

Mid-Day Multimedia Limited

NOTICE

NOTICE is hereby given that the **TWENTY-FOURTH ANNUAL GENERAL MEETING** of the Company will be held at Kamalnayan Bajaj Hall Auditorium, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021 on Monday, July 18, 2005 at 4.30 p.m. to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the financial year ended on that date together with the Directors' Report and the Auditors' Report thereon.
- 2) To appoint a Director in place of Mr. Khalid A. H. Ansari, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Ravi Raheja, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and to fix their remuneration.

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. Rakesh Jhunjunwala, 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(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri. Nikhil Khattau, be and is hereby appointed as a director of the Company, liable to retire by rotation."
- 7) To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri. Adille J. Sumariwalla, be and is hereby appointed as a director of the Company, liable to retire by rotation."
- 8) To consider and, if thought fit, to pass with or without modifications 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 statutory modification(s) or re-enactment thereof] and subject to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions as may be prescribed or imposed while granting such approvals and which may

be agreed to or accepted by the Board of Directors (hereinafter referred to as "the Board" which expression shall include a committee thereof) at its sole discretion, the consent of the Company be and is hereby accorded to the Board to grant 7,00,000 stock options through the Trust, Mid-Day Exports Private Limited

- 1) to the eligible employees and Directors of the Company
- 2) to the eligible employees and Directors of its subsidiaries (as referred to the resolution number 9) through "Employee Stock Option Scheme" (ESOS), which entitles the Option holders to subscribe to 7,00,000 Equity shares of the Company which comprise of existing 2,00,000 Equity shares lying in the Trust (with no identified beneficiaries) and further issue of 5,00,000 Equity shares to the Trust.

RESOLVED FURTHER THAT to give effect to the above resolution, the Trust, Mid-Day Exports Private Limited is authorised to transfer such shares out of the above 7,00,000 Equity shares of the Company to such person(s) who are in the permanent employment of the Company, at par value on exercise of the options by employees in one or more tranches during the exercise period.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue, and allot such number of Equity Shares as may be required upon exercise of option from time to time in pursuance of the scheme and that the equity shares so issued and allotted shall rank in all respects, *pari passu*, with the existing Equity Shares of the Company, save and except, that such Equity Shares shall carry the right to receive either the full dividend or a prorata dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the Shares shall become effective.

RESOLVED FURTHER THAT the Board be and is hereby authorised to modify or amend any of the terms and conditions of the Scheme as it may deem fit, from time to time, in its sole discretion while conforming to the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and the Guidelines.

RESOLVED FURTHER THAT for the purpose of giving effect to the above 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 fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard."

- 9) To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section

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81(1A) and other applicable provisions, if any, of the Companies Act, 1956 [including any statutory modification(s) or re-enactment thereof] and subject to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions as may be prescribed or imposed while granting such approvals and which may be agreed to or accepted by the Board of Directors (hereinafter referred to as "the Board" which expression shall include a committee thereof) at its sole discretion, the consent of the Company be and is hereby accorded to the Board to grant such number of stock options, out of 7,00,000 stock options as referred to in Resolution no. 8 above through the Trust, Mid-Day Exports Private Limited to the eligible employees and Directors of the Subsidiary Company through "Employee Stock Option Scheme" (ESOS) as referred to in Resolution no. 8 above, which entitles the Option Holders to subscribe to 7,00,000 Equity shares of the Company which comprise of existing 2,00,000 Equity shares lying in the Trust (with no identified beneficiaries) and further issue of 5,00,000 Equity shares to the Trust.

RESOLVED FURTHER THAT the Trust, Mid-Day Exports Private Limited is also authorised to transfer such shares out of the above 7,00,000 Equity shares of the Company to such person(s) who are in the permanent employment of its subsidiaries and / or Directors of its subsidiaries at par value on exercise of the options by employees in one or more tranches during the exercise period.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue, and allot such number of Equity Shares as may be required upon exercise of option from time to time in pursuance of the scheme and that the equity shares so issued and allotted shall rank in all respects pari passu with the existing Equity Shares of the Company save and except that such Equity Shares shall carry the right to receive either the full dividend or a prorata dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the Shares shall become effective.

RESOLVED FURTHER THAT the Board be and is hereby authorised to modify or amend any of the terms and conditions of the Scheme as it may deem fit from time to time in its sole discretion while conforming to the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and the Guidelines.

RESOLVED FURTHER THAT for the purpose of giving effect to the above 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 fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that

may arise in this regard."

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in regard to the business as set out in Item Nos. 5 to 9 above is annexed hereto.
2. The information required to be provided under the Listing Agreement entered into with various Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed is given in the Corporate Governance section of the Annual Report.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
4. The Register of Members and Share Transfer Books of the Company will be closed from Friday, 15th July, 2005 to Monday, 18th July, 2005 (both days inclusive) for annual closure as per the Listing Agreements.
5. Members desiring any information on the accounts at the annual general meeting are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready at the meeting.
6. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
7. As a measure of economy, copies of annual report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the annual report to the meeting.
8. Pursuant to the amendment to the Companies Act, 1956 the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of 7 years from the date of its transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.
9. Members are requested to notify immediately any change in their address and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents for shares held in physical form and to their respective Depository Participants for shares held in electronic form.

By Order of the Board of Directors
For **Mid-Day Multimedia Limited**

Vidya Shembekar
Company Secretary

Registered Office:

156-D, J. Dadajee Road,
Tardeo, Mumbai - 400 034.
Mumbai, 29th April, 2005

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EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 5 to 9 of the accompanying Notice dated April 29, 2005.

ITEM NO. 5, 6 and 7

Mr. Rakesh Jhunjhunwala, Mr. Nikhil Khattau and Mr. Adille J. Sumariwalla were co-opted as Additional Directors of the Company with effect from January 31, 2005, pursuant to Section 260 of the Companies Act, 1956, read with Article 129 of the Articles of Association of the Company. Mr. Rakesh Jhunjhunwala, Mr. Nikhil Khattau and Mr. Adille J. Sumariwalla hold office of Director up to the date of the Annual General Meeting. The Company has received notices from members proposing the candidature of Mr. Rakesh Jhunjhunwala, Mr. Nikhil Khattau and Mr. Adille J. Sumariwalla for appointment as Directors of the Company under Section 257 of the Companies Act, 1956 with deposit of Rs. 500/- for each of the above director which shall be refunded if they are elected as Directors of the Company. None of the Directors of the Company other than Mr. Rakesh Jhunjhunwala, Mr. Nikhil Khattau and Mr. Adille J. Sumariwalla are interested in the above resolutions.

The Board recommends the above resolutions set forth in Item No. 5, 6 and 7 for the approval of the members.

ITEM NO. 8 & 9

The Company recognizes that in an increasingly competitive environment, people are key resources. The Company therefore understands that rewarding its key and high-performing employees is critically imperative to its continued success. Consequently, the management is keen to offer stock Options

1) to its key employees and / or Directors; and

2) to key employees and / or Directors of its subsidiaries

It understands that a stock option plan would be ideal to ensure retention of qualified, talented and competent key personnel and to keep them continuously motivated to create value for them.

The Compensation Committee of the Board of Directors has formulated the ESOS and the Committee shall administer and monitor the ESOS through the Trust, Mid-Day Exports Private Limited.

The salient features of the Scheme are set out below:

(1) Total number of Options to be granted under the Scheme

Upto 7,00,000 (Seven Lacs) Options in aggregate; (each option exercisable for one equity share of Rs. 10 each fully paid-up on payment to the Company for such shares at a price of Rs. 10 per option) will be available for granting to eligible employees and directors of the Company and to the eligible employees and directors of subsidiary companies.

(2) Identification of classes of employees entitled to participate in the ESOS

All present and future employee(s) as defined in the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (including any statutory modification(s) thereof, for the time being in force), who are selected by the Compensation Committee, shall be entitled to participate in the ESOS.

The following category(s) of employee shall not be eligible to participate in the ESOS:

- (a) An employee who is a promoter or belong to the promoter group,
- (b) A director who either by himself or through relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company.

(3) Requirement of vesting and period of vesting

Vesting of option shall commence on the expiry of a period of one year from the date of grant of Options. The vesting will be in the following graduated scale and subject to the terms and conditions of vesting, as stipulated under the scheme by the Board/Committee.

1st Vesting	End of one year from the date of grant Options or any extended period as may be determined by the Compensation Committee	16.67%
2nd Vesting	End of one year from the date of 1st Vesting	33.33%
3rd Vesting	End of one year from the date of 2nd Vesting	50.00%

(4) Maximum Period within which the options shall be vested

The Compensation Committee will decide the maximum period within which the option shall be vested in an employee at the time of issue of the option.

(5) Exercise Price or Pricing Formula

The exercise price for vested options is at par value of shares

(6) Exercise Period and the process of exercise

The Maximum Exercise period shall be 3 months from the date of vesting and on the expiry of 3 months the right to exercise the Options shall lapse. Once the Options become vested in an employee he may exercise the Options at various points of time within the Maximum Exercise Period.

There will be a minimum and maximum time for exercising the option. Once the minimum exercise period

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is over, the Option holder would become eligible for exercising the Option granted to him (also known as Vesting of the Option), i.e. he would be entitled to subscribe to the Equity shares.

(7) Appraisal process for determining the eligibility of employees to ESOS

The major criteria involved in selection of the eligible employees will include the following factors:

- a. Employees in key functional areas
- b. Managerial Cadre
- c. Past Service/Performance
- d. Current Performance Evaluation
- e. Expected Future Performance/Contribution
- f. Minimum years of Future Service

(8) The maximum number of Options to be issued per employee shall be as under

The maximum number of options granted per employee in any level will not exceed 30,000 options (each option providing entitlement to one share of the Company).

(9) Accounting Policies

The Company shall conform to the Accounting Policies specified in Schedule I to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

(10) Valuation Method

The Company shall value its Options by using Intrinsic Value Method.

(11) Disclosure in Directors' Report

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

The Board of Directors recommends these resolutions for the approval of the shareholders. None of the Directors are in any way concerned or interested in passing of these resolutions.

By Order of the Board of Directors

For Mid-Day Multimedia Limited

Vidya Shembekar
Company Secretary

Registered Office:

156-D, J. Dadajee Road,
Tardeo, Mumbai - 400 034.
Mumbai, 29th April, 2005