

CHARTER FOR THE COMPENSATION / REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS OF MEGASOFT LIMITED

OBJECTIVES

The objectives of the Compensation Committee are to:

- recommend to the Board of Directors appropriate compensation packages for Whole-time Directors and Senior Management Personnel in such a manner so as to attract and retain the best available personnel for positions of substantial responsibility in the Company
- provide incentives for such persons to perform to the best of their abilities for the Company, and to promote the success of the Company's business.

MEMBERSHIP

The Compensation Committee shall consist of three Independent Directors of the Company as determined by the Board of Directors. The members of the Compensation Committee are appointed by and serve at the discretion of the Board of Directors.

RESPONSIBILITIES AND DUTIES

The Compensation Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board of Directors from time to time prescribe.

These responsibilities include:

1. Relating to Whole-time Directors
 - (a) Reviewing and approving Corporate goals and objectives relevant to compensation payable to the Whole-time Directors of the Company with due consideration of:
 - the Company's performance
 - relative shareholder return
 - the value of similar incentive awards to Whole-time Director at comparable companies
 - the awards given to the Whole-time Directors in past years
 - (b) Evaluate the Whole-time Director performance in the light of these goals and objectives
 - (c) Recommending to the Board for approval of the Whole-time Director's compensation level based on this evaluation
2. Compensation of Senior Management Personnel
 - (a) The term "Senior Management Personnel" include:
 - (i) Executives who are in the grade of General Manager and above,
 - (ii) All Executives directly reporting to the Chief Executive,
 - (iii) Chief Financial Officer, and
 - (iv) Company Secretary

- (b) Reviewing and making recommendations to the Board of Directors regarding the Compensation policy for all Senior Management Personnel of the Company
- (c) Discharging the Board's responsibilities relating to compensation payable to the Whole-time Directors and Senior Management Personnel including payment of
 - (i) annual base salary
 - (ii) annual bonus
 - (iii) stock options
 - (iv) employment and severance agreements, and
 - (v) any other benefits, compensation or arrangements

3. Relating to Incentive Compensation Plan and Equity based plan

As Administrator of the Company's Employee Stock Option Plans and Employee Stock Purchase Plans drawn up from time to time and administering, within the authority delegated by the Board of Directors and within the terms and conditions of the said Plans:

- (i) grant stock options or stock purchase rights to individuals eligible for such grants under the plans and applicable law [SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999], and
- (ii) amend such stock options or stock purchase rights. The Compensation Committee shall also make recommendations to the Board of Directors with respect to amendments to the plans and changes in the number of shares reserved for issuance there under.

4. Retaining a consulting firm

The Committee members may if they so desire and at their sole option take the assistance of a Compensation Consultant for evaluation of Compensation payable to Whole-time Directors and Senior Management Personnel as well as approve the firm's fees and other terms.

5. Annual Report

Providing an annual report on executive compensation for inclusion in Company's Annual Report.

MEETINGS

The Compensation Committee shall meet as and when required on need basis.

MINUTES

The Company Secretary shall maintain minutes of the meetings of the Compensation Committee, which minutes will be submitted to the Board for noting.