

**Annual Report
2009 - 10**



Corporate Information

BOARD OF DIRECTORS

Shri Gautam Doshi, Director
 Shri Amit Khanna, Director
 Shri Sujal Shah, Director
 Shri Anil Sekhri, Director
 Shri Prasoon Joshi, Director
 Shri Ajay Prasad, Director

COMPANY SECRETARY AND MANAGER

Ms. Kirti Desai

AUDITORS

B S R & Co., Chartered Accountants
 Chaturvedi & Shah, Chartered Accountants

BANKERS

HDFC Bank Ltd.
 Bank of Baroda
 Axis Bank Ltd.
 ICICI Bank Ltd.

REGISTERED OFFICE

Reliance MediaWorks Limited

Film City Complex,
 Goregaon (East),
 Mumbai - 400 065.
 Phone: +91 22 39808900
 Fax: +91 22 39808985
 Website: www.reliancemediaworks.com

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,
 L.B.S Marg, Bhandup (W), Mumbai 400 078.
 Phone: +91 22 25946970
 Fax: +91 22 2594 6969
 Website: www.linkintime.co.in

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Reliance MediaWorks Limited

Notice

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of Reliance MediaWorks Limited (Formerly known as Adlabs Films Limited) will be held on Tuesday, August 31, 2010 at 11.00 a.m. at Rangsharda Natyamandir, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at March 31, 2010, the Profit and Loss Account for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri Anil Sekhri who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Shri Gautam Doshi who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. Chaturvedi & Shah, Chartered Accountants, (Reg. No. 101720W) and M/s. B S R & Co., Chartered Accountants, (Reg. No. 101248W) be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board of Directors."

SPECIAL BUSINESS

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

"RESOLVED THAT Shri Ajay Prasad, who was appointed as an Additional Director with effect from February 15, 2010 on the Board of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 132 of Articles of Association of the Company, and who holds office upto the date of the ensuing Annual General Meeting, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 387 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, and subject to all such sanctions, as may be necessary, the approval of the Company be and is hereby accorded to the appointment of Ms. Kirti Desai as the Manager of the Company, to be designated as Company Secretary & Manager, for a period of 3 (three) years commencing from January 30, 2011 on the terms and conditions including remuneration set out in the Agreement to be entered into between the Company and Ms. Kirti Desai, a draft whereof is placed before this meeting, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or agreement, as may be agreed to between the Board and Ms. Kirti Desai, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of Ms. Kirti Desai, as Manager, the remuneration and perquisite set out as aforesaid be paid or granted to her as minimum remuneration and perquisites provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the applicable ceiling limit in terms of Schedule XIII to the said Act as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:
 - a) **"RESOLVED THAT** pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the

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time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission and / or sanction (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares/ fully convertible debentures/ partly convertible debentures/ non convertible debentures with warrants/ any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI ICDR, whether or not such QIBs are Members of the Company, on the basis of placement document(s), at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the Lead Managers, Advisors or other intermediaries, provided however that the aggregate amount raised by issue such QIP Securities shall not exceed Rs. 500 crore.

- b) **RESOLVED FURTHER THAT** the relevant date for the determination of applicable price for the issue of the QIP Securities shall be the date on which the Board of the Company decide to open the proposed issue, or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a

later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").

- c) **RESOLVED FURTHER THAT** the Board be and is hereby authorised 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 (a) above or as may be necessary in accordance with the terms of the offering, all such shares being *pari passu* with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.
- d) **RESOLVED FURTHER THAT** such of these Securities to be issued as are not subscribed may be disposed of by the Board to such persons in such manner and on such terms as the Board in its absolute discretion thinks fit in accordance with the provisions of law.
- e) **RESOLVED FURTHER THAT** the issue to the holders of the Securities with equity shares underlying such securities shall be *inter alia*, subject to suitable adjustment in the number of shares, the price and the time period etc., in the event of any change in the equity capital structure of the Company consequent upon any merger, amalgamation, takeover or any other re-organisation or restructuring in the Company or of the capital of the Company.
- f) **RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and institution/ trustees/agents and similar agreements/and to remunerate the Managers, underwriters and all other agencies/intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of Securities, 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.
- g) **RESOLVED FURTHER THAT** for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/hypothecation/charge on

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the Company's assets under Section 293(1) (a) of the Companies Act, 1956 in respect of the QIP Securities either on *pari passu* basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

- h) **RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any modification or re-enactment thereof for the time being in force), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered in to with the Stock Exchanges and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other rules and regulations, prescribed by the Securities and Exchange Board of India ("SEBI") or any other relevant authority, from time to time, to the extent applicable and subject to any approvals, consents, permissions and sanctions by any authorities as may be required, and subject to any such conditions or modifications as may be prescribed or imposed by such authorities while granting such approvals, consents, permissions and sanctions, and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board to introduce and implement the Reliance MediaWorks Employee Stock Option Scheme ("ESOS") as detailed in the Explanatory Statement to this Notice and to create, grant, offer, issue and allot, to or for the benefit of such person(s) who are in the permanent employment of the Company, its holding/subsidiary companies, whether working in India or out of

India and the Directors (including non executive and independent Directors) of the Company and its holding / subsidiary companies and/or such other persons, as may from time to time, be allowed to enjoy the benefits of ESOS under prevailing laws and regulations, (hereinafter collectively referred to as the "Employees"), equity shares of the Company and/or Options giving right to purchase or subscribe such number of equity shares/equity linked instruments including any depository receipts, which could give rise to the issue of equity shares (hereinafter collectively referred to as the "Securities") of the Company, at such price, in such manner, during such period, in one or more tranches and on such terms and conditions as the Board may decide.

RESOLVED FURTHER THAT the maximum number of Securities issued/granted in terms of this resolution, to any single Employee (including any non executive or independent Director) during any one year shall be less than 1% of the issued and paid up equity shares of the Company i.e. upto 4,61,261 equity shares; provided however that the aggregate Securities issued/granted to all the Employees/other persons under the ESOS shall not exceed 10% of the existing paid-up share capital of the Company as on August 2, 2010, i.e. up to 46,12,617 equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the ESOS on such terms and conditions as contained in the Explanatory Statement to this item in the Notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the ESOS from time to time including but not limited to, amendment(s) with respect to vesting period and schedule, number of options, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the ESOS.

RESOLVED FURTHER THAT the Securities may be allotted in accordance with the ESOS either directly and/or through an existing trust or a trust which may be set up and / or in any other permissible manner and that the ESOS may also envisage for providing any financial assistance to the trust to enable the trust to acquire, purchase or subscribe the Securities of the Company as per the ESOS.

RESOLVED FURTHER THAT subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid resolution shall in all respects

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rank *pari passu* inter se with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under ESOS on the Stock Exchanges, where the securities of the Company are listed, as per the provisions of the Listing Agreement executed with the concerned Stock Exchanges and other guidelines, rules and regulations as may be applicable.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities, without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the listing agreements with the Stock Exchanges and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other rules and regulations, prescribed by the Securities and Exchange Board of India ("SEBI") or any other relevant authority, from time to time, to the extent applicable and subject to any approvals, consents, permissions and sanctions of any authorities as may be required, and subject to any such conditions or modifications as may be prescribed or imposed by such authorities while granting such approval, consents, permissions and sanctions, and

which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board to extend the benefits of the Reliance MediaWorks Employee Stock Option Scheme (ESOS) referred to in the resolution under Item No. 8 of this Notice and duly passed by the Members, subject to the overall limit specified under the said ESOS, to such permanent employees of the holding company and subsidiary companies of the company whether working in India or out of India and Directors of the holding Company and subsidiary companies (including non executive and independent Directors) and/or such other persons, as may from time to time, be allowed to enjoy the benefits of ESOS under prevailing laws and regulations on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT the Securities may be allotted in accordance with the ESOS either directly and / or through an existing trust or a trust which may be set up and/or in any other permissible manner and that the ESOS may also envisage for providing any financial assistance to the trust to enable the trust to acquire, purchase or subscribe the Securities of the Company as per the ESOS.

RESOLVED FURTHER THAT subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid resolution shall in all respects rank *pari passu* inter se with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under ESOS on the Stock Exchanges, where the securities of the Company are listed, as per the provisions of the Listing Agreement executed with the concerned Stock Exchanges and other guidelines, rules and regulations as may be applicable.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the securities without requiring the Board to secure any further consent

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or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s) / Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

By Order of the Board of Directors

Kirti Desai
Company Secretary & Manager

Registered Office

Film City Complex
Goregaon (East),
Mumbai 400 065

August 2, 2010

Notes:

- 1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of him and the proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
3. Members/proxies should fill the attendance slip for attending the Meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting. Members are requested to bring their Attendance Slip alongwith their copy of the annual report to the Meeting.
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating

to the special business to be transacted at the Meeting is annexed hereto.

7. All documents referred in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturday between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, August 27, 2010 to Tuesday, August 31, 2010 (both days inclusive).
9. Non-resident Indian members are requested to inform the Registrar and Transfer Agent immediately on:
 - a. the change in the residential status on return to India for permanent settlement.
 - b. the particulars of the bank accounts maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
10. Re-appointment/ Appointment of Director:
 - a. In terms of Article 132 of the Articles of Association of the Company, Shri Gautam Doshi and Shri Anil Sekhri, Directors, retire by rotation and being eligible, offer themselves for re-appointment.
 - b. Shri Ajay Prasad, an Additional Director shall hold office upto the date of this Annual General Meeting and is proposed to be appointed as Director under Section 257 of the Companies Act, 1956. Brief resume of the Directors proposed to be appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorship, membership and chairmanship of board committees, shareholding and relationships between directors inter-se, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the Report on Corporate Governance forming part of this Annual Report.
11. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out all the material facts relating to special business:-

Item No. 5

Shri Ajay Prasad was appointed as an Additional Director with effect from February 15, 2010 in accordance with the provisions of Section 260 of the

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Companies Act, 1956 and Article 132 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Shri Ajay Prasad holds office upto the date of the ensuing Annual General Meeting. The Company has received Notice in writing along with a deposit of Rs. 500/- as per the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

Shri Ajay Prasad is not disqualified from being appointed as Director in terms of Section 274(1) (g) of the Act. The Company has received the requisite Form 'DD-A' from Shri Ajay Prasad, in terms of the Companies (Disqualifications of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

Profile of Shri Ajay Prasad is given in the Report on Corporate Governance forming part of the Report. Keeping in view his experience and qualification of Shri Ajay Prasad, your Directors considered it to be in the interest of the Company, if Shri Ajay Prasad is appointed as Director of the Company, liable to retire by rotation as per the provisions of the Companies Act, 1956.

Your Directors therefore recommend the said resolution for your approval.

Shri Ajay Prasad, may be deemed to be concerned or interested in the resolution relating to his appointment. None of the other Directors of the Company and the Manager is, in any way, concerned or interested in the said resolution, except to the extent of their shareholding, if any.

Item No. 6

Ms. Kirti Desai was appointed as the Manager of the Company for 3 (three) years commencing from January 30, 2008 i.e. upto January 29, 2011 as approved by the shareholders in the Annual General Meeting held on August 7, 2008.

The Board of Directors of the Company at their meeting held on May 28, 2010, have, subject to the approval of the Members in general meeting and the Central Government, if required, appointed Ms. Kirti Desai as Manager of the Company, designated as Company Secretary & Manager, for a period of 3 (three) years commencing from January 30, 2011 on the remuneration determined by the Board of Directors. Ms. Kirti Desai, aged 41 years, is a Chartered Accountant and Associate Member of the Institute of Company Secretaries of India. She has sixteen years of experience in corporate secretarial, finance and managerial functions. The remuneration payable to and the terms of appointment of Ms. Kirti Desai as Manager of the Company during the tenure

of her appointment will comprise salary, allowances and the other perquisites, the aggregate monetary value of such salary, allowances and perquisites being limited to Rs. 24 lakh per annum. The perquisites and allowances payable to Ms. Kirti Desai will include Company owned/Leased Accommodation or House Rent allowance in lieu thereof, medical reimbursements, leave travel concession for self and her family including dependants; medical insurance and such other perquisites and/or allowances within the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income tax Act, 1961 or any Rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However Company's contribution to Provident Fund, Superannuation or Annuity Fund to the extent these singly or together are not taxable under the Income tax Act, 1961 and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration. In addition to the above, Ms. Kirti Desai shall also be eligible to an annual increment not exceeding 20% on the last drawn salary, perquisites and allowances during her tenure as Manager. Ms. Kirti Desai fulfils the conditions for eligibility contained in Part I of Schedule XIII of the Companies Act, 1956. The terms and conditions of appointment and payment of remuneration are set out in the Agreement to be entered into between the Company and Ms. Kirti Desai. The Board or any Committee thereof, subject to requisite approval(s), if necessary, is entitled and authorised to revise at any time, the salary, allowances and perquisites payable to the Manager of the Company such that the overall remuneration payable to the Manager of the Company shall not exceed the limits specified above. Either party may terminate the aforesaid Agreement by giving three months prior notice of termination in writing to the other party.

The draft Agreement to be entered into between the Company and Ms. Kirti Desai is available for inspection by Members of the Company at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto August 31, 2010.

The terms and conditions mentioned herein may also be treated as an abstract under Section 302 of the Companies Act, 1956.

Your Directors therefore recommend the said resolution for your approval.

While Ms. Kirti Desai being Manager is interested, none of the Directors of the Company is, in any way, concerned or interested in the said resolution.

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Item No. 7

The Company, in order to enhance its Global Competitiveness and ability to compete with the peer groups in domestic and international markets, needs to strengthen its financial position and Net worth by augmenting long term resources from time to time.

The proposed Special Resolution seeks the enabling authorization of the Members of the Company to the Board of Directors (Board), without the need of any further approval from the Members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR").

Pursuant to the above, the Board may, in one or more tranches, issue and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants / any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"). The said QIP by the Board shall be subject to the provisions of the SEBI ICDR (as amended from time to time) including the pricing, which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. The Relevant Date for the determination of applicable price for the issue of the QIP Securities shall be the date of the meeting in which the Board of the Company decides to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be. For reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The securities issued pursuant to the offering would be listed on the Indian stock exchanges.

The proposed issue of QIP Securities as above may be made in one or more tranches such that the aggregate amount raised by issue of QIP Securities shall not exceed Rs. 500 crore.

The Securities issued under QIP issue pursuant to offer may, if necessary, be secured by way of mortgage/hypothecation on the Company's assets as may be finalized by the Board in consultation with the Security Holders/Trustees in favour of Security Holders/Trustees for the holders of the said securities.

As the documents to be executed between the security holders/trustees for the holders of the said securities and the Company may contain the power to takeover any asset or undertaking of the Company or to takeover the management of the company in certain events, enabling approval is also sought under Section 293(1)(a) of the Companies Act, 1956.

Section 81(1A) of the Companies Act, 1956 and Listing Agreement entered with the Stock Exchanges, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons, who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorisation of the Members to the Board of Directors to make the proposed issue of Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries and in the event it is decided to issue Securities convertible into equity shares, to issue to the holders of such convertible Securities in such manner and such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue, keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules, regulations or guidelines.

Your Directors therefore recommend the said resolution for your approval.

None of the Directors of the Company and the Manager is, in any way, concerned or interested in the said resolution, except to the extent of their shareholding, if any.

Item No. 8 and 9

The Company has formulated an Employee Stock Option Scheme in the name of Reliance MediaWorks Employees Stock Option Scheme (herein after called as ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to enable aligning the interests of the employees with those of the Company and its members and to create a common sense of ownership among them. ESOS will also act as an effective tool to attract, reward, motivate and retain the best talent in the industry.

The salient features of the ESOS are set out below:

Total number of Options that could be issued under ESOS:

Upto 10% of the aggregate of the number of issued and paid up equity shares of the Company as on August 2, 2010 i.e. upto 46,12,617 Options to the Eligible Employees as specified hereunder:

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One Option would entitle the holder of the options a right to apply for one equity share of face value of Rs. 5/- and/or equity linked instrument including any depository receipt entitling for one equity share of Rs. 5/- of the Company, as may be decided by the Board. The Options shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

The Options which lapse/expire or are forfeited will be available for grant to Eligible Employee(s).

Grant Date:

The date(s) of the Meeting or of the Resolution of the Board/Committee approving the grant of the Option(s).

Plans:

ESOS may be implemented through one or more Plans.

Eligibility for grant of options:

- (a) Persons as are in the permanent employment of the Company or holding company/subsidiary companies in such grade and with such experience/association with the Company as may be decided by the Board/Committee.
- (b) Directors (including non-executive and independent directors) of the Company and holding company and/or subsidiary companies at any time.
- (c) Such other persons, as may from time to time, be allowed under prevailing laws and regulations and as may be approved by the Board for this purpose.

Above persons are referred herein collectively as "the Eligible Employees".

Employees not eligible for grant of Options:

An employee who is a promoter or belongs to the promoter group or a director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10 per cent of the outstanding equity shares of the Company at the time of granting of option shall not be eligible to participate in ESOS.

Vesting, requirements of vesting and maximum period of vesting:

The Vesting Period under each plan shall commence on expiry of one year from the date of Grant Date and may extend up to 5 (five) years or such further or other period as the Board/Committee may determine, from the Grant date.

The options may vest in one or more tranches, subject to the terms and conditions as may be stipulated

by the Board/Committee, which may include satisfactory performance of eligible employees and their continued employment/association with the Company/Holding Company/Subsidiaries Companies as the case may be, unless such employment/association is discontinued on account of death, permanent / total incapacity / disability or on retirement. In the event of death of an employee while in employment, all the options granted to him till such date shall vest in the legal heirs or nominees of the deceased employee. In case the employee suffers a permanent incapacity while in employment, all the options granted to him as on the date of permanent incapacitation shall vest in him on that day.

If the Eligible Employees voluntarily terminates employment/association with the Company/holding Company/subsidiary companies, as the case may be, the options to the extent not vested shall lapse/expire and be forfeited forthwith. However, this shall not be applicable to the Eligible Employees who have resigned or who may resign from time to time to join companies, approved by the Board/Committee, that have been established or promoted/set up (whether solely or jointly with any other entity) by the Company.

Exercise Price:

The equity shares would be issued at such price as the Board/Committee may determine on the date(s) of grant of option(s) in accordance with the applicable guidelines. Different Exercise Prices may apply to different plans.

Exercise period and process of exercise:

The exercise period shall commence from the date of vesting and expire at the end of five years from the date of vesting or ten years from the Grant Date, whichever is later as may be stipulated in the respective Plan(s) or such other period as may be decided by the Board/Committee. The options would be exercisable by submitting the requisite application form/exercise notice to the Company or such other person as the Company may prescribe, subject to conditions for payment of Exercise Price in the manner prescribed by the Board/Committee.

Appraisal Process:

The Board/Committee shall determine the eligibility criteria for the Eligible Employees under the ESOS based on their evaluation on various parameters, such as length of service, grade, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential, etc., and such other factors as may be deemed appropriate by it.