

NOTICE OF EXTRA-ORDINARY GENERAL MEETING

Notice is hereby given that the Extra-Ordinary General Meeting of the Members of the Company will be held on Saturday, the 24th day of February, 2007 at 10.30 A.M. at Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad-500 051, to transact the following business:

Item No.1: Issue of Equity Shares/Warrants on Preferential Basis:

To consider and if thought fit to pass with or without modifications(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 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 members 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 1,50,00,000 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 1,50,00,000 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 tranches 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 25th January 2007.
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% paid by the warrant holder 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.

For and on behalf of the Board

Place: Secunderabad
Date: 25th January 2007

Sd/-
L P Sashikumar
Managing Director

NOTES:

- a) The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of special business is annexed hereto
- 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 of the Company not less than 48 hours before the meeting.

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

Item No. 1

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 1,50,00,000 equity shares and /or 1,50,00,000 Warrants convertible into Equity shares and/or other securities to the promoters group on preferential allotment basis. Your Directors 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 Company Act, 1956.

Disclosures as per 13.1A of SEBI (Disclosure and investor Protection) Guidelines 2000, the required details are 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 is 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 pre and post-preferential issue capital that may be held by them.

Name of the Party	Present Allotment	Pre-Issue Holding	% to Total Equity	Post Issue Holding	% to Total Equity
M/s Goldstone Exports Ltd	1,50,00,000	20,00,000	9.51	1,70,00,000	47.19

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:

SI No	Category	Pre Issue		Post Issue	
		No of Shares	% of Shares	No of Shares	% of Shares
1	Promoters Group	3310515	15.75	18310515	50.83
2	Non Promoters Group				
	Mutual Funds & UTI	0	0	0	0
	Banks, Financial Institutions and Insurance Companies	102259	0.49	102259	0.28
3	FII	0		0	0
4	Private Corporate Bodies	4296093	20.43	4296093	11.93
5	NRI's/OCB's	338888	1.61	338888	0.94
6	General Public	12975550	61.72	12975550	36.02
	Total	21023305	100	36023305	100

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

The allotment of the share warrants will be completed with in a period of 15 days from 24th February 2007 being the date of which shareholders sanction is obtained for preferential allotment.

As per Section 81 (1A) of the company 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.

For and on behalf of the Board

Place: Secunderabad
Date : 25th January 2007

Sd/-
L P Sashikumar
Managing Director