

FAIRNESS OPINION ON THE
PROPOSED SCHEME OF ARRANGEMENT OF
NIHAR INFO GLOBAL LIMITED,

as on June 4th, 2013

By

Quintessence Enterprises Private Limited.

SEBI registered Merchant Banking Company,

H.No.8-2-603/B/33/A/9, B-201,

Zahera Nager, Road No.10,

Banjara Hills,

Hyderabad-500034

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June 4th, 2013



We highly appreciate the co-operation and support received by us from your representatives during preparation of the said Fairness Opinion Report

Thanking you,

Yours faithfully,

For and on behalf of
Quintessence Enterprises Private Limited

Lavanya Chandra
Lavanya Chandra
Executive Director



QUINTESSENCE ENTERPRISES PRIVATE LIMITED

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FAIRNESS OPINION ON THE PROPOSED SCHEME OF ARRANGEMENT OF NIHAR INFO GLOBAL LIMITED

1. Purpose:

This Scheme of Arrangement is made under the provisions of Section 391 to 394 read with Sections 100 to 103 and 78 of the Companies Act, 1956 and relevant rules made there under and provides for an Arrangement between the Company, Nihar Info Global Limited, its Shareholders and Unsecured Lenders.

Whereas, this Scheme is in the nature of composite arrangement involving reduction and restructuring of the capital, allotment of equity shares to the unsecured lenders on par value and offering shares to the Investors and Promoters on par value. To set-off the Share Premium, Reserves & Surplus against the residual losses and to some extent the capital leading to the reconstruction of the Company

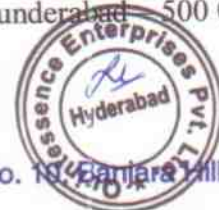
The company has to submit this Fairness Opinion to the Bombay Stock Exchange Limited in accordance with clause 24 (f) of the listing agreement to obtain the no-objection certificate to go ahead with the scheme.

2. Merchant Banker – Quintessence Enterprises Private Ltd (QEPL)

QEPL formed in 1999, is a Category I, Merchant Banking company, based in Hyderabad, Andhra Pradesh, having its registered office at 'NANDANAM' 8-2-603/1/VP, Plot No. 8A, Road No. 10, Banjara Hills, Hyderabad – 500034, and Administrative office at 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills, Hyderabad - 500034. It is SEBI registered with Registration Code INM000011997 valid till 31/07/2017, as Category I Merchant Banker.

3. Background

Whereas, M/s NIHAR INFO GLOBAL LIMITED is a Company incorporated under the Companies Act, 1956 which is listed on the Bombay Stock Exchange Limited and engaged in the business of development and sale, import, export of computer software and all varieties of Information Technology Services having its Registered office at Nihar House, Plot No. 34, Ganesh Nagar, West Marredpally, Secunderabad - 500 026.



Whereas the Company, was originally incorporated on 12.01.1995 (Twelfth Day of January Nineteen Hundred and Ninety Five) in the State of Andhra Pradesh with the main objective to carry on the financial services and later on in the year 24.07.2002 (Twenty Fourth Day of July Two Thousand and Two) the Company has diversified and engaged in the business of development and sale, import, export of computer software and all varieties of Information Technology Services.

Whereas the Company, on account of sustained losses over a period of six years has accumulated losses to the tune of Rs. 6,07,75,211/- (Rupees Six Crores Seven Lacs Seventy Five Thousand Two Hundred and Eleven only) as per the Audited Balance Sheet as on 30.09.2012 (Thirtieth Day of September Two Thousand and Twelve).

4. SOURCES OF INFORMATION

- A copy of the Memorandum and Articles of Association of the company
- Audited financial statement as on 30.09. 2012.
- Shareholding pattern before and after the scheme
- A certified copy of the scheme
- A certified copy of the Board Resolution
- A Valuation Report of the company pre & post the scheme by Mr. Kiran Kumar Botu, Chartered Accountant, D.No. 3-67/S, Flat No. 202, Uma Shankar Apartments, N.R. Nagar, old Malkajgiri, Secunderabad-500 047.

5. Business Valuation Methodology applied

We have received a certificate from Mr. Kiran Kumar Botu, Chartered Accountant, who has examined the proposed accounting treatment specified in the scheme of arrangement of Nihar Info Global Limited.

According to him the accounting treatment is to set-off the losses, against Share Premium, Reserves & Surplus and part of the paid up capital of the company, leading to the reconstruction of the Company on sanction of the proposed scheme by Honorable High Court of Andhra Pradesh.

On the basis of the draft Scheme of Arrangement the book value of the Company comprises of 61,88,467 equity shares at Rs.1.27 ps. (Rupees One and Twenty Seven paisa) per share after writing off the accumulated losses prior to the arrangement of the Scheme.



The Scheme is as under:

1. Consolidation of 61,88,467 shares of Rs. 1.27 face value fully paid up into 7,85,936 shares of Rs.10 face value fully paid up
2. Induction of 15,38,795 equity shares of Rs.10 face value fully paid up
3. Conversion of unsecured loan of Rs. 2,67,52,700 into 26,75,270 equity shares of Rs.10/- face value fully paid up.

Thus post arrangement the company will have a paid up capital of Rs. 5 crores comprising of 50,00,000 equity shares of face value of Rs.10 fully paid up.

The figures taken in the Scheme pre and post Arrangement are as follows:

Particulars	Pre Arrangement (as on 30-09-2012)	Post Arrangement
Securities Premium	Rs. 58,00,000	Nil
General Reserve (Share Warrants forfeited)	Rs. 9,45,000	Nil
Accumulated losses	Rs. 6,07,75,211	Nil
Unsecured Loans	Rs. 2,67,52,701	1
Paid up Capital	Rs. 6,18,84,670	Rs. 5,00,00,000
Additional Capital brought in	Nil	Rs. 1,53,87,950

Based on the proposed reduction of capital, the face value of the shares will get reduced from Rs. 10/- to Rs. 1.27, i.e., one equity share of Rs. 10/- each will be reduced to one equity share of Rs. 1.27 ps. each.

6. Opinion on Valuation Report

As Merchant Bankers furnishing an opinion about the fairness of the valuation done by the valuer, based on the information, material, data made available to us including valuation report and workings to the best of our knowledge and belief, the methodology applied and the valuation arrived at by Mr. Kiran Kumar Botu, Chartered Accountant, is fair.



As per the Scheme proposed by the company, the proposed reduction of capital, set-off the losses, against Share Premium, Reserves & Surplus and part of the paid up capital of the company, the face value of the shares will get reduced from Rs. 10/- to Rs. 1.27 ps, i.e., one equity share of Rs. 10/- each will be reduced to one equity share of Rs. 1.27 ps. each. This is found to be fair, based on information, material and data made available to us.

7. Limitations on the Fairness Opinion of Nihar Info Global Limited:

The assignment did not include the following:

- An audit of the financial statements of the company
- Carrying out a market survey / financial feasibility for the Business
- Financial and Legal due diligence
- Our fairness opinion is based on the information made available to us by the management of Nihar Info Global Limited. Any subsequent changes to the financial and other information provided to us, may affect the result of value analysis set out in this report.
- This report forms a fairness opinion on the valuation done by the valuer, Mr. Kiran Kumer Botu, Chartered Accountant, Secunderabad, to arrive at the for the proposed Scheme of Arrangement, and thus constitutes a limited Fairness Opinion report from QEPL.
- Our fairness opinion includes review of audited financial statements of Nihar Info Global Limited, based on the information as mentioned by us in our report giving sources of information.
- We have reviewed the information made available to us for over all consistency and have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the company.
- Our Fairness Opinion should not be construed as investment advice, specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.



- In rendering this Opinion, QEPL has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly QEPL does not assume any responsibility in respect thereof. Further QEPL has assumed that the Scheme of Arrangement will be implemented on the terms and conditions as set out in the draft Scheme of Arrangement, without any material changes to or waiver of its terms and conditions.
- We hereby declare that we do not have any direct or indirect interest in the Company / assets valued.

This report is issued on the understanding that it is solely for the use of the persons to whom it is addressed and for the purpose described above. We will not accept any liability or responsibility to any person other than those to whom it is addressed. The report must not be made available or copied in whole or in part to any other person without our express written permission.

It may further be noted that in no circumstances shall the liability of Quintessence Enterprises Private Limited (QEPL), its directors or employees related to the service provided in connection with this value analysis, exceed the amount paid to us as our fees for this opinion.

For Quintessence Enterprises Private Limited,

Lavanya Chandra
Lavanya Chandra
Executive Director



04/06/2013
Hyderabad