

## EDUCOMP SOLUTIONS LIMITED

Regd. Office: 1211, Padma Tower 1, 5, Rajendra Place New Delhi-110008

Dear Shareholders

### Postal Ballot Notice pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001

Pursuant to the provisions of Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, notice is hereby given that the Company is seeking consent of its Members by passing resolution through Postal Ballot in respect of the following Special business:- .

The proposed Special business(es), along with the Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 and a Postal Ballot Form is enclosed for your consideration. The Company has appointed Mr. Sanjay Grover, Practicing Company Secretary, as Scrutinizer for conducting the entire Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed in the attached self addressed, prepaid postage envelope, so as to reach the Scrutinizer on or before the close of working hours on 15<sup>th</sup> March 2010. The Ballot Forms received after the said date will be treated as not received. The Scrutinizer will submit his Report to the Chairman after completion of the scrutiny and the result of the voting by Postal Ballot will be declared on 18<sup>th</sup> March 2010 at 4 p.m. at the registered office of the company. The shareholder who wishes to present at the time of declaration of result may present at the registered office of the Company at 1211, Padma Towers -I, 5, Rajendra Place New Delhi 110008 at the time of declaration of result.

The date of declaration of result shall be deemed to be date of passing of the said Resolution

#### **Item No. 1. Issue of Equity Shares to M/s Zaptive Internet Services Pvt Ltd on preferential basis as per the SEBI (ICDR) Regulations, 2009:**

**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 all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment(s) to or re-enactment thereof) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and in terms of the provisions of the SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (the "SEBI (ICDR) Regulations") (including any amendment(s) to or re-enactment thereof) and subject to the approvals, consents, permissions and / or sanctions, as may be required from any appropriate authority, institution or body (hereinafter collectively referred to as the "the appropriate authorities") and subject to such terms, conditions, alterations, corrections, changes, variations and / or modifications, if any, as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and / or sanctions (hereinafter referred to as "the requisite approvals") and 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 duly constituted by the Board or any Committee which the Board may have constituted or hereafter constitute, to exercise one or more of its powers including the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot such number of equity shares of the face value of Rs.2/- each, fully paid up, at such price (including premium) being not less than the price determined in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009, on preferential allotment basis, so that the value of the total number of shares so issued at a price determined in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009 aggregates to not more than Rs. 4,16,61,000/- ( Rupees Four Crore Sixteen Lacs Sixty One Thousand Only ) for consideration other than cash to Zaptive Internet Services Private Limited , a non promoter Indian company as being the part consideration for acquisition of its domain name "studypalaces.com" and its business contracts etc. on such terms and conditions as agreed up on in terms of the "Business Purchase Agreement" ( BPA ) executed between the company and the Zaptive Internet Services Private Limited.

FURTHER RESOLVED THAT the relevant date for the purpose of calculating the exercise price under Chapter VII of SEBI (ICDR) Regulations, 2009 is 16<sup>th</sup> February, 2010.

RESOLVED FURTHER THAT the said shares shall be ranked in all respects, pari passu with the existing equity shares of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 the fresh equity shares to be allotted shall be locked in for a period of one year from the date of allotment and that the equity Shares shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in except to the extent and in the manner permitted there under.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, at its discretion deem necessary, desirable or expedient to effect the issue or allotment of aforesaid securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue and allotment of any of the said securities and to do all acts, deeds and things in connection therewith and incidental thereto as the Board 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 they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

#### **Item No. 2 Educomp Employee Stock Option Scheme 2010**

**To consider and if thought fit, to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 Memorandum and Articles of Association of the Company and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, the Reserve Bank of India or any relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed by them while granting such permissions, consents, authority and approval of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which terms shall be deemed to include any committee including Remuneration committee of the Board) to frame the proposed ESOP

Scheme 2010 and to create, issue, offer and allot in one or more tranches under the said proposed ESOP Scheme 2010 at any time to or for the benefit of employees and directors (except promoter directors and their relatives) of the Company such number of equity shares and/or equity linked instruments or Securities which could give rise to the issue of equity shares (hereinafter collectively referred to as "Securities") of the Company initially not exceeding 10,00,000 (Ten Lacs only) options at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other applicable provisions of any law as may be prevailing at the relevant date.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect any scheme (hereinafter referred to as "the ESOP Scheme-2010") on such terms and conditions as contained in the relevant Explanatory Statement to this notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the scheme from time to time including but not limited to amendments with respect to vesting period, exercise price, eligibility criteria, vesting schedule or to suspend, withdraw or revive the ESOP scheme-2010

**RESOLVED FURTHER THAT** the new equity shares to be issued and allotted as stated aforesaid shall rank pari- passu with all the then existing equity shareholders of the Company for all purposes.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps for listing of the securities allotted under the ESOP Scheme-2010 in the Stock Exchanges where the securities of the Company are listed as per provisions of the Listing Agreement with the Concerned Stock Exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of securities, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revise the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matter 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 questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members.

### **Item No 3. Educomp Employee Stock Option Scheme 2010 for Subsidiaries**

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

"RESOLVED THAT the benefits of the Employee Stock Option Scheme proposed under Resolution No. 2 of this Notice and as approved by the Members, be extended to such present and future permanent employees including Managing Director/Whole-Time Directors of such subsidiary Companies of the Company, as may be decided by the Board of Directors of the Company (hereinafter referred to as "the Board" which terms shall be deemed to include any committee including Remuneration committee of the Board)

### **Item No 4. Corporate Guarantee/Investment in EduSmart Services Private Limited U/s 372A of the Companies Act, 1956**

**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 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval/ consent of such appropriate authorities where necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to make further investment, in one or more tranches, in 'EduSmart Services Private Limited', by subscription, purchase or otherwise, in any kind of preference shares, or by providing of guarantee in connection with a loan made by any other person to 'EduSmart Services Private Limited' upto Rs. 1550 Crores (Rupees One Thousand Five Hundred and Fifty Crores only) inclusive of existing investment/corporate guarantee of Rs. 365 crore (Rupees Three Hundred and Sixty Five Crore Only ) consisting of Rs. 20 Crore ( Rupees Twenty Crore Only ) investment in 8% Cumulative Redeemable Optionally Convertible Preference Share and Rs. 345 Crore ( Rupees Three Hundred and Forty Five Crore Only ) as corporate guarantee notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits prescribed under the said section.

RESOLVED FURTHER THAT the Board be and is hereby authorized to accept/modify/finalize the terms and conditions of subscription, purchase or otherwise of Preference Shares/Corporate guarantees on behalf of the Company as it deems fit in the best interest of the Company and to take all such actions and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed, on behalf of the Company, in connection with such investments, loans, guarantees and generally to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution."

### **Item No 5. Investment U/s 372A of the Companies Act, 1956**

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

"RESOLVED THAT in continuation of the earlier resolution passed by members of the company through postal ballot notice dated 30<sup>th</sup> April, 2009 of which result was declared on 12<sup>th</sup> June, 2009 and pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval/ consent of such appropriate authorities, if any, the consent of the members of the company be and are hereby is hereby accorded to the Board of Directors of the Company to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and/or acquire by way of subscription, purchase or otherwise the securities of any Body corporate (other than companies for which specific investment limit have been fixed and approved by the shareholders) up to a limit not exceeding Rs. 2000 Crore (Rupees Two Thousand Crores) notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits prescribed under the said section.

RESOLVED FURTHER THAT unless otherwise approved by shareholders of the company, overall limit of loan(s) and/or guarantee(s)/ security (ies) in connection with loan(s) made to and/or investment by way of subscription, purchase or otherwise in the securities of any Body corporate pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) shall not exceed Rs. 5050 Crore ( Rupees Five Thousand and Fifty Crore Only).

RESOLVED FURTHER THAT the Board be and is hereby authorized to negotiate and finalize the terms and conditions of the said investments, loans, guarantees on behalf of the Company as it deem fit in the interest of the Company, to take all such actions and to settle all matters arising out of and

incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed, on behalf of the Company, in connection with such investments, loans, guarantees and provision of security and generally to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution."

**Item No 6. Increase in remuneration of Mr. Jagdish Prakash, Whole Time Director**

**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 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, or any other law and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), approval(s) and permission(s) and as are agreed to by the Board of directors (hereinafter referred to as "the Board", which term shall include any committee constituted by the Board and any person authorized by the Board in this behalf) the consent of the company be and is here by accorded to increase in the remuneration, explained in the explanatory statement annexed herewith, of Shri. Jagdish Prakash, Whole Time Director of the Company with effect from 1<sup>st</sup> January, 2010 for the remainder of his tenure.

RESOLVED FURTHER THAT subject to the provisions of Sections 198, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, or any other law and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), approval(s) and permission(s) the Board be and is here by authorized to vary, alter and modify the terms and conditions of the reappointment remuneration/remuneration structure of Mr. Jagdish Prakash, Whole Time Director as it considers and deems fit.

RESOLVED FURTHER THAT the Board be and is here by authorized to do all such acts, deeds, matter and things as may be deemed necessary to give effect to this resolution."

**Item No 7. Re-appointment of Mr. Jagdish Prakash as Whole Time Director**

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, or any other law and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), approval(s) and permission(s) and as are agreed to by the Board of directors (hereinafter referred to as "the Board", which term shall include any committee constituted by the Board and any person authorized by the Board in this behalf) consent of the Company be and is hereby accorded to re-appointment of Mr. Jagdish Prakash as the Whole Time Director of the Company for a further period of five years with effect from 25 July, 2010 on the remuneration, perquisites and amenities, as given in the explanatory statement annexed herewith.

RESOLVED FURTHER THAT subject to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, or any other law and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), approval(s) and permission(s) the Board be and is here by authorized to vary, alter and modify the terms and conditions of the reappointment remuneration/remuneration structure of Mr. Jagdish Prakash, Whole Time Director as it considers and deems fit.

RESOLVED FURTHER THAT the Board be and is here by authorized to do all such acts, deeds, matter and things as may be deemed necessary to give effect to this resolution."

**Date: 29.01.2010**

**Place: New Delh**

By Order of the Board  
For Educomp Solutions Limit

Sd/-  
Mohit Maheshwari  
Company Secretary

**Notes:**

1. An Explanatory Statement pursuant to Section 173(2) read with Section 192A of the Companies Act, 1956 in respect of the business under Item Nos. 1 to 6, is annexed hereto.
2. The Company has appointed Mr. Sanjay Grover F.C.A, F.C.S, Practicing Company Secretary as Scrutinizer for the purpose of the Postal Ballot exercise.
3. The Notice is being sent under certificate of posting to all the Members, whose names would appear in the Register of Members as on Saturday, 6<sup>th</sup> February, 2010.
4. A Member desiring to exercise vote by Postal Ballot may complete the enclosed Postal Ballot Form and send it to the Scrutinizer in the enclosed self addressed Business Reply Envelope. Postage will be borne and paid by the Company. However, envelopes containing Postal Ballots, if sent by courier or by Registered Post at the expense of the Members will also be accepted. The envelope containing the Postal Ballot should reach the Scrutinizer not later than the close of working hours on Monday, 15<sup>th</sup> March 2010
5. The result of the Postal Ballot shall be announced by the Chairman, or in his absence by any other person authorised by the Chairman, on Thursday, 18<sup>th</sup> March 2010 at 04.00 P.M at the Registered Office of the Company at 1211, Padma Tower 1, 5, Rajendra Place, New Delhi-110008 and the resolutions will be taken as passed effectively on the date of announcement of the result by the Chairman or such other authorised person in his behalf, if the result of the Postal Ballot indicates that the requisite majority of the Shareholders had assented to the resolution. Members who wish to be present at the time of declaration of the result may be present at the venue.
6. Subsequently Result of the Postal Ballot will be published in at least one English and one vernacular language newspaper circulating in Delhi. The result of the postal ballot will also be displayed at website of the Company (www.educomp.com).
7. Members are requested to carefully read the instructions printed on the back of the Postal Ballot Form before exercising their vote.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.****Item No. 1****Issue of Equity Shares to M/s Zaptive Internet Services Pvt Ltd on preferential basis as per the SEBI (ICDR) Regulations:**

Since the proposal involves issue and allotment of Equity Shares on preferential basis, thereby increasing the paid up share capital of the company, the approval of members under section 81(1A) of the Companies Act is required by means of special resolution. The Disclosures, as mandated under Regulation 73 of ICDR Regulations are as under

**a) The Object(s) of the issue through preferential offer:**

The Company has been examining various growth opportunities from time to time in line with its objective of becoming a leader in every sphere of education domain. As a part of its future growth strategy, the Company intent to acquire from M/s Zaptive Internet Services Pvt Ltd., its registered domain name 'www.studyplaces.com' and the Business Information in relation thereto, its business contracts, its employees etc. for an aggregate consideration of Rs. 6,01,77,000 (Rupees Six Crore One Lac Seventy Seven Thousand Only). The proposed acquisition shall be in terms of the "Business Purchase Agreement" (BPA) executed between the company and the Zaptive Internet Services Private Limited and is subject to shareholders approval for preferential allotment to Zaptive Internet Services Private Limited

'StudyPlaces.com' which the company is proposing to acquire, is one of the first global education portals in India that serves as a comprehensive one-stop-shop for education search. StudyPlaces.com provides complete solution for all education related queries for studies in India and abroad. Studyplaces.com helps over a million prospective students in India and across the globe using the Internet technology to provide information to students and connect them to the educational institutions of their choice. StudyPlaces.com also has partnered with US Journal of Academics, Association of International Educators (NAFSA) and Guardian News & Media (GNM) to help students to choose institutions according to their academic, geographic and personal preferences.

The valuation of the "StudyPlaces.com" has been done by SBI CAPITAL MARKETS LIMITED,

The consideration for purchase of 'www.studyplaces.com' from M/s Zaptive Internet Services Pvt. Ltd., shall be paid partly by issuing fully paid equity shares of the Company of the face value of Rs. 2/- on such premium as may be determined so that total value of the equity shares to be issued on preferential basis shall not exceed Rs. 4,16,61,000/- (Rupees Four Crore Sixteen Lacs Sixty One Thousand Only) and partly by cash of amounting to Rs. 1,85,16,000 (Rupees One crore Eighty Five Lacs Sixty One Thousand Only).

**b) Intention of Promoters / Directors / Key Management Persons to subscribe to the offer:**

None of the Directors / Promoters / Key Management Persons has any intention to subscribe to the offer.

**c) Shareholding Pattern before and after the Issue:**

The shareholding pattern before and after the offer would be as under:

S.N	Category	Before Issue ( As on 22nd January 2010)		Post Issue*	
		No. of shares	% of share holding	No. of shares	% of share holding
A	Promoters' holding :				
1	Indian :				
	Individual	47553645	50.09	47553645	50.07
	Bodies Corporate	0	0	0	0
	Sub Total	47553645	50.09	47553645	50.07
2	Foreign Promoters	0	0	0	0
	Sub Total (A)	47553645	50.09	47553645	50.07
B	Non-Promoters' holding:				
1	Institutional Investors	39231742	41.33	39231742	41.31
2	Non-Institution:				
	Private Corporate Bodies	2986048	3.15	3038083	3.20
	Indian Public	4499920	4.74	4499920	4.74
	Clearing Members	526010	0.55	526010	0.55
	NRI	133355	0.14	133355	0.14
	Sub Total(B)	47377075	49.91	47429110	49.94
	GRAND TOTAL	94930720	100.00	94971955	100.00

\*The maximum number of shares to be allotted is calculated on the basis of issue price determined as on 27-01-2010 in term of pricing formula of Chapter VII of SEBI (ICDR) Regulations, 2009 and the same was considered only for the purpose of disclosing the pre & post issue shareholding pattern. However, the shareholding pattern and the issue price on the basis of actual relevant date i.e. 16<sup>th</sup> February, 2010 may vary accordingly.

**Notes:**

1. The above shareholding pattern has been prepared on the basis of the shareholding of the Company as on January 22, 2010.
2. The post issue shareholding pattern in the above table has been prepared on the assumption that the proposed allottee would have subscribed to and been allotted the shares of the Company. In the event for any reason, if the proposed allottee does not or is unable to subscribe to and/or is not allotted the shares or is allotted lesser number of shares, the post shareholding pattern in the above table would undergo corresponding changes.

**d) Proposed time within which the allotment shall be completed:**

The equity shares shall be allotted within a period of 15 days from the later of

(a) The date of passing of the resolution i.e. declaration of result by the Chairman or

(b) Receipt of approvals of the National Stock Exchange and /or Bombay Stock Exchange or any Statutory / Regulatory / any other authorities for such allotment.

**e) Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them:**

Identity of the proposed allottee	Category	Pre-Issue Shareholding		Allotment No. of shares*	Post Issue (after allotment of Equity Shares)	
		No. of shares	%		No. of shares	%
Zaptive Internet Services Pvt Ltd.	Non Promoter	nil	nil	52035	52035	0.054

\*The maximum number of shares to be allotted was calculated on the basis of issue price determined as on 27-01-2010 in term of pricing formula of Chapter VII of SEBI (ICDR) Regulations, 2009 and the same was considered only for the purpose of disclosing the pre & post issue shareholding pattern. However, the shareholding pattern and the issue price on the basis of actual relevant date i.e. 16th February, 2010 may vary accordingly.

**f) Pricing of the issue:**

The pricing of the Equity Shares to be allotted to Zaptive Internet Services Pvt. Ltd. on preferential basis shall not be lower than the price determined in accordance with the Chapter VII of SEBI (ICDR) Regulations, 2009.

SEBI (ICDR) Regulations, 2009 provides that the issue of shares on a preferential basis can be made at a price not less than the higher of the following:

a) The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the relevant date; or

b) The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the relevant date.

The Relevant Date for the purpose of pricing of the Equity Shares, shall be 16th February, 2010 being the date which is 30 days prior to the date of declaration of result of Postal Ballot i.e. 18th March 2010 which is the deemed date of the general meeting as per Section 192A of the Act read with the relevant rules thereunder.

The price shall be determined on the basis of the quotes available on National Stock Exchange Ltd. website being the Stock Exchange having highest trading volume during the preceding six months prior to the relevant date.

**g) Auditors' Certificate:**

Since the price at which the Equity Shares would be issued to Zaptive Internet Services Pvt cannot be exactly determined before issue of this notice to the shareholders since it depends on the average of the market prices prevailing in the preceding 2 weeks or 6 months of the relevant date as per the SEBI formula, the Auditors' certificate as required under Regulation 73(2) SEBI(ICDR) Regulation will be available for inspection at the Registered office of the Company between 11:00 A.M. and 1:00 P.M. on any working day except Saturday and public holidays from the Relevant Date (i.e. 16th February 2010) upto the last date for voting under postal ballot (i.e. 15th March 2010) and shall also be available at the date of declaration of result of the postal ballot.

**h) Lock in Period:**

The proposed allotment shall be subject to lock in for a period of one year from the date of allotment. The promoter further undertakes that the entire pre-preferential share holding, if any, shall be locked in from the relevant date upto a period of 6 months from the date of preferential allotment

**i) Undertakings**

In terms of SEBI (ICDR) Regulations, 2009 issuer hereby undertakes that :

- a) It shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so.
- b) If the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees.

**j) Relevant Date**

Relevant Date for the preferential issue, as per the SEBI (ICDR) Regulations, 2009 as amended up to date, for the determination of applicable price for issue of equity shares is 16th February, 2010.

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

The Board of Directors commends the resolution set out in Item No. 1 for approval of the shareholders as a Special Resolution.

**Item no 2 & 3**

Currently, the Company has three Stock Options Scheme namely ESOP Scheme 2006/2007/2008 . Since Stock options under the current schemes have almost exhausted, Board on the recommendation of the remuneration committee and subject to approval of the shareholders of the company has approved ESOP Scheme 2010

Stock Options serve to align the interests of the employees with those of the shareholders by creating a common sense of purpose towards enhancing the shareholder value and also serve to attract and retain talent that is absolutely essential for the survival and growth of the Company in today's global competitive environment. Further, your Company's subsidiaries are of strategic importance in its growth plans. Stock options will support the objective of creating value for your company in such subsidiaries.

Thus Board of Directors of your Company at its meeting held on 29<sup>th</sup> January 2010, recommended for the approval of the Members the formulation of a new Employee Stock Option Scheme under the nomenclature, ' Educomp Employee Stock Option Scheme 2010'(hereinafter referred to as "the ESOP Scheme-2010"), in accordance with the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase

Scheme) Guidelines, 1999 (hereinafter referred to as "Guidelines"), for the employees of the Company and its Directors, and also for the employees including Managing Director/ Whole-Time Director of subsidiary companies of the Company as may be determined by the Board of Directors (hereinafter referred to as "the Board" which terms shall be deemed to include any committee including Remuneration Committee of the Board).

The Silent features of Scheme are as follows:

#### **Employee Stock Option Scheme 2010**

The details of the Scheme are as follows:

(a) Under the Scheme the employees will be given an option to acquire a certain number of shares of the face value of Rs.2/- each.

(b) The Remuneration committee shall formulate detailed terms and conditions of the Scheme, administer, and supervise the same. Subject to the provisions of the Scheme, and subject to the approval of relevant authorities, the Remuneration committee shall:

- ✓ Determine the quantum of option to be granted under the Scheme per employee and in aggregate;
- ✓ Determine the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
- ✓ Determine the exercise period under which the employees should exercise the option;
- ✓ Provide the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
- ✓ Determine the right of an employee to exercise all options vested in him at one time or at various points of time within the exercise period;
- ✓ Determine the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions;
- ✓ Grant, vest and exercise of option in case of employees who are on long leave;
- ✓ Determine the procedure for cashless exercise of options.

The Salient Features of the Scheme are as follows:

#### **(i) Total number of Options to be granted**

The maximum number of shares which shall be subject to options under the ESOP Scheme 2010 shall be 10,00,000 (Ten Lacs only) Equity Shares of face value of Rs.2/- each.

#### **(ii) Identification of the Class of Employees Entitled to the Scheme**

Employees entitled to participate in the ESOP are "Employees" including Directors (whether full time or not) as defined in the ESOP Guidelines (including any statutory modifications or re-enactment of the Act or the Guidelines, for the time being in force), of the Company and its subsidiaries, as may be decided by the ESOP Remuneration Committee from time to time. Under the prevailing regulations, an Employee who is a promoter or belongs to the promoter group will not be eligible to participate in the ESOP. Identification of Employees eligible to participate in the ESOP and grant of options to identified employees will be based on such parameters as may be decided by the ESOP Remuneration Committee in its discretion from time to time. The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in manner.

#### **(iii) Grant of Options**

The Remuneration Committee may, on such dates as it shall determine, grant to such eligible Employees/Directors (other than promoter directors) as it may in its absolute discretion, options of the Company on the terms and conditions and the consideration as it may decide.

#### **(iv) Requirements and Period of Vesting**

Except in case of demise or permanent incapacity, continuation of the Employee in the service of the Company or its subsidiaries, as the case may be, shall be a primary requirement of the vesting. The Remuneration Committee shall formulate the other requirements of vesting, which may, inter alia, include efficiency or productivity criteria. The vesting period may vary from allottee to allottee based on various attending circumstances, and shall be at the exclusive discretion of the Remuneration Committee, but shall never be less than the minimum vesting period stipulated, if any, under provisions of any attending statutory enactments.

The maximum vesting period of options shall be not more than ten years from the date of grant of options.

In the event of the 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, and in the event of permanent incapacity while in employment, all the options granted to him as on the date of permanent incapacitation shall vest in him on that date.

#### **(v) Exercise Price**

The Options would be granted at the market price on the date of grant or such price as the Board of Directors/Remuneration Committee may determine in accordance with the Regulations and guidelines prescribed by SEBI or other relevant authority from time to time.

#### **(vi) Exercise Period and the Process of Exercise**

The options granted under the Scheme shall be exercisable at such times and under such circumstances as determined by the Remuneration Committee from time to time. The options shall be deemed to have been exercised when an Employee makes an application in writing to the Company for the issuance of Equity Shares against the options vested in him.

#### **(vii) Appraisal Process for Determining the Eligibility of Employees**

The appraisal process for determining the Employees to whom the option shall be granted, shall be based upon the performance of the Employees as indicated by the annual performance appraisal, minimum period of service, the status of the Employees in the Company and the present and potential contribution of the Employee to the success of the Company, and other factors deemed relevant by the Remuneration Committee.

In case of Directors, the eligibility would depend on the period for which the office of Director is held by him and such other factors as the Remuneration Committee may think appropriate. The Remuneration Committee at its discretion may extend the benefits of the Scheme to a new entrant also.

#### **(viii) Maximum Number of Options to be Issued Per Employee**

The maximum number of options granted to an employee/director shall not equal or exceed 1% of the issued capital of the Company at the time of grant of Option. However in case the number of options granted to any employee/ director exceeds 1% of the issued capital of the company, then approval of shareholders by way of separate resolution in the general meeting shall be obtained by the company

**(ix) Accounting Policies and Disclosures**

The Company will confirm the disclosures and the accounting policies prescribed by SEBI under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other regulatory authorities from time to time.

**(x) Method to be Used to Determine the Value of the Options**

The Company shall use the intrinsic value method to value its options. The difference between the employee compensation cost computed under intrinsic value method and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

The documents containing the salient features of ESOP scheme -2010, the duties and responsibilities of the option holders as also the benefits and the procedures to be followed after taking into consideration the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, is available for inspection at the registered office of the Company during 11:00 A.M. and 1:00 P.M. on any working day except Saturday and public holidays up to the date of the declaration of the Postal Ballot Result.

The Company will confirm to the applicable accounting policies prescribed under the guidelines.

Clause 6 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 requires that any ESOP scheme for offering stock options to the employees of the Company must be approved by the shareholders by way of special resolution. Furthermore, as the scheme will entail further shares to be offered to the person other than existing shareholders of the Company, consent of the shareholders is required by the way of a special resolution pursuant to the provisions of the Section 81(1A) of the Companies Act, 1956.

Further Section 192A(4) of the Act provides that if a resolution is assented to by a requisite majority of the shareholders by means of postal ballot, it shall be deemed to have been duly passed at a general meeting convened in that behalf.

In terms of the guidelines, a separate resolution is required to be passed if the benefits under the scheme are also to be extended to the employees of subsidiary companies. A resolution is proposed accordingly under item no. 3, to cover the employees including Managing Director/ Whole-Time Director of subsidiary companies of the Company. The aggregate number of options to be offered to the employees of the subsidiaries under resolution no 3 will also be within the overall limit of 10,00,000 as stated above.

None of the Directors of the Company is any way concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the Scheme.

Board of Directors recommends both the special resolutions for your approval.

**Item No 4.**

**Corporate Guarantee/Investment in EduSmart Services Private Limited U/s 372A of the Companies Act, 1956**

Shareholders of the Company by passing resolution U/s 293 (1) (a) of the Companies Act 1956 through Postal Ballot, result of which was declared on 23rd December 2009, approved outsource or transfer of the Smart Class Contracts to Edu Smart Services Private Limited.

Now Shareholders approval is sought for investment, in one or more tranches, in 'EduSmart Services Private Limited', by subscription, purchase or otherwise, in any kind of preference shares, or by providing of corporate guarantee in connection with a loan made by any other person to 'EduSmart Services Private Limited' upto Rs.1550 Crores (Rupees One Thousand Five Hundred and Fifty Crores only) inclusive of existing investment/corporate guarantee of Rs. 365 crore

None of the Directors of the Company is any way concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the Scheme.

Board of Directors recommends the special resolution for your approval.

**Item No 5.**

Members of the company through postal ballot, result of which was declared on 12 June 2009, through special resolution, had authorized the Board under Section 372A of the Companies Act, 1956 to make loans, extension of guarantees or provision of securities for loans from other parties or investment into the securities of any body corporate (other than Educomp Infrastructure & School Management Limited for which specific limits of Rs. 1500 Crore had been approved) up to Rs. 1000 crores

However, considering the current circumstances the company needs to increase the general investment limit under Section 372A of the Companies Act 1956 from Rs. 1000 Crores to Rs. 2,000 Crores.

Further take note that unless otherwise approved by shareholders of the company, overall limit of investment/loan/securities/corporate guarantee pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 will not exceed Rs. 5050 Crore ( Rupees Four Thousand and Fifty Crore Only) after passing the proposed resolutions.

None of Directors are interested in the proposed resolution

Your Directors recommend the resolution for you approval as a special resolution.

**Item No 6 & 7**

**Increase in remuneration of Mr. Jagdish Prakash, Whole Time Director & Re-appointment of Mr. Jagdish Prakash as Whole Time Director**

Mr. Jagdish Prakash was appointed as Director of the Company on February 19, 2005 and was further appointed as Whole Time Director of the company for a term of five year with effect from July 25, 2005. His term as Whole Time Director shall expire on July 24, 2010

Board of Directors of the company in their meeting held on 29<sup>th</sup> January, 2010 on the recommendation of the Remuneration Committee has approved increase in the remuneration of Mr. Jagdish Prakash, Whole Time Director pursuant to Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 retrospectively with effect from January 1, 2010 for the remainder of his tenure, explained hereinafter.

Further The Board of Directors in view of the experience and invaluable contribution by Mr. Jagdish Prakash in day to day operation of the company and handling Procurement and Supply Chain Management Department, Board of directors on recommendation of remuneration committee the company in their meeting held on 29<sup>th</sup> January 2010 has reappointed Mr. Jagdish Prakash as Whole Time Director of the company for a further period of five years i.e from July 25, 2010 to July 24, 2015 on the remuneration, perquisites and amenities, as given in the explanatory statement explained hereinafter.

However the Increase in the remuneration and re-appointment is subject to approval of the share holders of the company by Ordinary and Special resolution respectively.

He will not be liable to retire by rotation during his term of office as Whole Time Director of the company.

**REMUNERATION:**

A. Basic Salary: Rs. 1,50,000 to 2,50,000 per month

B. Allowances/Perquisites: In addition, he would be entitled to allowances/perquisites as follows

1. Special Allowances: As may be decided by the Board from time to time which shall not be counted for calculation provident fund, gratuity, superannuation fund etc.

2. House Rent Allowances (HRA)

Either HRA will be provided to the extent of 50% of Basic Salary or Director will be provided rent-free accommodation.

3. Medical Reimbursement: As per rules of the company

4. Allowances for purchase of Books/Journals/Periodicals: As per rules of the company

5. Leave Travel Allowances: As per rules of the company

6. Helper Allowances: As per rules of the company

7. Gratuity, Ex-gratia/Bonus, Superannuation or annuity funds benefits, chauffeur driven car, free telephone including mobile telephone, internet and computer facility at the residence, Helper/Assistant as per Company's Policy and rules.

The aggregate remuneration inclusive of salary/allowances/perquisites and other benefits payable to Mr. Jagdish Prakash as Whole Time Director shall not exceed overall limits laid down in Sec 198, 309 and other applicable provisions of the Companies Act, 1956 or any other law for the time being in force, if any.

Mr. Jagdish Prakash shall also be entitled to reimbursement of all legitimate expenses incurred by him in performance of his duties and such reimbursement will not be part of his remuneration.

Minimum remuneration:

In the event of loss or inadequacy of profits in any financial year, during the tenure of Mr. Jagdish Prakash as Whole Time Director of the Company, he shall be entitled to receive a total remuneration including perquisites, etc. not exceeding the ceiling limits as specified under schedule XIII of the Companies Act 1956 and approved by the Central Government as minimum remuneration.

Date of Birth	February 04, 1935
Qualification	Mr. Prakash holds a Master of Commerce degree from Agra University.
Nature of his expertise in specific functional areas;	Mr. Jagdish Prakash, aged about 75 years, holds a Master of Commerce degree from Agra University. and has previously worked as Chief Material Manager with Steel Authority of India and as a marketing and management consultant with various public sector undertakings and academic institutions
Shareholding in Educomp Solutions Limited	Nil
Directorship/Chairmanship held in other companies	Educomp Solutions Limited
	Educomp Learning Private Limited
	Kaisons Housing Corporation Ltd.
	Educomp Infrastructure & School Management Limited
	Educomp School Management Limited
	Educomp Software Limited
	Educomp Learning Hour Private Limited
	Edeterra Journeys Pvt. Ltd.
	Gyan Kunj Education Private Limited
	SEI Technology Private Limited
	Educomp Professional Education Ltd.
	Educomp Infrastructure Services Private Limited
	Educomp Child Care Pvt Ltd
Chairmanship/Membership of committees in public company	Member -Audit Committee- Educomp Infrastructure & School Management Limited

The Board recommends this Resolution for the approval of the members by special resolution through postal ballot.

The term set out in resolutions and explanatory statement may be treated as abstract of term of appointment pursuant to Section 302(2) of the Companies Act, 1956 and Information pursuant to Clause 49 IV (G) (I) of the Listing Agreement.

Except Mr. Jagdish Prakash and Mr. Shantanu Prakash no other Director of the Company is interested / concerned in the above appointment

**Inspection:**

Auditors Certificate, Copy of Valuation Report of SBI Capital Markets Limited, Draft ESOP Schemes 2010 will be available for inspection at the Registered office of the Company between 11:00 A.M. and 1:00 P.M. on any working day except Saturday and public holidays from the Relevant Date (i.e. 16th February 2010) upto the last date for voting under postal ballot (i.e. 15th March 2010) and shall also be available at the date of declaration of result of the postal ballot.

**Date: 29.01.2010**  
**Place: New Delhi**

By Order of the Board  
**For Educomp Solutions Limited**  
Sd/-  
**Mohit Maheshwari**  
Company Secretary