable under the Income Tax Act.

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

Category C

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

"RESOLVED FURTHER THAT Ms.Mahita Caddell, Director of the company and/or Ms Anupama, Company Secretary of the Company be and is hereby authorized to file necessary forms with ROC and to certify the resolution."



7. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution which is to be considered by the members by way of postal ballot

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions of the Companies Act, 1956 and subject to such modifications/ alterations, if any suggested by the appropriate authority consent of the company be and is hereby accorded to modify the existing Objects clause III (A) 1 to 4 of the Memorandum of Association of the Company and the same be replaced and substituted by the following new clauses III(A) 1 to 5."

CLAUSE III(A)

1. To carry on the business of Communication Products and services including but not limited to Installation, Maintenance, acting as Buyers, Sellers, Hirers, Exporters, Importers, Distributors, Agents and dealers of and in the Telecom Services, v-Sat services, Information Technology for communications, controls, computers, Software development, networking, Internet and broadband services, internet services stations, Direct to home facility (DTH), Education to Home (ETH), network frequency stations, provide comprehensive business solutions through networking, recruit train and provide software and hardware professionals for software and hardware business, integrate, provide consultancy services, engage consultancy services in respect of software development, networking, internet service providers (ISP), creation of web sites and any business which is directly or indirectly related to the business of communication and software development, mobile/ internet services and to run the said activities by itself and or singly or jointly in association with any individual, group, private, public or foreign organizations. Self-supporting towers including triangular lattice towers, telescopic and tubular masts, guides, appliances and materials of every kind and description whereby Sound, vision or any other type of signal, recorded, amplified, rectifies reproduced, transmitted or received and ancillary/auxiliary equipment thereof is handled, processed or broadcasted/telecasted.
2. To carry on the business of manufacturers, installers, maintainers, buyers, sellers, hirers, exporters, importers, distributors, agents and dealers of and in electrical equipments/apparatus including not limited to polymer (composite) insulators of all voltage ratings, surge arrestors, dis-connectors, general electrical equipments, power and control cables of

all varieties, heat shrinkable cable jointing kits etc. To carry on the business of hydrocarbon transportation including but not limited to gas & oil pipelines, heat shrinkable sleeves/coverings for pipeline joints and controls and protection system thereof. To carry on the manufacturing, produce, assemble, fabricate, design, import, export, buy, sell, distribute, repair, service, lease out or otherwise deal in all kinds and types of plant, machinery, equipment and systems, accessories and fittings, components, tools and any other things capable of being used in engineering industry and to run the said activities by itself or in joint venture or in association with any private, public or foreign organization or individual or groups.

3. To carry on the business of builders, contractors, erectors, constructions of building, erection, conversion, improvement, design, dismantle, generally develop, survey, examine, operate, reconstruct, modify and to act as civil / architectural / mechanical / electronic engineer, consultant, advisor, administrator, contractor /sub-contractor / turnkey contractor, manager for all types of construction and infrastructure developmental / maintenance / upgradation / renovation / strengthening works such as roadways, railways, bridges, pre-stressed / other RCC works, flyovers, all kinds /types of dams, canals, wharves, harbors, docks, ports, jetties, airports, runways, irrigation works, warehouses, factories, buildings / structures, drainage / sewage works, tunnels, water distribution / filtration systems, houses, apartments, structures or residential offices, industrial, institutional or commercial or developers of co-operative Housing Societies, developers of housing schemes, townships, holiday resorts hotels entertainment parks, power houses / stations, stadiums, drilling and preparing of building sites, constructing, reconstructing, erecting, altering, improving, enlarging, developing, decorating, furnishing and maintaining of structures, flats, houses, factories, shops, offices, garages, warehouses, buildings, works, workshops, hospitals, nursing homes, clinics, godown and the commercial educational purposes for and convenience to purchase for development, investment or for resale of lands, houses, buildings, structures and other properties of any tenure and to acquire, purchase, sell, own, develop or otherwise deal in buildings, materials, plants, equipment, machinery, tools, fittings, accessories or otherwise deal in buildings, material, plants, equipment, machinery, tools, fittings, accessories of whatsoever nature and to do all acts or things as may be necessary for attainment of the forgoing objects.
4. To generate, harness, develop, accumulate, distribute and supply electricity, power supply either by hydro,



thermal, gas, air, diesel oil or through renewable Energy sources such as solar, photo voltaic, windmill and or any other means by setting up thermal power plants by use of liquid, gaseous or solid fuels for the purpose of light, heat, motive power, and for all other purposes for which electric energy can be employed. To transmit, distribute supply and sell such power either directly or through transmission lines and facilities of Central/State Governments or private companies or Electricity Boards to industries and to Central/State Governments, other consumers of electricity including for captive consumption for any industrial projects promoted by this Company or promoter companies. To construct, establish, operate, manage power stations, boiler houses, steam turbines, switch yards, transformer yards, sub-stations, transmission lines, accumulators, workshops and all such works necessary for generating, accumulating, distributing and supply of electricity. To construct, lay down, establish, fix, erect, equip and maintain power generating machinery, and all other types of Plant and Machinery, electrical equipment and cables, Computer and Control equipment, transmission lines, accumulators, fittings and apparatus in the capacity of principals, contractors and to do all acts or things as may be necessary for attainment of the forgoing objects.

5. To carry on the business of mining, purchase, take on lease, or otherwise acquire any mines, mining rights, mining grounds and minerals and any grants, concessions and easements, hereditaments or other property necessary or convenient for the advantageous possession and lands or any interest therein and to quarry mine dress, reduce extract, calcine, smelt, refine, manufacture, process and otherwise acquire, buy, sell, export or otherwise dispose of and deal in all types, qualities and descriptions of ores, metals and minerals, substances and use of the mines or work for the time being owned or worked by the company any interest therein respectively and to search for, get make merchantable and sell and dispose of mining, metal and other ores minerals and substances of the earth whatsoever and to carry on any other metallurgical operations which may seem conducive to any of the company's objects. To carry on in India and elsewhere in the world the business or businesses of surveying, prospecting, drilling and exploring for, acquiring, developing, producing, maintaining, refining, storing, trading, supplying, transporting, marketing, distributing, importing, exporting and generally dealing in minerals and other natural oils, petroleum and all other forms of solid, liquid and gaseous hydrocarbons and other minerals and their products and by-products and all their branches. To sub-contract any work or portion of work or the whole/

part of any contract and to do all acts or things as may be necessary for attainment of the forgoing objects;

"RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board of Directors and/or the company secretary of the company be and are hereby severally authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or expedient and to make necessary applications or file the necessary forms and to make such modifications/ alterations, if any suggested by the appropriate authority in this regard."

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

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

"FURTHER RESOLVED THAT the name "GOLDSTONE TELESERVICES LIMITED" wherever appears in the Memorandum of Association and Articles of Association of the Company be substituted by "GOLDSTONE INFRATECH LIMITED" or such other name as may be made available to the company".

"FURTHER RESOLVED that the Mr.L.P.Sashikumar, Managing Director or any Director and/or the Company Secretary of the company be and is hereby authorised to do all the necessary things and deeds as may be required for giving effect to the above resolution and for filing necessary forms / applications to statutory authorities, and for effecting the change of name wherever required.

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (including any



statutory modification or reenactment thereof) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the company be and is hereby accorded to create, offer, issue and allot at any time to or to the benefit of such person(s) of the Company, whether present or future employees, who are in permanent employment, including any Directors whether in whole time or otherwise, options exercisable into shares or securities convertible into equity shares of Rs.4/- each not exceeding 5% of the enhanced paid up equity share capital (including and after considering the convertible equity shares warrants issued / allotted and not yet been converted into equity shares) equity shares of the Company under Employee Stock Option Plan - 2007 ("ESOP 2007"), in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority, to the employees and Directors of the company and/or to such other persons, as may from time to time be allowed under prevailing laws, rules and regulations, and/or amendments thereto from time to time on such terms and conditions as may be decided by the Board.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity shares upon exercise of options from time to time in accordance with the employee stock option scheme and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company."

"RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of equity shares shall be deemed to be increased to the extent of such additional equity shares issued."

"RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.4/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A), and all other applicable provisions, of the Companies Act 1956, the provisions contained in the Securities Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory amendment, modification or re-enactment to the Act for the time being in force) and the Articles of Association of the Company and subject to such approvals, permissions, sanctions and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval and consent of the company be and is hereby accorded to extend the benefit of said Employee Stock Option Plan - 2007 ("ESOP 2007") to the employees and Directors of the Holding or Subsidiary Companies and/or to such other persons, as may from time to time be allowed under prevailing laws, rules and regulations, and/or amendments thereto from time to time on such terms and conditions as may be decided of the Board.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity shares upon exercise of options from time to time in accordance with the employee stock option scheme and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company."



"RESOLVED FURTHER THAT in case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of equity shares shall be deemed to be increased to the extent of such additional equity shares issued."

"RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.4/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

"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 acts 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."

For and on behalf of the Company

Sd/-
L P Sashikumar
Managing Director

Place: Secunderabad
Date: 28th July 2007

NOTES

- a. The Explanatory Statement relating to Special Business of the Meeting is annexed to this Notice as required by Section 173 of the Companies Act, 1956.
- b. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the Company. The Proxy in order to be effective, must be deposited at the Registered Office not less than 48 hours before the meeting.
- c. The Register of Members and Share Transfer Books of the Company shall remain closed from 22nd September 2007 to 28th September 2007 (both days inclusive) for the purpose of Annual General Meeting.
- d. i) Members holding shares in physical form are advised to submit the Bank mandate particulars of their bank account viz., name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 22nd September, 2007 to the Company's Registrar and Transfer Agent at Aarathi Consultants Limited, 1-2-285, Domalguda, Hyderabad - 500 029.
ii) Members holding shares in demat form are advised to inform the particulars of their bank account to their respective depository participants.
- e. Queries on accounts and operations of the Company, if any may please be sent to the Company at least seven days in advance of the Meeting so that the answers may be made readily available at the meeting.
- f. Members/Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed for attending the meeting.
- g. Alteration of Objects Clause under item No.7 is being sought through postal ballot. It may be noted that the ASSENT / DISSENT of Shareholders is to be given by Postal Ballot, which is enclosed together with self-addressed prepaid envelope. Postal Ballot papers duly filled in must be sent to Mr.N.V.S.Suryanarayana, Practicing Secretary who has been appointed as Scrutinizer, in the self-addressed prepaid envelope so as to reach us on or before 24th September 2007 before closure of the working hours. Ballot forms received after this date will be treated as if reply from such shareholders has not been received. The results of the Postal Ballot would be announced by the Chairman in the Annual General Meeting.
- h. Members holding shares in physical form are requested to notify, immediately, any change in their address to the Company at 9-1-83&84, Amarchand Sharma Complex, S.D. Road, Secunderabad – 500 003.



Members holding shares in electronic form should update such details with their respective Depository Participants.

- i. All the documents to in the above notice and accompanying Explanatory Statement are open for inspection at the Registered Office of the Company on all working days (except Sundays and Public Holidays) between 10.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
- j. Members are requested to bring their copy of the Annual Report to the meeting.

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

Mr. S Murali Krishna

Mr. S Murali Krishna aged 38 years is a MBA from Bangalore University. He has over 12 years of experience in Business. He is also a Director of Shree Shree Telecom Private Limited, Newtech Stewing Telecom Limited and GEL Infrastructure Limited.

Mr. L P Sashikumar

Mr. L P Sashikumar aged 57 is BS Graduate from the Union University, USA and has 27 years of experience in industry and business. He is a Director of Newtech Stewing Telecom Limited and Goldstone Granites Private Limited.

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

Item No. 6

Mr. L P Sashikumar was re-appointed as Managing Director of the Company by the shareholder in the previous Annual General Meeting held on 28th September 2006 for a period of one year with effect from 1st April 2006. He has been re-appointed by the Remuneration Committee and Board of Directors in their respective Meetings held on 28th March 2007 and 30th April 2007. The remuneration is within the limits prescribed under Section 309 and Schedule XIII of the Companies Act, 1956. Approval of the Shareholders is required in the Annual General Meeting for his re-appointment as Managing Director and for fixing the remuneration.

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

Your directors recommend the resolution for your approval.

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

Item No. 7

The Company is at Present engaged in providing Technology driven Power Cable Accessories to Power Projects, Pipeline protection solutions to Oil and Gas Companies, Telecom jointing kits to Telecommunication Companies, which are primarily considered as infrastructure companies and the company is dealing in the products of the above said industries utilizing the technology available with the company. Further the company intends to take up new business activities like Real estate townships and infrastructure facilities in power sector.

The Company is confident that the proposed diversification plans would be in the best interests of the Company for achieving multi-fold growth in turnover and profitability. As the present objects of the company do not support the company's activities in the above areas, it is proposed to amend the objects clause of the company and to insert the said objects.

This item requires the members approval by following Postal Ballot Procedure, for which relevant postal ballot papers are enclosed.

Your directors recommend the resolution for your approval.

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

Item No. 8

Keeping in view of the proposed new business activities as mentioned item no.7 above, it is proposed to change the name to reflect the current business activities and the new business activities the company intends to venture.

The company has made an application with the Registrar of Companies for checking the availability of the name "GOLDSTONE INFRATECH LIMITED" which is awaited for approval.

Your directors recommend the resolution for your approval.

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

Item No. 9 & 10

The human resource plays a vital role in the growth and success of an organisation the Board has identified the need to reward the employees and to enable them to participate in the future growth and financial success of the Company, has proposed to offer the employees an option to acquire



the equity shares of the Company under Employee Stock Option Scheme (ESOS)

The salient features of the ESOS are set out below:

1. Total number of options to be granted

A total of 5% of the options on enhanced paid up capital (including and after considering the convertible equity share warrants issued/ allotted and not yet been converted) would be available for being granted to eligible employees of the Company under ESOP 2007. Each option (after it is vested) will be exercisable for one Equity share of Rs.4/- each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise would be available for being re-granted at a future date

SEBI guidelines require that in case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are issued by the Company to the Option Grantees, for making such fair and reasonable adjustment, the ceiling of 5% equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

2. Identification of classes of employees entitled to participate in the employee stock option schemes

All permanent employees of the company and subsidiary companies including such eligible Directors as may be decided by the Compensation Committee, from time to time, would be entitled to participate in the employee stock option schemes.

Employees may be granted Stock Options based on performance and such other criteria as the Compensation Committee may, in its absolute discretion decide. The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

3. Requirements of vesting and period of vesting

The Options granted shall vest so long as the employee continues to be in the employment of the Company. Vesting of the options shall take place over a maximum period of 3 years with a minimum vesting period of 1 year from the date of grant as per the schedule given below:

Sl No.	Vesting Period	% of Option Vested
1.	12 months from the date of Grant	15%
2.	18 months from the date of Grant	15%
3.	24 months from the date of Grant	20%
4.	30 months from the date of Grant	20%
5.	36 months from the date of Grant	30%

4. Exercise Price

The exercise price for the grant of options shall be computed (a) either at a discount of up to 75% on the average closing prices for the company equity shares quoted on the Stock Exchanges having the maximum volume of transactions during the two weeks preceding the date of the grant or (b) at a discount of up to 75% of closing prices on the date of grant for the company equity shares quoted on the stock exchanges or such other price as may required to be calculated in accordance of Securities Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (including any statutory modification or re-enactment thereof).

5. Exercise Period and the process of Exercise

The Exercise period would commence from the date of vesting and will expire on completion of five years from the date of vesting of options.

The options will be exercisable by the Employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

6. Appraisal Process for determining the eligibility of the employees to ESOP

The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee, and will be based on criteria such as seniority of employee, length of service, past performance record, merit of the employee, future potential contribution by the employee and/ or such other criteria that may be determined by the Compensation Committee at its sole discretion.

7. Maximum number of options to be issued per employee and in aggregate

The number of options that may be granted to any specific employee under the Scheme shall not exceed 1% of the issued capital or one lakh, whichever is less (excluding outstanding warrants and conversions) of the Company at the time of grant of options.



8. Disclosure and Accounting Policies

The company shall comply the disclosure and accounting policies specified in the SEBI (Employees stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999 (including any statutory modification or reenactment thereof).

9. Method of option valuation

To calculate the employee compensation cost, the Company shall use the Fair Value method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the employee stock option schemes provide for issue of shares to be offered to persons other than existing shareholders of the company, consent of the members is sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per clause 6 of the SEBI Guidelines.

Your Directors recommend the resolution as Special Resolution for your approval.

None of the Directors of the company is in any way concerned or interested in the passing of the resolution except to the extent of any options, which may be granted to them pursuant to the plan.

For and on behalf of the Board

Sd/-
L P Sashikumar
Managing Director

Place: Secunderabad
Date: 28th July, 2007





DIRECTORS' REPORT

To
The Members
Goldstone Teleservices Limited

Your Directors have pleasure in presenting the Seventh Annual Report of your company with the Audited Accounts for the financial year ended on 31st March, 2007.

Financial Results

	(Rs in Lakhs)	
	2006-07	2005-06
Net Sales/Income from operations	2,676.91	2,958.60
Other Income	77.62	724.24
Total Income	2,754.53	3,682.84
Total Expenditure	1,990.77	2,424.26
Operating Profit	763.76	1,258.58
Interest	146.33	155.59
Depreciation and Write Offs	252.35	252.62
Profit Before Tax	365.08	850.37
Provision for Tax		
- Current	90.00	125.00
- Deferred	6.23	58.46
- Fringe Benefit	5.66	7.12
Profit After Tax	263.19	659.79
Extra-Ordinary Items		
- Prior Period Adjustments	28.36	0.20
Net Profit	291.54	659.99
Equity Share Capital (2,10,23,305 Shares of Rs. 4/- each)	840.93	840.93
EPS (After Prior Period Items)	1.39	3.14
Networth	4,421.43	4,222.37
Book Value (face value Rs. 4/-)	21.50	20.08

Review

The Directors are pleased to state that during the year under review the Company achieved a turnover of Rs. 2,754.53

lakhs compared to Rs. 3,682.84 lakhs in the previous financial year. Net Profit after tax stood at Rs. 263.19 lakhs as against of Rs. 659.79 lakhs in the previous financial year.

Transfer to Reserves

The Board has transferred a sum of Rs.29.15 Lakhs to the General Reserve from the undistributed profits in accordance with the Companies (Transfer of Profits to Reserves) Rules, 1975.

Dividend

Your Directors are happy to recommend a dividend of 10% i.e., Re.0.40 per equity share of Rs.4/- each for fully paid-up for the year ended 31st March, 2007. The payment of dividend if approved by the shareholders at the ensuing Annual General Meeting will entail an outflow of Rs. 84.09 lakhs.

Fixed deposits

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

Insurance

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

Subsidiaries

Your Company has two subsidiaries namely Newtech Stewing Telecom Limited (NSTL) with 98% holding and Shree Shree Telecom Private Limited (SSTPL) with 100% Shareholding. The brief financial results of the subsidiaries are given hereunder.

Newtech Stewing Telecom Limited

NSTL posted a total income of Rs.253.76 Lakhs as against Rs. 329.03 Lakhs for the previous year i.e., 2005-06. NSTL posted a Net Loss of Rs. 8.57 Lakhs as against Net Profit of Rs. 8.24 Lakhs for the previous year i.e., 2005-06.

Combined Results (Rs. In Lakhs)

Particulars	GTSL		NSTL		SSTPL		Consolidated	
	12 Months 06-07	12 Months 05-06	12 Months 06-07	12 Months 05-06	12 Months 06-07	12 Months 05-06	12 Months 06-07	12 Months 05-06
Sales	2676.91	2958.60	250.25	308.95	0	0.00	2927.16	3267.55
Other Income	77.62	724.24	3.51	20.08	0	0.36	81.13	744.68
Total	2754.52	3682.84	253.76	329.03	0	0.36	3008.28	4012.23
PBIDT	763.75	1258.58	23.23	40.87	(3.14)	(19.56)	783.84	1279.89
PBT	365.07	850.37	1.39	19.58	(3.52)	(20.37)	362.94	849.58



Shree Shree Telecom Private Limited

As there were no operations during the year in SSTPL, no revenue is generated as against Rs. 0.36 Lakhs for the previous year 2005-06. The Net Loss of Rs. 3.91 Lakhs as against Net Loss of Rs. 20.20 Lakhs for the previous year 2005-06.

The Annual Reports of the Subsidiary Companies have been attached to this report.

Management Discussion and Analysis

Management Discussion and Analysis for the year under review as required under clause 49 of the listing agreement entered with Stock Exchanges is given as a separate statement in the Annual Report.

Auditors

M/s P Murali & Co; Chartered Accountants, Hyderabad the Statutory Auditors retires at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. They have furnished a certificate stating that their re-appointment, if made, will be within the limits laid down under Section 224 (1B) of the Companies Act, 1956. Its accordingly proposed to appoint M/s. P Murali & Co., as statutory auditors of the Company for the year 2007-08.

Directors

Mr. L P Sashikumar and Mr. S Murali Krishna Director(s) retire by rotation and being eligible offer themselves for re-appointment.

Stock Exchange Listing

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE), Hyderabad Stock Exchange Limited (HSE), Madras Stock Exchange Limited (MSE), Delhi Stock Exchange Association Limited (DSE) and Ahmedabad Stock Exchange Limited (ASE). The Company confirms that it has paid Annual Listing Fees due to all the above Stock Exchanges for the year 2007-08.

Director's Responsibility Statement

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

- (a) That in the preparation of the Accounts for the financial year ended as on 31st March, 2007, the applicable accounting standards have been followed and there are no material departures there from.
- (b) That the accounting policies have been selected and applied consistently and judgements and estimates have

been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of the profit or loss of the Company for the period ended on that date.

- (c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) That the accounts for the financial year ended 31st March, 2007 have been prepared on a going concern basis.

Corporate Governance

A report on Corporate Governance including Auditor Certificate thereon as per Clause 49 of the Listing Agreement is contained elsewhere in the Annual Report.

Balance Sheet Abstract and Company's General Business Profile

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

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

Information required to be furnished as per the Companies (Disclosure of particulars in the Directors' Report) Rules 1998 is furnished below :

1. Conservation of Energy

a) Energy Conservation Measures taken or under implementation

Continuous running of the sleeve manufacturing plant.

b) Additional investment and proposals if any, being implemented for reduction of consumption of energy.

Additional/new measures will be initiated for further reduction in energy consumption based on technical evaluation and study of the measures already implemented..

c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.

The measures taken during the year has ensured optimum use of energy and increased production.