BUSINESS VALUATION REPORT

OF

MILLENNIUM ONLINE SOLUTIONS (INDIA) LIMITED

(formerly known as Mahamaya Investments Limited)

AND

MILLENNIUM ONLINE (INDIA) LIMITED

Prepared by:

Agarwal Sanganeria & Co.

Date: 16th November 2013

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INTRODUCTION

We refer to our engagement letter dated 22nd October 2013 confirming our appointment as independent valuer of shares of Millennium Online Solutions (India) Limited (hereinafter referred to as MOSL) and Millennium Online (India) Limited (hereinafter referred to as MOI).

The registered office of MOSL is Flat No. 53, 5th Floor, Building No. 11, Vijay Vilas Tores Building, GB Road, Kaveser, Thane, Maharashtra - 400615. The Company was principally engaged in the business of Finance and Investment. The Company's equity shares are listed on the Stock Exchange, Mumbai but there has been absymally low trading volume in the shares of the company in the last few years.

The registered office of MOI is situated at Flat No. 53, 5th Floor, Building No. 11, Vijay Vilas Tores Building, GB Road, Kaveser, Thane, Maharashtra - 400615. The Company is engaged in the business of development of import and distribution of computer hardware and promoting the product in the brand name of Millennium Technology. The company also offers technology and quality support service for system integrators, distributors and other customers across the country.

In the following paragraphs, we have summarised our Valuation analysis of the business of the above Companies.

PURPOSE OF VALUATION

Based on the discussion with the management, we understand that the purpose of valuation is to determine the share swap ratio for merger of MOSL with MOI. In this context, the management of both the companies require our assistance in determining the *fair value* of equity shares of both the Companies to determine the share exchange ratio.

VALUATION DATE

The analysis of fair value of the equity shares of MOSL and MOI has been carried out on close of business as on *30th June 2013.*

SOURCE OF INFORMATION

For the valuation exercise, we have relied on the following sources of information:

1. Interview and discussion with the management team of both companies MOSL and MOI.

2. Information provided by the companies' management including
   a. Audited Financial Statement and tax & other records of MOSL for the last three completed financial years years

b. Audited Financial Statement and tax & other records of MOI for the last three completed financial years

c. The details and documents pertaining to assets and liabilities as required by us of both the companies as on 30th June 2013

d. The details of transactions and documents for the events happening after the date on 30th June 2013 to understand and see if there are any material transactions that may have a material impact on the valuation.

3. The proposed scheme of Arrangement for the Amalgamation of both the companies.

4. National, regional and local economic data were compiled and reviewed. The sources used include CMIE, CSO, www.capitalmarkets.com and others.

5. Research of comparative business sale transaction data has been performed. This included data compilation from private company and publicly traded company sale databases. The transactional data, however, is not included in this report.

INDUSTRY SCENARIO

As a result of merger of MOI with MOSL, the merged entity MOSL shall have immediate operation in the field of import & distribution of computer hardware. The company will be promoting its products by its brand name 'Millennium Technology'. The company shall also offer technology and quality support service to system integrators, distributors and other customers across the country.

Computer hardware industry has established itself as one of the prominent industries in the Indian economy. In the new computer age, every individual, business, government and all others are dependent on computers and information technology for running their business and their lives.

There is no doubt on the size of the Computer Hardware market in which the company is working. The hardware industry has performed well even during the economic downturn and companies have become more and more IT dependent. Additionally companies have relied on IT hardware and solutions to offer new products and solutions. Computer hardware is an integral part of the new way of doing business. The growth prospect in both Corporate & Large Business market and retail consumer market is very high.

According to the "KBuss Sector Insight Report" by KPMG India (issued in April 2012).: "India has also witnessed remarkable success in the field of information technology and business process outsourcing (IT-BPO) over the two decades. Total export revenues earned by IT-BPO sector have grown to USD 69 billion in FY12, with the overall sector (including hardware) touching revenues of USD 100 billion. *The domestic hardware market comprising desktops, laptops, servers, printers, storage, networking peripherals is the largest segment within the domestic IT-BPO market. This segment is expected to reach revenues of nearly USD 13 billion."*

Moreover, the Indian Software Industry has also been a remarkable success story. It has grown more than 30 % annually for the past 20 years. As per the estimates of the Centre for Monitoring Indian Economy, the software industry's net sales are set to grow by a healthy 17.8 per cent in 2011-12. This growth will be over and above a 16.8 per cent sales growth estimated in 2010-11. **Higher business growth of the Indian IT Sector is also expected to lead to growth of the computer hardware and support industry in India.**

Please note, everything is not sunshine about the industry as it is pressured by stiff and ever growing competition. It requires continuous up-gradation of products, services and delivery team to stay competitive. Still, as the industry continues to grow there is always a real opportunity for players who are able to meet the ever changing needs of the market.

COMPANY BACKGROUND AND PRESENT STATUS

The transferee company, Millennium Online Solutions (India) Limited (MOSL) was engaged in the business of Finance and Investment services. However there are no operations in MOSL for last few years. Also, substantial investments made by the company were written off by the company in the last Financial Year as there were reasons to believe that the investments have completely lost all their value. Presently the company is not having any business activity. The fixed assets owned by the company have not been in use for a long period of time and are not of much real value to the company.

The transferor company, Millennium Online (India) Limited (MOI) is an importer and distributor of computer hardware. It also provides specialised IT hardware related services. The business has been growing steadily with a strong year on year growth in Revenue from Operations. Correspondingly profit of the company has also grown over the years following the trend of the sales of the company. The company has also been steadily investing into the operations of the enterprise.

The scheme of Arrangement seeks to merge the business and all the assets & liabilities of MOI into MOSL. The merged entity i.e. MOSL will continue the operations of the company MOI. The Memorandum of Association of the company MOSL has also been suitably amended to include the services intended to be performed by the merged entity MOSL.

VALUATION TECHNIQUES

By its very nature, valuation work cannot be regarded as an exact science and, given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions which have to be made. There can therefore be no standard formulae to establish an indisputable value, although certain appropriate formulae are useful in establishing reasonableness.

The basic valuation methodologies adopted for the purpose are namely:

1. Asset based approach;
2. Market based approach; and
3. Income based approach.

A) Asset Based Approach

The Asset based approach considers the Net Asset value, Replacement value or Realisable value as an indication of the fair market value of that asset.

Under this method book value of total assets and total liabilities as per latest Financial Statement with necessary adjustments is considered for arriving at Net Asset value of the company.

B) Market Based Approach

The market approach involves identifying comparable companies (usually publicly-listed) within the same segment of the industry and uses the comparable companies' financial information to derive various pricing multiples. These multiples are then used in calculating the fair market value.

Also where the value of the shares of the company are traded on a recognised exchange wherein there are large number of buyers and sellers, the market value determined therein is considered for the purpose with necessary adjustments.

C) Earnings based Approach

The earnings based method considers price earnings capacity value per share, discounted cash flow, earnings multiple method as an indication of the fair value of the share.

Under this method profits of various years are averaged and capitalisation rate is applied to arrive at the fair value.

OPINION ON VALUE OF SHARES & SHARE EXCHANGE RATIO AND UNDERLYING ASSUMPTIONS

The valuation of equity shares of MOSL and MOI has been carried out by after considering all three approaches of Valuation as and where applicable.

A) Valuation of Equity Shares of Millennium Online Solutions (India) Limited

i. Asset Based Approach

Assets and Liabilities of the company as per the Audited Balance Sheet as at 30.06.2013	
Assets	**Amount (Rs.)**
Fixed Assets	180,326
Non Current Investments	2,62,06,053
Long Term Loans and Advances	58,41,999
Cash and Cash Equivalents	1,46,640
Total Assets	**3,23,75,018**
Liabilities to outsiders	
Trade Payables	1,88,788
Total Liabilities to outsiders	1,88,788

Observations:

1. Assets of the company

   a. **Fixed Assets**

   The fixed assets owned by the company include Office Equipments, Furniture & Fixture, Dead Stock, Computers and Vehicles. The assets have not been used in business or maintained for more than a decade now. As they haven't been used, they have also not been depreciated in the books of accounts of the company for many years (at least not for the last three years). The assets have no or negligible usage value for the business of the company. Thus the book value of the assets can't be considered to be the actual value of the assets for the valuation purpose. Also as per our judgement the assets should be considered at NIL as even the current existence of the assets couldn't be safely established by the management when the query was raised in front of the management.

b. Long term Investments

The long term investments of the company comprise of Investments in shares of the company. There are four investments made by the company.

Particulars	Amount (Rs.)
2 Eq shares of Mahasmruti Investment Limited	200
1369800 Eq shares of Mafatlal Dyes and Chemicals Limited	2,62,05,349
20 Eq shares of Shri Arbuda Mills Limited	281
2 Eq shares of Malulya Mills Limited	223
Total	**2,62,06,053**

We have tried to estimate the valuation of the shares of the company M/s. Mafatlal Dyes and Chemicals Limited. Based on the information procured by us and provided by the management the Financial Results of the company have not been available for the past four financial years. The company has not been operational all this time and there news about the company going into liquidation. The company is listed on BSE but trading on the shares of the company has been suspended for Penal Reasons and non compliance reasons. Hence, as per opinion, Investment of 13,69,800 Equity shares in Mafatlal Dyes and Chemicals shall be considered to be NIL. The chances of recovery of investment from the liquidation proceeds of a company that has not been functioning for over a decade is negligible. The financials of the company are also not available.

We haven't been able to trace the management of the company to get more information on the whereabouts of the company.

Thus, based on this information we have, we reach to conclusion that the value of the investment is negligible except Mafatlal Dyes and Chemicals Limited (as per details mentioned in supra para). Even the value of the investment in Mafatlal Dyes and Chemicals Limited is NIL. Thus as per our judgement the value of the total Investment should be considered as NIL.

c. Loans and Advances

As per the discussion with the management, there are no chances of recovery of the loans and advances given by the company. The loans have been long outstanding and default is almost certain as all the attempts to realise the amounts have gone in vain till now. Thus the Loans and Advances figure is being considered as NIL.

d. Trade Payables

Trade payables are recognised liabilities of the company and are payable by the company as and when possible.

e. Other Liabilities

As per the information and assurance provided by the management of the company, and on reliance to the audited Financial Statements of the company for the year ended 30th June 2013 there are no undisclosed or Contingent Liabilities of the company. We rely on the opinion of the company and the work of the Statutory Auditor of the company and also due to lack of any instance or finding to indicate the contrary; we have not made any deduction to the value for any undisclosed Liabilities to the company.

Further we would like to state that the merger as a whole would not increase/(decrease) the value of any assets or liabilities of the company as there are no synergy benefits in the overall valuation of the assets.

Thus, based on the above observations the valuation of the company under the Asset Valuation Approach comes at:

Valuation of the Company based on the Asset Valuation Approach as at 30.06.2013	
Assets	**Amount (Rs.)**
Fixed Assets	-
Non Current Investments	-
Long Term Loans and Advances	-
Cash and Cash Equivalents	1,46,640
Total Assets	1,46,640
Liabilities to outsiders	
Trade Payables	1,88,788
Total Liabilities to outsiders	**1,88,788**
Total Net Worth (A)	**(42,148)**
Total No. of Equity Shares of Rs. 10 Each (B)	**3001951**
Net Asset Value per Share (A) / (B)	**(0.01)**

ii. Profit Earning Value per Share (PECV) Method

The company has discontinued all business operations. It has no profits and there are future plans, apart from the proposed merger to start any business operation. The expenses in the Statement of Profit and Loss for the preceding three financial years comprise of mostly expenses related to the compliance requirements of the company. Thus the PECV Method of valuation has not been considered for this Company as the Company has no future outlook of profits.

iii. Market Based Approach

Because of the continued lack of operations, losses suffered by the company and the highly depreciated value of the company's equity shares no significant dealings in equities of the company has taken place for many years. Also, the trading in equity shares of the company was under suspension at the BSE India Limited, Stock exchange where it is listed, for many years. The suspension has been revoked since June 2012 and there has been sparse trading on the security since. With the respect that the general body of the shareholders of the Company have presently no worthwhile means of liquidating their holdings.

Here we need to note that the company is an exchange traded and the shareholders of the transferee company will be benefited from the fact that they will get liquidity for their investment as their shares will be listed on one of the premier stock exchanges of the country. Market bases approach thus enjoys more importance in overall valuation.

From the trading records of the stock Exchange (Bombay Stock Exchange, Source: Website of BSE www.bseindia.com):

Where the company is listed, it is noted that there has been abysmally low value of trading in the company's equity. The shares of the company are sparsely traded and hence market price shall not be taken into consideration. However, as the shares of the company are listed on a recognised stock exchange, we are considering the face value of equity shares i.e Rs. 10 per shares.

iv. Final Valuation

In our opinion, the final share value of each share of Millennium Online Solutions (India) Limited on the valuation date should be calculated on the basis of the valuations as per the two methods, namely Asset Based Approach and Market Price Method.

The valuation as per asset based approach is arriving to negative i.e (0.01).

The stocks of the company have been suspended from trading on the BSE India Limited for over a decade and the suspension has been revoked only in June 2012 and there has been sparse

trading on the shares of the company since then. The valuation of the shares on the exchange cannot thus be given importance.

However, as the shares of the company are listed on a recognised stock exchange, we are considering the face value of equity shares i.e Rs. 10 per shares.

Final Suggested valuation of the company comes to Rs. 10 per equity share considering face value of equity shares of the Company.

B) Valuation of Equity Shares of Millennium Online (India) Limited

i. Asset Based Approach

Net Asset Value Method as per Balance Sheet as at 30.06.2013

Particulars	**Amount (Rs.)**
Assets of the Company	
Fixed Assets	9,15,429
Investments	-
Long Term Loans & Advances	7,68,000
Inventories	2,38,92,811
Trade Receivables	1,62,14,912
Cash & Cash Equivalents	13,58,104
Short Term Loans & Advances	1,25,05,164
Total Assets	**5,56,54,420**
Less: Liabilities to outsiders	
Deferred Tax Liability	6,023
Short Term Borrowings	2,09,16,032
Trade Payables	1,74,39,979
Other Current Liabilities & Provisions	7,79,473
Total Liabilities	**3,91,41,507**
TOTAL NET WORTH (A)	**1,65,12,913**
TOTAL NO. OF EQUITY SHARES (B)	**15,00,000**
NET ASSET VALUE per Share (A) / (B)	**11.01**

As per the discussion with the management of the company and close analysis of the figures of the company we have come to conclusion that the assets and liabilities of the company as

reflected in the Financial Statements of the company reflect a true and fair view of the company. Total Assets constituting Rs. 5,56,54,420 includes inventories of Rs. 2,38,92,811 and debtors of Rs. 1,62,14,912 and considering conservative approach full amount of inventories and debtors may not be realized. Thus, we suggest that the Net Value of the every equity share of the company should be taken as Rs. 10/- each.

Further we would like to state that the merger as a whole would not increase/(decrease) the value of any assets or liabilities of the company as there are no synergy benefits in the overall valuation of the assets.

ii. Profit Earning Value per Share (PECV) Method

Under this method, value of Equity Shares of a company is arrived at by capitalizing its estimated future maintainable profits to arrive at the value of the equity interest. Such future maintainable profit is typically based on the past working result of the company, usually for a period of 3-5 years after adjusting for unusual years and/or non-recurring, extraordinary or abnormal items of income and expenditure.

However, while analyzing the past profitability, adequate weightage is given to variable such as govt. policies, change in demand supply scenario, competition, etc.

In determining the capitalization factor, one would consider price, earnings, and other metrics in respect of companies engaged in the same/similar/comparable business which are the subject to the valuation exercises. Dissimilarities with the comparable company and the strengths, weaknesses and other factor specific or unique to the company being valued would need to be factored in.

Under this method, past profit are considered to be a reasonable indicator of the potential earnings capacities of the companies for the purpose of arriving at the fair exchange ratio.

Thus, we have consider the adjusted operating working result of the company for the appropriate period for working out their future maintainable earnings, after excluding items of non-recurring or extraordinary nature. There has been sudden drop in profit in the year 2008 which is under consideration for valuation purposes. This being un-common phenomena when one considers profitability of company over a period of five years , the relevant year has been ignored for the purpose of calculation.

The comparable companies have been identified based on various factors but it is to be recognized that no two companies would strictly be comparable in all aspects.

About the Capitalization Rate:

As per CCI guidelines issued by Ministry of Finance, Department of Economic Affairs, vide file no. S. 11(21) CCI (11)/90, dated 13-7-1990, the capitalization rate is to be considered on the following basis:

(1) 15% in the case of manufacturing companies

(2) 20% in the case of trading companies

(3) 17.5% in case of "intermediate Companies", that is to say, companies whose turnover from trading activities is more than 40%, but less than 60% of the total turnover.

However, in cases where a company has a high profitability rate as revealed by the percentage of the after tax profits to the equity capital of the company, the capitalization rate of 15% could be liberalized suitably up to a maximum of 12% with a view to arriving at a fair and equitable valuation.

Calculation as per PECV Method

Sr.	Year ended on	Profit Before Tax	Profit After Tax	Weights	Weighted Profit before Tax
1	31st March 2011	3,31,083	2,15,541	1.00	3,31,083
2	31st March 2012	4,45,803	3,13,549	2.00	8,91,606
3	31st March 2013*	5,21,987	3,91,951	3.00	15,65,961
6	**Total**			6	27,88,650
7	Weighted Average profits Before Tax				4,64,775
	Less:Tax				1,39,432
	Weighted Average Profit after Tax				3,25,342
	Total nos. of Equity shares [refer NAV working]				15,00,000
	Earnings per share (EPS) [Rs]				0.21
	PCEV at 20% Capitalisation rate [Rs]				1.08

*Profit for the year ended June 30, 2013 is Rs. 6,52,484, however Profit before and after tax is calculated for proportionate 12 months and is taken into consideration.

The earning capacity value per equity share is Rs. 1.08. The said value is negligible and hence it is not taken into consideration for valuation purpose.

iii. Market Based Approach

The Average market price parameter is not applicable for this Company since the shares of the Company are not traded in stock exchanges.

iv. Final Valuation

In our opinion, the recommended share value of Millennium Online (India) Limited on the valuation date is Rs. 10.00 considering Net Asset Value per share.

SHARE EXCHANGE RATIO

The Share Exchange ratio for the purpose of merger of Millennium Online Solutions (India) Limited with Millennium Online (India) Limited on the basis of above valuation methodologies is 10:10 i.e. for every 1 (One) Share of Millennium Online Solutions (India) Limited against 1(One) Share of Millennium Online (India) Limited.

DISCLAIMER

In preparing this valuation Report ("the Report"), we have relied upon and assumed, without independent verification, the accuracy and completeness of all information obtained from the company and other databases.

The Report is being provided solely for the benefit of "MOSL" & "MOI" and is not on behalf of, and shall not confer rights or remedies upon, any other person other than MOSL & MOI. The Report may not be used or relied upon by, or disclosed, referred to, or communicated by "MOSL" & "MOI" (in whole or in part) to any third party for any purpose whatsoever except with the prior written consent of us in each instance.

In furnishing the Report, we reserve the right to amend or replace the report at any time. Our views are necessarily based on economic, market, and other conditions currently in effect, and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise, or reaffirm the views expressed in the Report. Nothing contained within the Report is or should be relied upon as a promise or representation as to the future.

The pro-forma and estimated financial information contained herein was provided by "MOSL" and "MOI" and our Report is based on certain assumptions, analysis of information available at the time of Report preparation.

While the information provided to us is believed to be accurate and reliable, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information. Part of this information is based, inter-alia, on published / private reports or research studies carried out by other agencies. The information provided there has not been verified by us, though we are not aware nor have reason to believe that the information is otherwise unreliable in any material aspect. No representations expressed or implied are made in that behalf.

The valuation contained herein is purely for discussion purposes and is not intended to be the price with which the Companies should approach prospective sellers/ buyer of shares of MOSL or MOI. Our analysis is not and does not purport to be appraisal or otherwise reflective of the price at which the shares could actually be bought or sold.

ACKNOWLEDGEMENT

We are thankful to the Management & Staff of MOSL and MOI for their kind co-operation extended to us during the course of our assignment.

For,

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