



**CERTIFIED TRUE COPY OF THE MINUTES OF MEETING OF BOARD OF DIRECTORS OF FOUR SOFT LIMITED HELD ON SATURDAY, 10<sup>TH</sup> AUGUST, 2013 AT 10.00 AM. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT 5Q1, A3, FIFTH FLOOR, CYBER TOWERS, HITEC CITY, MADHAPUR, HYDERABAD, ANDHRA PRADESH – 500081, INDIA.**

**TO APPROVE SLUMP SALE OF THE BUSINESS OF PROVIDING SOFTWARE SOLUTIONS FOR SUPPLY CHAIN AND LOGISTICS OPERATIONAL PROCESSES AND SALE OF CERTAIN INVESTMENTS OF THE COMPANY**

Transport I.T. Solutions Private Limited, a Kewill Group company, has proposed to acquire the Company's business of providing new technology based software solutions for supply chain and logistics operational processes on a slump sale basis. Transport I.T. Solutions Private Limited has also proposed to procure that certain Kewill Group companies acquire the Company's entire investments in the share capital of its foreign subsidiaries, Four Soft B.V., Four Soft Singapore Pte Ltd and Four Soft USA Inc. The foreign subsidiaries, including the step down subsidiaries, provide legacy technology based software solutions in their respective markets.

Kewill is a leading provider of software solutions that enable enterprises and logistics providers to manage the movement of goods and information across the globe.

Kewill delivers innovative software for business-critical global supply chain requirements through our three product suites: Logistics, to support freight forwarding, transport, warehousing and customs compliance; Transportation and Shipping, to enable parcel, LTL, TL and desktop shipping and export trade compliance, and; Business to Business Integration, to drive B2B eCommerce, order management and supply chain integration.

Kewill's customers rely on our deep domain knowledge to improve their business processes, exchange information and provide visibility to simplify the management of their supply chains.

Established in 1972, Kewill has over 7,000 customers around the world.

Given the highly competitive environment, persisting consolidation trends within the software industry and the need for significant investments for future growth, the Company is of the opinion that this would be an opportune time to exit the business and focus on newer / emerging areas. Accordingly, given the value accruing on account of the proposal, the Company has negotiated with Transport I.T. Solutions Private Limited, a Kewill Group company the sale of its business of providing software solutions for supply chain and logistics operational processes, together with all the related contracts, employees, assets, including intellectual property rights and liabilities ('Business Undertaking'), on a slump sale basis for a lumpsum cash consideration of rupee equivalent of US\$ 22.5 million (United States Dollar Twenty Two million and Five Hundred Thousand), subject to customary purchase price adjustments. The Company has also agreed to sell or otherwise transfer its entire investments in the share capital of its foreign subsidiaries (hereinafter collectively referred as 'Investments') listed in column one below for a consideration, subject to customary purchase price adjustments of rupee equivalent of the amount specified in column two below:

| <b>Name of the foreign subsidiaries</b> | <b>Consideration in USD million</b>                                               |
|-----------------------------------------|-----------------------------------------------------------------------------------|
| Four Soft Singapore Pte Ltd             | 1.35 (United States Dollar One million and Three Hundred and Fifty Thousand)      |
| Four Soft B.V                           | 19.29 (United States Dollar Nineteen million and Two Hundred and Ninety Thousand) |
| Four Soft USA, Inc                      | 0.25 (United States Dollar Two Hundred and Fifty Thousand)                        |

The Board noted that the aggregate consideration of USD **43.4 million** represents a premium of **187 %** and **278 %** over the book value as at June 30, 2013 and market capitalization of the Company as at August 8, 2013 respectively. The entire consideration shall be payable to the Company immediately upon

transaction closing in accordance with the terms of the Acquisition Agreement, except any amount retained in an escrow account to be released upon fulfilling specified conditions.

The sale and transfer of the Business Undertaking and Investments will be subject to the fulfillment of terms and conditions of the Acquisition Agreement ('the Agreement') to be executed between the Company and Transport I.T. Solutions Private Limited. The Chairman placed before the Board the draft of the Agreement proposed to be executed with Transport I.T. Solutions Private Limited. The Board thereafter discussed the Agreement and noted, inter alia, some of the following aspects;

- a) The consideration for the transfer of the Business Undertaking and Investments of US\$ 22.5 million and US\$ 20.9 million respectively is subject to closing adjustments as detailed in the Agreement;
- b) The transfer of the Business Undertaking and the Investments is subject to the fulfillment of condition precedents specified in the Agreement;
- c) The Company has provided indemnity to Transport I.T. Solutions Private Limited towards past liabilities subject to certain limits and other conditions;
- d) A sum of rupee equivalent of USD 1.71 million would be payable to Mr. Palem Srikanth Reddy for providing non-compete and non-solicitation undertaking for a period of five years and in addition performing services as an independent contractor for a limited period of time with a view to ensuring smooth transition.

The Chairman informed the Board the Audit Committee at its meeting held on August 10, 2013 had, post its review, approved the terms and conditions of the Agreement.

The Chairman thereafter informed the Board that given the proposed sale of the Business undertaking, the Company is evaluating plans to pursue the following opportunities:

- Application development & maintenance (ADM) and automated QA/testing services.
- Big Data analytics using Hadoop and other modern technologies / tools.
- Build, support, maintain and implement enterprise applications for the Media & Entertainment industry, both in India and overseas; this would include applications used for planning and execution of activities in the pre-production, production and post production phases of film production.
- Generic services in the media and entertainment space such as graphics, 2D and 3D animation services including story boarding.

Post deliberations, the Board expressed the view that pursuit of the above opportunities should provide the Company ample growth opportunities and the shareholders attractive returns going forward.

The Board also discussed the possible utilization of the funds accruing to the Company post the sale of the Business Undertaking and the Investments. The Board also discussed the need to distribute excess funds lying with the Company to the shareholders after determining the amount required to be retained for meeting existing obligations and day-to-day expenses and after considering the amount required for investments in new / emerging areas. Accordingly, the Board agreed that post the completion of the sale of the Business Undertaking and Investments, such amount as the Board may determine at the appropriate time, should be distributed to the shareholders by way of onetime special dividend and or buy back or other means. It was also agreed that the exact quantum of distribution would be decided by the Board after estimating (i) the amount required for pursuing new businesses and, (ii) the amount required to be retained for meeting existing obligations.

In terms of section 293(1)(a) of the Companies Act, 1956 ("the Act") any proposal to sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of a company, or where the company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking requires the approval of the Members by way of an Ordinary Resolution.

In terms of section 192A of the Act read with Clause 4(f) of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 ("the Rules"), any Resolution under section 293(1)(a) of the Act for sale of whole or substantially the whole of the undertaking of a company requires the approval of the Members of the Company by means of a Postal Ballot.

A draft of the Postal Ballot Form and Notice under section 192A, alongwith the draft Ordinary Resolution and the Explanatory Statement for passing the Ordinary Resolution by means of a Postal Ballot, are annexed for the approval of the Board.

It is proposed to appoint Mr. S. Sarweswara Reddy, Practicing Company Secretary as the scrutinizer for the postal ballot process. Mr. Mr. S. Sarweswara Reddy has given his consent to act for the same and the Board is therefore requested to approve the appointment of Mr. S. Sarweswara Reddy as the scrutinizer for the Postal Ballot Process for the proposed shareholders resolution u/s 293(1) (a) of the Companies Act, 1956.

After due deliberations, the Board approved the draft agreement placed before it and passed the following resolutions:

1. **"RESOLVED THAT** subject to the approval of the Members by an Ordinary Resolution to be passed by means of a Postal Ballot and subject to the consents, approvals and permissions as may be required from appropriate authorities to the extent applicable or necessary and in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Board be and is hereby accorded to transfer, sell or otherwise dispose of the software solutions business of the Company together with all the related contracts, employees, assets including intellectual property rights and goodwill, and liabilities, (**'Business Undertaking'**) in the manner and as per terms and conditions as set out in the Acquisition Agreement dated August 10, 2013 between the Company and Transport I.T. Solutions Private Limited (the **'Agreement'**) on a slump sale basis for a lumpsum cash consideration of rupee equivalent of **USD 22.5 million**, subject to customary purchase price adjustments (United States Dollar Twenty Two Million and Five Hundred Thousand).

**FURTHER RESOLVED THAT** the consent of the Board be and is hereby accorded to transfer, sell or otherwise dispose of in the manner and as per terms and conditions as set out in the Agreement, the investments, together with the associated rights, title, interest and benefits, held by the Company in the share capital of the following entities (hereinafter collectively referred as **'Investments'**) listed in column one below for a consideration, subject to customary purchase price adjustments of rupee equivalent of the amount specified in column two below:

| <b>Name of the Foreign Subsidiaries</b> | <b>Consideration in USD million</b>                                               |
|-----------------------------------------|-----------------------------------------------------------------------------------|
| Four Soft Singapore Pte Ltd             | 1.35 (United States Dollar One million and Three Hundred and Fifty Thousand)      |
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**FURTHER RESOLVED THAT** after the completion of the transfer of the Business Undertaking and Investments, the Board may, subject to such statutory and other approvals as may be required, distribute such amount, as the Board considers necessary, to the shareholders by way of onetime special dividend and or buy back or other means.

**FURTHER RESOLVED THAT** Mr. Palem Srikanth Reddy, the Chairman & Managing Director of the Company and Mr. Raghuram Mallela, Company Secretary of the Company, be and are hereby severally authorized to take such steps as may be necessary for obtaining approvals, statutory or contractual or otherwise in relation to the above resolution and to negotiate, finalize, settle all questions and matters arising out of and / or incidental thereto and to enter into and sign and execute, file, submit and withdraw, any or all such deeds, applications, forms, documents, agreements, indemnities, warranties, undertakings and writings, including but not limited to the Agreement that may be required to be signed and executed on behalf of the Company for the purpose of implementation of the aforesaid Resolution.

**FURTHER RESOLVED That** if, for this purpose, any document is required to be executed under the Common Seal of the Company, the same be affixed in the presence of any two Directors in conformity with the provisions of the Articles of Association of the Company.

**FURTHER RESOLVED That**, if necessary, the Company's Common Seal be taken out of the Registered Office of the Company, beyond the city limits, for execution of the aforesaid documents."

2. **"RESOLVED That** approval of the Members for the proposed transfer of the Company's Business Undertaking and Investments be obtained by means of a Postal Ballot to be conducted under the overall supervision of Mr. Palem Srikanth Reddy, the Chairman & Managing Director of the Company and/or Mr. Raghuram Mallela, Company Secretary.

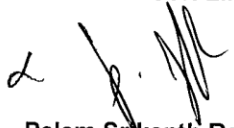
**FURTHER RESOLVED That** Mr. S. Sarweswara Reddy, Practising Company Secretary, Hyderabad, be and is hereby appointed as Scrutinizer to conduct the Postal Ballot in a fair and transparent manner and in accordance with the provisions of the Companies Act, 1956 and the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

**FURTHER RESOLVED That** the draft Notice to the Shareholders together with the draft of the Resolution to be passed by Postal Ballot and the Explanatory Statement annexed thereto and the Postal Ballot Form be and is hereby approved, and that the Chairman & Managing Director or Mr. Mr. Raghuram Mallela, Company Secretary be and are hereby authorised to make such additions, deletions and modifications as may be necessary in the draft in consultation with the Advocates and issue the Notice to the Shareholders of the Company whose names appear in the Register of Members of the Company as on August 10, 2013.

**FURTHER RESOLVED That:** that the Chairman & Managing Director or Mr. Raghuram Mallela, Company Secretary be and are hereby authorized to finalize the date of dispatch of Notice, the last date for receipt of Postal Ballot Forms and the date and time for declaration of results of the Postal Ballot in accordance with the provisions of the Companies Act, 1956 and the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

**// CERTIFIED TRUE COPY //**

**For Four Soft Limited**



**Palem Srikanth Reddy**  
**Chairman & Managing Director**

