

**MINUTES OF THE 14TH ANNUAL GENERAL MEETING OF THE MEMBERS OF MEGASOFT LIMITED HELD ON WEDNESDAY THE 25TH DAY OF JUNE 2014 AT 10.00 AM AT NARADA GANA SABHA (MINI HALL), 314, TTK ROAD, ALWARPET, CHENNAI 600018**

**The following Directors / Members were present:**

Mr GV Kumar	-	Managing Director & Member
Mr D Sudhakar Reddy	-	Executive Director
Mr Anil Kumar Sood	-	Non-Executive Independent Director
Mr SV Ramkumar	-	Non-Executive Independent Director
Mr R Janardhana	-	Non-Executive Independent Director & Member <i>Chairman of the Audit Committee</i>

**In Attendance**

Mr GP Srinath	-	Company Secretary & Member
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*Joint Statutory Auditors*

Mr MC Srikanth	-	Partner M/s Srikanth & Shanthi Associates
Mr TN Rajendran	-	Partner M/s TN Rajendran & Co.

Members present in person – 280

Proxy - Nil

At the request of the directors present, Mr GV Kumar, Chaired the meeting in terms of the Articles of Association of the Company and called the Meeting to order at 10.00 AM.

The Chairman welcomed the Shareholders present and introduced the Directors and Company Secretary sitting on the dais.

The joint Statutory Auditors,

Mr MC Srikanth, Partner, M/s Srikanth & Shanthi Associates

and

Mr TN Rajendran, Partner, M/s TN Rajendran & Co.

were introduced to the shareholders present at the meeting.

The Chairman informed that Messrs M Damodaran & Associates, Practising Company Secretaries, Chennai, have been appointed as Scrutinizer for the e-voting / poll process. Mr M Damodaran was present and introduced to the shareholders at the meeting.

The Notice convening the Meeting was taken as read with the permission of the Members.

The Chairman announced that the requisite statutory registers – Register of Directors’ and their Shareholding, Register of Contracts, were open and available for the Members present for inspection throughout the Meeting.

The Chairman announced that the Auditors’ Certificate certifying that the company’s Employee Stock Option Plans have been implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 were open and available for the Members present for inspection throughout the Meeting.

The Chairman declared the meeting as validly convened on the basis of the information received from the registration desk and confirmed by the Company Secretary that the requirement of quorum being available at the meeting as per the Articles of Association of the Company and the extant laws.

The Chairman thereafter rose to read out his Speech.

At the request of the Chairman, the Company Secretary read the Auditors’ Report to the Meeting.

The Chairman addressed the Members on the working of the company during the financial year ended 31 December 2013. He further gave a brief on the performance of the company during the current financial year and future prospects.

The Chairman invited Members present to seek clarifications or express their views on the Financial Statements and Reports presented to them. All the questions and clarification raised from various shareholders were replied by the Directors and the Company Secretary. The queries of the shareholders and the replies of the Directors / Company Secretary have been summarised in the table below:

Queries	Replies
Performance of the company has been lower year on year	Worldwide slowdown across all industries has continued to affect the company’s performance over the last couple of years. As already informed in the then quarterly financial results published, the company lost one of the large customers’ contracts during latter part of 2011 and another large customer during second half of 2013, which impacted revenues.
Company has not declared dividend over the last couple of years	In view of lower revenues and insufficient profits company has not been in a position to declare dividend.
Income tax demand referred to in the annual report – current status	The company has filed the required Appeals and made additional submissions during the hearings and the Orders are awaited. Based on the advice of the external legal counsel and the Appeal filed, no provision is considered necessary in the financial statements.



<p>Borrowings during the year</p>	<p>The company has not made any additional borrowing during the year. However, the company has repaid the project loan of Rs 27 crores availed in the calendar year 2012 during the concluded financial year ended 31 December 2013.</p>
<p>Reserves are lower in the consolidated financial statements as compared to the previous year</p>	<p>The overseas subsidiary companies financial statements are translated at year end rates for balance sheet items in terms of the relevant accounting standards. The exchange rate as on 31 December 2013 was Rs 61.8970 = US\$ 1 as against Rs 54.7773 = US\$ 1, the difference of this has been reflected in the "Foreign currency Translation Reserve" under the "Reserves &amp; Surplus" note. This change in the exchange rate has impacted the total reserves as at the year-end.</p>
<p>Reasons for forex difference in the fixed assets table in the consolidated financial statements</p>	<p>The fixed assets of the overseas subsidiaries are translated at the year-end foreign exchange rates in terms of the relevant accounting standards applicable to the companies in India. The exchange difference is accordingly presented in the fixed assets note which forms part of the consolidated financial statements.</p>
<p>Market price of the company's share continues to be low</p>	<p>As the price of the company's shares is market driven and the Board of Directors and officers of the company are governed by various SEBI Regulations, we have no comments to offer in this regard.</p>
<p>Delisting from the Madras Stock Exchange</p>	<p>Recently as SEBI has issued notice for closure of the Madras Stock Exchange the company shall now work towards delisting of company's shares from MSE.</p>
<p>Unclaimed dividends transfer to IEPF</p>	<p>The unclaimed dividends have been transferred to the IEPF account on the due dates in terms of the extant laws and the same have been provided in the Corporate Governance Report section.</p>
<p>Physical shareholding of 10.03% to be converted to demat for better liquidity in the company's stocks</p>	<p>The company is continuously taking various steps in advising the shareholders to convert their physical shareholding into electronic form (demat) for liquidity purposes. The company shall continue the process in this regard.</p>



<p>Presentation of financial numbers in Indian format in lakhs or crores instead of thousands as being presented in the Annual Report now</p>	<p>As the company has business operations world-wide it has been following international presentation of thousands and millions. In this context, the new companies act, 2013, has been enacted now, the company shall review and comply with the relevant provisions with regard to the presentation of the financial statements in the future Annual Reports.</p>
<p>Additional information in the annual report of the company –</p> <ul style="list-style-type: none"> <li>- A table of financial highlights during the preceding ten years</li> <li>- HR details - number of employees, attrition rate, etc.</li> <li>- Statutory auditors address and other contact details</li> </ul>	<p>The company shall explore the possibilities of presenting the details requested by the shareholders in the future Annual Reports.</p>

The Chairman informed that In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management & Administration) Rules, 2014, company has provided e-voting facility to the members to exercise their voting right electronically. Further he informed that this e-voting was also in compliance with clause 35B of the Listing Agreement.

The Chairman further requested the Members present at the AGM to exercise their vote through Poll in case they have not been able to vote through the e-voting process. The Chairman further informed that the Members present may exercise their vote through Poll till the end of the meeting. The procedure for the Poll at the AGM was conducted in compliance with the extant laws.

The Chairman informed that the final combined results of e-voting / poll shall be declared at the registered office of the company on or before 5.00 P.M. on Thursday the 26<sup>th</sup> day of June 2014. He further informed that the said results would be put up on the company's website [www.megasoft.com](http://www.megasoft.com) and shall also be submitted to the stock exchanges in terms of the extant laws.



The following resolutions (five) as listed out in the Notice of the AGM were taken up for voting through e-voting / Poll:

**Ordinary Business**

- 1 **Adoption of Accounts (financial statements, reports, etc.) for the financial year ended 31 December 2013 - Ordinary Resolution**

*RESOLVED that the Balance Sheet of the company as at 31 December 2013 and the Profit and Loss Account for the year ended on that date together with the Report of the Auditors' and Directors' thereon, be and are hereby received, approved and adopted.*

- 2 **Appointment of Director - Ordinary Resolution**

*RESOLVED that Mr R Janardhana Reddy, a Director of the company, who retires by rotation at this meeting and being eligible for reappointment, be and is hereby re-appointed as a Director of the Company.*

- 3 **Appointment of Director - Ordinary Resolution**

*RESOLVED that Mr GV Kumar, a Director of the company, who retires by rotation at this meeting and being eligible for reappointment, be and is hereby re-appointed as a Director of the company.*

- 4 **Appointment of Statutory Auditors - Ordinary Resolution**

*RESOLVED that M/s Srikanth & Shanthi Associates, Chartered Accountants [ ICAI Firm Registration No.004006S], Chennai, and M/s TN Rajendran & Co., Chartered Accountants [ ICAI Firm Registration No.005080S], Chennai, be and are hereby appointed as the Joint Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration as may be mutually agreed to, between the Board of Directors and the Auditors, plus applicable tax, reimbursement of out of pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them.*

**Special Business**

- 5 **Appointment of Branch Auditors - Ordinary Resolution**

*RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the company be and is hereby authorised to appoint Branch Auditors of any branch office of the company, whether existing or which may be opened / acquired hereafter, in India or abroad, in consultation with the company's Auditors, any person(s) qualified to act as Branch Auditor within the provisions of the said Section 228 and to fix their remuneration.*

As the business before the 14th Annual General Meeting of the Company having been transacted, the Chairman thanked the Members present for their kind attention and co-operation in the conduct of the proceedings.

The meeting concluded with a vote of thanks to the Chair.

The e-voting / poll results published on 26<sup>th</sup> day of June 2014 as per the Scrutinizers report received in this regard, is given below:

Resolution no.	Total number of votes cast	Favour		Against		Results
		No. of votes	%	No. of votes	%	
1	12,216,313	11,885,363	97.29	330,950	2.71	Passed by majority
2	12,216,313	11,885,363	97.29	330,950	2.71	Passed by majority
3	12,216,313	11,884,363	97.28	331,950	2.72	Passed by majority
4	12,216,313	11,884,363	97.28	331,950	2.72	Passed by majority
5	12,216,313	11,885,363	97.29	330,950	2.71	Passed by majority

All the resolutions (five) as listed out in the Notice of the AGM were passed by **Majority** in terms of e-voting / poll report submitted by the Scrutinizer to the company.

Sd/-

**CHAIRMAN OF THE MEETING**

**Place: Chennai**

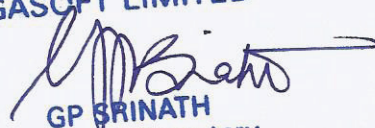
**Date of the AGM: 25 June 2014**

**Scrutinizers report date: 26 June 2014**

**Minutes signing date: 23 July 2014**

**CERTIFIED TRUE COPY**

**For MEGASOFT LIMITED**

  
**GP SRINATH**  
**Company Secretary**