

February 2006

Joint Venture Agreement

Freedom to Learn Limited



freedom 2 learn

Fabrium Centre

Atmel Way, Middle Engine Lane

Silverlink

Newcastle

NE28 9NZ



ALMT Legal

ADVOCATES & SOLICITORS

2 Lavelle Road Bangalore 560 001 India
Tel 91 (0) 80 5112 2568 Fax 91 (0) 80 5112 2569
E Mail bangalore@almtlegal.com







JOINT VENTURE

THIS AGREEMENT is entered into on this the on the Twelfth (10th) day of January, 2006.

BY AND BETWEEN:

- (1) EXCELSOFT TECHNOLOGIES PRIVATE LIMITED, a company incorporated under the laws of India, whose registered office is at 1B Hootagalli Industrial Area, Mysore 571 186, India (hereinafter referred to as "ExcelSoft" which term shall mean and include its successors and assigns), being represented by its Managing Director Mr. D Sudhanva, of the First Part;

AND

- (2) DYNAMIC DISTANCE LEARNING LIMITED, a company incorporated under the laws of United Kingdom, whose principal place of business is at Fabriam Centre, Middle Engine Lane, Silverlink, Newcastle NE28 9NZ United Kingdom (hereinafter referred to as "DDL" which term shall mean and include its successors and assigns), being represented by its Managing Director Mr. David Gardner, of the Second Part;

AND

- (3) FREEDOM TO LEARN LIMITED a company incorporated under the laws of the United Kingdom, whose principal place of business is at Fabriam Centre, Middle Engine Lane, Silverlink, Newcastle NE28 9NZ United Kingdom (hereinafter referred to as the "Company" which term shall mean and include its successors and assigns), being represented by its Director and Company Secretary Ms. Lynne McBean, of the Third Part.

(Each a "Party" and collectively, the "Parties")

WHEREAS:

- (A) Pursuant to an intent to merge DDL's expertise in pedagogy with ExcelSoft's expertise in software design to create a new venture focused on e-learning solutions for the global market, the Parties entered into a Joint Venture & Shareholders Agreement dated the fourth day of April 2002 (hereinafter referred to as the "JVA") whereby DDL and ExcelSoft subscribed to shares in the Company, and to entered into certain commitments and regulated their rights in relation to the Company in the manner appearing therein;
- (B) At a meeting of the Board of Directors of the Company held at the offices of ExcelSoft, being situated at 1-B, Hootagalli Industrial Estate, Mysore, India on September 10-11, 2005, it was agreed by ExcelSoft and DDL that a reconsideration of the terms of the JVA was necessary before entering into any long term contracts or commercial relationships on behalf of the Company; and
- (C) ExcelSoft and DDL have now agreed to amend the existing Joint Venture Agreement pursuant to renegotiation of the terms of the JVA and further to execute this renewed Joint Venture Agreement (hereinafter referred to as the "Agreement") to govern the relationships of ExcelSoft and DDL in the Company from the Effective Date.

NOW IT IS AGREED as follows:



1 Definitions and interpretation




1.1 In this Agreement, unless the context otherwise requires;

- A. 'Affiliate' shall mean, in relation to any person, any Subsidiary or Holding Company of that person and any other Subsidiary of that Holding Company provided always that neither the Company nor any of its Subsidiaries shall be regarded as being an Affiliate of any Shareholder for the purposes of this Agreement. In relation to any natural person, Affiliate shall mean any partner or agent of such person;
- B. 'Bank' shall mean the account of the Company bearing Nos. 21406337 and 59483013, with Hong Kong and Shanghai Banking Corporation, Newcastle, United Kingdom;
- C. 'Board' shall mean the board of Directors of the Company or the Directors of the Company present at a duly convened meeting of the Directors of the Company at which a quorum as prescribed in this Agreement is present;
- D. 'Business' shall mean the business of the Company as laid out under the terms of this Agreement;
- E. 'Company' shall mean the company specified or referred to in recital (A) above, viz. Freedom To Learn Limited;
- F. 'Control' or 'Controlled' shall be determined by reference to the provisions of the Income and Corporation Taxes Act 1988 section 416; and a 'Change Of Control' shall mean:
 - (1) with respect to a Shareholder:
 - (i) a change in the majority of the shareholding of the Shareholder in favour of a third party other than a Shareholder; or
 - (ii) a change in the majority of the control of the Board of Directors of the Shareholder in favour of a third party other than a Shareholder; or
 - (iii) the sale of substantially all of the assets of the Shareholder, in favour of a third party other than ES or DDL).
 - (2) with respect to any other party, the event of any person who controls such party at the date of execution of this Agreement (or the date such party becomes bound by the terms of this Agreement (if later)) subsequently ceasing to control it.
- G. 'Director' shall mean a duly appointed director of the Company;
- H. 'Effective Date' shall mean 1st January 2006.
- I. 'Financial Year' means any accounting reference period of the Company which shall be the period between April 1 of a present year and March 31 of the next year;

- J. 'Group Member' shall bear the same meaning as in the Income and Corporation Taxes Act 1988 section 406;
- K. 'Intellectual Property' shall mean any and all software products, techniques, logics, algorithms, source code, object codes, trademarks, trade names, copyrights, designs, patents, inventions, web designs, domain names, right to creative works and/or any other intellectual or industrial property rights, the proprietary technical information, formula and confidential know-how, original works of authorship, developments, concepts, improvements or trade secrets whether capable of registration or protection under law.
- L. 'ITVUS' shall mean the UTI-India Technology Venture Unit Scheme, a venture fund registered with the Securities & Exchange Board of India, being managed by the UTI Venture Capital Funds Management Private Limited, Bangalore, India, as its Investment Manager.
- M. 'Law', with respect to any Party, shall mean any and all laws, statutes, ordinances, regulations, guidelines, policies and other pronouncements having the effect of law in the jurisdiction of its incorporation, whether by action of court, tribunal, government, ministry, department, commission, arbitrator or board, or otherwise;
- N. a 'Majority' of the Parties hereto means such number of them as for the time being are the holders of shares in the Company together conferring not less than 75% of the total number of votes exercisable at a general meeting of the Company;
- O. 'Pearson Education Contracts' shall mean the contracts to be executed by the Pearson Education Inc., a Delaware State, United States of America corporation, with any of the parties;
- P. 'Shareholders' shall mean, collectively, DDL and ExcelSoft, and 'Shareholder' shall mean either DDL or ExcelSoft, as the context requires;
- Q. 'SSAP 21' shall mean the Statement of Standard Accounting Practice No.21 as issued by or on behalf of the Institute of Chartered Accountants in England and Wales as and in the form existing at the date of execution of this Agreement
- R. 'Subsidiary' and 'Holding Company' shall bear the same respective meanings as in the Companies Act 1985 section 736; and
- S. 'Territory' shall mean, in relation to the Business, the geographical territories of the United Kingdom and the countries constituted in the continent of Europe, which shall include Turkey.

1.2 In this Agreement, unless the context otherwise requires,:

- A. words importing persons or parties shall include firms and corporations and any organisations having legal capacity;
- B. words importing the singular include the plural and vice versa where the context so requires;










- C. references to a 'Party' and to 'Parties' shall be construed as references to a party to this Agreement or the parties to this Agreement.
- D. reference to any law shall include such law as from time to time enacted amended, supplemented or re-enacted;
- E. reference to any gender includes a reference to all other genders;
- F. reference to the words "include" or "including" shall be construed without limitation;
- G. reference to this Agreement or any other Agreement, deed or other instrument or document shall be construed as a reference to such Agreement, deed or other instrument or document as the same may from time to time be amended, varied supplemented or novated; and
- H. the headings and titles in this Agreement are indicative shall not be deemed part thereof or be taken into consideration in the interpretation or construction hereof
- I. references to statutory provisions shall be construed as references to those provisions as respectively amended or re-enacted or as their application is modified by other provisions (whether before or after the date of this Agreement) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification)
- J. any document referred to as being 'in the agreed form' shall mean a document in a form agreed by the Parties at the date of this Agreement and initialled by or on their behalf for identification purposes
- K. references to Clauses and Schedules are to the clauses and schedules of this Agreement.

2 Condition Precedent and Immediate obligations upon the Board

- 2.1 This Agreement shall come into effect on the Effective Date.
- 2.2 ExcelSoft and DDL, shall each of them, immediately upon the execution of this Agreement and not later than ninety days (90) days from the Effective Date, subscribe in cash at par to such number of ordinary shares so as to ensure there are 25,000 ordinary shares of £1 each allotted to DDL and ExcelSoft in the Company and that the Company shall also issue one additional non-voting and non-dividend bearing ordinary share of £1 to ExcelSoft (the "Additional Share"). Further, the parties shall ensure that they subscribe to such ordinary shares within ninety (90) days from the Effective Date.
- 2.2 Forthwith upon the execution of this Agreement, the Parties shall procure that, at a meeting of the Board to be held within seven working days of the execution of this Agreement:
 - (B) UNW Chartered Accountants Citygate St James Boulevard Newcastle upon Tyne NE1 4JE shall be appointed the statutory auditors of the Company;

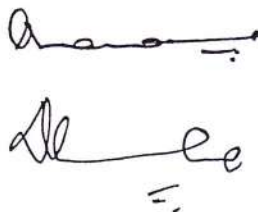






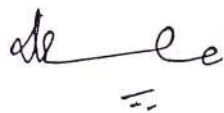

- (C) The Company shall operate banking accounts only with the Bank, and one representative each of the Shareholders shall be the named as the joint signatories to the said account. ;
- (D) Lynne McBean shall be the company secretary of the Company;
- (E) Prof. M H Dhananjeya shall be the Chairman of the Board;
- (F) David Gardener shall be appointed the Chief Executive Officer of the Company for a period of two years from the date of the commencement of this Agreement, and shall be entitled to such remuneration as may be fixed by the Board from time to time and such employment shall be in terms of an employment agreement to be executed between David Gardener and the Company.
- (G) For the purposes of the operations of the Company, such employees shall be appointed by the Company as may be determined by the Board in consonance with the Business Plan (as defined in Subclause 8.2 of this Agreement).

3 Directors, Board meetings and Shareholder Meetings

- 3.1 At all times whilst this Agreement remains in force the Parties shall procure that the number of Directors shall be four and that (subject as otherwise expressly provided in this Agreement) each of the Parties shall be entitled to direct the appointment, and to direct the dismissal of Directors, to be effected in the manner specified in the provisions of this Clause 3.
- 3.2 At all times whilst it remains a shareholder in the Company DDL shall be entitled to have appointed two directors of the Company at any time and to have any director so appointed removed of their duties as Directors. The Parties shall at all times cooperate to have the appointment or removal, as the case may be, of the two Directors effected as directed by DDL.
- 3.3 At all times whilst it remains a shareholder in the Company ExcelSoft shall be entitled to have appointed up to two directors of the Company at any time and to have any director so appointed removed of their duties as Directors. The Parties shall at all times cooperate to have the appointment or removal, as the case may be, of the two Directors effected as directed by ExcelSoft.
- 3.2 In the event of a casual vacancy arising on account of the resignation of a Director or the office of the Director becoming vacant for any reason, the party who has appointed such Director shall be entitled to designate a Director to fill the vacancy. To the extent permissible by Law, the appointment and removal of the Directors shall, unless the contrary intention appears, take effect upon the notification of such appointment or removal to the Company. If Law does not permit the person so nominated to be appointed as a Director of the Company merely by nomination by the concerned Shareholder, the parties shall exercise all their rights and powers in support of the appointment of such person forthwith (and in any event within seven Business Days of such nomination or at the next Board meeting, whichever is earlier) as a Director and further that, unless the nominating Shareholder changes or withdraws such nomination, such person is also elected as a Director of the Company at the next general meeting of the shareholders of the Company.



- 3.3 The party removing any Director appointed by it shall indemnify the Company against any liability to the Company arising as a result of that Director's removal from office.
- 3.4 Each Director shall be entitled to nominate one alternate (who, subject to Law, may or may not be another Director) at any time to act on his behalf as a Director, and the Board shall, on receipt of a notice from a Director in this regard, appoint such nominated person as an alternate Director.
- 3.5 An alternate Director shall be entitled to receive notice of all meetings of the Board, to attend and vote at any such meeting at which the Director appointing him is not personally present and at the meeting to exercise and discharge all the functions, powers and duties of his appointer as a Director. References in this Agreement to "Director" shall include an alternate appointed in accordance with this Agreement.
- 3.6 An alternate Director shall, in addition to any ground under the Act on which he vacates his office, automatically vacate his office as an alternate Director if the Director who appointed him ceases to be a Director.
- 3.7 The business of the Company shall be managed by the Directors who may exercise all the powers of the Company save as otherwise provided in this Agreement or in the Articles.
- 3.8 Unless otherwise mutually agreed in writing, the Parties shall procure that Board meetings shall be convened and held not less than four times in a Financial Year, provided that not less than one Board meeting shall be held in each quarter of a Financial Year. The Parties shall further procure that a written agenda specifying the matters to be raised at any Board meeting of the Company shall be sent to all Directors (or their alternates) entitled to receive notice of any such meeting together with the notice convening the meeting or not less than twenty one [21] days prior to the date of the meeting. It is further agreed that (unless, in any particular case, the Parties shall otherwise agree in writing) no resolution relating to any business may be proposed or passed at any Board meeting unless the nature of the business is specified in the agenda. Any other agenda not otherwise incorporated in the written circulated agenda may be discussed and resolved by consent of the Directors present and constituted.
- 3.9 The quorum to constitute a validly convened meeting of the Board shall be two Directors, provided that that there shall be present and voting at least one Director representing each of the Parties to the Agreement throughout the meeting (unless otherwise consented to by the parties in writing). In the event that there is no quorum on the specified date and within 30 minutes of the specified time indicated in the notice calling the Board meeting, then the meeting shall stand adjourned to the same day of the immediately following week at the same time (if such day is not a Business Day, then the meeting shall be held on the next Business Day at the same time). If there is no quorum within 30 minutes of the appointed time at such adjourned meeting, then the meeting shall, once again, stand similarly adjourned to the same day of the immediately following week at the same time (if such day is not a Business Day, then the meeting shall be held on the next Business Day at the same time). If following such adjournment, continued lack of quorum for a Board meeting will result in the Company being unable to hold a Board meeting, and such inability to hold the meeting will result in a violation of Law, a Board meeting may be held at which no matters whatsoever shall be voted upon.
- 3.10 The Board shall have the power to resolve issues and matters by circulation as permitted under Law. Such circulation shall be made to all Directors and the same shall be deemed to



be resolved validly if one Director representing each of the Parties have affixed and conveyed their acceptance to the Resolution.

3.11 The circulation may be contained in one document or several documents, each approved by one or more of the Directors concerned; but a resolution approved by an alternate Director need not also be approved by his appointer and, if it is approved by a Director who has appointed an alternate Director, it need not be approved by the alternate Director in that capacity.

(a) For the purposes of this Subclause:

- (i) the approval of a Director or alternate Director may be given in writing; and
- (ii) references to writing include any method of reproducing words in legible form.

3.12 All decisions of the Board will require the affirmative vote of one Director appointed by each Shareholder for it to be validly passed.

3.13 All resolutions in relation to the Company which are required by applicable Law to be referred to or passed by shareholders of the Company, must be passed by a majority of the Shareholders in a meeting and further that such a resolution shall also require the affirmative vote of the representative of each of the Shareholders.

3.14 All meetings of the Shareholders of the Company shall be held in accordance with the Act, the Articles and this Agreement. The quorum for a general meeting of the Company's shareholders shall be one representative of each of the shareholders provided that there shall be no quorum unless each of the Shareholders is represented throughout the meeting (unless otherwise consent to by the absent Shareholder). A minimum twenty-one days prior written notice shall be given to each Shareholder of any shareholder meeting, accompanied by the agenda for the meeting (unless each Shareholder shall have given their written approval for a meeting called at shorter notice).

4 Business of the Company

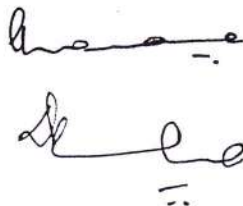
4.1 The Business shall, unless and until otherwise determined under clause 7, be confined to e-learning solutions, bespoke content development and services.

4.2 The Business shall be carried on by the Company and the Company shall establish such offices or other premises as the Board may decide solely within the geographical territory of Europe and named clients.

5 Specific obligations of the Parties with respect to the Business

5.1 The Shareholders shall provide the Company with managerial and technical support to the extent needed by the Company.

5.2 The Shareholders shall provide support in negotiations with lenders, government agencies and similar bodies





- 5.3 The out-of-pocket costs relating to such deputation of experts by either Shareholder shall be borne by the Company, provided that the Company agrees that such deputation is necessary and the terms of such deputation have been approved by the Directors of the Company in a meeting of the Board of Directors of the Company.
- 5.4 The Company shall act as the sole and exclusive distributor of each of the Shareholders in the Territory and on the schedule, and shall endeavour to introduce any new products that the Shareholders develop through the Company. Provided further that, the Parties shall have the right appoint the Company as the Distributor or the Reseller of the Intellectual Property of either Shareholder, with respect to a particular contract or an agreement with a named third party customer in a place other than the Territory, however, this shall not in any manner imply that such a Shareholder has extended the exclusivity to the Company in such a new place or jurisdiction, which is outside the Territory.
- 5.10.1 The Shareholders shall, in proportion to their respective shareholding in the Company, provide all guarantees and undertake all indemnification obligations as may be necessary for the procurement of any financial assistance, or for the purposes of any agreements relating to any business, trade, venture or activity that the Company may undertake.
- 5.10.2 Each Shareholder providing services or product to the Company or end user shall indemnify the Company in respect of any of the Company's liabilities or obligations under any agreements relating to any business, trade, venture or activity that the Company may undertake in so far as these liabilities or obligations relate to the services or product so supplied and these obligations shall continue post termination for so long as the Company remains liable thereon.
- 5.11 The Parties agree, as between themselves, that, if any provisions of the memorandum of association of the Company or the Articles at any time conflict with any provisions of this Agreement, the parties shall exercise all powers and rights available to them to procure the amendment of the memorandum of association or the Articles to the extent necessary to permit the Company and its affairs to be regulated as provided in this Agreement.
- 5.12 The Company and DDL shall at all times, cause and ensure that the Company sends a copy of all correspondence, received or sent by the Company, including without limitation, communication, proposals, inquiries and invoices, made in any whatever manner or medium, in respect of the Company to the board of directors of ExcelSoft.

6 Finances of the Company

- 6.1 The finances of the Company shall be conducted only in the manner prescribed in Clause 8 of this Agreement, provided that the same:
- (A) complies with the Income and Corporation Taxes Act 1988 section 413(8); and
 - (B) does not result in the Company being thinly capitalised for United Kingdom tax purposes.

7 Conduct of the joint venture and other obligations of the Shareholders

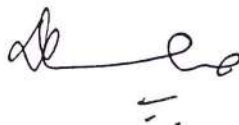
- 7.1 Conduct of joint venture

While this Agreement remains in force, the Parties shall procure, unless both the Shareholders agree otherwise in writing, that:

- (A) the general nature of the business of the Company and its subsidiaries (if any) shall not be changed from that described in clause 4 above;
- (B) no change shall be made in the authorised or issued share or loan capital of the Company nor shall any option or right to subscribe be granted to any person over any share or loan capital of the Company and no securities convertible into such share or loan capital shall be issued;
- (C) no alteration shall be made in the memorandum or articles of association of the Company or the location of the registered office or change of name or the rights attaching to any class of shares therein;
- (D) no resolution shall be passed for the winding-up of the Company nor shall any of the Parties present or cause to be presented any petition for the winding-up or administration of the Company (unless in either case the Company shall become insolvent);
- (E) no new equity interest in the Company shall be created or conferred on any person (including any of the Parties hereto) including but not limited to any arrangements for sharing income or profits and any other interest whether in the form of shares, convertible securities or loan stock or capital convertible into shares;
- (F) the Company shall not:
 - (1) acquire, whether by formation or otherwise, any subsidiary nor effect or permit the disposal or dilution of its interest, directly or indirectly in any subsidiary;
 - (2) sell, transfer, lease, licence or in any way dispose of all or a material part of its business, undertaking or assets, whether by a single transaction or series of transactions related or not (otherwise than in the ordinary course of the Company's business);
 - (3) borrow any sums except from the Company's bankers in the ordinary and usual course of business and in aggregate in excess of £5,000 at any time;
 - (4) undertake in any Financial Year or part any single item or series of items of capital expenditure (including finance leases but excluding operating leases as respectively defined in SSAP 21) involving an aggregate liability of £5,000:
 - (a) during that Financial Year in excess of the sums provided for capital expenditure in the Business Plan referred to in Clause 8 for that year; and/or
 - (b) during that and all future Financial Years in excess of £5,000;
 - (5) enter into any operating lease (as defined in SSAP 21) either as lessor or lessee of any property, plant or equipment of a duration exceeding five years


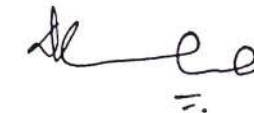






or involving aggregate premium and annual rental payments for the operating lease in question in excess of £5,000;

- (6) factor or discount any book debts of the Company;
- (7) make any loan or advance or otherwise give credit to any person except for the purpose of making deposits with its bankers;
- (8) give any guarantee, bond or indemnity in respect of or to secure the liabilities or obligations of any person;
- (9) create or issue any debenture, mortgage, charge or other security over any assets of the Company (except for the purpose of securing sums borrowed by the Company from its bankers in the ordinary and usual course of business);
- (10) acquire any share or loan capital of any body corporate (including that of the Company or any subsidiary) or enter into any partnership or profit sharing arrangement with any person;
- (11) declare or pay any dividend or other distribution in respect of any share capital of the Company;
- (12) enter into or make any material change to any contract or transaction with:
 - (a) any of the Shareholders or their respective Subsidiaries or Holding Companies (except as expressly authorised in this Agreement) or
 - (b) any other persons except on normal arm's length commercial terms;
- (13) enter into any agency or distribution agreement which is expressed to contain any element of exclusivity as regards any products or services dealt in or as to the area of the Agreement;
- (14) enter into any licence or other similar Agreement relating to Intellectual Property to be licensed to or by the Company which is otherwise than in the ordinary course of business;
- (15) enter into or make any material change to any contract of employment with any director or senior manager of the Company (whatever his title or job description);
- (16) enter into any contract of employment or for the provision of services to the Company by any specified individual which cannot be terminated on less than six months' notice, without payment of compensation;
- (17) introduce any executive or employee stock or share option or profit sharing or bonus scheme of any nature;
- (18) engage any new employee at a salary in excess of £50,000 a year, increase remuneration of an employee to a salary in excess of £50,000 a year or dismiss any employee with a salary in excess £20,000 a year;

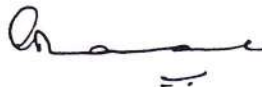






- (19) enter into any Agreement for consultancy or management services which will, or is likely to, result in the Company being managed otherwise than by its directors or which involves a consideration exceeding £10,000 a year;
 - (20) change the auditors of the Company or effect any significant change in the accounting principles and practices for the time being adopted by the Company;
 - (21) change the names or the scope of authority of the persons authorised to sign cheques or other financial instruments on behalf of the Company; and / or
 - (22) adopt, or amend once adopted, any Business Plan referred to in clause 8.2;
- (G) no act or event shall occur in relation to any subsidiary of the Company which is analogous to and has a substantially similar effect to any of the matters referred to in sub-clauses 7.1(F)(1)–(22), other than sub-clause 7.1(F)(11);
- (H) no Party shall enter into, or agree to enter into, any agreement resulting or undertaking to do any of the above.

7.2 Change of Control or Sale of Assets:

- (A) Before any Change of Control of a Shareholder, such Shareholder (the 'Proposing Shareholder') shall seek the permission of the other Shareholder (the 'Other Shareholder'), which shall have the right to withhold consent to such change.
- (B) In the event that the Other Shareholder refuses consent to the Change of Control, then the Proposing Shareholder may exercise the Put Option (as defined hereinbelow).
- (C) In the event of a failure of the completion of the Put Option, the Proposing Shareholder shall exercise the Call Option (as defined hereinbelow) and acquire all the shares of the Company from the Other Shareholder at a fair market value.
- (D) For the purposes of this Subclause 7.2:
 - (1) 'Put Option' shall mean the option that shall be available to the Proposing Shareholder to offer all, but not some, of the shares that it holds in the Company to the Other Shareholders at a fair market price to be determined by a Chartered Accountant of repute, being appointed by mutual consent of both Shareholders; and
 - (2) 'Call Option' shall mean the option that shall be available to the Proposing Shareholder to compel the Other Shareholder to sell all, but not some, of the shares that the Other Shareholder holds in the Company to the Proposing Shareholder at a fair market price to be determined by a Chartered Accountant of repute, being appointed by mutual consent of both Shareholders.
 - (3) "the Additional Share" shall be deemed to be of no value







7.3 Intellectual Property

- (A) The Parties hereby agree and acknowledge that all Intellectual Property being used, and agreed to be used, with respect to the Business is the sole and exclusive property of the owner of the respective Intellectual Property, and any rights enjoyed by the Company with respect to any such Intellectual Property, shall be governed by specific and particular contracts to be executed by the owner of such Intellectual Property with the Company. The Company and neither Shareholder shall, without the consent of the owner of the Intellectual Property, represent, in any manner to any customer or third party, that it is the owner of the Intellectual Property agreed to be sold through the Company for the purposes of this Agreement.
- (B) The Parties hereby agree and acknowledge that neither, ExcelSoft nor DDL, has parted with any rights of ownership with respect to any Intellectual Property being used, and / or agreed to be used, with respect to the Business, to the Company.
- (C) The Company and the parties to this Agreement, hereby jointly and severally represent and warrant to the Shareholders, that they will at time during the validity of this Agreement, in any manner, expressly or in an implied manner, do any act or commit omissions, and consequently cause any party to believe that the Company or any one of the Shareholders owns any Intellectual Property of the other Shareholder, being used, and / or agreed to be used, with respect to the Business of the Company.

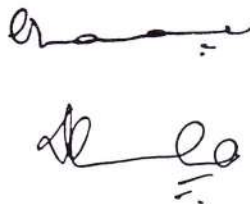
8 Operation, Finances, accounting matters and dividend policy

8.1 The Parties shall procure that:

- (A) the Company shall at all times maintain accurate and complete accounting and other financial records in accordance with the requirements of Law and generally accepted accounting principles applicable in the United Kingdom
- (B) monthly management accounts and reports containing such information as each party shall reasonably require shall be prepared and despatched by the Company to the Parties within 30 days of the end of the month in question; and
- (C) each party and its respective authorised representatives shall be allowed access at all times to examine the books and records of the Company

8.2 (A) The Parties shall procure that the Company shall prepare an annual, and a quarterly business plan (the 'Business Plan') which shall include the following:

- (1) an estimate of the working capital requirements of the Company incorporated within a cash flow statement together with an indication of the amount (if any) which it is considered prudent to retain out of the previous Financial Year's distributable profits to meet such working capital requirements;
- (2) a projected profit and loss account;
- (3) an operating budget (including estimated capital expenditure requirements) and balance sheet forecast (hereinafter referred to as the 'Budget');



(4) a review of the projected business; and

(5) a summary of business objectives.

(B) The first Business Plan in respect of the Financial Year ending 31 March 2006 shall be prepared within 30 days of the date of this Agreement and for the quarters shall be submitted 15 days prior to the commencement of a particular quarter.

(C) Ninety (90) days prior to the completion of each Financial Year, the CEO shall submit the Budget, Business Plan and Operating Plan for the following Financial Year to the Board for approval. Before the commencement of each Financial Year, the Board shall meet and approve the Budget, Business Plan and Operating Plan for that Financial Year.

(D) Fifteen (15) days prior to the completion of each quarter of a Financial Year, the CEO shall submit the Budget, Business Plan and Operating Plan for the following quarter to the Board for approval. Before the commencement of each Quarter, the Board shall meet and approve the Budget, Business Plan and Operating Plan for that Quarter.

(E) The funds required by the Company for the purposes of carrying on the Business and operations of the Company shall be acquired out of the funds available with the Company. In the event that the Company requires additional funds, the same shall be brought in by the Shareholders in proportion to their shareholding in the Company, through the mechanism of either:

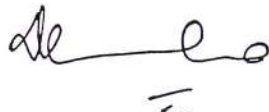
(i) share subscription by the Shareholders to the capital of the Company; or

(ii) by way of an interest bearing loan,

as may be determined by the Board. In the event that the Board determines that the amount required may not be brought in by the Shareholders, the Company shall seek the necessary financial assistance from any lender, including a financial institution or the Bank as may be deemed fit and necessary by the Board.



(F) The Company, through the CEO, shall furnish to the Shareholders reports of the Business, cash flow and the financial statements of the Company on a monthly basis. Upon furnishing the Company with not less than forty eight (48) hours of written notice, each Shareholder shall have the right to inspect the records and registers of the Company at all times, either through itself or its duly appointed agents and representatives. Further, the parties agree that the Company shall establish an online Management Information System, whereby the entire financial statements and accounts of the Company shall be accessible to the Shareholders at all times.

8.3 Subject to circumstances prevailing at the relevant time including, in particular, the working capital requirements of the Company as per the Business Plan agreed to on a year to year basis, it is the intention of the Parties that the Company shall distribute by way of dividend in respect of each Financial Year, provided that the same shall not contravene the Companies Act 1985, and provided further that not less than 50% of the post tax consolidated profits of the Company for that Financial Year, are available for distribution



9 Promotion of Company's business

- 9.1 Each of the Parties to this Agreement covenants with each other to use all reasonable endeavours to promote and develop the business of the Company to the best advantage in accordance with good business practice and the highest ethical standards
- 9.2 Each of the Parties to this Agreement covenants with each other that for as long as it is a party to this Agreement it shall not and shall procure that no company owned or controlled by it shall (except as the holder of not more than 5% of the shares carrying unrestricted voting rights in any company whose shares are listed on any recognised Stock Exchange) be engaged concerned or interested either directly or indirectly and whether on its or his own behalf or on behalf of or in association with others or in any capacity whatsoever in carrying on in competition with the Company or any subsidiary of the Company anywhere within the Territory.
- 9.3 Neither Shareholder shall enter into agreements with, or agree to enter into agreements with, or promote the products of, or sell the products of, any third party, being a competitor of either of the Shareholder in the in the Territory, without offering the said business or contract to the Company. The Shareholder, shall have the right to enter into agreements with, or promote the products of, or sell the products of, any third party, only if the Company has rejected the offer for the same agreements, by passing a resolution passed in a meeting of the Board of Directors of the Company and the procedure for the same has been laid out under Section 5.8 hereunder.
- 9.4 Neither Shareholder shall source any business, trade, venture or activity in the Territory similar to the Business from any third party without making the first offer to the Company. Prior to any undertaking any business, trade, venture or activity in the Territory, each Shareholder shall refer the proposal to other Shareholder, and the Shareholders shall agree upon whether such business, trade, venture or activity shall be conducted through the Company. Only in the event that the Company declines to undertake such business, trade, venture or activity, shall a Shareholder be entitled to undertake such business, trade, venture or activity.
- 9.5 Each Shareholder shall, within 30 days of the commencement of this Agreement, enter into a contract with the Company, to the satisfaction of the other Shareholder, whereby the Company shall be appointed the sole representing agent of each of the Shareholders for the purposes of undertaking the businesses of each of the Shareholders within the Territory and the contracts identified on the schedule. ES and DDL shall also within thirty (30) days from the Effective Date transfer all its contracts to the Company or appoint the Company as the Distributor for all the contracts in the Territory, by executing necessary documents, including either by way of an assignment, renewal, re-execution or novation of all existing contracts in the Territory.
- 9.3 (A) The restrictions contained in clauses 9.2 respectively are considered reasonable by the Parties but in the event that any such restriction shall be found to be void but would be valid if some part or parts of it were deleted or the period or area of application reduced, the Parties agree that such restriction shall apply with such modification as may be necessary to make it valid and effective
- (B) Any provision of this Agreement, or of any agreement or arrangement of which it forms part, by virtue of which such agreement or arrangement is subject to registration



under the Restrictive Trade Practices Act 1976 shall only take effect the day after particulars of such agreement or arrangement have been furnished to the Director General of Fair Trading pursuant to section 24 of that Act

10 Confidentiality

- 10.1 Each of the Parties shall at all times use its best endeavours to keep confidential (and to procure that its respective employees and agents shall keep confidential) any confidential information which it or they may acquire in relation to the Company and its subsidiaries or in relation to the clients, business or affairs of every other party or of the Company or of any of the Company's subsidiaries and shall not use or disclose such information except with the consent of every other party or of the Company or its relevant subsidiary (as appropriate) or in accordance with the order of a court of competent jurisdiction or, in the case of information relating to the Company or any of its subsidiaries, for the advancement of the business of the Company or the relevant subsidiary
- 10.2 (A) The Parties shall procure that the Company shall, and shall procure that its subsidiaries shall, use all reasonable endeavours to ensure that the officers, employees and agents of each of them shall observe a similar obligation of confidence in favour of the Parties to this Agreement
- (B) The obligations of each of the Parties contained in clause 10.1 shall continue without limit in point of time but shall cease to apply to any information coming into the public domain otherwise than by breach by any such party of its obligations contained in clause 13 provided always that nothing contained in this clause 10 shall prevent any party from disclosing any such information to the extent required in or in connection with legal proceedings arising out of this Agreement or any matter relating to or in connection with the Company
- (C) For the purposes of this clause 10 the expression 'party' shall include the subsidiary companies of any party and any other company controlled by that party and the employees or agents of that party and of its subsidiary or controlled companies

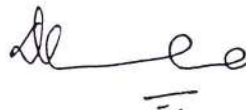
11 Tax matters

The central management and control of the Company shall be exercised in the United Kingdom and the Parties shall use their respective best endeavours to ensure that the Company is treated by all relevant authorities as being resident for taxation purposes in the United Kingdom

12 Share transfers

Save as otherwise expressly provided in this Agreement, neither party shall during the term of this Agreement either sell, transfer, charge, encumber, grant options over or otherwise dispose of, or of any legal or beneficial interest in, any of the shares now owned or subsequently acquired by it in the Company under or pursuant to this Agreement or by virtue of its shareholding in the Company except with the prior written consent of the other party (which may be withheld for any reason or without giving any reason) and in compliance with the provisions of the articles of association of the Company provided that the provisions of clause 18.1 are complied with.

13 Deadlock resolution



- 13.1 In the event the Parties are unable to decide upon any matter for a period of more than 60 days, a deadlock would have deemed to have occurred. The Parties shall first, for a period of another 60 days, negotiate and discuss with each other the manner in which the issue can be resolved. If after the additional 60 days, the issue has not been resolved, the provisions below relating to resolution of deadlocks shall apply.
- 13.2 In the event that the Parties are unable to reach a settlement of the issue of Deadlock, then the shareholder creating the Deadlock (Dissenting Shareholder) shall be deemed to have exercised its Put Option (as defined hereinbelow) on the other Shareholder (Other Shareholder).
- 13.3 In the event of a failure of the completion of the Put Option, then the Dissenting Shareholder shall exercise the Call Option (as defined hereinbelow) shall exercise the call option (as defined hereinbelow) and acquire all the shares of the company from the Other Shareholder at a fair market value.

13.4 FOR THE PURPOSES OF THIS SUBCLAUSE:

13.4.1 'Put Option' shall mean the option that shall be available to the Dissenting Shareholder to offer all, but not some, of the shares that it holds in the Company to the Other Shareholders at a fair market price to be determined by a Chartered Accountant of repute, being appointed by mutual consent of both Shareholders; and

13.4.2 'Call Option' shall mean the option that shall be available to the Proposing Shareholder to compel the Other Shareholder to sell all, but not some, of the shares that the Other Shareholder holds in the Company to the Proposing Shareholder at a fair market price to be determined by a Chartered Accountant of repute, being appointed by mutual consent of both Shareholders.

13.4.3 the Additional Share shall be deemed to be of no value

14 Termination

- 14.1 This Agreement shall continue in full force and effect until terminated in accordance with the provisions of this clause 14. Termination shall not affect any provision of this Agreement expressed to have effect after termination or any rights which any party may have against any other party subsisting at the time of termination.
- 14.2 Any of the parties shall be entitled to terminate this agreement forthwith by notice in writing (but not after 90 days of the event in question first coming to the attention of the party entitled to give the notice) if any the event that any party shall commit any breach of any of its obligations under this agreement and shall fail to remedy the breach, if capable of remedy, within 30 days after being given notice by any other party to do so.


15 Consequences of notices under clauses 13 and 14




- 15.1 If either party shall serve a notice of termination under clause 14 that party (the Terminator) shall be entitled by that notice to require the recipient to sell to the Terminator all (but not some only) of the Terminatee's shares in the Company, in either case at a price determined in accordance with the provisions of clause 15.2 below.

Upon the exercise of any such right the Terminator and the Terminatee shall become bound to respectively sell or purchase upon the terms set out below. If, in a valid termination notice, the power of sale or purchase is not exercised by the Terminator then, the Terminatee may within 30 days of the Terminator's notice serve a counter notice requiring the Terminator to sell to any one or more of them all (but not some only) of the Terminator's shares in the Company, in which case the Terminator and the Terminatee shall become respectively bound to sell and purchase the shares on the terms set out below.

- 15.2 The purchase price of the shares to be bought and sold pursuant to clause 15.1 above (or, if applicable, clause 13) shall be the fair value of them as agreed between the Parties to the sale and purchase but the Additional Share shall be deemed to be of no value or, in default of agreement within 15 days after the service of the notice of termination (or in the case of clause 13 within 15 days after service of a copy of the deadlock resolution notice by the directors pursuant to clause 13), such sum as shall be certified by the auditors (at the request of any such party) for the time being of the Company to be the fair value of the shares on the date when the termination notice was served. In so certifying the auditors are irrevocably instructed to value the shares to be bought and sold as the same proportion of the market value of the Company as a whole on that date as the relevant shareholding bears to the whole issued ordinary share capital of the Company on that date, but otherwise they shall take into account all circumstances that shall seem to them relevant. In a case where the shares to be bought and sold are owned by a party upon whom a termination notice under clause 14.2(A) has been served the auditors shall determine the market value of the Company as a whole both in the light of the breach concerned and on the basis that the breach had not been committed and if the first of those valuations is lower than the second, the whole amount of the reduction in the value of the Company shall be attributed to the shares of the party in breach, so that he (or) it shall receive an amount which is the proportion of the second valuation attributable to those shares minus the whole amount of the reduction. In so acting the auditors are instructed to act as experts and not as arbitrators and their decision shall (save in respect of manifest error) be final and binding on the Parties to the sale and purchase for all purposes and their fees and expenses shall be borne in equal shares by all of the Parties
- 15.3 Completion of the sale and purchase of shares pursuant to the provisions of clause 15.1 (or, if applicable, clause 13) shall take place at the registered office of the Company at the opening of business day on the second business day after the price payable has been agreed or determined in accordance with the provisions of clause 15.2 (or such other time and/or place as the Parties to the sale and purchase may agree) and in respect of which the provisions of clauses 15.4, 15.5, 15.6 and 15.7 shall then have effect
- 15.4 At any completion of the sale and purchase of shares pursuant to either clause 13 or 15 of this Agreement in return for a bankers' draft drawn on a London clearing bank (or such other means of payment which is agreed by the seller) for the full amount of the purchase money for the shares being bought and sold (determined in accordance with the respective provisions of clause 13 or 15 (as applicable) and such other amounts as are referred to in clause 15.5 below, the seller(s) shall deliver to the purchaser(s) duly executed share transfers for the shares being sold in favour of the purchaser(s) in accordance with their respective





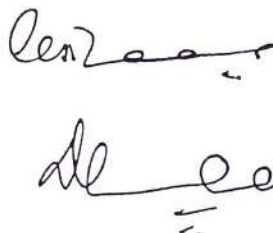



entitlements) or as they may direct together with the relative share certificate(s) therefor (or an acceptable indemnity in lieu of them). Any shares sold under or pursuant to the above provisions shall be sold free of all liens charges and encumbrances and together with all rights then or subsequently attaching to them and the seller shall sell the same with full title guarantee but shall not be obliged to enter into any other guarantees warranties or indemnities.

- 15.6 If either Shareholder shall cease to be a shareholder in the Company, and the corporate name of the Company or any part of it contains any word or words the same as or similar to the corporate name or any distinctive part of the corporate name of that shareholder, the remaining party or Parties shall procure that within 30 days of the party ceasing to be a shareholder the corporate name of the Company shall be changed so as to exclude that word or those words.
- 15.7 Clause 13 and this clause 15 does not alter any provision or provisions contained in the articles of association of the Company restricting the transfer of shares. However, the Parties shall exercise all voting and other rights available to them to ensure the implementation of the foregoing provisions of clause 13 and this clause 15, and any provisions contained in the articles of association of the Company restricting transfers of shares are waived or suspended to allow sales and purchases to proceed as provided above and the Parties shall procure the registration of any such transfer of any shares in the Company accordingly

16 Supremacy and general covenants

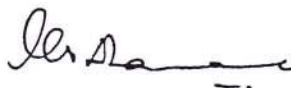
- 16.1 If any provisions of the memorandum or articles of association of the Company at any time conflict with any of the provisions of this Agreement, the provisions of this Agreement shall prevail by the means set out in the following sentence. The Parties shall whenever necessary, including in the case referred to in the preceding sentence, exercise all voting and other rights and powers available to them to procure the alteration of the memorandum or articles of association or both to the extent necessary to permit the Company and its affairs to be carried out as provided in this Agreement. For the avoidance of doubt, the memorandum and articles of association of the Company do not conflict and are not to be treated as conflicting with any provision of this Agreement by which the Parties agree to procure that anything be or be not done
- 16.2 Each of the Parties shall exercise all voting rights and other powers of control available to them in relation to the Company and their beneficial shareholdings in it so as to procure (so far as each is respectively able by the exercise of those rights and powers) that at all times during the term of this Agreement the provisions concerning the structure and organisation of the Company and the regulation by the Parties of its affairs set out in this Agreement are duly observed and given full force and effect and all actions required of the Parties under this Agreement are carried out in a timely manner. Without prejudice to the generality of the foregoing each party shall procure that each of its nominees who are shareholders in the Company and (subject to their fiduciary duties) each of the directors appointed or deemed to be appointed by it under or pursuant to clause 2 or 3 above or both shall execute and do all such acts and things and give and confer all such powers and authorities as they would have been required to execute, do, give or confer had they been a party to this Agreement and had covenanted in the same terms as the party for which they are a nominee (if a shareholder) or which appointed them (if a director)



16.3 Notwithstanding any other provision of this Agreement if any party (or any other person connected with a party) shall be in dispute with or shall have a conflict of interest with that of the Company, the party in its capacity as shareholder shall not do anything, and shall procure that the director or directors appointed or deemed to be appointed by it under or pursuant to clause 3 above shall not do anything or omit to do anything, which would or be likely to prevent the Company from exercising or from deciding whether or not to exercise such rights as it may have in respect of the matter or against the party (or person connected with it) in question.

17 General

- 17.1 Each of the Parties shall procure that it shall be a condition of the sale, transfer or other disposition of any shares in the Company for the time being legally or beneficially owned by it, or of any interest in them, in favour of any person ('the Transferee') who is not a party to this Agreement that the sale, transfer or other disposition (being one which is otherwise permitted under or pursuant to the provisions of clause 12. above) shall not be effected unless the Transferee (and any other person who will in consequence of the transfer or other disposal have any beneficial interest in the shares concerned) shall first enter into an undertaking in the agreed form annexed hereto as Schedule 2 (hereinafter referred to as the 'Undertaking') with all the other Parties to this Agreement and with all other persons who are for the time being bound by this Agreement and will remain so after the sale, transfer or other disposition, whereby the Transferee agrees to be bound and to comply with all the provisions of this Agreement binding upon his transferor (other than any which impose a personal obligation upon his transferor which is not also undertaken by each of the other Parties to this Agreement and any warranties given by his transferor). The Parties shall procure that no shares of the Company shall be issued except upon the condition that the person to whom the shares are to be issued and any person who will, following the issue, have any beneficial interest in the shares issued, shall also enter into such an Undertaking.
- 17.2 The successors to the Parties to this Agreement, together with each person entering into an undertaking in the form required by clause 17.1 shall automatically become entitled to the benefit of this Agreement as if he was named in it in place of the party who originally held the shares in which he is interested and all references to a party to this Agreement or 'the Parties' or any similar expression shall from such date be construed accordingly
- 17.3 A party to this Agreement or any successor or permitted assign of a party who ceases to be legally and beneficially entitled to any shares of the Company and who has complied with clause 17.1 and all other applicable provisions of this Agreement relating to the transfer of the shares (including, without limit, clause 12) shall (subject as provided in clause 14.1) cease to be bound by this Agreement, with the exception of clauses 5.10.2, 10 and 16
- 17.4 This Agreement shall be capable of being amended by an instrument executed by all the Parties for the time being.
- 17.5 No exercise or failure to exercise or delay in exercising any right power or remedy vested in any party under or pursuant to this Agreement shall constitute a waiver by that party of that or any other right power or remedy
- 17.6 Nothing in this Agreement shall be deemed to constitute a partnership between the Parties (or any of them) nor constitute any party or Parties the agent of the other party or Parties



or otherwise entitle any party to have authority to bind any other party or Parties for any purpose.

- 17.7 Each party shall bear its own costs of or in connection with the preparation and execution of this Agreement.
- 17.8 This Agreement (together with all agreements and documents executed contemporaneously with it or referred to in it) constitutes the entire agreement between the Parties in relation to the subject matter of it and supersedes all prior agreements and understandings whether oral or written with respect to that subject matter. No variation of this Agreement shall be effective unless reduced to writing and signed by or on behalf of a duly authorised representative of each of the Parties, but subject to clause 17.4. By way of abundant caution, it is reiterated that that this Agreement expressly repeals the provisions of the JVA, and supersedes the JVA in all matters relating to the relationship between the Shareholders *inter se*, and between each Shareholder and the Company.
- 17.10 If any term, condition or provision of this Agreement is held to be a violation of any Law, it shall be deemed to be deleted from this Agreement and shall be of no force and effect and this Agreement shall remain in full force and effect as if that term, condition or provision had not originally been contained in this Agreement. Notwithstanding the foregoing, in the event of any such deletion the Parties shall negotiate in good faith in order to agree the terms of a mutually acceptable and satisfactory alternative provision in place of the provisions so deleted
- 17.11 This Agreement may be executed in any number of counterparts or duplicates each of which shall be an original, but the counterparts or duplicates shall together constitute one and the same agreement
- 17.12 Time shall be of the essence for the purposes of any provision of this Agreement

18 Notices

- 18.1 Any notice to be given by any party to this Agreement shall be in writing and shall be deemed duly served if delivered personally or sent by fax or by prepaid registered post to the addressee at the address or (as the case may be) or fax number of that party set opposite its name below

Dynamic Distance Learning Limited	ExcelSoft Technologies Private Limited
Fabriam Centre	1-B, Hutagalli Industrial Estate,
Middle Engine Lane	Hunsur Road,
SilverlinkNewcastleNE28 9NZUnited Kingdom	Mysore 571186

or at any other address (or fax number) the party to be served may have notified (in accordance with the provisions of this clause) for the purposes of this Agreement.

- 18.2 Any notice sent by fax shall be deemed served when despatched and any notice served by prepaid registered post shall be deemed served 48 hours after posting to an address in the United Kingdom or, where served by airmail, 5 days after posting to an address outside the United Kingdom. In proving the service of any notice it will be sufficient to prove, in the case of a letter, that the letter was properly stamped, addressed and placed in the post or delivered or left at the current address if delivered personally and, in the case of a fax, that

the fax was duly despatched to the fax number of the addressee given above or subsequently notified for the purposes of this Agreement

19 Governing Law and jurisdiction

- 19.1 This Agreement shall be governed by, and construed in all respects in accordance with, English law.
- 19.2 Subject to the provisions of Clause 20 of this Agreement, in relation to any legal action or proceedings to enforce this Agreement or arising out of or in connection with this Agreement ('proceedings') each of the Parties irrevocably submits to the jurisdiction of the English courts and waives any objection to proceedings in those courts on the grounds of venue or on the grounds that the proceedings have been brought in an inconvenient forum
- 19.3 These submissions shall not affect the right of any Party to take proceedings in any other jurisdiction nor shall the taking of proceedings in any jurisdiction preclude any Party from taking proceedings in any other jurisdiction.
- 19.4 ExcelSoft irrevocably consents to any process in any proceedings anywhere being served in accordance with the provisions of this Agreement relating to the service of notices. Such service shall become effective 30 days after despatch. Nothing contained in this Agreement shall affect the right to serve process in any other manner permitted by Law

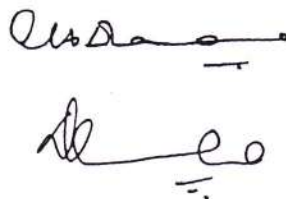
20. ARBITRATION AND CONSULTATION

20.1 Consultation

In the case of any dispute arising out of or in connection with this Agreement or its performance, including any question regarding its existence, validity or termination, the Parties shall first endeavour to reach an amicable settlement through mutual consultations and negotiations. If the Parties are unable to reach an amicable settlement within 30 days from the date on which the dispute arose (except as to any matter for which express provisions are made in this Agreement), any of the Parties may make a reference to arbitration in accordance with Clause 20.2 hereof.

20.2 Arbitration

- (a) In the absence of any settlement of disputes under Clause 20.1 above, any and all disputes or differences arising out of or in connection with this Agreement or its performance shall be submitted to arbitration at the request of a Party upon written notice to that effect to the other Party/ Parties and such arbitration shall be conducted in accordance with the Rules of International Chamber of Commerce, by an Arbitral Tribunal. The Arbitral Tribunal shall consist of three members, of which at least one shall be a retired judge of any High Court of India or a Solicitor of England and Wales. ExcelSoft and DDL shall each appoint one member of the Arbitral Tribunal, and the two members so appointed shall appoint a third member as an umpire to the Arbitral Tribunal.
- (b) While submitting the dispute or difference to arbitration in accordance with sub-clause (a) above, the Party, while so submitting shall, in its notice, specify the name of one arbitrator appointed by it. Within 30 days of the receipt of notice, the other Party shall appoint an arbitrator. The third arbitrator (who will act as the chairman) shall be nominated by the two arbitrators appointed as aforesaid or, failing such nomination within 30 days of the



appointment of the second arbitrator, shall be appointed in accordance with the Rules of the International Chamber of Commerce.



- (c) The language of the arbitration shall be English. The venue of the arbitration shall be at London
- (d) The Parties agree that the award of the arbitrators shall be final and binding upon the Parties, and that none of the Parties shall be entitled to commence or maintain any action in a court of Law upon any matter in dispute arising from or in relation to this Agreement, except for the enforcement of an arbitral award granted pursuant to this Clause if required.

21 Representations

21.1 **Investment.** Each Shareholder represents and warrants to the other and to the Company that the shares being held by such Shareholder are being held for investment and not with a view to, or for resale in connection with, any distribution of securities. Each Party understands that the shares may not be sold, transferred, hypothecated, pledged or otherwise disposed of except in compliance with this Agreement and Law.

22 **Other Representations.** Each Party further represents and warrants to the other Party that:

- (A) such Party is a corporation duly organized and existing under Law, and has full corporate power and authority to make, execute, deliver and perform this Agreement and the transactions contemplated hereby;
- (B) the execution and delivery of this Agreement by such Party does not, and the performance by the Party of its obligations hereunder, the consummation by Parties of the transaction contemplated in this Agreement hereby will not,
 - (i) conflict with or violate the charter documents of the Party,
 - (ii) conflict with or violate any Law, rule, regulation, order, judgment or decree applicable to the Party or by which the Party or its assets and properties are bound or affected, or
 - (iii) result in any breach of, or constitute a default (or an event that with notice or lapse of time or both would become a default) under any instrument or obligation to which the Party is a party or by which the Party or its assets and properties are bound or affected, except to the extent such conflict, violation, breach, default, impairment or other effect could not, in the case of Subclause (ii) or (iii), individually or in the aggregate, reasonably be expected to have a material adverse effect on, or materially delay, the ability of Parties to consummate the transaction contemplated by this Agreement;
- (C) this Agreement has been duly authorized, executed and delivered by such Party and constitutes the legal, valid and binding obligation of such Party, enforceable in accordance with its terms, and all necessary corporate action has been taken by such Party in order to authorize the execution, delivery and performance of this Agreement;
- (D) the recitals to this Agreement are true and accurate insofar as they relate to it;



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23 Validity

The issue and allotment of equity capital to ExcelSoft shall be subject to any requisite approval of Government of India ("GOI") and/or of the Reserve Bank of India and will be governed by such terms and conditions as may be stipulated by GOI then; provided, however, that neither Party shall be obliged to proceed if the terms of such approvals or any other obligation imposed on them by applicable laws or regulations materially detract from the expectations of such Party for the joint venture contemplated herein.

24 Indemnification

Either Party shall defend, indemnify, and hold harmless the Other Party's and its respective officers, directors, shareholders, employees, agents, independent contractors, representatives, and affiliates from and against any loss, damage, liability, cost or expense, including attorneys' fees and disbursements, arising in connection with:

- (A) Any breach of a representation of either party as set forth herein;
- (B) Any breach of or failure to perform any covenant, agreement or obligation of either party set forth in this Agreement or any agreement contemplated hereby; and
- (C) Claims or demands of third Parties arising in connection with any activities of either party or any of its Affiliates, or their respective employees, agents, representatives or affiliates, under or in connection with this Agreement.

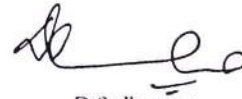
AS WITNESS the hands of the Parties the date and year first before written

SIGNED for and on behalf of the within named Dynamic Distance Learning Limited (DDL) pursuant to the Resolution passed by the Board of Directors of the Company being represented by its Managing Director.



Lynne McBean
Business Development Director
Dynamic Distance Learning Limited

SIGNED for and on behalf of the within named Excelsoft Technologies Private Limited (Excelsoft) pursuant to the Resolution passed by the Board of Directors of the Company being represented by its Managing Director.


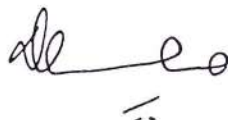


D Sudhanva
Managing Director
Excelsoft Technologies Private Limited

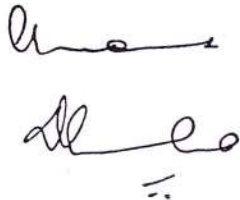
Dec 16, 2005

SIGNED for and on behalf of the within named Freedom to Learn (the Company) pursuant to the Resolution passed by the Board of Directors of the Company dated [] being represented by its CEO[].

Dec 16, 2005




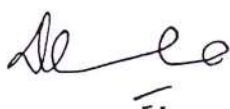
David Gardner
CEO
Freedom To Learn Limited



SCHEDULE 1

(to the Joint Venture and Shareholders Agreement dated April 4, 2002)

E learning Solutions including software tools, content, consulting & advisory services



Schedule 2
Form of undertaking required on transfer of shares

THIS DEED is made the day of

BETWEEN

- (1) *(name)* of *(address)* ("the New Shareholder"); and
- (2) The persons whose names and addresses appear in the schedule below ("the Existing Shareholders").

WHEREAS

- (A) *(recite date and Parties to joint venture agreement)* ("the Joint Venture Agreement")
- (B) *(recite any previous deeds adhering to the joint venture agreement and any releases from it)*
- (C) The New Shareholder has become entitled to [a transfer of *(or)* be issued with] *(state number and class)* ordinary shares of £1 each in the capital of the Company
- (D) It is a term of the Joint Venture Agreement that no [transfer *(or)* issue] of shares in the Company shall be effected unless the [transferee *(or)* the person to whom such shares are to be issued] shall have first entered into a deed in the form of this deed.

NOW THIS DEED WITNESSES that the New Shareholder covenants with each of the Existing Shareholders that [with effect from the date of this deed] the New Shareholder will be bound by and will observe and perform the every provision of the Joint Venture Agreement [by which *(name of outgoing party)* was bound] in every way as if the New Shareholder had been named in it as a party to it with the exception of clauses *(insert numbers of any clauses which contain personal obligations or warranties)*.

IN WITNESS etc

THE SCHEDULE

(insert names and addresses of existing shareholders)

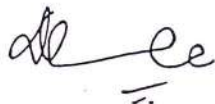
SIGNED for and on behalf of
DYNAMIC DISTANCE
LEARNING LIMITED

Director:



SIGNED for and on behalf of
EXCELSOFT TECHNOLOGIES
PVT LIMITED

Director:



CIRCULAR RESOLUTION

Pursuant to the Joint Venture Agreement dated December 15, 2005, entered into between the Company, its shareholders, Excelsoft Technologies Private Limited and Dynamic Distance Learning Limited, the Shareholders have agreed to share the revenues of the Company in the manner detailed the Annexures to this resolution and memorandum.

Therefore it is resolved by the Board as follows:

“RESOLVED that the Board hereby accords its approval for the sharing of the revenues and the pricing structure for the business to be undertaken by the Company, in the manner detailed the Annexure A herein, and the same being pursuant to the Joint Venture Agreement dated December 15, 2005, entered into between the Company and its shareholders, to the aforementioned Joint Venture Agreement.”

	Name of the Director	Yes/No	Signature & Date
1.	M H Dhanajaya (Nominee Director of ExcelSoft Technologies Private Limited)		
2.	D Sudhanva (Nominee Director of ExcelSoft Technologies Private Limited)		
3.	David Gardner (Nominee Director of Dynamic Distance Learning Limited)		
4.	Lynne McBean (Nominee Director of Dynamic Distance Learning Limited)		

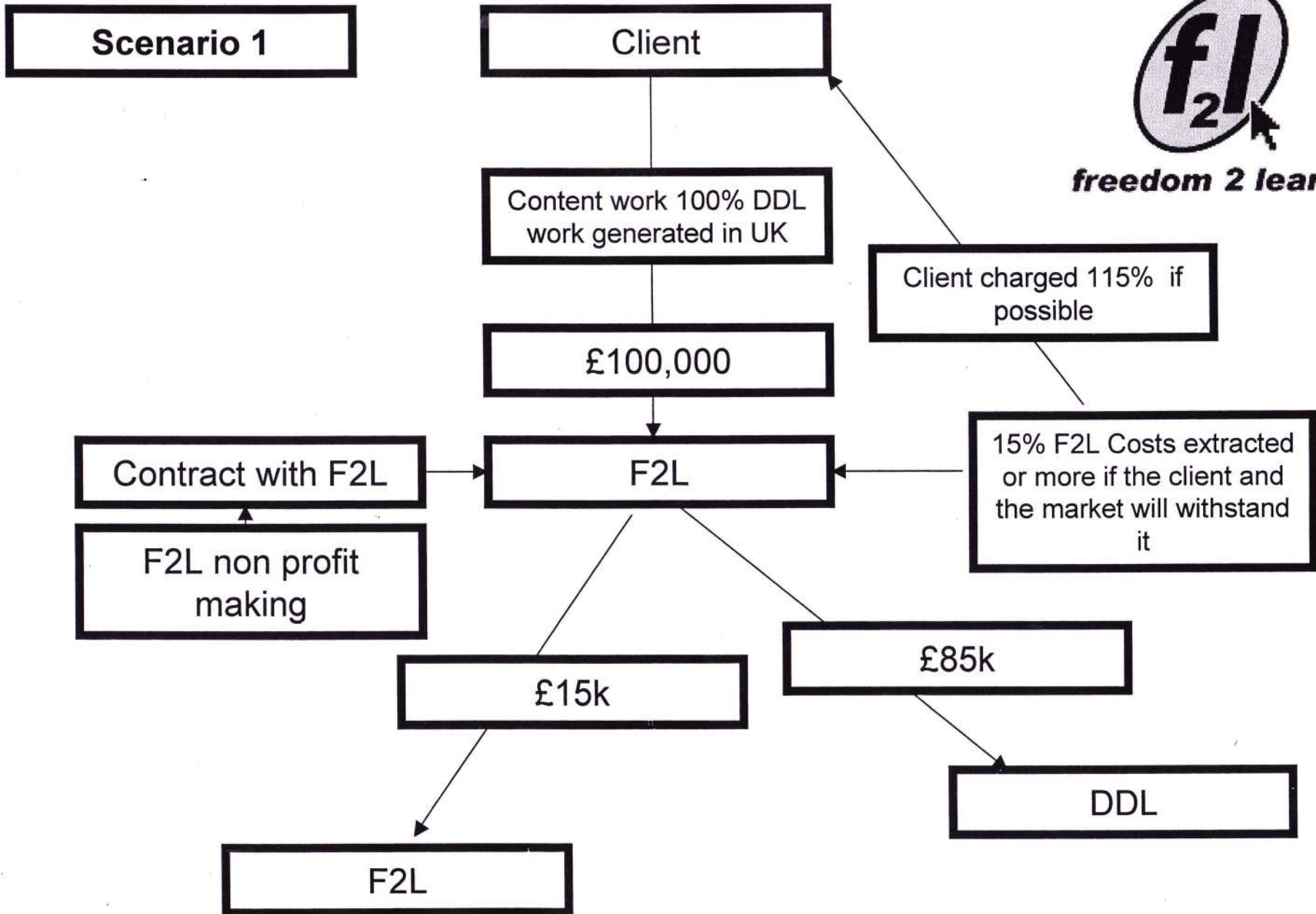


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Annexure-A

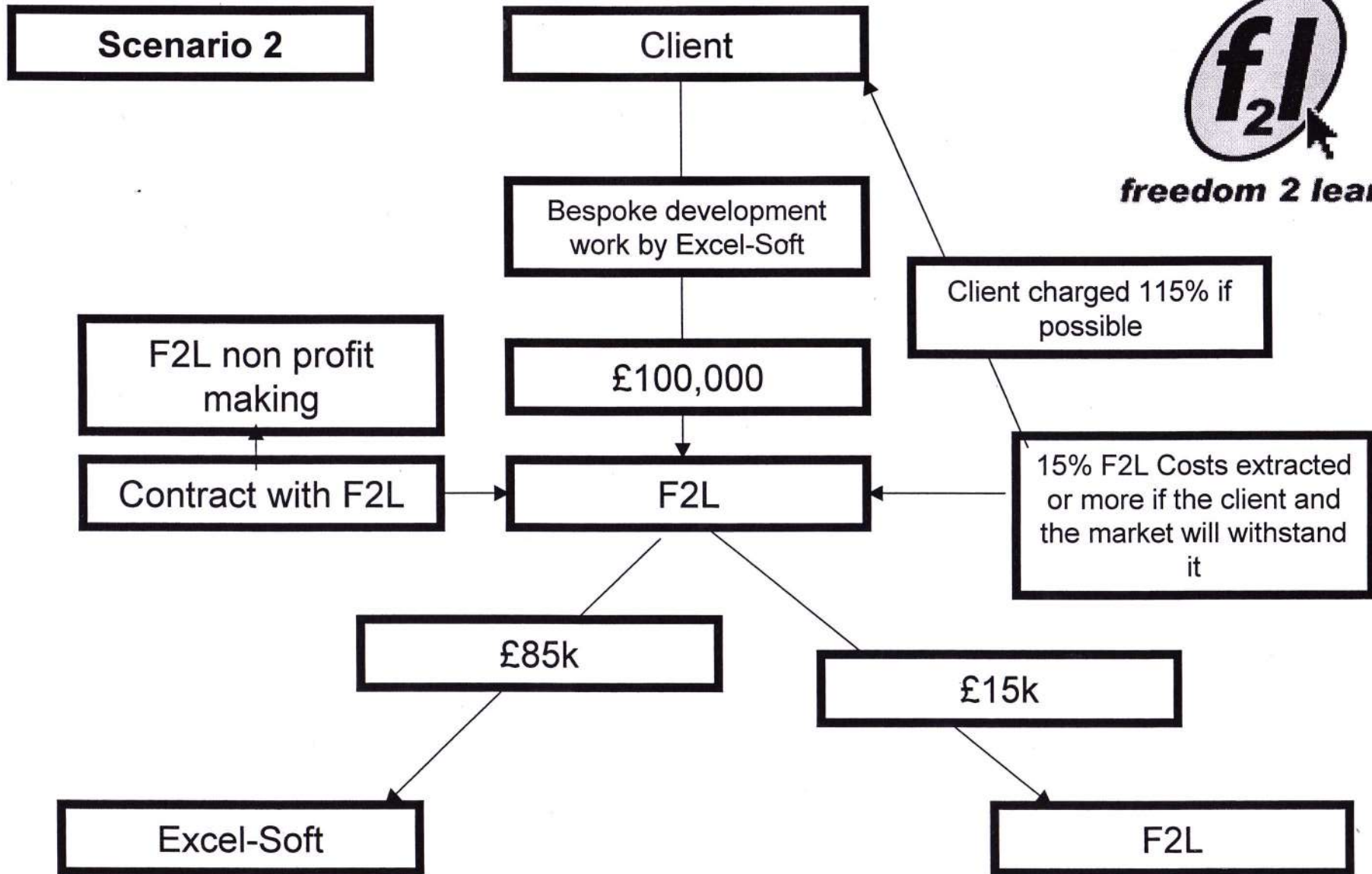


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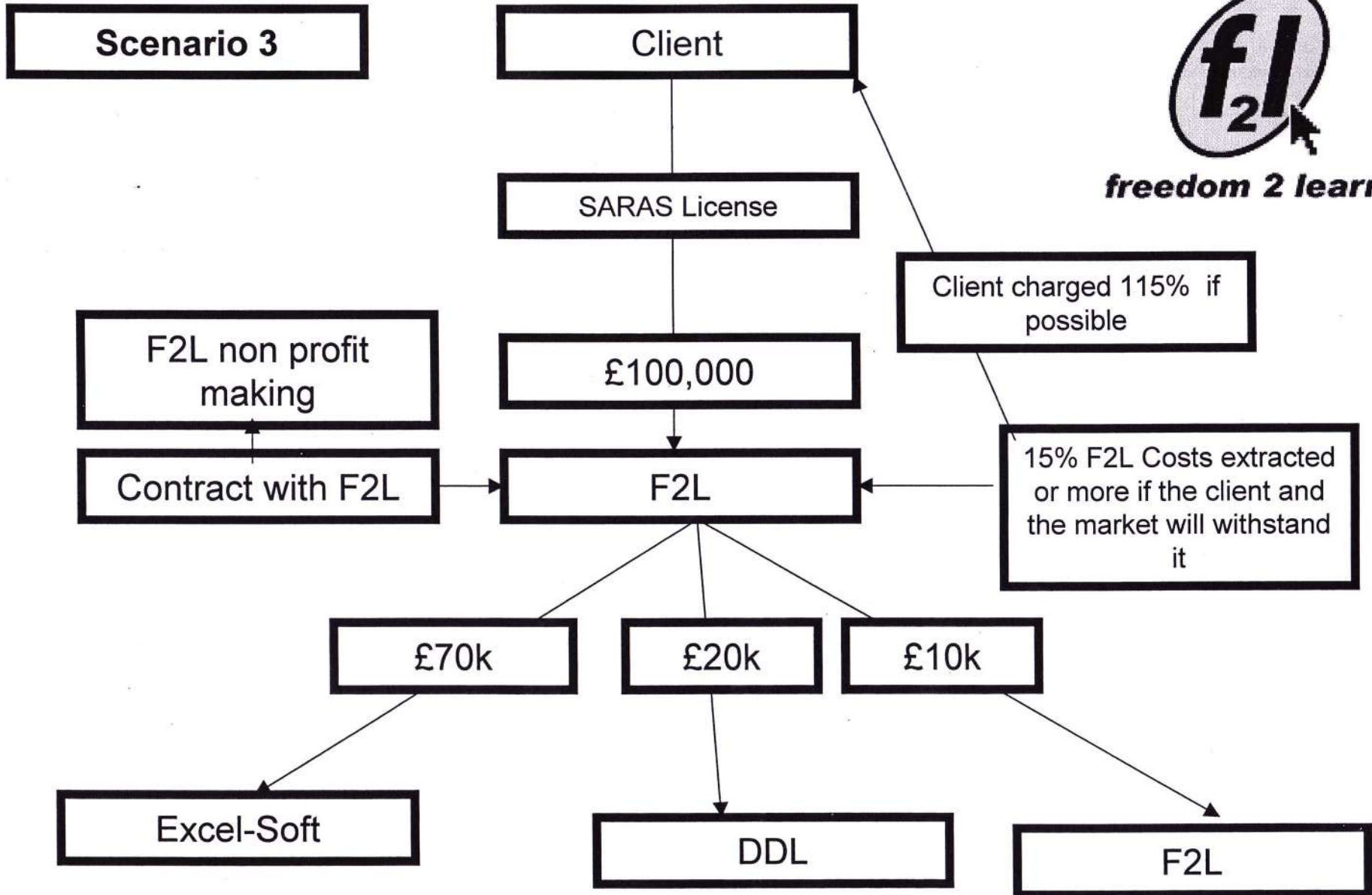


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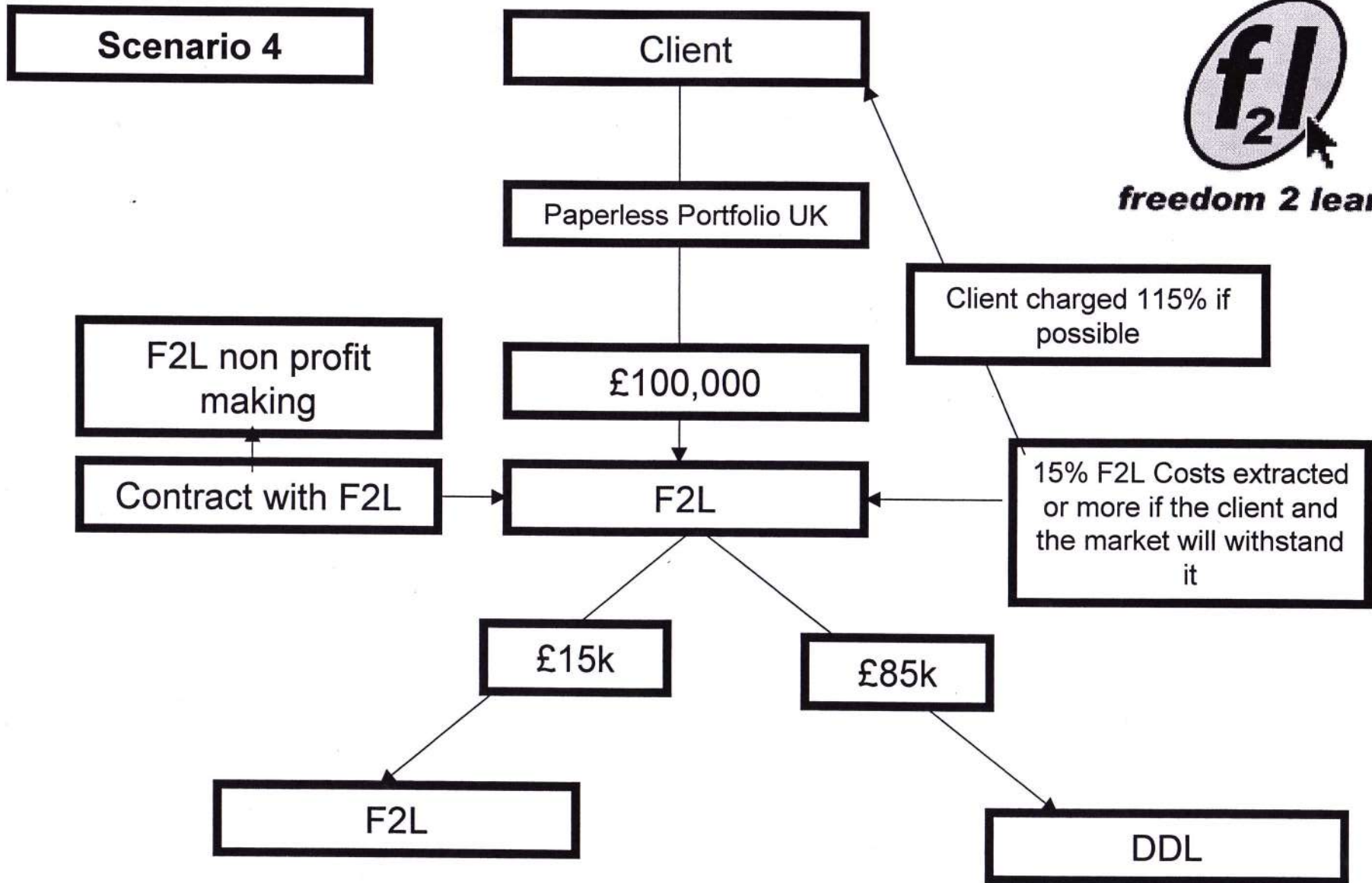


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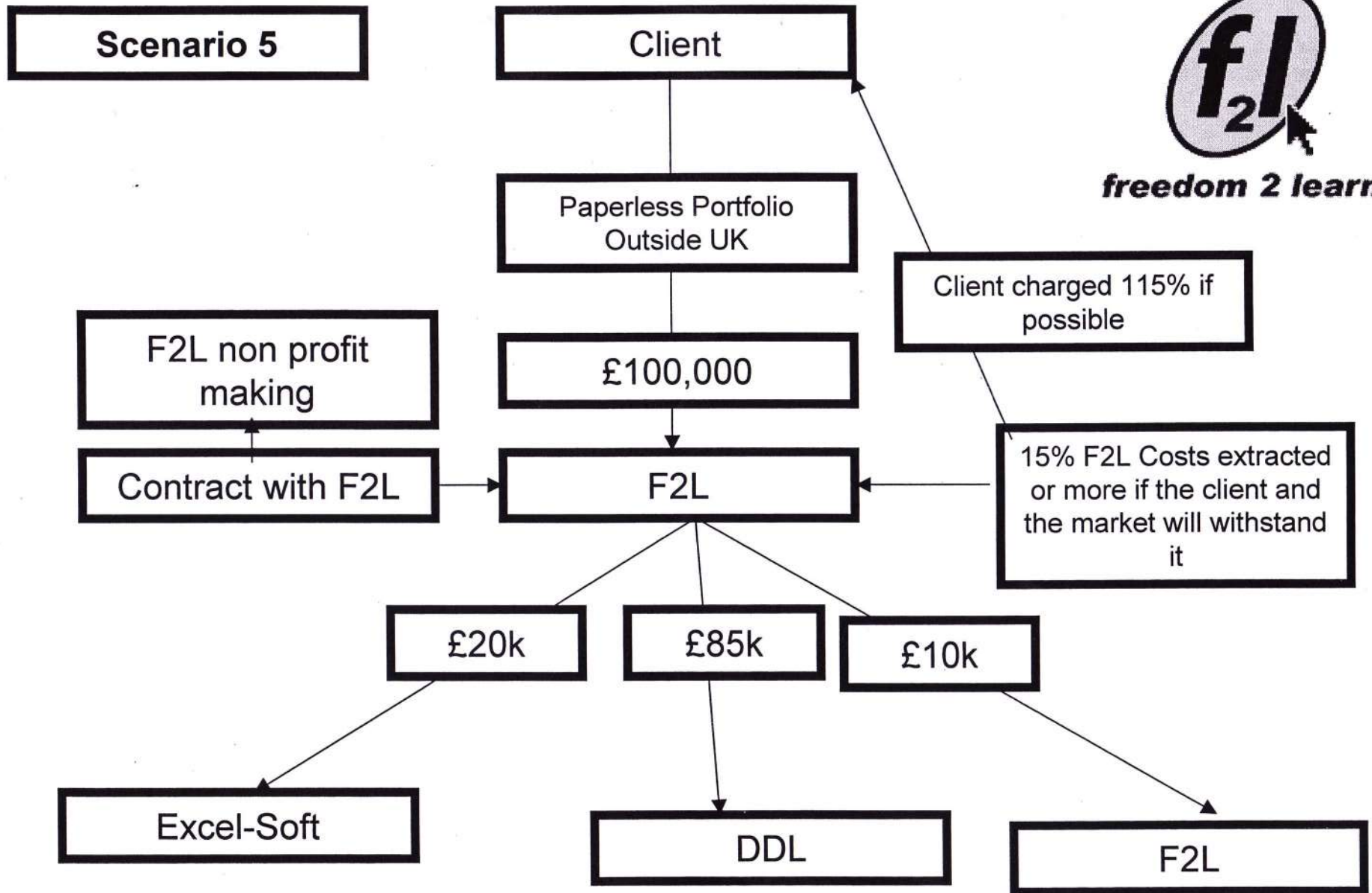


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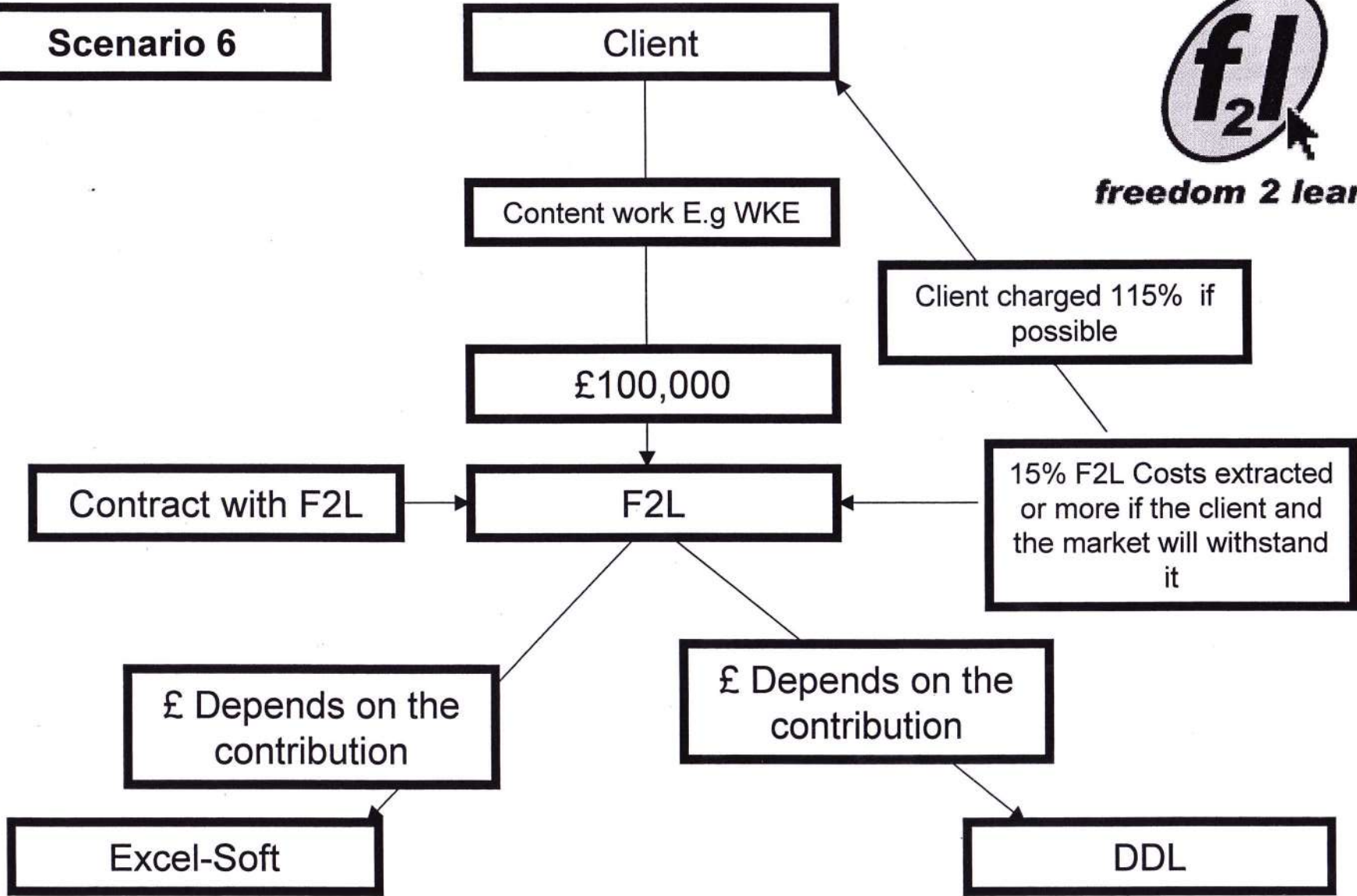




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Scenario 6



Note : Combination of Scenario 1 & 2