

STRIDES ARCOLAB LIMITED

Regd. Office: 201, 'Devavrata' Sector-17, Vashi, Navi Mumbai – 400705.

Corporate Office: 'Strides House', Bilekahalli, Bannerghatta Road, Bangalore – 560 076



Notice pursuant to Section 192A (2) of the Companies Act, 1956 **Read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001**

The Board of Directors of your Company has approved the following resolutions for approval of the Shareholders through Postal Ballot as per section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Accordingly, the said Resolutions and the Explanatory Statement are being sent to you along with a Postal Ballot Form for your consideration.

The Company has appointed Mr.Gigi Joseph K.J, Practicing Company Secretary of M/s.SGB & CO., COMPANY SECRETARIES, Bangalore as Scrutinizer for conducting the 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 postage pre-paid envelope so as to reach the Scrutinizer on or before the close of working hours on 10th January 2009. The Scrutinizer will submit his report after completion of the scrutiny and the results of the Postal Ballot will be announced on 12th January 2009 and displayed at the Registered Office and Corporate Office of the Company.

RESOLUTIONS

1. To consider and if thought fit to pass the following resolution as a *Special Resolution*:

RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (including any statutory modifications or re-enactments thereof, for the time being in force) and in accordance with the provisions contained in the Memorandum and Articles of Association of the Company, Foreign Exchange Management Act, 1999, Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and the regulations/ guidelines prescribed by any other relevant authority, from time to time, to the extent applicable, consent and approval of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company (including a Committee thereof, hereinafter collectively called "Board"), to grant, issue, offer and allot in pursuance of Strides Arcolab Employee Stock Option Plan-2008 (Director) ("Strides Arcolab ESOP – 2008 (Director)" or the "Plan") upto 500,000 (Five Hundred Thousand only) options convertible into equity shares of the Company having a nominal value of Rs. 10/- (Rupees Ten only) each, of an aggregate nominal amount of 5,000,000/-, at such price and on such terms as may be specified and determined, to the Directors of the Company who may or may not be the shareholders of the Company, as the Board may at its sole discretion decide, in one or more modes or combinations thereof and in one or more tranches and subject to such terms, price, period and in such manner as may be determined by the Board on the broad terms and conditions as given in the Explanatory Statement annexed to the notice subject to the limit that no director shall be granted in any financial year of the company, options to purchase more than or equaling 1% of the outstanding issued equity share capital as on, date of grant (excluding outstanding options, warrants and conversions) or more than 50,000 options in a financial year.

RESOLVED FURTHER THAT the Strides Arcolab ESOP – 2008 (Director) shall come into effect on the passing of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to determine, modify, frame and incorporate such other terms and conditions in the Strides Arcolab ESOP – 2008 (Director) as hereby approved, without being required to seek any further consent or approval of the shareholders, including those arising in connection with the implementation of Strides Arcolab ESOP – 2008 (Director) as the Board may in its absolute discretion deem fit in order to ensure compliance of the Strides Arcolab ESOP – 2008 (Director) with the local laws of the countries where the Strides Arcolab ESOP - 2008 (Director) would be applicable, subject however to compliance with Indian laws.

RESOLVED FURTHER THAT all actions taken by the Board in connection with the above and all incidental and ancillary things done are hereby specifically approved and ratified.

RESOLVED FURTHER THAT the new Equity shares to be issued and allotted by the Company under the aforesaid Strides Arcolab ESOP – 2008 (Director), shall in all respects rank pari passu with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under the Strides Arcolab ESOP – 2008 (Director) on the Stock Exchanges where the equity shares of the Company are listed.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion, deem 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 regard to such issue or offer, allocation, allotment and utilization of the proceeds (including power to amend or modify any terms of such issue or allotment) without being required to seek any further consent or approval of the shareholders, as it may in its absolute discretion deem fit and further to execute all documents and writings as may be necessary, proper, desirable or expedient and to give such directions and/or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions of Strides Arcolab ESOP – 2008 (Director).

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein to any Committee of Directors, the Chairman or the Vice Chairman of the Company with a power to further delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc. as may be necessary in this regard.

2. To consider and if thought fit to pass the following resolution as a *Special Resolution*:

RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (including any statutory modifications or re-enactments thereof for the time being in force) and in accordance with the provisions contained in the Memorandum and Articles of Association of the Company, Foreign Exchange Management Act, 1999, Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and the regulations/ guidelines prescribed by any other relevant authority, from time to time, to the extent applicable, consent and approval of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company (including a Committee thereof, hereinafter collectively called "Board"), to extend the benefits of the Strides Arcolab ESOP-2008 (Director) referred to in Resolution No. 1 of this Notice and duly passed by the Members, subject to the overall limit specified under the said Plan, to such directors of the Subsidiaries (whether in India or abroad) who may or may not be the shareholders of the Company, as the Board may at its sole discretion decide, in one or more modes or combinations thereof and in one or more tranches and subject to such terms, price, period and in such manner as may be determined by the Board on the broad terms and conditions as given in the Explanatory Statement annexed to the notice, subject to the limit that no director shall be granted in any fiscal year of the company, options to purchase more than or equaling 1% of the outstanding issued equity share capital as on date of grant (excluding outstanding options, warrants and conversions) or more than 50,000 options in a financial year.

RESOLVED FURTHER THAT the Board be and is hereby authorised to determine, modify, frame and incorporate such other terms and conditions in the Strides Arcolab ESOP – 2008 (Director) as hereby approved, without being required to seek any further consent or approval of the shareholders, including those arising in connection with the implementation of Strides Arcolab ESOP - 2008 (Director) as the Board may in its absolute discretion deem fit in order to ensure compliance of the Strides Arcolab ESOP - 2008 (Director) with the local laws of the countries where the Strides Arcolab ESOP – 2008 (Director) would be applicable, subject however to compliance with Indian laws.

RESOLVED FURTHER THAT all actions taken by the Board in connection with the above and all incidental and ancillary things done are hereby specifically approved and ratified.

RESOLVED FURTHER THAT the new Equity shares to be issued and allotted by the Company under the aforesaid Strides Arcolab ESOP – 2008 (Director), shall in all respects rank pari passu with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under the Strides Arcolab ESOP – 2008 (Director) on the Stock Exchanges where the equity shares of the Company are listed.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion, deem 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 regard to such issue or offer, allocation, allotment and utilization of the proceeds (including power to amend or modify any terms of such issue or allotment) without being required to seek any further consent or approval of the shareholders, as it may in its absolute discretion deem fit and further to execute all documents and writings as may be necessary, proper, desirable or expedient and to give such directions and/or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions of Strides Arcolab ESOP – 2008 (Director).

RESOLVED Further that the Board be and is hereby authorized to delegate all or any powers conferred herein to any Committee of Directors, the Chairman or the Vice-Chairman of the Company with a power to further delegate to any Executives / Officers of the company to do all such acts deeds, matters and things as also to execute such documents, writings, etc, as may be necessary in this regard.

**EXPLANATORY STATEMENT
PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

Item No.1 & 2

The Company is proposing to introduce a separate Employee Stock Option Scheme for the Directors to remunerate them for their service and the expertise they bring to the organization. The scheme would be titled 'Strides Arcolab ESOP-2008 (Director)' which was approved by the Board of Directors at their meeting held on October 31, 2008.

This scheme would be in addition to the existing Employee Stock Option Schemes of the Company viz., 'Strides Arcolab ESOP 2006' and 'Strides Arcolab ESOP 2008'.

Strides Arcolab ESOP – 2008 (Director) or Plan for the issue of options convertible into equity shares to the Directors of the Company and its subsidiaries (whether in India or abroad) is being formulated in line with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999 (hereinafter referred as "Guidelines").

The broad terms and conditions of Strides Arcolab ESOP - 2008 (Director) are as under:

a) Total number of options to be granted:

The total number of Options that may be granted under Strides Arcolab ESOP - 2008 (Director) in one or more tranches are 500,000 in aggregate which would result in additional 500,000 equity shares of Rs.10/- each in the Company on exercise of such options.

b) Class of Directors entitled to participate in the Strides Arcolab ESOP-2008 (Director):

Strides Arcolab ESOP – 2008 (Director) would be applicable to Executive and Non Executive Directors of the Company and Directors of the subsidiaries whether in India or out of India, but shall not be applicable to a Director who is a promoter or belongs to a promoter group or a director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company

c) Requirements of vesting, period of vesting and maximum period within which the options shall be vested:

The minimum period of vesting is one year from the date of grant of option and the maximum period shall be three years. The Compensation Committee shall decide on the vesting schedule. The vesting may also happen in one or more tranches as may be decided and approved by the Compensation Committee.

d) Exercise price or pricing formula:

The exercise price of an option that shall be fixed shall not be less than eighty five percent (85%) of the "Market Price" as per the Guidelines.

e) Exercise period and process of exercise:

The exercise period of the options shall be 30 days from the date of vesting of the options. In order to exercise the options, the option grantee shall give a written application to the designated officer with the full consideration of the option to be exercised. The option grantee may apply for exercise of options in any number of lots from the date of vesting. The options shall not be permitted to be exercised after the expiry of the above mentioned exercise period. After this date, all the options vested and remain unexercised under the scheme will lapse.

f) The appraisal process for determining the eligibility of Directors to Strides Arcolab ESOP-2008 (Director):

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

g) Maximum number of options to be issued per Director and in aggregate:

It is proposed that no Director shall be granted, in any financial year of the Company, Options to purchase more than or equaling 1% of the outstanding issued equity share capital as on the date of grant (excluding outstanding options, warrants and conversions). However, no Director shall be entitled to more than 50,000 Options in a financial year.

The options issued in terms of the Plan shall not exceed 500,000 (Five Hundred Thousand) in aggregate.

h) Accounting Policies:

The Company shall comply with the accounting policies specified in Guidelines based on the intrinsic value of the options in respect of the Shares issued under Strides Arcolab ESOP-2008 (Director).

i) Method of Valuation:

The Company is granting the options to Directors at a price not less than eighty five percent (85%) of the "Market Price", as defined under SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999. The Company shall use Intrinsic Value Method to value the options issued under Strides Arcolab ESOP-2008 (Director).

j) Statement:

Since the Company calculates the employee compensation cost using the intrinsic value of the Stock options, the difference between the compensation cost so computed and the 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 also the impact of this difference on profits and on Earnings Per Share (EPS) of the Company shall be disclosed in the Directors' Report.

As per the Guidelines, a separate resolution is required to be passed if the benefits of the Employee Stock Option Scheme are to be extended to the Directors of Subsidiary Companies and Holding Companies of the Company and / or such other persons as may from time to time be allowed to enjoy the benefits of the Plan in the same manner and subject to terms and conditions as mentioned herein.

Accordingly the resolutions set as Item No.1 and Item No.2 are being placed for the approval of shareholders pursuant to Section 81 (1A) of the Companies Act, 1956 and Clause 6 of the Guidelines and all other applicable provisions of the law for the time being in force.

The Board of Directors recommend the passing of the proposed resolutions stated at Item 1 and Item 2 as Special Resolutions and request your approval for the same.

A copy of the Strides Arcolab ESOP - 2008 (Director) is available for inspection at the registered office and corporate office of the Company till 10-01-2009 on all working days between 10 am to 5 pm.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution, except to the extent of the options that may be granted to the under them plan

Bangalore
October 31, 2008

By the Order of the Board
For **Strides Arcolab Limited**
Kannan. N
Company Secretary