

**SCHEME OF ARRANGEMENT  
BETWEEN  
NIHAR INFO GLOBAL LIMITED  
AND  
ITS SHAREHOLDERS  
AND  
ITS UNSECURED LENDERS**

**Preamble:**

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.

Whereas, M/s NIHAR INFO GLOBAL LIMITED is a Company incorporated under the Companies Act, 1956 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- 500026.

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).

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 started to witness financial troubles from the year 2006-2007 onwards on account of various reasons particularly due to recession and adverse market conditions and accumulation of bad debts and thereafter, there has been consistent losses with factors like

**For Nihar Info Global Limited**

  
**Managing Director**

interest, financial costs, overheads contributing to the adverse financial position of the Company. The major reasons being failure of its certain businesses like bust of dot com business such as online news portals, Investment in Software products such as online website Builders, Computer based Tutorials, losses in overseas subsidiaries such as US Subsidiary and Dubai Subsidiary, the Company was not able to sustain its activities and consequently incurred heavy losses. The Company is therefore unable to raise finance from Financial Institutions to undertake business activities on a larger scale.

Whereas, on the other side, the debt due to the secured lenders became non performing asset and the banks providing working capital limits and other credit facilities suspended the said facilities and also took the possession and auctioned some of the assets of the Company to recover their over dues. In order to curtail further losses and run the business, the Company has raised unsecured loans from various parties for the re-payment of the over-due amounts of secured lenders i.e. banks to pay the statutory dues, to settle by way of one time settlement and repay the high cost existing unsecured loans and to meet day-to-day operational expenses. This has helped the Company to save interest cost, other expenses and to carry on its business operations. The following unsecured loans from Directors and other Bodies Corporate (s) have been raised by the Company in order to keep the Company alive and service the debt:

Sr. No.	Name of the Proposed Allottees	Category of Shareholder	Amount (in Rs.)
1.	NIHAR STOCKS LTD	BODY CORPORATE	12594000
2	APR INVESTMENTS & LEASING PVT LTD	BODY CORPORATE	2000000
3	K. KUMAR RAJA PROJECTS PVT. LTD.	BODY CORPORATE	1000000
4	BSN SURYANARAYANA	DIRECTOR/ PROMOTER	4897100

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Managing Director

5	B DIVYESH NIHAR	DIRECTOR/ PROMOTER GROUP	1221100
6	B NITHISHA	PROMOTER GROUP	3160500
7	BSN CORPORATE ADVISORY SERVICES PVT. LTD.	PROMOTER GROUP	1380000
8	USHA KIRAN FINANCE LIMITED	BODY CORPORATE	500000
	<b>TOTAL</b>		<b>2,67,52,700</b>

**Note:** The unsecured loans as on 30<sup>th</sup> September 2012 are Rs. 2,67,52,701/- (Rupees Two Crores Sixty Seven Lacs Fifty Two Thousand Seven Hundred and One Only). It is proposed to convert Rs. 2,67,52,700/- (Rupees Two Crores Sixty Seven Lacs Fifty Two Thousand Seven Hundred Only) as equity and balance Re. 1/- (Rupee One Only) will continue as unsecured loan in the name of Mr. BSN Suryanarayana.

Whereas, with the above funds, the Company continued its operations and sustained its life. The Company would have become commercially insolvent and ultimately being wound up leading to loss to the general body of the shareholders and the creditors if, the promoters have not infused the above funds to meet the demands from the creditors and other expenses.

Whereas, the software products and services of the Company are well known in the domestic market. The Company also developed various software products and tools which have good potential and demand in the software industry but due to lack of resources the products were not properly introduced in the market. The Company needs to have a tie-up for the working capital facilities to improve operational

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activities and introduce effectively its software products in the market. The Company has on-hand substantial credible track record to take-up various contracts both from private as well as public sectors. To achieve the expected turnover, the Company has to increase its net worth at the foremost and that will be possible only when the capital is reduced by way of an arrangement with the shareholders by writing off its accumulated losses and, convert unsecured loans into equity capital and issue of further shares at par by way of a scheme of arrangement.

Whereas, the improved net worth will enable the company to streamline the operations, generate internal accruals which will eventually promote the interest of the general body of the shareholders, creditors and employees.

Whereas, the management by way of the infusion of funds as aforesaid which has resulted in the company to re-pay the overdue amount of Secured debt, statutory dues and other high-cost borrowings and in addition there is saving of financial cost and interest thereby resulting in the improvement of day-today operations.

Whereas the Company is in the process of revival and expansion of its services as the services and the products of the Company will have good potential demand if marketed properly. That the funds brought in by the Directors and Unsecured Lenders were utilized for the following objects which is all part of continuous revival and survival process of the Company:

1. Repayment of the overdue installments of secured loans
2. Repayment of long outstanding statutory dues viz., PF , TDS etc
3. Compliance of statutory obligations
4. Repayment of high cost unsecured loans along with interest
5. Working capital requirements

Whereas, the Company withstood all adversities and is in process of regrouping and reverting back to correct track. The association of the Investors, who are going to subscribe to the shares in the Company, has instilled confidence in the management and set the process of restructuring of the Company in the right direction. Therefore, in order to save the Company and take it to greater heights and increase the net worth of the Shareholders, the Board of Directors of the Company held several deliberations, negotiations and rounds of discussions and reached a conclusion that there is a necessity to have a composite Scheme of Arrangement, compromise with the Unsecured Lenders and Restructuring of the Capital as well as Further Issue of Capital to yield better results.

Whereas, apart from writing off the losses by reduction of capital, the Company has to simultaneously insure that the outflow of funds should be restricted without any extra cost to the Company. Any outflow of cash by way of repayment of unsecured loans would affect the revenues and therefore it is proposed to convert the said unsecured loans into equity capital of the company in a manner beneficial to the company and its shareholders. By implementing this proposed arrangement, the company will be saved from servicing the debt and convert the debt into risk free capital. Net worth of the company is very low and the book value of the equity share is Re.1.27/- (Rupee One and Twenty Seven paisa only) as on 30<sup>th</sup> September 2012 (Thirtieth Day of September Two Thousand and Twelve). Despite which the Unsecured Lenders accepted to convert their loans into equity share capital of the company at par i.e. Rs. 10/- (Rupees Ten Only) each per share. The identified Investors/ Promoters have also consented to subscribe to further shares of 15,38,795 (Fifteen Lacs Thirty Eight Thousand Seven Hundred and Ninety

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Five Only) at par. Conversion of unsecured loan into equity would ensure that there will not be any cash outflow for the Company on account of the cancellation of the debt due to them. The allotment of equity shares to the unsecured creditors through such conversion, would ensure that their interests are also protected. By these contributory factors, the net worth of the company will improve and the company will be in a position to continue its operations and service the shareholders effectively. In the event of reduction of capital not being affected and consequent issue of further shares and conversion of loans into capital not taking place, the loss will further mount up and intrinsic value of the share will further go down and the Company's financial position would worsen further which may lead to the Company to the state of insolvency.

Whereas, the Company has a part of unsecured loans bought in by the unsecured lenders and Promoters who reposed confidence in the management's relentless efforts to revive the Company and are willing to have their loans converted into equity capital of the Company with the bonafide intention that the turn around in the financial position of the Company will help them get their investment liquidated with some returns.

Whereas, as regards to further issue of equity, the Investors/ Promoters have consented to subscribe to 15,38,795 (Fifteen Lacs Thirty Eight Thousand Seven Hundred and Ninety Five Only) equity shares of Rs. 10/- (Rupees Ten Only) each at par which is again beneficial to the Company to revive its operations and improve its net worth.

Whereas, the conversion of Unsecured loans into equity shares will save the outflow of funds from the Company and the servicing of loan and interest which is beneficial to the Company and its shareholders.

Whereas, the Company felt that the settlement of dues shall benefit not only the Company but also its members and creditors since the entire losses are wiped off. Moreover the Unsecured lenders, by expressing their willingness to have their Unsecured loans converted into equity are deemed to have made sacrifices for the betterment of the Company, however, keeping in view their overall interest in future and their business with the Company. Similarly, the Investors are agreeing to infuse funds into the Company when its financial position is not so good. The Financial Statements of the Company would not represent its true financial position so long as its Capital is represented by unwritten off accumulated losses. In view of the above, it is proposed to write off the amount of accumulated losses amounting to Rs. 6,07,75,211 (Rupees Six Crores Seven Lacs Seventy Five Thousand Two Hundred and eleven Only) outstanding as on 30<sup>th</sup> September 2012 (Thirtieth Day of September Two Thousand and Twelve) through this composite scheme of arrangement in the following manner:

1. To the extent of Rs. 58,00,000/- (Rupees Fifty Eight Lacs Only) shall be set off against the Share Premium.
2. To the extent of Rs. 9,45,000/- (Rupees Nine Lacs Forty Five Thousand Eight Hundred Ninety Four only) shall be set off against the General Reserve Account.
3. To the extent of Rs. 4,894/- (Rupees Four Thousand Eight Hundred and Ninety Four Only) shall be set off against the Revaluation Reserve Account leaving the balance of Rs. 87,333/- (Rupees Eighty Seven Thousand Three Hundred and Thirty Three Only).
4. The remaining accumulated loss of Rs. 5,40,25,317/- (Rupees Five Crores Forty Lacs Twenty Five Thousand Three Hundred and Seventeen Only) shall be set off against the paid up share capital of the Company.

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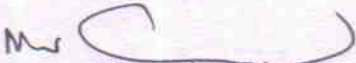
  
**Managing Director**

5. The above set off will result in reduction of the paid up share capital of the Company from Rs. 6,18,84,670/- (Rupees Six Crores Eighteen Lacs Eighty Four Thousand Six Hundred Seventy Only) to Rs. 78,59,353/- (Rupees Seventy Eight Lacs Fifty Nine Thousand Three Hundred and Fifty Three only).
6. That the outstanding unsecured loans of Rs. 61,18,200/- (Rupees Sixty One Lacs Eighteen Thousand Two Hundred Only) brought in by the Directors, shall be converted into equity towards subscription and allotment of 6,11,820 (Six Lacs Eleven Thousand Eight Hundred and Twenty Only) Equity shares of Rs. 10/- (Rupees Ten Only) each at par.
7. That the outstanding unsecured loans of Rs. 2,06,34,500/- (Rupees Two Crores Six Lacs Thirty Four Thousand Five Hundred Only) brought in by the Unsecured Lenders, shall be converted into equity towards subscription and allotment of 20,63,450 (Twenty Lacs Sixty Three Thousand Four Hundred and Fifty Only) Equity shares of Rs. 10/- (Rupees Ten Only) each at par.
8. That an amount of Rs. 1,53,87,947/- (Rupees One Crore Fifty Three Lacs Eighty Seven Thousand Nine Hundred and Forty Seven Only) shall be brought in by the Investors/ Promoters towards subscription of 15,38,795 (Fifteen Lacs Thirty Eight Thousand Seven Hundred and Ninety Five Only) equity shares of Rs. 10/- (Rupees Ten Only) at par.
9. Upon all the aforesaid allotment of shares and rounding off of fractional shares to one share, the paid up share capital of the Company shall be Rs. 5,00,00,000/- (Rupees Five Crores Only) divided into 50,00,000 (Fifty Lacs) equity shares of Rs. 10/- (Rupees Ten Only) each. Any increase in the number of shares due to rounding off will be foregone by the promoters of the Company. So, any extra shares arising due to rounding off will be foregone by Mr. BSN Suryanarayana, Promoter of the Company thus keeping the paid up share capital intact to Rs. 5,00,00,000/- (Rupees Five Crores Only) post arrangement.

Whereas on the basis of discussion, and interaction with the Unsecured Lenders and Investors, it has been decided to consider the proposal of settlement of dues as mutually agreed by the Company and the other parties and to make further issue of shares for evolving the following scheme of arrangement which will ultimately benefit the all concerned.

By virtue of this scheme, if approved, the company would be able to represent its true financial position, to reflect proper corporate governance, which would be beneficial to the company and its shareholder in the long term.

For Nihar Info Global Limited

  
Managing Director

**PART-I**  
**PRELIMINARY**

**DEFINITIONS**

In this scheme unless inconsistent with the subject or to the context, the following expressions shall have the following meaning(s):

- 1.1 **“Act or the Act”** means the Companies Act, 1956 or any statutory modification(s) or amendment(s) thereof for the time being in force.
- 1.2 **“Board”** or Board of Directors or any committee thereof of the Company as the context may mean or require.
- 1.3 **“Capital”** means the Equity Share capital of Nihar Info Global Limited.
- 1.4 **“Company”** means M/s Nihar Info Global Limited a Company incorporated under the companies Act 1956 on 24.07.2002 (Twenty Fourth Day of July Two Thousand and Two), having its registered office at Nihar House, Plot No 34, Ganesh Nagar, West Marredpally, Secunderabad – 500026, Andhra Pradesh.
- 1.5 **“Court”** Means Hon’ble High Court of Andhra Pradesh at Hyderabad.
- 1.6 **“Effective date”** means that date on which certified copies of order of the Hon’ble High Court of Andhra Pradesh at Hyderabad sanctioning the scheme are filed with the Registrar of Companies, Andhra Pradesh at Hyderabad under section 394 read with section 102 of the companies Act.
- 1.7 **“Existing Promoters”** means and includes persons appearing whether in the category of promoters/ promoter group as disclosed in the share holding pattern as on 30<sup>th</sup> September 2012 filed with the Stock Exchange.
- 1.8 **“Investors”** means and includes M/s APR Investments and Leasing Private Limited, M/s K. Kumar Raja Projects Pvt. Ltd., M/s Pamidi RSB Build-Tech Private Limited, M/s Nihar Stocks Limited, M/s Usha Kiran Finance Limited and MVR Sastry.
- 1.9 **“New Promoters”** means and include existing promoters as on 30<sup>th</sup> September 2012.
- 1.10 **“Scheme”** means this scheme of arrangement between the company and its Shareholders and Unsecured Lenders in the present form or with such modifications / alterations as may be approved / imposed or directed by the Hon’ble High court of Andhra Pradesh.
- 1.11 **“Stock Exchange”** means “Bombay Stock Exchange Limited”, where the shares of the company are listed and traded.
- 1.12 **“Unsecured Lenders”** means and includes M/s APR Investments and Leasing Private Limited, M/s Nihar Stocks Limited, M/s K. Kumar Raja Projects Pvt. Ltd., M/s BSN Corporate Advisory Services Private Limited, M/s Usha Kiran Finance Limited, BSN Suryanarayana, B Divyesh Nihar and B Nithisha.
- 1.13. References in this Scheme to ‘upon the Scheme becoming effective’ or ‘effectiveness of the Scheme’ shall mean the Effective date.

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Managing Director

All terms and words not defined in this scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, Securities Contracts Regulation Act, 1956, SEBI Act, 1992, Depositories Act, 1996, Listing Agreement and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modifications or re-enactment thereof from time to time.

## PART- II INCORPORATION, OBJECTS AND CAPITAL STRUCTURE


### 1.13 INCORPORATION

Nihar Info Global Limited was originally incorporated as a Public Limited Company under the name & style of M/s. **Genesys Securities Ltd.** with the Registrar of Companies, Andhra Pradesh under the provisions of the Companies Act 1956 on the 12th day of January 1995. The name of the company was later changed to **Nihar Info Global Limited** and fresh certificate of incorporation vide letter no. **RAP/TA.VI/Sec. 21/19200 dated 24th July 2002** was issued by Registrar of Companies, Andhra Pradesh after complying with the necessary formalities under the Companies Act, 1956.

### 1.14 MAIN OBJECTS OF THE COMPANY

- i) To undertake development and / or trade in sale, import, export of computer software and all varieties of information technology services like medical transcription, GIS/GPS mapping like WAN, LAN and its related protocols. E-commerce, Forex Operations relating to Software, Hardware consultancy, Hiring, Installation sale, Exports, Import, Maintenance of Computer Hardware, Platform changing, peripherals and related services either on direct contract or sub contract Basis.
- ii) To carry on the business of Research and development, designing, manufacturing, trading and deal in all type of computer software and hardware in all areas including Management Information Systems, Data base Services, Data Warehousing Industrial applications, office Systems, Automation systems, artificial intelligence, cybermatics, simulations, Desktop Publishing Communications, including telecommunications and Satellite Communication, DAC/CAM, Animations, Operating Systems, Utilities and all other developments in the field of Computers and information technology.
- iii) To render consultancy services and services in the field of software development, turnkey projects and solutions, Software Export, Information and Data Processing Computer Systems, Communication, Operations research and technical services including commercial exploitations, export, import and to act as distributors, dealers authorised representatives, installers and commissioning agents of the same. To depute personnel to design and develop solutions software in India and abroad and to establish Technology Parks and offices in India and abroad and to broadly undertake all activities encompassing the field of information technology as may be permitted by law.

**For Nihar Info Global Limited**

  
Managing Director



