

DRAFT SCHEME OF REDUCTION OF CAPITAL
BETWEEN
NARBADA GEMS AND JEWELLERY LIMITED
AND
ITS SHAREHOLDERS

PREAMBLE

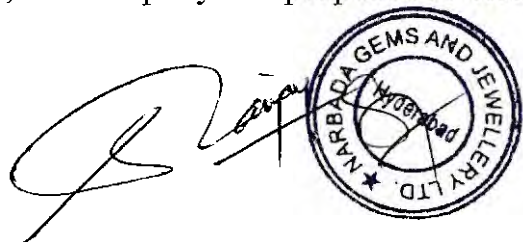
A. NARBADA GEMS AND JEWELLERY LIMITED (Hereinafter referred to as NGJL or Company), a listed public limited company having registered office at 3-6-290/18, 1st Floor, Sadana Building, Hyderguda, Hyderabad-Telangana- 500029 and is engaged inter- alia in the business of manufacturing, designing, processing, trading, acting as job workers, wholesalers & retailers, dealers in jewellery making by using gold, silver, diamonds, metals, precious stones and such related activities.

BRIEF NOTE ON COMPANY, ITS ASSETS, ACTIVITIES ETC.

As on March 31, 2015 the Company has a paid up capital of Rs. 5,39,22,000/- (Five Crores Thirty Nine Lakhs Twenty Two Thousand only) and a negative reserves and surplus of Rs. 2,49,29,648/- (Two Crores Fourty Nine Lakhs Twenty Nine Thousand Six Hundred and Forty Eight) leaving a net worth of Rs. 2,92,60,052/-.

B. Rationale for the Scheme of Arrangement

- a) In view of the accumulated carry forward losses that the company's balance sheet is reflecting and with the future prospect of growth and value addition to the shareholders, the company has proposed to clean

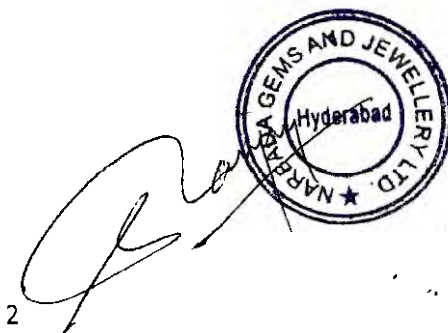


its books there by enabling the company to raise financial resources considering the business expansion programs and various Product launches, that has been considered for development would need huge amount of investment both in terms of equity as well as debt.

b) This has given rise to the need to re-align the relation between capital and assets and to accurately and fairly reflect the liabilities and assets of the company in its books of accounts. The Company has evaluated the effect of this upon the Company's functioning and has carefully examined different options available to the Company. After detailed deliberations, the Board of Directors of the Company is of the view that reduction of share capital in accordance with Section 100 of the Companies Act, 1956 is the only practical and economically efficient legal option available to the Company. In order to reflect its assets and liabilities at their real value and maximize its business value. Therefore the Company proposes to reduce the equity share capital of the Company, in accordance with Section 100 of the Companies Act, 1956.

C. Purpose of the Scheme

The purpose of the Scheme is to reorganize the Capital Structure of the Company so as to represent the realistic value for the Shares of the Company. This scheme of arrangement is between M/s NARBADA GEMS & JEWELLERY LIMITED and its SHAREHOLDERS.

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D. The Scheme is divided into the following parts:

Part I, which deals with definitions;

Part II, which deals with Reduction of Capital and reorganization of capital;

Part III, which deals with the general terms & conditions applicable to the Scheme.



Whereas, This Scheme is in the nature of reduction of equity shares to set off against the residual carry forward losses of prior years leading to the reconstruction of the capital of company.

PART I

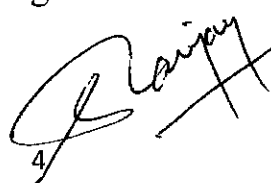
DEFINITIONS

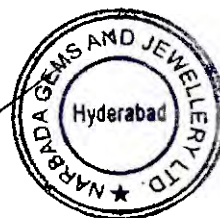
In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

- A. **“ACT”** means the Companies Act, 1956/Companies Act, 2013 and includes any statutory re-enactment or modification thereof from time to time.
- B. **“APPOINTED DATE”** means April 01, 2015 or such other date as may be approved by the Hon’ble High Court of Judicature at Hyderabad;
- C. **“BUSINESS LOSS”** means the accumulated losses available to M/s. Narbada Gems and Jewellery Limited to be set off against its future profits;
- D. **“COURT” OR “HIGH COURT”** means the High Court of Judicature at Hyderabad, and shall include the National Company Law Tribunal as applicable;

- E. **“EFFECTIVE DATE”** means last date on which the certified copy (ies) of the Order(s) of the Hon’ble High Court of Judicature at Hyderabad sanctioning this Scheme of Arrangement is/are filed with the Registrar of Companies, Hyderabad, Telangana and Andhra Pradesh, by M/sNarbada Gems and Jewellery Limited. References in this Scheme to ‘upon the Scheme becoming effective’ or ‘effectiveness of the Scheme’ shall mean the ‘Effective Date’
- F. **“ENCUMBRANCE”** means any options, pledge, mortgage, lien, security, interest, claim, charge, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever.
- G. **“STOCK EXCHANGE/ DESIGNATED STOCK EXCHANGE”** means the stock exchanges on which the shares of M/s. Narbada Gems and Jewellery Limited are listed i.e. BSE Ltdas the other Exchanges where the securities of the Company are listed stand de-recognized.
- H. **“GOVERNMENTAL AUTHORITY”** means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body having jurisdiction over the territory of India.
- I. **“M/s.Narbada Gems and Jewellery Limited”** means the Company or NGJL,an existing company under the act and having its registered office at3-6-290/18, 1st Floor, Sadana Building, Hyderguda, Hyderabad- Telangana-500029.
- J. **“RECORD DATE”** means the dates to be decided by the Board of Directors of the Company for the purpose of giving effect to the orders of the Hon’ble High Court sanctioning the Scheme.


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K. **“THIS SCHEME”** or **“THE SCHEME”** or **“SCHEME”** means this Scheme of Arrangement for reconstruction / restructuring of capital as provided herein in its present form or with any modification(s) approved or imposed or directed by any of the Regulatory Authorities and may be approved by the Hon’ble High Court of Judicature at Hyderabad or National Company Law Tribunal, as applicable.

L. **“SHAREHOLDER”** **“the Shareholder”** and **“Member”** are used to denote the same meaning and are used interchangeably;

All terms and words not defined in the scheme, shall unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribe to them under the Act, Securities Contract Regulation Act, 1956, Securities and Exchange Board of India 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.

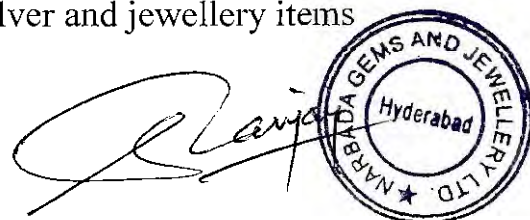
INCORPORATION, OBJECTS AND CAPITAL STRUCTURE

1 INCORPORATION

M/s. Narbada Gems and Jewellery Limited was incorporated on 5th May, 1992.

2 MAIN OBJECTS

- a) To carry on the Business of dealers, traders, manufacturers, refiners, processors, assayers and investors in metals, bullion, gold, silver, diamonds, precious stones, ornaments and jewellery, coins and to carry on the work of manufacturing of jewellery items made of any metals, to carry on the trading in bullion, silver and jewellery items



whether as wholesalers or retailers, exporters, importers, Job-workers, consignors, contractors, vendors, stockiest, distributors of semi-precious decorative stones, imitation, synthetic, distributors of semi-precious, decorative stones, imitation, synthetic, natural and other varieties of stones and materials whatsoever such items and promote brands in the line of business

3 PRESENT SHARE CAPITAL STRUCTURE

The present share capital structure of the Company as on 31.03. 2015 is as follows:

Authorized:

65,00,000 Equity Shares of Rs. 10/- each Rs. 6,50,00,000

Issued:


53,92,200 Equity Shares of Rs. 10 each fully paid-up Rs. 5,39,22,000

Subscribed and Paid-up:

53,92,200 Equity Shares of Rs. 10 each fully paid-up Rs.. 5,39,22,000

Securities Premium and Reserves

Securities Premium Account	NIL
Other Reserves	NIL
Profit & Loss Account	(Rs.2,49,29,648)




PART II


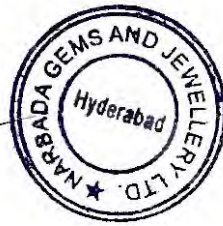
REDUCTION AND REORGANIZATION OF CAPITAL OF M/S.

NARBADA GEMS AND JEWELLERY LIMITED

1 Notwithstanding anything contained in Sections 100 to 104 of the Companies Act, 1956:

a) Upon the Scheme coming into effect from the Appointed Date:

- i. On the effective date and after securing necessary approvals and permissions, the Accumulated losses of Rs.2,42,64,900/- (Rupees Two Crores Forty Two Lakhs Sixty Four Lakhs and Nine Hundred only) of the Company is sought to be set off against the paid up equity capital of the Company with effect from the Appointed date.
- ii. As an integral part of this Scheme and upon coming into effect of the Scheme the issued, subscribed and paid up capital of the Company shall be reduced by cancelling a sum of Rs. 4.50 from every paid share of Rs.10/- and thereafter consolidating 1 (One) Equity Shares of Rs.10/- each as fully paid up capital in the Company i.e. after reduction the capital of the company will be of 29,65,710(Twenty Nine Lakhs Sixty Five Thousand Seven Hundred and Ten only)fully paid equity shares of Rs.10 each aggregating to 2,96,57,100/- (Rupees Two Crores Ninety Six Lakhs Fifty Seven Thousand and One Hundred only)

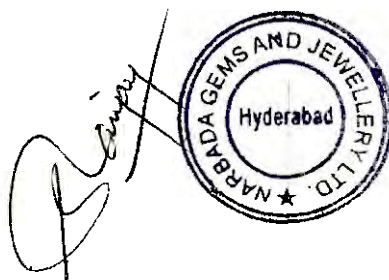
RESULTANT CAPITAL

iii. Upon the coming into effect of the scheme, the share capital of the Company will be reduced and reorganized by reducing the paid up equity shares of M/s. Narbada Gems and Jewellery Limited from Rs.10 per equity share to Rs. 5.50 per equity share and further consolidating the same into fully paid up shares of Rs.10 per equity share and the share capital and other reserves and surplus account of Company shall stand as follows:

- 1 Capital Account – Rs. 2,96,57,100
- 2 Securities Premium Account - Rs. Nil
- 3 Reserves and Surplus ___ Rs.6,64,748/-
- 4 Share Forfeiture Account- Rs. 2,67,700/-

TREATMENT FOR FRACTIONAL SHARES

iv. In case any equity shareholders' holding in M/s. Narbada Gems and Jewellery Limited is such that the equity shareholders become entitled to a fraction of an equity share, the Board of Directors of NGJL shall be empowered to consolidate all such fractional balances into full shares and the resultant share(s) shall be issued and allotted to a director or officer of NGJL to be held in trust on behalf of all such members who held such fractional balances. Such director or officer of NGJL, who is allotted such consolidated shares, shall be bound by express understanding to cause the sale of such shares by a Committee of Directors, acting in trust on behalf of the members entitled to the fractional balances. Such sale of shares in the market shall be by the Committee of Directors at such time(s), at such price(s), and to such person or persons, as the Committee of Directors may



deem fit and the net sale proceeds deposited with the Shareholders Trust shall be distributed by them to the members (as on the Record Date) in proportion to their respective fractional balances, after deduction there from the expenses incurred in connection with the sale.

M/s. Narbada Gems and Jewellery Limited, acting through the Committee of Directors and the Trust thereto shall be empowered to advise the depository participants of the equity shareholders in dematerialize form, on the Record Date, the information of shareholding arising out of reorganization of capital pursuant to this Scheme, for substitution thereof or in lieu of the certificates of the Equity Shares held by them before such reorganization of capital.

Those Equity shareholders of M/s. Narbada Gems and Jewellery Limited who continue to hold their Equity Shares in physical form as on the Record Date shall be issued fresh share certificates consequent upon the reorganization, of the Capital. Their original share certificates shall be deemed to be cancelled and non-useable and not tradable on any stock exchange or otherwise from and after the Record Date. The new Share Certificate of M/s. Narbada Gems and Jewellery Limited issued pursuant to this Scheme shall be delivered to such equity shareholders who hold their Equity Shares in physical form by Registered Post, irrespective of whether such equity shareholders surrender their old share certificates or not. The Stock Exchange shall also be intimated, on the Record Date of the non-tradability of the original share certificates so that they can intimate the members by public notice displayed on the Notice Board and through electronic means.

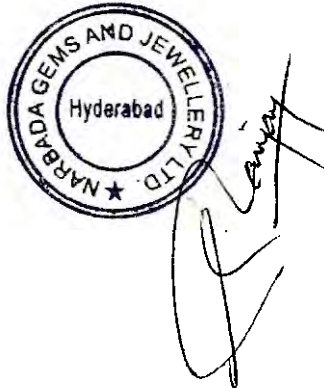


REORGANIZED SHARE CAPITAL

v. (a) Upon the scheme coming into effect, with the above reduction of share capital of the M/s. Narbada Gems and Jewellery Limited in accordance with above clauses, 53,92,200 equity shares having a face value of Rs.10 each shall be reorganized into 29,65,710 equity shares of Rs.10 each fully paid up. Consequently, every shareholder of M/s. Narbada Gems and Jewellery Limited whose name appears on the Register of Members on the Record Date shall be issued, 55 equity shares of the face value of Rs.10 fully paid up for every 100 equity shares of the face value of Rs.10 each fully paid up held by them in the Company prior to scheme, without any further action on their part.

(b) The reduction in the share capital account of the company shall be effected as an integral part of the Scheme upon the order of the Hon'ble High Court sanctioning the scheme coming into the effect notwithstanding anything contained in the provisions of sections 100 to 104 of the Companies Act 1956 and such an order shall be deemed to be also the order under section 102 of the Act for the purpose of confirming the reduction.

(c) the provisions of this Section shall operate notwithstanding anything to the contrary in this Scheme.



PART III

GENERAL TERMS AND CONDITIONS APPLICABLE TO THE ENTIRE SCHEME

The Scheme conforms to all rules, regulations, guidelines etc. framed and issued by Securities Exchange Board of India pursuant to Securities and Exchange Board of India Act, 1992 and Securities Contracts Regulation Act, 1956.

1 EFFECT OF THE SCHEME

- It is clarified that the approval of the members of the Company to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of the Company as may be required under the Act.
- The proposed reconstruction / restructuring of capital by reduction of paid up capital against accumulated losses shall be reflected in the books of Accounts of the Company, on the effective date, in the following manner.

Particulars	Prior Capital to the Scheme of Arrangement as on 31.03.2015	Reduction of capital against "accumulated loss" as per Scheme
Number of Equity Shares	53,92,200	29,65,710
Value of each share	10	10
Total paid up share capital	5,39,22,000	2,96,57,100
Reserve & Surplus	(2,49,29,648)	(6,64,748)

Ranjay

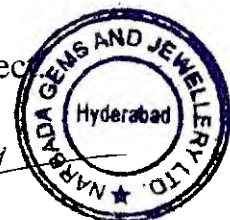


- The shareholding pattern of the Company, upon the approval of Scheme shall be in the following manner:

Particulars	Prior holding before reduction of share capital		Holding after reduction of share capital	
	No. of Shares	% of total share	No. of Shares	% of total share
Promoter	25,98,555	48.19 %	14,29,205	48.19 %
Public	27,93,645	51.81 %	15,36,505	51.81 %
Total	53,92,200	100.00 %	29,65,710	100.00 %

The Scheme, which is only reduction of capital of the Company and it does not envisage transfer or vesting of any properties and/or liabilities to or in favour of the Company or any other entity.

- The Scheme does not involve any conveyance of transfer of any property and consequently, the order of the Hon'ble High Court for the State of Telangana and Andhra Pradesh, approving the Scheme will not attract any stamp duty, under the Hyderabad Stamp Act, in this regard. The Company shall make all applications / petitions as may be required under Sections 100 to 103 read with Section 94 and other applicable provisions of the Act to the High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh for obtaining the sanction of the Court of this Scheme of Reduction of capital, under Sections 100 to 103 and other Applicable Sections of the Act and for such orders for carrying this Scheme into effect.



2 JUSTIFICATION OF THE SCHEME

- The accumulated losses of the Company as on 31.03.2015 which amounted to Rs. (2,49,29,648), wiped off substantial net worth of the Company. Even though the company has been making profits in some prior years still the carry forward losses on balance sheet is making difficult for the company to either raise new resources for expansion and modernization nor it can share the profits of the company with its shareholders. The company is therefore unable to raise any finance either from the capital markets or financial institutions whether in the form of equity or debt, to undertake business activities on a larger scale. The proposed Scheme would enable the company to show the actual financial position in its balance sheet to depict the representing Assets value which in turn will enable it to approach for financial assistances in order to develop its business and thereby increase its net worth to enhance the stakeholders' value.
- In view of the above, the Company is seeking to reconstruct / restructure its capital by way of writing off its accumulated business loss against the reduction of its paid up capital which is not represented by available assets.

3 OBJECTS / BENEFITS ARISING OUT OF THE SCHEME-

- The Company has incurred heavy losses in past and has an eroded Net Worth. The Scheme, after full implementation, will result in making its Net Worth positive;
- The Scheme will enable the Company to overcome its financial difficulties and improve its working in the future;

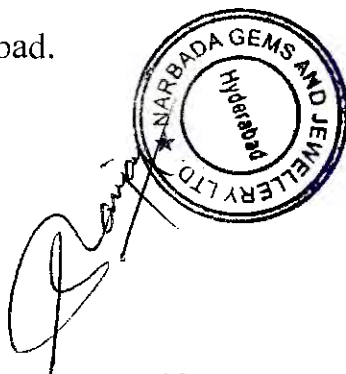


- Once the Scheme is sanctioned it would enable the company to share its future profits with its shareholders
- The True financial statement of the Company would ensure company to attract new source of avenue and in turn enhancement of its shareholders' value.
- The Scheme will help the Growth of the Company, which will be in the interests of its employees, shareholders, the National and State Exchequer and the Society in general; and
- The Scheme will facilitate the company to expand & smoothen the business activities. The experience and expertise of the promoters will bring efficiency and professionalism in the management of the company.

4 CONDITIONALITY OF SCHEME

The Scheme is conditional upon and subject to:

- a) The Scheme being agreed to by the respective requisite majorities of members of the Company as required under the Act and the requisite sanction and orders of the High Court of Judicature at Hyderabad or of such other authority having jurisdiction under law, being obtained;
- b) The requisite sanctions and approvals including but not limited to in principle approvals, sanctions of any Governmental Authority, as may be required by law in respect of this scheme being obtained; and
- c) The certified copy of the above order of the High Court of Judicature at Hyderabad sanctioning this scheme being filed with the Registrar of Companies, Hyderabad.



The image shows a handwritten signature in black ink, which appears to be 'Ravi'. To the right of the signature is a circular blue stamp. The text within the stamp reads 'NARBADA GEMS AND JEWELLERY LTD.' around the perimeter and 'HYDERABAD' in the center.

5 COSTS, CHARGES AND EXPENSES

All past, present and future costs, charges, levies, duties, and expenses in relation to or in connection with or incidental to the Scheme or the implementation thereof shall be borne by the Company and all of the above costs (including stamp duty, if any) shall be treated as costs relating to the scheme.

6 IMPACT OF THE SCHEME ON EMPLOYEES / WORKERS

The scheme shall not have any adverse impact on the employees and workers of the company and they would in fact be generally benefitted as the infusion of fresh funds into the company would help it to deploy the same in its business and thereby improve its financial position.

7 IMPACT OF THE SCHEME ON CREDITORS/BANKS/FINANCIAL INSTITUTIONS

The scheme of reduction of capital will not affect any of the company's creditors/Banks/Financial Institutions. The scheme does not provide any compromise or arrangement with the creditors and shareholders' except as provided in the scheme. The Scheme will help the revival of the Company which will be in the interest of the employees, shareholders, national and state exchequer.

8 LEGAL PROCEEDINGS

The Scheme would not affect any legal or other proceedings by or against the Company



9 APPLICATION TO THE HIGH COURT OF TELANGANA AND ANDHRA PRADESH

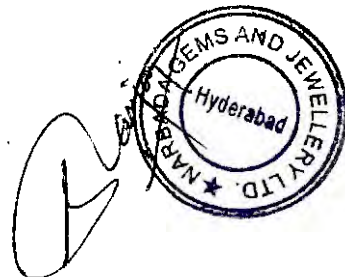
This Scheme involves reduction of share capital as contemplated by Cl. 46 of Table-A to the Companies Act, 1956 and of the Company's Articles of Association. Approvals of the shareholders and of the Hon'ble High court, Hyderabad pursuant to this Scheme under Sections 100 of the Act are being sought as a measure of legal compliance, transparency and prudence.

10 MODIFICATIONS / AMENDMENTS OF THE SCHEME

The Company, by its Directors (including a Committee of Directors constituted for this purpose), may affect or assent to any modification or amendment of the Scheme which the Court and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable by the Board of Directors of the Company for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme or otherwise as may be considered by the Board to be in the best interest of the Company and its members and do all acts, deeds and things as may be necessary, desirable or expedient for giving effect to the Scheme.

11 THIS SCHEME IS SPECIFICALLY CONDITIONAL UPON AND SUBJECT TO;

11.1 the approval of an agreement to the Scheme by the requisite majorities of such classes of stakeholders of the Company as may be required and necessary resolutions being passed under the said Act for the purpose.



11.2 The sanction of the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh being obtained under Sections 100 to 103 of the Companies Act 1956 and any other applicable provisions, if any, by the Company.

12 EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

12.1 in the event of any of the aforesaid sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the High Court at Hyderabad and/or the order or orders not being passed as aforesaid, the Scheme shall become null and void and Company shall bear and pay the costs, charges and expenses for/or in connection with the Scheme.

12.2 If, in the opinion of the Board of Directors of the Company, any part of the Scheme is found to be unworkable for any reason whatsoever, the same shall not affect the validity or implementation of other parts or provisions of the Scheme.

13 EXPENSES CONNECTED WITH THE SCHEME

All costs, charges, expenses, taxes, duties, levies and fees, if any, arising out of or incurred in carrying out and implementing the provisions of and giving effect to this Scheme, shall be borne and paid by the Company.

14 PARTLY PAID UP SHARES

As on date there were no partly paid up shares.



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15 CROSS HOLDING

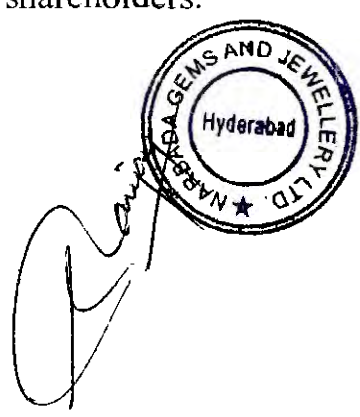
Since it is not a matter concerning to merge or de-merger, the concept of cross holding does not applies.

16 DESIGNATED STOCK EXCHANGE

The designated stock exchange for interaction shall be the BSE Limited (BSE Ltd)

17 CANCELLATION OF SHARES

Upon this Scheme becoming finally effective, all the shareholders, if so required by the Company, shall surrender their share certificates for cancellation thereof Notwithstanding anything to the contrary, upon the issue of the new share certificates in the Company to the Shareholders whose names shall appear in the Register of Members of the Company on such Record Date fixed as aforesaid, the old share certificates held by them in the Company shall be deemed to have been automatically cancelled and ceases to be negotiable and be of no commercial or legal value, on and from the Record Date. The Company may instead of requiring the surrender of the old share certificates, as above, directly issue and dispatch the new share certificates of the Company in lieu thereof. In the case of shares held in dematerialized and electronic form, the required procedure for reflecting the change in the holdings of the members of the Company, as a consequence of the sanctioning of this Scheme, shall be adopted for making the necessary alterations in the Depository Accounts of the shareholders.



**18 LISTING OF SHARES AND ADDITION OF WORDS 'AND
REDUCED' IN THE NAME**

Notwithstanding the reduction of Capital of the Company in pursuance of this Scheme, the listing benefit of the Company, for the existing shares being issued in pursuance of this Scheme. On all or any of the Stock Exchanges where the existing Equity Shares of the Company are listed may continue and the company will comply the applicable provisions of the Listing Agreement with the Stock Exchange.

Notwithstanding the reduction of capital of the Company in pursuance of this Scheme, the Company shall not be required to add the words "And Reduced" to its name as the last words thereof.

19. SHARE FORFEITURE ACCOUNT:

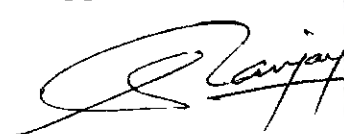

The Company as on 31st March, 2015 has Rs. 2,67,700 in Share Forfeiture Account and upon the Scheme being effective, the said account shall continue to remain constant irrespective of any change.

20. PROPOSED RESOLUTION FOR REDUCTION OF CAPITAL

SPECIAL BUSINESS:

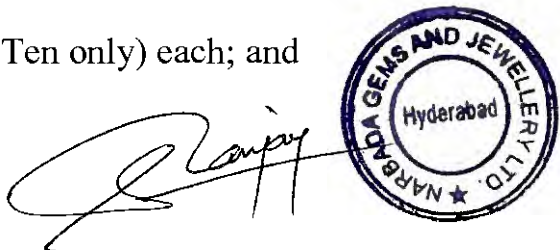
- i. To consider the reduction of capital of the company, with or without modification, as a special resolution.

"RESOLVED THAT pursuant to Section 100 of Companies Act 1956 and/or Section 66 other applicable provisions, if any, of the Companies Act, 2013, Article 7 of Articles of Association of the Company and subject to confirmation/approval by the High Court of Judicature at Hyderabad, for the state of Telangana and for the state of Andhra Pradesh and subject to such other approvals, consents,

permissions or sanctions of any other authority, body or institution, Stock Exchange, Government, Registrar, the Securities and Exchange Board of India and the creditors (hereinafter collectively referred to as "the concerned authorities") as may be required, and subject to such other conditions or guidelines, if any, as may be prescribed or stipulated by any of the concerned authorities, from time to time, while granting such approvals, consents, permissions or sanctions, the subscribed, issued and paid up equity share capital of the company with effective from the appointed date i.e. 1.4.2015 and after securing necessary approvals and permissions:

1. The company out of total accumulated losses of Rs. 2,49,29,648/- (Rupees Two Crore Forty Nine Lakhs Twenty Nine Thousand Six hundred & Forty Eight Only) be and is hereby authorized to set off the accumulated losses of Rs. 2,42,64,900/- (Rupees Two Crores Forty Two Lakhs Sixty Four Thousand and Nine Hundred only) against the paid up capital of the Company of Rs. 5,39,22,000/- (Rupees Five Crore Thirty Nine Lakhs Twenty two Thousand Only);
2. On Appointed date , the Subscribed and Fully Paid-up Share Capital of the Company shall stand reduced from Rs. 5,39,22,000/- (Rupees Five Crore Thirty Nine Lakhs Twenty two Thousand Only) divided into 53,92,200 (Fifty Three Lakhs Ninety Two Thousand Two Hundred only) fully paid up Equity Shares of Rs. 10/- (Rupees Ten Only), to Rs. 2,96,57,100 (Two Crore Ninety Six Lakhs Fifty Seven Thousand One Hundred only) divided into 29,65,710 (Twenty Nine Lakhs Sixty Five Thousand Seven Hundred and Ten only) Equity Shares of Rs. 10/- (Ten only) each; and



3. Consequently, every shareholder of the Company, whose name appears on the Register of Members as on the Record Date, shall receive 55 (fifty five) Equity Share of Rs.10/- (Rupees Ten each Only) in lieu of every 100 (Hundred) Equity Shares of Rs.10/- (Rupees Ten Only) each, held earlier in the Company;

“RESOLVED FURTHER THAT the reconstruction/restructuring of capital shall not cause any shareholder to hold any fractional shares in the Company and in respect of the fractional shares, if any, caused by the reconstruction/restructuring of capital, the same shall treated in the manner as specified under para 5.4 (B) of the draft scheme”.

“RESOLVED FURTHER THAT after reduction, the Capital of the Company will not exceed Rs. 2,96,57,100 (Two Crore Ninety Six Lakhs Fifty Seven Thousand One Hundred only) divided into 29,65,710 (Twenty Nine Lakhs Sixty Five Thousand Seven Hundred and Ten only) Equity Shares of Rs. 10/- (Ten only) each.”**AND**

“RESOLVED FURTHER THAT the Board or Committee thereof be and is hereby authorized to implement, modify, amend and alter the reduction of capital of the company in accordance with the Order of the Hon'ble High Court of judicature at Hyderabad for state of Telangana and for the state of Andhra Pradesh and such other authorities, Stock Exchange, Government, Registrar, the Securities and Exchange Board of India.

- ii. To implement the reduction of Capital of the Company, with or without modification, as a special resolution




“RESOLVED THAT the Board be and hereby authorized to implement, modify, amend and alter the any clause or terms of reduction of Capital of the Company in accordance with the Order of the Hon'ble High Court judicature at Hyderabad and such other authorities, Stock Exchange, Government, Registrar, the Securities and Exchange Board of India .”**AND**

“RESOLVED FURTHER THAT for the purpose of giving effect to the reduction of capital and as per the direction of Hon'ble High Court judicature for the state of Telangana and the state of Andhra Pradesh and/or such other authorities, Stock Exchange, Government, Registrar, the Securities and Exchange Board of India, the Board be and is hereby authorized to:

- A. fix the Book Closure/Record Date to give effect to the reduction of capital;
- B. make necessary application to the depositories including NSDL/CDSL and Registrar and Share transfer Agent including obtaining new ISIN No; and
- C. Issue new share certificates in accordance with Companies (Share Capital and Debentures) Rules, 2014”**AND**

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and it is hereby authorized to do all such acts, deeds, matters and things as it may, in its discretion, deem necessary”

EXPLANATORY STATEMENT:

- (1) Pursuant to Section 102 of the Companies Act, 2013;
- (2) SEBI Circular Bearing Nos. CIR/CFD/DIL/5/2013 & CIR/CFD/DIL/8/2013 dated 4th February 2013 & 21st May 2013, and
- (3) Clause 24(f) and 24 (h) of the Listing Agreement, in respect of:

REDUCTION OF EQUITY SHARE CAPITAL OF NARBADA GEMS AND JEWELLERY LIMITED:




The Board sought the approval of members to authorize the Board to give effect to the resolution post approval from the Hon'ble High Court at Hyderabad for the state of Telangana and for the state of Andhra Pradesh and other Statutory Regulators including Stock Exchange.

The Company is listed at BSE Ltd, Madras Stock Exchange and Delhi Stock Exchange Association Limited. However Madras Stock Exchange and Delhi Stock Exchange Association Limited are de-recognized by SEBI.

As on date the Department of Company affair had not notified the applicability of Section 66 of the Companies Act, 2013, hence till such date, Section 100 – 104 of the Companies Act, 1956 will be applicable to this reduction of capital and the rules framed there under.

ITEM NO. 1 & 2

As on 31.03.2015, the accumulated losses of the company was of Rs. 2,49,29,648/- (Rupees Two Crore Forty Nine Lakhs Twenty Nine Thousand Six hundred & Forty Eight Only). The Board proposes to reduce the share capital of the company by Rs. 2,42,64,900/- (Rupees Two Crores Forty Two Lakhs Sixty Four Thousand and Nine Hundred only) which amount to 45% reduction of Capital of the Company. This set off of losses against the subscribed and paid up capital of the company would enable the company to show the actual financial position in its balance sheet to depict the representing Assets value which in turn will enable it to approach for financial assistances in order to develop its business and thereby increase its net worth to enhance the stakeholders' value.

PURPOSES & RATIONALE FOR THE REDUCTION OF CAPITAL

The purpose of the Scheme is to reorganize the Capital Structure of the Company so as to represent the realistic value for the Shares of the Company.



Ranjay

1. The Reduction of capital of the company is necessary because:

- a) In view of the accumulated carry forward losses that the company's balance sheet is reflecting and with the future prospect of growth and value addition to the shareholders, the company has proposed to clean its books there by enabling the company to raise financial resources considering the business expansion programs and various Product launches, that has been considered for development would need huge amount of investment both in terms of equity as well as debt.
- b) This has given rise to the need to re-align the relation between capital and assets and to accurately and fairly reflect the liabilities and assets of the company in its books of accounts. The Company has evaluated the effect of this upon the Company's functioning and has carefully examined different options available to the Company. After detailed deliberations, the Board of Directors of the Company is of the view that reduction of share capital in accordance with Section 100 of the Companies Act, 1956 is the only practical and economically efficient legal option available to the Company. In order to reflect its assets and liabilities at their real value and maximize its business value. Therefore the Company proposes to reduce the equity share capital of the Company, in accordance with Section 100 of the Companies Act, 1956.

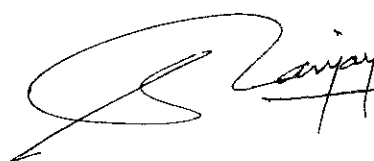
2. In case any fractional shares are caused by the reconstruction/restructuring of capital, the Board of Directors of the Company shall be empowered to consolidate all such fractional balances into full shares and the resultant share(s) shall be issued and allotted to a director or officer of NGJL to be held in trust on behalf of all such members who held such fractional balances. Further, such shares shall be treated in the manner as detailed under para 5.4 (B), elsewhere in the scheme.



3. After reduction of the capital and re-organization, the paid up capital of the company will not exceed Rs. 2,96,57,100 (Two Crore Ninety Six Lakhs Fifty Seven Thousand One Hundred only) divided into 29,65,710 (Twenty Nine Lakhs Sixty Five Thousand Seven Hundred and Ten only) Equity Shares of Rs. 10/- (Ten only) each.

4. Pre and Post Shareholding Pattern:

Particulars	Prior to the Reduction of Capital		Post reduction of Capital	
	No. of Shares	% to Total	No. of Shares	% to Total
1. Promoters holding*	-	-	-	-
Individuals/ HUF	2597555	48.17	1428655	48.17
Bodies Corporate	1000	0.02	550	0.02
Total(A)	2598555	48.19	1429205	48.19
2. Public Shareholdings				
Non institutions Bodies Corporate	103644	1.92	57004	1.92
Individuals	2669171	49.50	1468044	49.50
Clearing Members/ NRIs /OCBs	20830	0.39	11457	0.39
Domestic Co.	-	-	-	-
Others/General Public	-	-	-	-
Others		0.00	0.00	0.00
Total(B)	2793645	51.81	1536505	51.81
Grand Total (C)= (A) +(B)	5392200	100	2965710	100




***There will be no change of Management or shareholding of the promoters on accounts of Reduction of capital.**

The Company has not availed any financial facility from any Bank or FII. The Company does not have any secured or unsecured creditors as on the appointed date and therefore, no NOC obtained from its creditors relating to the Reduction of Capital. The Company has not accepted or renewed any fixed deposits.



