

RELIANCE COMMUNICATION VENTURES LIMITED

Regd. Office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

Notice Pursuant to Section 192A of the Companies Act, 1956

Notice is hereby given, to the Members of Reliance Communication Ventures Limited for passing the following resolutions through Postal Ballot pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 (including any statutory modification or re-enactment thereof for the time being in force):

Special Business

1. Increase in the Authorised Share Capital and Alteration of the Memorandum of Association of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 16, 94 and all 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 Authorised Share Capital of the Company of Rs. 650,00,00,000 (Rupees Six Hundred Fifty Crore) divided into 130,00,00,000 (One hundred Thirty Crore) equity shares of Rs. 5 (Rupees Five) each be and is hereby increased to Rs. 1500,00,00,000 (Rupees One Thousand Five Hundred Crore) divided into 200,00,00,000 (Two Hundred Crore) equity shares of Rs. 5 (Rupees Five) each and 100,00,00,000 (One Hundred Crore) unclassified shares of Rs. 5 (Rupees Five) each with the power to the Board to decide on the extent of variation in such rights and to classify and re-classify from time to time such shares into any class of shares.

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

V. The Authorised Share Capital of the Company is Rs. 1500,00,00,000 (Rupees One Thousand Five Hundred Crore) divided into 200,00,00,000 (Two Hundred Crore) equity shares of Rs. 5 (Rupees Five) each and 100,00,00,000 (One Hundred Crore) unclassified shares of Rs. 5 (Rupees Five) each with the power to the Board to increase or reduce the capital of the Company and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights, as may be determined by or in accordance with the Articles of Association of the Company or as may be decided by the Board of Directors or the Company in General Meeting, as applicable, in conformity with the provisions of the Act and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and to issue shares of higher or lower denominations in such manner as may for the time being be provided by the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard."

2. Increase in the Authorised Share Capital and Alteration of the Articles of Association of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 31 and all 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 existing Articles of Association of the Company be and is hereby altered by substituting the existing Article 3 with the following Article:

3. The Authorised Share Capital of the Company is Rs. 1500,00,00,000 (Rupees One Thousand Five Hundred Crore) divided into 200,00,00,000 (Two Hundred Crore) equity shares of Rs. 5 (Rupees Five) each and 100,00,00,000 (One Hundred Crore) unclassified shares of Rs. 5 (Rupees Five) each with the power to the Board to increase or reduce the capital of the Company and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights, as may be determined by or in accordance with the Articles of Association of the Company or as may be decided by the Board of Directors of the Company in General Meeting, as applicable, in conformity with the provisions of the Act and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and to issue shares of higher or lower denominations in such manner as may for the time being be provided by the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard."

3. Issue of Securities under Employees Stock Option Scheme

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED that pursuant to the provisions of Section 81(1A) and 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 and the regulations/guidelines, prescribed by Securities and Exchange Board of India or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be required, and subject to such conditions as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, which 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) is hereby authorised to accept, the Board be and is hereby authorised on behalf of the Company, to create, offer, issue and allot, to or for the benefit of such person(s) as are in the permanent employment and the Directors (including the whole-time Directors) of the Company, at any time, equity shares of the Company and/or warrants (whether attached to any security or not) with an option exercisable by the warrant-holder to subscribe for equity shares/equity linked securities and/or bonds, debentures, preference shares or other securities convertible into equity shares 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 prior to the issue and offer thereof, for, or which upon exercise or conversion could give rise to the issue of a number of equity shares not exceeding in aggregate five per cent of the aggregate of the number of issued equity shares of the Company, from time to time, on the date(s) of the grant of option(s) under Reliance Communication Ventures Employees Stock Option Scheme (ESOS), as placed at the Meeting.

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 as also with the then existing equity shares of the Company.

RESOLVED FURTHER that ESOS may be operated by the Trustees of any ESOS Trust(s) established by the Company and containing such terms as the Board while establishing the trust(s) deem appropriate.

RESOLVED FURTHER that for the purpose of giving effect to any creation, offer, issue or allotment of equity shares or securities or instruments representing the same, as described above, or for the purpose of settling any ESOS Trust(s), 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 or desirable for such purpose, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) (including to amend or modify any of the terms of such issue or allotment), as it may, in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members.

RESOLVED FURTHER that the Board be and is hereby authorised to vary or modify the terms of ESOS in accordance with any guidelines or regulations that may be issued, from time to time, by any appropriate authority unless such variation, modification or alteration is detrimental to the interests of the employees/Directors (including the whole-time Directors).

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 Chairman of the Company."

4. Increase in Borrowing Limits

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

"RESOLVED THAT the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose), be and is hereby authorised, in accordance with Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, to borrow any sum or sums of money (including non fund based facilities) from time to time at their discretion, for the purpose of the business of the Company, from any one or more Banks, Financial Institutions and other persons, firms, bodies corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may, at any time, exceed upto a sum of Rs. 10,000 crore (Rupees Ten Thousand crore) over and above the aggregate of the then paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this 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, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

5. Creation of Charge

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

"RESOLVED THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) to mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/or immoveable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Lender(s), Agent(s) and Trustee(s)/Trustee(s), for securing the borrowings availed/to be availed by the Company and/or any of the

Company's holding / subsidiary / affiliate / associate company, by way of loan(s) (in foreign currency and/or rupee currency) and Securities (comprising fully/partly Convertible Debentures and/or Non Convertible Debentures with or without detachable or non-detachable Warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments), issued/to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s)/Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s)/Heads of Agreement(s), Debenture Trust Deed(s) or any other document, entered into/ to be entered into between the Company and the Lender(s)/Agent(s) and Trustee(s) / Trustee(s), in respect of the said loans / borrowings / debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s)/ Agent(s)and Trustee(s) /Trustee(s).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or its duly constituted Committee be and are hereby authorised to finalise, settle and execute such documents/ deeds/writings/papers/ agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid."

6. Payment of Commission to Non-Executive Director(s)

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

"RESOLVED THAT pursuant to Section 309 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to all permissions, sanctions and approvals as may be necessary, approval of the Company be and is hereby accorded for the payment of commission to the Director(s) of the Company who is/are neither in the whole time employment nor managing director(s), in accordance with and upto the limits laid down under the provisions of Section 309(4) of the Act, computed in the manner specified in the Act, for a period of 5 years from the financial year commencing 1st April, 2006, in such manner and upto such extent as the Remuneration Committee of the Board may, from time to time, determine.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or Remuneration Committee constituted by the Board be and are hereby authorised to take all actions and do all such deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

7. Raising of Resources through Issue of Securities in the International Markets

To consider and, if thought fit, to pass, with or without modification(s), 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 time being in force) and enabling provisions of the Memorandum and the Articles of Association of the Company and the Listing Agreements with the Stock Exchanges and subject to the provisions of the 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 called 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 power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot, in International offerings any securities including Global Depository Receipts and / or American Depository Receipts convertible into equity shares, preference shares whether Cumulative / Redeemable / Convertible at the option of the Company and / or the option of the holders of the security and / or securities linked to equity shares / preference shares and / or any instrument or securities representing convertible securities such as convertible debentures, bonds or warrants convertible into depository receipts underlying equity shares/ equity shares / preference shares, (hereinafter referred to as the "Securities") to be subscribed by foreign / domestic investors/institutions and / or corporate bodies/entities including mutual funds, banks, insurance companies and / or individuals or otherwise, whether or not such persons/entities/investors are Members of the Company whether in one or more currency, such issue and allotment to be made 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 think fit, in consultation with the Lead Managers, Underwriters, Advisors or other intermediaries provided however that the issue of securities as above shall not result in increase of the issued and subscribed equity share capital of the Company by more than 25% of the then issued and outstanding equity shares.

(b) RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms including as to conditions in relation to payment of interest, additional interest, premia on redemption, prepayment and any other debt service payments whatsoever, and all such other terms as are provided in Securities offerings of this nature including terms for issue of such Securities or variation of the conversion price of the Security during the duration of the Securities and the Company is also entitled to enter into and execute all such arrangements as the case may be with any lead managers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or payment of their remuneration for their services or the like, and also to seek the listing of such Securities on one or more stock exchanges including international Stock Exchanges, wherever permissible.

- (c) RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorised by the Company for the issue of Securities in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the domestic and / or international practice and regulations, and under the norms and practices prevalent in securities markets.
- (d) RESOLVED FURTHER that the Board and/or an agency or body authorised by the Board may issue Depository Receipt(s) or Certificate(s) or Shares, representing the underlying securities issued by the Company in registered or bearer form with such features and attributes as are prevalent in Indian and/or International capital markets for the instruments of this nature and to provide for the tradability or free transferability thereof, as per the Indian/International practices and regulations and under the norms and practices prevalent in the Indian/International markets.
- (e) RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by the applicable laws.
- (f) RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorised to issue and allot such number of 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.
- (g) RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed off by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in the best interest of the Company and as is permissible at law.
- (h) 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 or any Committee thereof be and is hereby authorised on behalf of the Company 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 depository arrangement 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.
- (i) 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 / charge under Section 293(1)(a) of the said Act in respect of the aforesaid 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.
- (j) 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 the Chairman or any other Officers / Authorised Representatives of the Company to give effect to the aforesaid resolution."

8. Increase in limits for FII Investment

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

"RESOLVED THAT pursuant to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by 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"), the consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors including their sub-accounts (hereinafter referred to as "the FIIs"), in the shares or debentures convertible into shares of the Company, by purchase or acquisition from the market under the Portfolio Investment Scheme under FEMA, subject to the condition that the total holding of all FIIs put together shall not exceed 74 (seventy four) per cent of the paid up equity share capital or paid up value of the respective series of the convertible debentures of the Company as may be applicable or such other maximum limit as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

9. Appointment of Manager

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 387 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act 1956, and subject to all such sanctions, as may be necessary, the consent of the Company be and

is hereby accorded to the appointment of Shri Hasit Shukla as the Manager of the Company for a period of 05 (five) years commencing from February 8, 2006 on the terms and conditions including remuneration set out in the Agreement to be entered into between the Company and Shri Hasit Shukla, 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 Shri Hasit Shukla, 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 Shri Hasit Shukla, as Manager, the remuneration and perquisites set out as aforesaid be paid or granted to him 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."

10. Shifting of Registered Office of the Company from the State of Maharashtra to the State of Goa

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 17 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to confirmation of the Company Law Board the existing Clause II in the Memorandum of Association of the Company be substituted as under:

II. The Registered Office of the Company will be situated in the State of Goa.

RESOLVED FURTHER THAT on the confirmation by the Company Law Board, the Registered Office of the Company be transferred from the State of Maharashtra to the State of Goa.

RESOLVED FURTHER THAT effect may be given to this resolution, at such time and in such manner as the Board of Directors of the Company considers appropriate and the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions, as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard."

Registered Office:

H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Mumbai, February 20, 2006

By Order of the Board

For Reliance Communication Ventures Limited

Hasit Shukla
Company Secretary

Notes:

1. The relative Explanatory Statement pursuant to Sections 173(2) and 192A(2) of the Companies Act, 1956 setting out material facts is annexed hereto.
2. The Board of Directors at its meeting held on February 8, 2006 has appointed Shri Anil Lohia, Chartered Accountant as the Scrutinizer to receive and scrutinize the completed Ballot Papers from the Members. The Postal Ballot Form and the self addressed business reply envelope are enclosed for use of the Members.
3. You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed with the assent (for) or dissent (against), in the attached pre-paid envelope, so as to reach the Scrutinizer on or before March 29, 2006 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member. The Scrutinizer will submit his report to the Chairman of the Company after completion of the scrutiny and the results of postal ballot will be announced on Friday, March 31, 2006, at the Registered Office of the Company at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710 at 5.00 p.m.
4. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on all working days except Saturdays between 11.00 a.m. and 1.00 p.m., up to March 29, 2006.

Explanatory Statement under Sections 173(2) and 192A(2) of the Companies Act, 1956.

Item Nos. 1 & 2 - Increase in the Authorised Share Capital

The Company, in order to meet its growth objectives and to strengthen its financial position, may be required to generate long term resources by issuing securities. It is therefore deemed appropriate to increase the Authorised Share Capital of the Company from Rs. 650 crore to Rs. 1,500 crore and for that purpose, the Memorandum of Association and the Articles of Association of the Company are proposed to be suitably altered as set out at Item Nos. 1 and 2 of the accompanying Notice.

The provisions of the Companies Act, 1956 require the Company to seek the approval of the Members for increase in the authorised share capital and for the alteration of capital clause of the Memorandum of Association and the Articles of Association of the Company.

The Board of Directors accordingly recommend the resolutions set out at Item Nos. 1 and 2 of the accompanying Notice for the approval of the Members. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

None of the Directors of the Company is, in any way, concerned or interested in the said resolutions.

Item No 3 - Employee Stock Option Scheme

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).

In view of the above, the Board has formulated an ESOS in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 under which the maximum number of equity shares of the Company that could be created, offered, issued and allotted under ESOS should not exceed five per cent of the issued equity shares of the Company, as on the date(s) of the grant of option(s) under ESOS. The Board has accordingly decided to seek the approval of the Members for the same.

The salient features of the ESOS are set out below:

Total number of options/shares that could be issued under ESOS: Upto five per cent of the aggregate of the number of issued equity shares of the Company, from time to time, on the date(s) of grant of option(s) to Eligible Employee [being employee/Director (including whole-time Director) of the Company, its subsidiary companies and holding company, if any].

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

Grant Date: The date of the Meeting of the Board/Committee approving the grant of option(s).

Eligibility for grant of options:

- (a) Persons as are in the permanent employment of the Company, its subsidiary companies and holding company in such grade and with such experience / association with the Company, as may be decided by the Board/Committee.
- (b) Directors (including whole-time Directors) of the Company, its subsidiary companies and holding company at any time.

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 shall commence on the expiry of one year from the Grant Date and may extend up to four years or such further or other period as the Board/Committee may determine, from the Grant Date.

The options may vest in tranches subject to the terms and conditions as may be stipulated by the Board/Committee, which may include satisfactory performance of the employees/Directors and their continued employment with the Company, as the case may be, unless such employment is discontinued on account of death, permanent/total disability or on retirement.

If the employee/Director (including whole-time Director) voluntarily terminates employment with the Company, the options to the extent not vested shall lapse/expire and be forfeited forthwith. However, this shall not be applicable to the employee/Director (including whole-time Director) of the Company who has resigned or who may resign from time to time to join companies, approved by the Board/Committee, that have been established or promoted or set up (whether solely or jointly with any other entity) by the Company.

Exercise price: The equity shares would be issued at a market price (Exercise Price), which would be the latest available closing price on the stock exchange, which records highest trading volume in the Company's equity shares on the date prior to the date of the Meeting of the Board/Committee at which options are granted or at such price as the Board/Committee may determine on the date(s) of grant of option(s).

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. 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 employees and the Directors (including whole-time Directors) under ESOS based on evaluation of the employees/Directors 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.

Maximum number of options to be issued per employee and in aggregate: The maximum number of options granted to any Eligible Employee in a year will not exceed 0.05% of the issued equity shares of the Company at the time of granting of the options. The aggregate of all such options granted shall not exceed five per cent of the aggregate of the number of issued equity shares of the Company, from time to time, on the date(s) of grant of option(s).

Disclosure and accounting policies: The Company shall comply with the disclosure and accounting policies prescribed by Securities and Exchange Board of India (SEBI) and any other appropriate authority, from time to time.

Method of valuation: The Company follows the intrinsic value method for computing the compensation cost, if any, for the options granted. The difference between the compensation cost so calculated and compensation cost that would have been recognised if the Company had used fair value method and its impact on the profits and earnings per share would be disclosed in the Directors' Report. The fair value would be determined using the Black-Scholes model.

In terms of the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, approval of the Members is sought to issue equity shares, pursuant to the options granted under ESOS, not exceeding in aggregate, five per cent of the number of issued equity shares of the Company, from time to time, as on the date(s) of grant of option(s) under ESOS.

The Board may, in its absolute discretion, provide for an appropriate ESOS to be operated through any ESOS Trust, which shall be governed and operated in terms of the provisions stipulated therein.

The Board/Committee shall have the absolute authority to vary or modify the terms of ESOS in accordance with the regulations and guidelines prescribed by SEBI or regulations that may be issued by any appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interests of the employees/Directors (including whole-time Directors).

The Board of Directors accordingly recommend the resolution set out at Item No. 3 of the accompanying Notice for the approval of the Members. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

All the Directors of the Company except Shri Anil D. Ambani may be deemed to be concerned or interested in this resolution to the extent of the benefit they may derive under ESOS.

Item No. 4 - Increase in Borrowing Limits

In terms of the provisions of Sections 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the Company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose.

Keeping in view the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits.

The Board of Directors accordingly recommend the resolution set out at Item No. 4 of the accompanying Notice for the approval of the Members. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

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

Item No 5 - Creation of Charge

The borrowings by a Company, in general, is required to be secured by mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and/or charge on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company or of any of its holding, subsidiary, affiliate or associate company, with a power to the charge holders to take over the management of the business and concern of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence, it is necessary for the Members to pass a resolution under the said Section.

The Board of Directors accordingly recommend the resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

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

Item No. 6 - Payment of Commission to Non-Executive Directors

The Board at its meeting held on February 8, 2006 adopted the "Reliance Anil Dhirubhai Ambani Group – Corporate Governance Policies and Code of Conduct" which emphasises Company's adherence to the globally acclaimed best corporate governance principles. The said principles, inter alia, envisage a performance driven remuneration policy.

The Chairman and the non executive Directors are required to devote more time and attention, more so with the requirements of the revised Corporate Governance Policies. The Board therefore recognizes the need to suitably remunerate the Director(s) of the Company who are neither in the whole time employment nor managing director(s) with such commission upto a ceiling of 1% (if the Company has a managing or whole time director or manager) or 3% (if the Company has no managing or whole time director or manager) of the net profits of the Company, every year, computed in the manner specified in the Act, or such other limit as may be approved by the Central Government, for a period of 5 years from the financial year commencing 1st April, 2006. The quantum of the said commission will be apportioned amongst the non executive Directors commensurate with their respective performance, which will be adjudged by the Remuneration Committee of the Board, based on pre-defined qualitative and quantitative parameters.

The Board of Directors accordingly recommend the resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

All the non executive Directors of the Company, may be deemed to be concerned or interested in this resolution to the extent of commission that may be payable to them from time to time.

Item No. 7 - Raising of Resources through Issue of Securities in the International Markets

The Company, in order to enhance its global competitiveness, and increase the ability to compete with the peer group in domestic and international markets, needs to strengthen its financial position by augmenting long term resources. To achieve the significant competitive advantages, through easy access to large amounts of international capital, with extended maturities, at optimal costs, the Company may need to issue Securities in the international markets, as contemplated in the resolution and as may be decided by the Board and found to be expedient and in the interest of the Company.

The detailed terms and conditions of the Issue as and when made will be determined by the Board of Directors in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with the applicable provisions of law.

The proposed issue of Securities as above may be made in one or more tranches, in the international market in one or more currency, such that the Securities to be issued shall not result in increasing the then issued and outstanding equity shares of the Company by more than 25%. The issue price of the security to be issued in the proposed offerings will be determined by the Board of Directors at the time of the offer depending on the then prevailing market conditions and the applicable regulations. The Securities will be listed on such International / Indian Stock Exchanges as the Board may be advised and as it may decide.

Section 81(1A) of the Companies Act, 1956, provides, 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 Listing Agreements with the various Stock Exchanges also provide that the Company shall issue or offer in the first instance all Securities to the existing equity shareholders, 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 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.

This Special Resolution gives (a) adequate flexibility and discretion to the Board to finalise the terms of the issue, in consultation with the Lead Managers, Underwriters, Legal Advisors and experts or such other authority or authorities as need to be consulted including in relation to the pricing of the Issue which will be fixed keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules, regulations or guidelines, and (b) powers to issue and market any Securities issued pursuant to the international offer including the power to issue such Securities in such tranche or tranches with / without voting rights.

The Board of Directors accordingly recommend the resolution set out at Item No. 7 of the accompanying Notice for the approval of the Members. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

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

Item No. 8 - Increase in limits for FII Investment

The foreign institutional investors (FIIs) have assumed a crucial role in the Indian capital market. It is proposed to facilitate greater FII investment in the Company, which would not only provide depth and liquidity to the Company's shares but will also reflect the Company's commitment to the highest standards of disclosures, transparency, and corporate governance, its operational efficiencies, global competitiveness, and proven management track record, which are the preferred investment qualifications for FIIs.

In terms of the provisions of Portfolio Investment Scheme under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors (FIIs) may invest in the equity shares / convertible debentures up to the sectoral cap / statutory limit as applicable to the Indian companies, subject to the approval of the Board of Directors and approval of Members of the Company by way of a special resolution.

The Board of Directors of the Company at its meeting held on February 8, 2006, inter alia, proposed, subject to the approval of Members by way of a special resolution, to enhance the said FII investment limit to 74 per cent of the paid up Equity Capital or paid-up value of the respective series of the convertible Debentures of the Company.

The resolution set out at Item No. 8 of the accompanying Notice will enable the FIIs, who are considered to be prudent investors, to acquire shares of the Company through authorised dealers within the revised ceiling under the Portfolio Investment Scheme of the Reserve Bank of India.

The Board of Directors accordingly recommend the resolution set out at Item No. 8 of the accompanying Notice for the approval of the Members. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

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

Item No. 9 - Appointment of Manager

The Board of Directors of the Company at their meeting held on February 8, 2006, have, subject to the approval of the Members in general meeting and the Central Government, if required, appointed Shri Hasit Shukla as Manager of the Company for a period of 05 (five) years commencing from February 8, 2006 on the remuneration determined by the Remuneration Committee of the Board of Directors. Shri Hasit Shukla aged 44 years is a commerce and law graduate and a fellow member of the Institute of Company Secretaries of India. He has over two decades of experience in corporate secretarial, legal, finance and managerial functions. The remuneration payable to and the terms of appointment of Shri Hasit Shukla as Manager of the Company during the tenure of his appointment will comprise salary, allowances and the other perquisites, the aggregate monetary value of such salary, allowances and perquisites being limited to Rs. 35,00,000 (Rupees Thirty Five Lakh) per annum. The perquisites and allowances payable to Shri Hasit Shukla will include Company owned / Leased Accommodation or House Rent allowance in lieu thereof, medical reimbursements, leave travel concession for self and his 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, Shri Hasit Shukla shall also be eligible to an annual increment not exceeding 25% on the last drawn salary, perquisites and allowances during his tenure as Manager. Shri Hasit Shukla fulfils the conditions for eligibility contained in Part I of Schedule XIII to 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 Shri Hasit Shukla. 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 Shri Hasit Shukla is available for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto March 29, 2006.

The Board of Directors accordingly recommend the resolution set out at Item No. 9 of the accompanying Notice for the approval of the Members. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

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

Item No. 10 - Shifting of Registered Office of the Company from the State of Maharashtra to the State of Goa

The Registered Office of the Company is presently situated in the State of Maharashtra. As a measure of rationalisation, it is proposed to shift the Registered Office from the State of Maharashtra to the State of Goa.

Section 17 of the Companies Act, 1956 provides that for the shifting the Registered Office of the Company from one State to another, approval of the members by way of Special Resolution and confirmation by the Company Law Board is required. Further, pursuant to Section 192A of the Companies Act, 1956, such Special Resolution is required to be passed by means of a postal ballot.

The Board of Directors accordingly recommend the resolution set out at Item No. 10 of the accompanying Notice for the approval of the Members. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

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

Registered Office:
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710

Mumbai, February 20, 2006

By Order of the Board
For Reliance Communication Ventures Limited

Hasit Shukla
Company Secretary

