



REPORT ON VALUATION OF NARBADA GEMS AND JEWELLERY LIMITED

Introduction:

Our firm has been engaged by the Board of Directors of **Narbada Gems and Jewellery Limited** (NGJL), having its registered office at 3-6-290/18, 1st Floor, Sadana Building, Hyderguda, Hyderabad- 500029, for providing a fair valuation of its shares, vide appointment letter dated 04.08.2015. The Company is involved in the business of buying and selling of various precious stone studded gold ornaments.

Purpose of Valuation:

Based on the discussion with the management, we understand that the purpose of valuation is to determine the value of shares of the Company for the purpose of reduction of capital as required under SEBI Circular No. SEBI/CFD/DIL/LA/5/2008/4/09 dated September 04, 2008 read with CIR/CFD/DIL/5/2013 dated February 04th, 2013 and CIR/CFD/DIL/8/2013 dated May 21st, 2013 read with clause 24 (h) of the Listing Agreement. In this context; the management of the company requires our assistance in determining the fair value of equity shares of the Company.

Source of Information

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

1. Interview with the management team of the Company
2. General information regarding the Company as provided by the companies' management including
 - (a) Audited Financial Statement of the Company for the past three years
 - (b) The details and documents pertaining to assets and liabilities as required by us of NGJL as on 31st March, 2015

Company Background and Present Status

The Company, Narbada Gems and Jewellery Limited (NGJL), was originally incorporated on 05.05.1992 under the name and style of 'Singh Foods Limited'. The Name of the Company was then changed to 'StarchikSpecialities Limited' on 16.03.1993 before Public Issue. The Company was then taken over by the present management, which was already in the business of manufacturing and dealing in gold and precious stone studded jewellery. On 11.03.2008, the name of the Company was changed to 'Narbada Gems and Jewellery Limited' owing to the current business activity of the Company. The shares of NGJL are listed and traded at BSE.



At present, the Company has huge accumulated losses and substantial capital of the company has been eroded. The Scheme provides for the reduction of the equity share capital of the Company pursuant to Section 100 to 104 and other applicable provisions, if any, of the Companies Act, 1956 (Since the relevant Section 66 of the Companies Act, 2013 has not been enforced yet). The Scheme also provides for various other matters consequential, supplemental and/or otherwise integrally connected herewith

Valuation Techniques

The basic valuation methodologies adopted for the purpose are namely:

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

1. Market Based Approach

The market approach involves in identifying the market price of the shares, if the equity shares of the issuer have been listed on a recognized stock exchange for a period of six months or more on the relevant date, the equity shares shall be allotted at a price not less than higher of the following:

- (a) The average of the weekly high and low of the closing price of the related equity shares quoted on the recognized stock exchange during last six months preceding the relevant date; or
- (b) The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

As per Chapter VII OF SEBI (ICDR) Regulation, 2009

2. Asset Based Approach

The Asset based approach considers the Net Asset Value as per last Audited Balance Sheet.

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



3. Earnings based Approach

The earnings based method considers Price Earnings Capacity Value per share as an indication of the fair value of the share. Under this method profits of various years are averaged and the profit earning capacity value will be calculated by capitalizing the average of the after tax profits at @20% to arrive at the fair value.

Opinion on Value of Shares

The valuation of equity shares of NGJL has been carried out after considering all three approaches of valuation.

Valuation of Equity Shares of Narbada Gems and Jewellery Limited

1. Market Based Approach

Calculation of minimum issue price as per prescribed under Chapter VII of SEBI (ICDR) Regulations, 2009

Relevant Date: 03.08.2015

A] Average of weekly high & low of the volume weighted average price (VWAP) of the equity shares of 'Narbada Gems and Jewellery Limited' quoted on the BSE Ltd during the last twenty six weeks preceding the relevant date (considering relevant date as 03.08.2015)

Weeks	From	To	Closing High	Closing Low	Average	No of Shares
1	2-Feb-15	6-Feb-15	7.56	6.56	7.06	843
2	9-Feb-15	13-Feb-15	8.30	7.86	8.08	930
3	16-Feb-15	20-Feb-15	8.46	8.20	8.33	5300
4	23-Feb-15	27-Feb-15	8.90	8.90	8.90	5600
5	02-March-15	6-March-15	-	-	-	-
6	09-March-15	13-March-15	-	-	-	-
7	16-March-15	20-March-15	7.83	7.83	7.83	710
8	23-March-15	27-March-15	7.41	7.41	7.41	1235
9	30-March-15	03-April-15	-	-	-	-
10	06-April-15	10-April-15	-	-	-	-
11	13-April-15	17-April-15	-	-	-	-
12	20-April-15	24-April-15	7.50	7.50	7.50	330
13	27-April-15	01-May-15	-	-	-	-
14	04-May-15	08-May-15	-	-	-	-
15	11-May-15	15-May-15	8.24	7.87	8.05	40
16	18-May-15	22-May-15	8.64	8.64	8.64	25
17	25-May-15	29-May-15	8.74	8.74	8.74	51
18	01-June-15	05-June-15	-	-	-	-



19	08-June-15	12-June-15	8.68	8.68	8.68	3100
20	15-June-15	19-June-15	8.70	8.60	8.65	65
21	22-June-15	26-June-15	8.00	8.00	8.00	1
22	29-June-15	03-July-15	8.74	8.60	8.67	102
23	06-July-15	10-July-15	-	-	-	-
24	13-July-15	17-July-15	-	-	-	-
25	20-July-15	24-July-15	8.68	8.50	8.59	239
26	27-July-15	31-July-15	8.50	8.40	8.45	12
					Average Price	8.22

B] Average of weekly high & low of the volume weighted average price (VWAP) of the equity shares of Narbada Gems and Jewellery Limited' quoted on the BSE Ltd during the last two weeks preceding the relevant date (considering relevant date as 03.08.2015)

Weeks	From	To	Closing High	Closing Low	Average	No of Shares
1	20-July-15	24-July-15	8.68	8.50	8.59	239
2	27-July-15	31-July-15	8.50	8.40	8.45	12
					Average Price	8.52
A] Average of 26 weeks high low of the closing prices						8.22
B] Average of 2 weeks high low of the closing prices						8.52
Applicable Minimum Price (Higher of the A or B)						8.52

2. Asset Based Approach

Net Asset Value Method as per Audited Balance Sheet as at 31.03.2015

Particulars	Amount (Rs. in Lakhs)
Fixed Assets	9,73,182
Long Term Loans and Advances	3,86,147
Inventories	2,04,13,103
Trade Receivables	1,89,17,941
Cash and Cash Equivalentents	20,68,191
Total Assets	4,27,58,564
Less:	
Trade Payables	1,29,84,677
Other Current Liabilities	3,84,505
Short Term Provisions	1,19,740
Deferred Tax	9,590
Total Liabilities	1,34,98,512
NET WORTH (A)	2,92,60,052
TOTAL NO. OF EQUITY SHARES PRE REDUCTION (B)	53,92,200
NET ASSET VALUE PER SHARE (A/B)	5.43

The NAV of the Company is positive.



3. Earnings based Approach

Computation of Value of shares as per Profit Earning Capacity Value Method

Year (1)	Profit after Tax (2) (Rs in Lakhs)	Weightage (3)	Profit (4)=(2x3) (Rs in Lakhs)
2014-15	41.77	1	41.77
2013-14	43.36	1	43.36
2012-13	40.65	1	40.65
Total		3	125.78
Weighted Average Profit			41.74
Total no. of Equity shares			5392200
Earnings per share			0.78
Profit Earning Capacity Value @ 20% capitalization rate (Rs.)			3.90

Note: The capitalization rate is considered @ 20% as per the CCI guidelines for valuation of equity shares of companies.

Opinion:

Under the Market Based Method as prescribed under Regulation 8(2)(e) of SEBI- Takeover Code, 2011, , since the securities fall under the category of "Infrequently Traded Shares" due to less than 10% of the total Share Capital being traded. Since the value arrived as per Net Asset Value Method of Rs 5.43/- per share, is higher of the two methods of NAV and PECV, we are of the opinion that the Fair Value of one Equity Share of NGJL is Rs. 5.43/- (Rupees Five and paise forty three only).

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 "NGJL" and is not on behalf of, and shall not confer rights or remedies upon, any other person other than "NGJL". The Valuation report, within the limits and with the cautions, qualifications, and caveats provided herein, has been prepared solely for the purpose of supporting the valuation and decision making process of Board of Directors of the Company for the purpose of Clause 24(f) read with Clause 24(h) of the Listing Agreement. 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.

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.

For G.S.Murthy & Associates
Chartered Accountants
FRN : 06005S


K Ramgopal
Partner



Membership No : 208401
Date: 21.09.2015
Place: Hyderabad