

SAYALI DESHKAR

Chartered Accountant & Registered Valuer (IBBI)

Office: Gandharva, 6, Heramb Residency, Anandvalli, Beside Nakshatra Lawns,
Pipeline Road, Nashik - 422013

Contact: +91 8459048909; Mail: sayali@casd.co.in

March 4, 2022

To,

Board of Directors

N2N Technologies Limited

Office No 104, Pentagon Tower 4, P4,

Magarpatta City, Hadapsar,

Pune 411028

Subject: Determination of Fair Value of equity shares of N2N Technologies Limited under regulation 165 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations) for proposed issue of securities including convertible securities/instruments on preferential/private placement basis under Chapter V of SEBI ICDR Regulations.

Sirs,

We have been engaged by N2N Technologies Limited ("Company" or "N2N") for the purpose of assessing fair value of equity shares of the Company, a company registered under the Companies Act, 1956 and having its Registered office at Office No 104, Pentagon Tower 4, P4, Magarpatta City, Hadapsar, Pune 411028.

The purpose of the engagement is to provide a fair valuation of the shares of Company as per Regulations 164 and/or 165 (as applicable) of the SEBI ICDR Regulations using latest available management certified provisional financials as of December 31, 2021.

Background of the Company:

N2N Technologies Limited is a public limited company incorporated on January 30, 1985 and it is listed on BSE Limited under scrip code: 512279 and scrip name: NNTL. As per the website of BSE Limited, the shares of the Company are currently listed and traded under Z category with T+2 settlement. As per the Memorandum of Association of the Company, the main object clause of the Company is as per below:

Clause 1: To undertake design and development of software, e-commerce, web page, web designing, portals, development of various computer technology and technology transfer system, assemble, reassemble, repair, renovate, buy, sell, export, deal in computers, hardware and to undertake activities relating to internet and information technology and to undertake data entry, data capture, data communication, data conversion, data processing, data storage and retrieval, business process outsourcing, content management, back office operations and support, medical billing, OCR services, scanning, networking solutions, multimedia, communication and media designing, audio-video graphics and 3D animations and all other information technology enabled services and to provide end-to-end e-business solutions and to act as consultants, advisors, supervisors with regards to the solution of technical know-how problems to computer software and to develop software, content and website either with its own resources and manpower or get it developed from any other sources for the purpose of conducting online learning, test, examination, to conduct market research for collection of data and to upgrade content on various subject matters useful to the students and to develop various educational games, elearning software that can be used by the various schools, educational institutes and other educational organizations and to develop and provide internet enabled solutions and platforms to enable the academic performance of students in India and overseas of all ages and of all subjects including but not restricted to arts, commerce, science, history, mathematics, vocational commerce, languages, intellectual quotient related test, vocabulary test, mathematical test, by offering and conducting online test and assessments supported by educational videos and animations, to provide guidance through expert coaches on

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the basis of the assessment of online tests, to award certifications to students on successful completion of test and examinations, to provide interactive learning facility to students, to disseminate, display information on the various subjects through websites and to coordinate, tie up with schools, colleges and educational institutions to provide the facility of online coaching, test, examination.

Our Understanding & Purpose of Valuation:

We have been given to understand that the Company is proposing to issue securities including convertible securities on preferential basis/private placement basis under Chapter V of the SEBI ICDR Regulations and therefore, have requested us to provide valuation report determining the fair value of equity shares of the Company to enable the Company to fix pricing of equity shares for the proposed issue under the said SEBI ICDR Regulations.

Shares of the Company are infrequently traded:

We have been given to understand that the proposed extra-ordinary general meeting of the members of the Company is scheduled to be convened on March 26, 2022, accordingly the Relevant Date i.e. 30 days prior to the date of scheduled general meeting is February 24, 2022.

Basis of calculation of shares of are infrequently traded:

Total Shares traded during 240 trading days preceding the Relevant Date	1,86,529 shares
Total paid-up shares listed on BSE Ltd	32,28,069 shares
Percentage	5.78%

Therefore, since the total volume of shares traded on BSE Limited for 240 trading days preceding the Relevant Date is less than 10% of total paid-up shares of the Company, the shares of the Company is held to be infrequently traded. Since, the shares of the Company are infrequently traded, we have undertaken the valuation as per the provisions of Companies Act, 2013 as well as per the provisions of regulation 165 of the SEBI ICDR Regulations.

According to the information & explanation received from Management there are no material events happened post last available financial statement and till date of issuance of this report.

Source of Information:

I have relied on the following information made available to me by the Company management for the purpose of this report.

- a) Unaudited Financial Results for the Quarter and Nine Months ended December 31, 2021
- b) Unaudited Financial Results for the quarter and six months ended September 30, 2021 with Balance Sheet.
- c) Annual Report for the FY 2020-2021
- d) Annual Report for the FY 2019-2020
- e) Annual Report for the FY 2018-2019
- f) Management representation on specific items of Balance Sheet
- g) Website of BSE
- h) Website of the Company

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We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company.

Valuation Approaches:

Approach and Methodology

Valuation is not an exact science and is dependent on various factors such as specific nature of business, economic life cycle in which the industry and company is operating, past financial performance of the business, future growth potential of the business, business model, management of the company, relevance of technology in the business model, liquidity of equity and much more. The results of the valuation exercise may vary significantly depending on the basis used, the specific circumstances and the judgement of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue.

We may use techniques such as Net Asset Value Method, Price-Earnings Multiple Method, EV/EBITA Multiple Method, Discounted Cash Flow Method among others to value. The choice of valuation approach depends on the purpose of valuation and various other business specific and industry specific factors. In some cases, a single valuation technique will be appropriate, whereas in others multiple valuation techniques will be appropriate.

We have partially followed the operating guidelines for valuation of business issued by the Ministry of Finance, Department of Economic Affairs vide File No. S 11(21) CCI (11)/90, dated 13-7-1990. The valuation guidelines issued by the erstwhile CCI recommend 3 principle methodologies for valuation of companies, viz.:

- Net Asset Value method
- Profit Earning Capacity method
- Market Price method

Net Asset Value (“NAV”) Method:

In the net asset value method, net asset value is computed based on the latest available audited balance sheet. The genesis of this method of valuation lies in the total assets that the company owns. Loan funds are deducted. The diminution, if any, in the value of assets, not reflected in the accounts is deducted. Contingent liabilities, to the extent that they impair the net worth of the company, are also deducted. The resultant figure represents the net worth of the company on the given day.

Considering this fact, the net asset value of the Company is tabulated as follows:

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Calculation of Adjusted Net Asset Value	
	As at March 31, 2021
Particulars	Amount. Rs.
Total Share Capital	4,01,31,980
Less: Preference Share Capital	78,51,290
Balance Equity Share Capital	3,22,80,690
Add: Securities Premium Reserve	14,62,04,086
Less: Securities Premium Reserve Attributable to Preference Share Capital accounted pursuant to Scheme of Amalgamation between Leadsoft Softech Private Limited and N2N Technologies Limited	7,06,61,610
Add: Retained Earnings	(5,48,51,955)
Add: General Reserve	(3,23,07,261)
Total Adjusted Net Asset Value	2,06,63,950
Outstanding Equity Shares of Rs.10/- each	32,28,069
Adjusted Book Value Per fully paid up Equity Share of Rs.10/- each	6.40

Profit Earning Capacity Value Method

The Profit Earning Capacity Value Method (PECV method) focusses on past income generated by the company as well as future earning capability of the entity. The PECV method requires the determination of parameters (such as future maintainable profit, appropriate income tax rate and expected rate of return or the capitalization rate), which are relevant for the company whose shares are being valued.

Below is the table depicting Total Income and PAT for the last three audited financial years:

Particulars	As at December 31, 2021	FY 2020-2021	FY 2019-2020	FY 2018-2019
Revenue from Operations	Nil	Nil	Nil	Nil
Other Income	Nil	Nil	Nil	2712
PAT	(1,80,000)	(4,99,31,763)	(7,99,237)	(12,11,287)
Add: Extra-Ordinary Item	Nil	4,57,51,000	Nil	Nil
Adjusted PAT	(1,80,000)	(41,80,763)	(7,99,237)	(12,11,287)

Since, the Company has not been able to generate any revenue from operations over the last three financial years and has consistent losses, the valuation approach basis PECV method cannot be applied in instant case.

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Market Price Method

Under this method, the business is valued based on the price quoted at recognized stock exchanges. However, in the instant case this method also becomes redundant in view of the fact that the shares of the Company have not been traded in the recognized stock exchange for past 12-months by more than 10%. Hence the trading of the shares at BSE was infrequently traded shares. Pursuant to newly inserted regulation 164 and of the SEBI ICDR Regulations, 2018 we consider the shares for valuation of this proposed preferential allotment of shares as infrequently traded shares.

Further, the comparable peer group in the instant case is not applicable in absence of any revenue from operations of the Company and negative earning per share consistent for last three audited financial years.

These valuation conclusions must be read along with accompanying assumptions, caveats, limits and disclaimers mentioned elsewhere in this report.

As per our assessment, the Fair the value of the company as per three approaches is as follows:

- Value per share as per Net Asset Value Method INR 6.40
- Value per share as per Profit Earning Capacity Value (PECV) Method is NIL
- Value per share as per Market Value Method is NIL

The fair value of the equity share of a company is normally determined on the basis of the average of the values determined by the NAV, PECV, and Market Price methods. In the instant case, since as per the PECV method the value per share is negligible and market price method is redundant, the fair value of the equity shares is arrived at on the basis of the NAV method.

Based on the above workings, the calculation of the fair value of the share of N2N Technologies Limited is as under:

In accordance with regulation 164 of the SEBI ICDR Regulations 2018, the shares of the company are not frequently traded. Accordingly, we have calculated the price per share in accordance with Regulation 165 that deals with infrequently traded shares. Accordingly, pursuant to Regulation 165, for the purpose of preferential allotment of shares of Face value Rs.10 each, we have used Net Asset Value Method and the Fair Value of the Equity shares comes to Rs.6.40 per equity share and minimum pricing for the proposed preferential issue is Rs.10/- per fully paid-up equity share of Rs.10/- each.

CA Sayali Deshkar

Membership Number: 132663

UDIN: 22132663AECMGI5381

Registered Valuer - (Securities or Financial Assets)

Reg. No. IBBI/RV/07/2019/12246

Date: 4th March 2022