

**REPORT ON RECOMMENDATIONS OF THE AUDIT COMMITTEE ON DRAFT SCHEME FOR
RECONSTRUCTION / RESTRUCTURING OF CAPITAL OF FRONTIER INFORMATICS LIMITED DATED
11th DECEMBER, 2014.**

**SCHEME OF ARRANGEMENT OF THE COMPANY UNDER SECTION 391 TO 394 OF COMPANIES
ACT 1956**

The Chairman of the Audit committee informed to the members of Audit Committee that the Board of Directors of the company at their meeting held on 14th November 2014 had approved the Reduction of Capital and scheme of Arrangement under section 391-394 of the companies for Setting off the Share Premium amount and General Reserve Against part of the Accumulated Losses for an amount of Rs. 27,95,25,000/-, Reduction of Paid up capital against accumulated losses to the extent of Rs. 12,64,48,800/- which is equal to 95% of the Subscribed and Paid up capital.

Further informed that as per clause 24 (F) of the Listing agreement an application is to be submitted to BSE before submitting the scheme to Honrabale High Court of Andhra Pradesh.

The following documents were circulated amongst the members:-

1. Audited Balance Sheet as on 31st March 2014 and the Profit and Loss Account for the Period Ended 31st March 2014 along with the Report of Auditors.
2. Valuation report issued by M/s. Polam Raju & Associates, Independent Chartered Accountants.
4. Fairness Opinion issued by M/s. Saffron Capital Advisors Private Limited, Mumbai, SEBI Registered merchant Banker;
5. Draft Scheme of Reduction of Capital is being proposed.

The Draft Scheme mainly proposed

- I. Setting off the Share Premium amount and General Reserve Against part of the Accumulated Losses for an amount of Rs. 27,95,25,000/-.
- II. Reduction of Paid up capital against accumulated losses to the extent of Rs. 12,64,48,800/- which is equal to 95% of the Subscribed and Paid up capital.

V.K. Pramechand

After due deliberation below are the Recommendations of the Audit Committee

1	Date of Board Resolution	14.11.2014
2	Name of the Company	Frontier Informatics Limited
3	Details of Scheme	I. Setting off the Securities Premium amount and General Reserve Against part of the Accumulated Losses for an amount of Rs. 27,95,25,000/- II. Reduction of Paid up capital against accumulated losses to the extent of Rs. 12,64,48,800/- which is equal to 95% of the Subscribed and Paid up capital.
4	Name of the Independent Chartered Accountant	M/s. Polam Raju & Associates, Chartered Accountants.
5	Name of Merchant Banker	Saffron Capital Advisors Private Limited
6	Details of Audit Committee	V.Purnachandra Rao Chairman V.K.Premchand Member T.RajKumar Member R.Anantha Chary Member
7	Recommendations on the Draft Scheme of Arrangement	Based on the review of draft Scheme of Reduction of Capital between Frontier Informatics Limited and its shareholders and based on the valuation report dated 28/11/2014 issued by M/s. Polam Raju & Associates, Chartered Accountants and Fairness Opinion Report dated 10/12/2014 issued by Saffron Capital Advisors Private Limited, the Audit committee believes that scheme is fair and reasonable for revival of the company and enhances the shareholders value.
8	Summary of reasons for recommendations	To reconstruct/ restructure the capital or the company by the way of writing off its accumulated losses against the reduction of its paid up capital and securities premium. To reflect its assets and liabilities at their real value and maximize its business value.

To the best of our knowledge and belief after making proper enquiry, the information contained in or accompanying this statement is , in all respects , true and correct and not misleading, whether by omission of any information or otherwise.

For Frontier Informatics Limited

V.K. Premchand
V.K.Premchand
Managing Director

Place : Hyderabad

Date : 11.12.2014