



December 01, 2014

To,
The Board of Directors
Palred Technologies Limited
Plot No.2, 82-703/2/B,
Road No.12, Banjara Hills,
Hyderabad-500 034

Dear Sir(s),

Sub: Proposed reduction in the share capital of fully paid-up equity shares of Rs. 5 each under Section 100 to 104 of the Companies Act, 1956 (Proposed Transaction).

We have been informed by Palred Technologies Limited (the Company) that there is a proposal under consideration for reduction of paid-up equity share capital/ paid-up equity shares of the Company by 60% on a proportionate basis and that 60% of the portion of paid-up equity share capital would be repaid to all the shareholders, pursuant to such reduction and on obtaining inter alia, the approval of the stock Exchanges and the Hon'ble High Court of Telangana and Andhra Pradesh under the provisions of Clause 24(f) of the Listing Agreement and as per applicable provisions of Companies Act, 1956.

We have further been informed by the Company that the rationales for proposing the 'Capital Reduction' is as under:

- 1) Palred Technologies Limited (Formerly known as Four Soft Limited) was originally incorporated under the name and style of Four Soft Private Limited on December 24, 1999. Subsequently the Company was converted into a Public Limited Company and the name of the Company was changed to Four Soft Limited and consequent upon change of name on conversion to public limited company, the Company obtained a fresh Certificate of Incorporation from Registrar of Companies, Andhra Pradesh on April 23, 2003 after complying with the relevant provisions under the Companies Act, 1956. Further, the name of the Company was changed from Four Soft Limited to Palred Technologies Limited and consequent upon change of name the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, Andhra Pradesh on 09.12.2013 after complying with the relevant provisions under the Companies Act, 1956 (CIN: L72200TG1999PLC033131)
- 2) The Registered office of the Company is situated at Plot No 2, 8-2-703/2/B, Road No 12, Banjara Hills, Hyderabad-500034, Telangana. The Company is a Listed Company having its shares listed on BSE Limited and National Stock Exchange of India Limited. The Company was into business of providing software solutions for Logistics Companies.
- 3) The Company in the Month of October, 2013, disposed off its entire business undertaking by obtaining the approval of shareholders in terms of Section 293 (1) (a) by way of postal ballot dated 18th September, 2013 for a consideration of Rs. 251,65,90,355/- (Rupees Two Hundred and Fifty One Crores Sixty Five Lakhs Ninety Thousand Three Hundred and Fifty Five only).
- 4) After the sale of business, the Board of Directors of the Company has decided to pay an interim dividend to the shareholders of the Company and accordingly an interim dividend of Rs. 29/- (Rupees Twenty Nine) per equity share of Rs. 5/- (Rupees Five Only) was paid to the shareholders on 3,90,36,970 (Three Crores Ninety Lakhs Thirty Six Thousand Nine Hundred and Seventy Only) equity shares aggregating to Rs. 113,20,72,130 (Rupees One Hundred and Thirteen Crores Twenty Lakhs Seventy Two Thousand One Hundred and Thirty Only).



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- 5) After payment of dividend and Income Tax, the Company still has excess cash which cannot be deployed effectively in the business and after factoring the cash required for future business and investing activities, the cash available is more than actually required. Hence, after evaluating various alternatives, the Board of Directors of the Company decided to reduce 60% of the paid up equity share capital by cancelling and extinguishing 60% of the equity shares of the Company of face value of Rs. 5 each and by returning to the shareholders an amount of Rs. 16.50 (Rupees Sixteen and Paise Fifty only) per share i.e. face value Rs. 5 and a premium of Rs. 11.50 totalling to Rs. 38,64,66,003..
- 6) The Capital Reduction proposal would return surplus cash to all shareholders uniformly and equitably by the Company and the benefits thereof would be available to all the members uniformly;
- 7) The Capital Reduction will not in any manner adversely affect or prejudice the interest of its shareholders, creditors or public at large.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns, Title to all subject business assets is assumed good and marketable and we would urge the Company to carry out an independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.

In giving our Opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been given to understand that all information that was relevant for the purpose of our exercise was disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed. We have not conducted any evaluation or appraisal of any assets or liabilities of the Company nor have we evaluated the solvency of the Company, under any laws relating to bankruptcy, insolvency or similar matters.

Our Opinion does not factor overall economic environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having an impact on the business of the Company in arriving at our final Opinion.

We express no view as to, and our Opinion does not address, the underlying business decision of the Company to effect the Proposed Transaction or the merits of the Proposed Transactions. Our Opinion does not constitute a recommendation to any shareholder of the Company as to how much shareholders should vote on the Proposed Transaction or any matter related thereto. We are not expressing any opinion herein as to the prices at which the shares of the Company will trade following the announcement or consummation of the Proposed Transaction or as to the prices at which the shares of the Company may be transacted.

Our Opinion is not and does not purport to be an appraisal or otherwise reflective of the prices at which any business or securities actually could be ideally bought or sold by any party and are not indicative of actual value or actual future results that might be achieved, which value may be higher or lower than those indicated.

Our Opinion is necessarily based on financial, economic and other conditions as in effect on the date of issuing this Opinion, and the information made available to us as of, the date hereof, including the Capital Structure of the Company. It should be understood that subsequent developments may affect this Opinion and that we do not have any obligation to update, revise, or reaffirm this Opinion.

We will receive a fee for our services in connection with the delivery of this Opinion from the Company.



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In the ordinary course of business, our affiliates may actively trade or hold securities of companies that may be the subject matter of this transaction for our own account or for the account of our customers and, accordingly, may at any time hold long or short position in such securities. In addition, our affiliates may maintain relationships with the Company and their respective affiliates.

This Opinion is provided solely for the benefit of the Board of Directors of the Company, and shall not confer rights or remedies upon, any shareholder of the Company, or any other person other than the members of the Audit Committee and the Board of Directors of the Company, or be used for any other purpose. This Opinion may not be used or relied upon by nor is it issued for the benefit of any third party including shareholders for any purpose whatsoever or disclosed, referred to or communicated by you (in whole or in part) except with our prior written consent in each instance. Provided however, this opinion may only be disclosed as may be required under any applicable law in India but we take no responsibility or liability for or arising out of any such disclosures. We specifically disclaim any responsibility to any third party to whom this letter may be shown or who may acquire a copy of this letter.

The laws of India govern all matters arising out of or relating to this Opinion (including, without limitation, its interpretation, construction, performance, and enforcement).

With respect to any suit, action or any other proceedings relating to this Opinion the courts of competent jurisdiction at India shall have exclusive jurisdiction.

On the basis of and subject to the foregoing, it is our view that, as of the date hereof, the proposed Reduction by cancelling and extinguishing 60% of the paid up Equity Share capital of the Company of face value of Rs. 5 each and by returning an amount of Rs. 16.50 (Rupees Sixteen and Paise Fifty only) per share i.e. premium of Rs. 11.50 is fair from a financial point of view.

Yours faithfully,

For Mark Corporate Advisors Private Limited

A handwritten signature in black ink, appearing to read "Rajendra Kanoongo", is written over a horizontal line.

Rajendra Kanoongo
Jt. Managing Director
DIN:00560347

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