

KLG SYSTEL LIMITED
Regd. Office: Plot No. 70A, Sector-34, EHTP, Gurgaon

**CERTIFIED TRUE COPY OF MINUTES OF THE 27TH ANNUAL GENERAL MEETING OF THE
COMPANY HELD ON SATURDAY, THE 29TH DAY OF SEPTEMBER, 2012 AT 12.00 P.M. AT
PLOT NO. 70A, SECTOR-34, EHTP, NH-8, GURGAON-120004, HARYANA**

Present:

Mr. Kumud Goel
Mr. Prabir Purkayastha
Mr. Vijoy Kumar

Chairman & Managing Director
Director
Director

Ms. Pooja Sharma

Company Secretary

449 Members (in persons)
15 Members (by proxy)

I. Election of the Chairman:

Mr. Kumud Goel, being chairman of the Board presided as chairman of the Annual General Meeting.

II. Quorum:

Ms. Pooja Sharma, Company Secretary confirmed to the Chairman that the requisite quorum was present. Chairman called the meeting to order.

III. Welcome Address:

Ms. Pooja Sharma, Company Secretary of the Company welcomed the members, proxies and Authorized Representative present and introduced the Directors, Senior Executives seated on the dias.

IV. Chairman's speech:

The Chairman, Mr. Kumud Goel delivered the following speech:

Dear Shareholders,

With great pleasure, I, on behalf of the Board of Directors, welcome you to the 27th Annual General Meeting of the Company. The Annual Report for the year ended March 31, 2012 along with the Notice convening the Annual General Meeting is already with you and as you must have gone through the same by now. Therefore, I take them as read.

As members are aware that the Financial Performance of the company in the fiscal year 2011-12 was not quite impressive. Your company has come under financial stress due to the excessive amount of working capital including debtors which has got stuck in the power distribution sector in the state of Punjab, Haryana and Rajasthan. The Power and Distribution Companies in these states are perpetually short of funds and projects taken by your company



have got delayed due to lack of program & management skills in the distribution companies. As a result of which the company has borrowed Rs. 2,182.04 million from the financial institutions

There is a heavy interest burden of approximately Rs. 211.02 per annum. The company is unable to meet this burden at this movement. As a result of which the banks are gone for Corporate Debt Restructuring (CDR) of the company, which was approved on December 20, 2011 and came into effect from February 6, 2012. To get out the financial problem, the company is in the process of divesting Land & building in Gurgaon and also in Baddi in Himachal Pradesh. We are expecting that in the financial year 2012-13, we should be able to unlock Rs. 65 – 75 Crores, which would be used to repay the total bank outstanding and reduce the same.

DIVIDEND

In view of losses incurred by the Company, yours Directors have not recommended any Dividend on Equity Shares for the financial year ended March 31, 2012.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

The Company issued 2,200-1% unsecured Foreign Currency Convertible Bonds 2012 (FCCBs) of Rs. 9,589.80 lacs on March 26, 2007 having maturity period of 5 years and 2 days. The holders thereof had an option to convert the bonds into equity shares at initial conversion price of Rs. 400 per share on or after March 26, 2007 up to the close of business on March 16, 2012; such equity shares to be vested with full voting rights.

Due to the market scenario and in accordance with the terms and conditions of the Offering Circular, the conversion price was reset to Rs. 350 (being the floor rate as per clause 6.3.29 of the terms and conditions of the Offering Circular) w.e.f. March 26, 2009, (re-set date) as the volume weighted average share price of the 21 trading days prior to the re-set date was lower than the initial conversion price i.e. Rs. 400.

The interest at the rate of 1% per annum was to be payable semi-annually in arrears on September 26 and March 26 every year.

Unless previously redeemed, converted or purchased and cancelled, the Company was to have redeemed each bond at 143.77 per cent of its principal amount on the maturity date i.e March 27, 2012.

1,600 -1% unsecured FCCBs were outstanding as on the maturity date. Due to paucity of funds, FCCBs have not been redeemed on the aforesaid maturity date. Negotiations are being held to extend the terms of the FCCBs, on mutually agreeable terms and conditions.

Premium on redemption which was contingent in past years because of the conversion right available to the holders of FCCBs has now crystallized into liability of the Company. The Company booked premium on redemption of FCCBs of Rs.359,327,189 (7,003,200 USD) in the financial statements and the same amount has been charged to Statement of Profit and Loss Account.

During the year, the Company has neither paid interest, amounting to Rs. 84,81,163, on FCCB's nor made provision of the same in the financial statements.

Corporate Debt Restructuring (CDR)



During the year, the Company approached State Bank of India (SBI) for restructuring of its debts and the SBI had made an application for the same under the Corporate Debt Restructuring (CDR) mechanism to the CDR cell. CDR Empowered Group in its meeting held on December 20, 2011, had approved the proposed restructuring package. A Master Restructuring Agreement (MRA) was entered between all CDR lenders and the Company. SBI was appointed as the Monitoring Institution (MI) for the the purpose of monitoring implementation of the approved package, compliance of terms and conditions and also, examining the post implementation requirements.

To facilitate monitoring of sanction and implementation of the approved package by lenders concerned, the Monitoring Committee (MC), comprising of SBI, IFCI Ltd., IDBI Bank Ltd. and CDR cell was constituted. MC besides monitoring the implementation of restructuring package would review the operational performance of the Company and also resolve issues, if any.

CDR Package is implemented w.e.f April 1, 2011; accordingly, debts due by the Company to the concerned lenders have been restructured on fresh terms. Details are available in the notes of accounts of para no. 5 of the Annual report for the financial year 2011-2012.

COMPANY'S BUSINESS

As you are aware, your company has in three major areas, the details which are given below:

1. Life Cycle Solution:

In 2011-12, we had decline in sales because of severe financial problem in the industrial and infrastructure phase. As you are aware that, we are in business of CAD/CAE and Automation, all these three areas took a hit and the company has not been able to show a good performance. We hope that the situation will improve in coming years.

2. Power Systems Solutions:

Your company was empanelled by Power Financial Corporation, Govt. of India under R-APDRP as an IT Implementation Agency for the three modules SI, MDASP & GIS. Your company was awarded a contract of Rs. 89.76 Crores for IT implementation in the state of Chhattisgarh during the FY 2010-2011 by CSPDCL, Raipur, Chhattisgarh. Because of lack of co-operation from the client, your company decided to terminate the contract in 2011-12. As a result of which Bank Guarantee of Rs. 8,97,60,000/- was invoked by CSPDCL. The company has invoked arbitration with CSPDCL and the same is under way.

Your company was also declared L1 in Haryana for IT Implementation under R-APDRP and did not renew the Bank Guarantees as we believe that delays and lack of program management skills in the sector would result in further blockage of funds and create loss for your company.

Your company has been able to complete the contract of BEST go-live in 2013. We expect to get more orders from this utility.

We have various ongoing contracts in the states of Rajasthan, Haryana and Punjab. We are hoping to complete these contracts in the middle 2013 and the company is aggressively following up the payments due from the state utilities, so as to reduce the debts of the company.

3. Connectgaia.com:



Your company has developed technology for internet based energy efficiency monitoring and water management. The technology developed in 2006 and we were able to produce defect free and marketable technology in 2010. In 2011-12, gross revenue of Rs. 32,235,573/- was achieved by sales to Municipal Corporations, Indian Railways and Water bodies. The company has spent considerable amount of funds in this product and we hope in 2012-13 we are able to make this device profitable.

With the increasing pressure on Clean Environment and Global Warming: Your company is hopeful that this technology shall find a large national and international market.

CORPORATE GOVERNANCE

Your Company is committed to norms of good Corporate Governance. Our website i.e. www.klgsystel.com provides information on your company as well as latest developments and news. Your Company is also uploading periodical statements/documents at the Stock Exchange(s) website on regular basis.

APPRECIATION

On your behalf and on behalf of Board of Directors, I appreciate the contribution made by each member of the KLG Team. We also appreciate our clients, vendors, investors, bankers and Government authorities for extending their trust and support.

Your Company remains strongly committed towards the fulfillment of promise that it has made to you. We shall revolutionize the Indian IT market by setting unparalleled parameters for providing perfect solutions spanning every sphere of life. KLG is very optimistic towards its future and striving very hard to make it become true.

V. Register of Directors' Shareholding

The Chairman informed the members present that the Register of Directors' Shareholding was open for inspection to the shareholders.

VI. Notice and Directors' Report

Company Secretary sought and received confirmation from the shareholders present to the effect that Notice of the Annual General Meeting and director's Report, which had been sent earlier to the members along with Annual Report for the financial year 2011-2012 be taken as read.

VII. Auditors' Report

The Company Secretary requested Mr. Sourabh Puri, Authorized Representative of M/s B. Bhushan & Co., Statutory Auditors of the Company, to read out the Auditors' Report. The members present requested that the same be taken as read.

VIII. Company secretary indicated that only shareholders were permitted to raise queries and they may do so after, giving their names on query slips.



- IX. Company Secretary took up the following agenda Resolutions, with the permission of the Chair:

ORDINARY BUSINESS

Resolution No. 1

To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, the audited Profit and Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon:

The following resolution was recommended to the Shareholders for their approval as Ordinary Resolution:

"RESOLVED THAT the Audited Balance Sheet as at March 31, 2012 and the Profit & Loss Account for the financial year ended on that date along with the Directors' Report and Auditors' Report thereon be and are hereby adopted."

Proposed by: Shri Puneet Pal Aggarwal

Seconded by: Shri Harjeet Singh

Mr. Kumud Goel, Chairman put the Resolution to vote before the members. No question was raised by the Members. There was no dissent and the Chairman announced that the Resolution was approved unanimously by way of show of hands.

The Company Secretary requested Mr. Vijoy Kumar, Director of the Company to act as the Chairman for the next two Agenda items; He agreed to act as chairman for the following Agenda items.

Resolution 2

To appoint a Director in place of Mr. Kumud Goel, who shall retire by rotation and being eligible, offers himself for re-appointment:

The following resolution was recommended to the Shareholders for their approval as Ordinary Resolution:

"RESOLVED THAT Mr. Kumud Goel, who retires by rotation at this Annual General Meeting and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation."

Proposed by: Shri Amit Goel

Seconded by: Shri Harjeet Singh

Mr. Vijoy Kumar put the Resolution to vote before the members. No question was raised by the Members. There was no dissent and he announced that the Resolution was approved unanimously by way of show of hands.

Resolution 3



To appoint M/s B. Bhushan & Co., Chartered Accountants (Firm Regn. No. 001596N), retiring auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board to fix their remuneration.

The following resolution was recommended to the Shareholders for their approval as Ordinary Resolution:

"RESOLVED THAT M/s B. Bhushan & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the Company plus out of pocket expenses to be incurred by them in performance of their duties."

Proposed by: Shri Mahesh Pal

Seconded by: Shri Puneet Pal Aggarwal

Mr. Vijoy Kumar put the Resolution to vote before the members. No question was raised by the Members. There was no dissent and he announced that the Resolution was approved unanimously by way of show of hands.

SPECIAL BUSINESS

Resolution 4

Appointment of Mr. Surendra Prasad Bhatt as Director

The following resolution was recommended to the Shareholders for their approval as Ordinary Resolution:

"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Mr. Surendra Prasad Bhatt, nominee director on behalf of IFCI, who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on December 30, 2011 and who holds office only up to the date of ensuing Annual General Meeting of the Company in accordance with Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company."

Proposed by: Shri Mahesh Pal

Seconded by: Shri Puneet Pal Aggarwal

Mr. Kumud Goel, Chairman put the Resolution to vote before the members. No question was raised by the Members. There was no dissent and the Chairman announced that the Resolution was approved unanimously by way of show of hands.

Resolution 5

Appointment of Mr. Rajiv Pal Singh as Director.

The following resolution was recommended to the Shareholders for their approval as Ordinary Resolution:



"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Mr. Rajiv Pal Singh, nominee director on behalf of State Bank of India (SBI) who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on August 13, 2012 and who holds office only up to the date of ensuing Annual General Meeting of the Company in accordance with Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company."

Proposed by: Shri Amit Goel

Seconded by: Shri Harjeet Singh

Mr. Kumud Goel, Chairman put the Resolution to vote before the members. No question was raised by the Members. There was no dissent and the Chairman announced that the Resolution was approved unanimously by way of show of hands.

Resolution 6

The following resolution was recommended to the Shareholders for their approval as Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactments thereof) and in accordance with the provisions of the Articles of Association of the Company, the Listing Agreement entered into with the Stock Exchanges, the Regulations issued by the Securities & Exchange Board of India (SEBI) and any other statutory/ regulatory authorities and subject to such approvals, permissions, consents and sanctions as may be necessary from the Government of India (collectively called appropriate authorities), and any other concerned statutory authority and subject to such conditions, and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which the term shall include any committee constituted/ to be constituted by the Board for exercising the powers conferred on the Board by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot 20,35,000 (Twenty Lakhs Thirty Five Thousand only) Equity Shares at a price of Rs. 10 /- per Equity Share, on preferential allotment basis, on such terms and conditions and in such manner as the Board may think fit, to the following investors:

S. No.	Name of Investor	No. of Equity Share proposed to allot
1.	Mr. Kumud Goel	5,35,000 shares
2.	Mrs. Pushap Lata Goel	15,00,000 shares
	Total	20,35,000 shares

RESOLVED FURTHER THAT the Equity Shares to be so allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu to the existing shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors or a Committee thereof (the Board) be and is hereby authorized to do all such acts,



deeds, matters and things and resolve any doubts or question that may arise in the issue and allotment of the aforesaid Equity Shares and to effect any modification to the foregoing resolution in the best interest of the Company and its shareholders, as the Board or any Committee thereof may in its sole discretion deem fit and to execute all such writings and instrument as the Board may in its absolute discretion deem necessary or desirable."

Proposed by: Shri Amit Goel

Seconded by: Shri Harjeet Singh

Mr. Kumud Goel, Chairman put the Resolution to vote before the members. No question was raised by the Members. There was no dissent and the Chairman announced that the Resolution was approved unanimously by way of show of hands.

Vote of Thanks

Mr. Kumud Goel, Managing Director of the company, informed the members that all the agenda items has been discussed and completed. Thereafter, he addressed the queries of the shareholders. He thanked all the members for making it convenient to attend the 27th Annual General Meeting of the company. There was no other business to be transacted; the meeting was concluded with vote of thanks to chair.

Dated: Gurgaon
Place: 11.10.2012



(Chairman)