



NOTICE
For The
POSTAL BALLOT
Of
NARBADA GEMS AND JEWELLERY LIMITED
CIN: L01222TG1992PLC014173

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear shareholders,

The Ministry of Corporate Affairs (“MCA”) vide its circulars dated 21.04.2011 and 29.04.2011 has taken a “Green Initiative in Corporate Governance” thereby allowing companies to serve electronic documents to its shareholders.

Environment conservation and sustainable development are continuously on your Company’s radar and therefore your Company supports MCA in this initiative. Accordingly, henceforth, we propose to send documents such as notices of general meeting(s), annual reports and other communications to the shareholders through e-mail. Please note that all such documents shall be kept open for inspection at the registered office of the Company during the office hours.

We solicit your valuable cooperation and support in our endeavor to contribute our bit to the environment. You are requested to please fill the details in the format provided below. Please note that the fields marked ‘*’ are mandatory to fill.

Registered Folio or DP Id – Client ID *

Full Name *

Email ID *

Contact no. :

Declaration: (Select whichever is applicable) *

I agree to receive the communication through e-mail

I agree to receive the communication through physical mode

In case there is any change in your e-mail ID or any other details, please e-mail us the details at comsec@nabadajewellery.com or contact us. In case of shares held in electronic form, you are requested to inform your DP as well.

NARBADA GEMS AND JEWELLERY LIMITED

CIN:L01222TG1992PLC014173

Registered Office: 3-6-290/18, 1st Floor, Sadhna Building, Hyderguda, Hyderabad- 500029.

Website: www.narbadajewellery.com ; **Email:** comsec@narbadajewellery.com

Tel: 040-66628411; Fax: 040-23223124

POSTAL BALLOT NOTICE

Dear Member(s),

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (“the Rules”), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws and regulations that the resolutions appended are proposed to be passed by way of E-voting/Postal Ballot.

The Explanatory Statement pertaining to the Resolutions setting out the material facts and the reasons thereof is annexed hereto along with the Postal Ballot Form for your consideration.

In the event the draft resolutions as set out in the notice are assented to by the requisite majority by means of E-voting or Postal Ballot (whichever method the Shareholder opts for), they shall be deemed to have been passed as Special Business at an Extraordinary General Meeting. The date of the announcement of result of Postal Ballot shall be considered as the date of passing of the said resolutions.

The Board of Directors of the Company has appointed Shri Ajay Suman Shrivastava, a Practicing Company Secretary (CP: 3479) as the Scrutinizer for conducting the postal ballot and e-voting process thereto in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder in a fair and transparent manner. Members desiring to exercise their vote by postal ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the same duly completed. The duly completed Postal Ballot Form(s) should reach the Scrutinizer not later than 17:00 Hours (IST) on Friday, 2nd March, 2018.

Members desiring to opt for e-voting as per the facilities arranged by the Company are requested to read the instructions in the Notes under the section 'Voting through electronic means' in this Notice.

The Scrutinizer will submit his report to the Chairman or any Director or Company Secretary of the Company on or before 5th March, 2018. The result of postal ballot (including e-voting) shall be declared on Tuesday, the 6th March, 2018 at the Company's Registered office. In addition to the results being communicated to the BSE Limited, it shall also be displayed at the Company's registered office and would also be displayed on the Company's website www.narbadajewellery.com.

SPECIAL BUSINESS

Item No. 1 – Approval of the details regarding ultimate beneficiaries of the Non-Promoter Non-individual allottees with respect to issue of 4,80,000 equity share warrants convertible into equity shares in one or more tranches within a period of 18 (Eighteen) months, on Preferential basis.

To consider and, if thought fit, to pass the following resolution as Special Resolution:

“RESOLVED THAT in accordance with the In-principle approval letter DCS/PREF/SD/PRE/2466/2017-18 from BSE Ltd. under Regulation 28(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to the Special Resolution passed in the 25th Annual General Meeting of the Company held on 16th November, 2017 and as per the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (“the ICDR Regulations”), the Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011, as amended (the “Takeover Regulations”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the LODR Regulations”), the consent of the members be and is hereby accorded to issue and allot upto **4,80,000 warrants** (“Equity Warrants”) on a Preferential basis to the following persons belonging to non-promoter group, each convertible into one Equity Share of face value of Rs. 10/- each at a premium of Rs. 2.50 per share, within a period of 18 (Eighteen) months from the date of allotment of Equity Warrants, from time to time **in one or more tranches**, at a price (including the warrant subscription price and the warrant exercise price) of Rs.12.50/- approx each (Rupees Twelve and fifty paise only) aggregating to upto Rs. 60,00,000/- (Rupees Sixty Lakhs only), in accordance with the provisions of Chapter VII of the ICDR Regulations or other applicable laws.”

| Name of the Proposed Allottee | Name of Ultimate Beneficiary | Category Promoter/ Promoter Group | Address | Permanent Account Number (PAN) | No. of securities to be allotted | % shareholding in the Company (post issue) |
|-------------------------------|------------------------------|-----------------------------------|---|--------------------------------|----------------------------------|--|
| Rajesh Gupta (HUF) | Rajesh Gupta (Karta) | Non-Promoter | 8-2-293/82/A/876, Road No.45, Jubilee Hills, Hyderabad-500033 | AADHG2963F | 240000 | 1.99 |
| Mohit Gupta (HUF) | Mohit Gupta (Karta) | Non-Promoter | 8-2-293/82/A/876, Road No.45, Jubilee Hills, Hyderabad-500033 | AAPHM1676R | 240000 | 1.99 |
| Total | | | | | 480000 | |

“**RESOLVED FURTHER THAT**, in accordance with the provisions of Chapter VII of the ICDR Regulations, the “Relevant Date” for the purpose of calculating the price for the issue of Equity Shares pursuant to the exercise of the Equity Warrants continues to be 17th October, 2017, which is 30 days prior to the date of the Annual General Meeting held i.e. 16th November, 2017 and the price so calculated is Rs. 12.50/- (Rupees Twelve and Fifty paise only) per equity share.”

“**RESOLVED FURTHER THAT** the said Equity Warrants are to be issued and allotted by the Company to the proposed allottee in accordance with Regulation 74(1) of the ICDR, 2009 as amended.”

“**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the issue of Equity Warrants shall be subject to following terms:

- a. The Equity Shares to be so allotted on exercise of the Equity Warrants shall be in dematerialized form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company. The Equity Warrants may be exercised by the Equity Warrants holder(s) at any time before the expiry of 18 months from the date of allotment of the Equity Warrants.
- b. An Equity Warrant subscription price equivalent to 25% of the issue price of the Equity Shares will be payable at the time of subscription to the Equity Warrants, as prescribed under Regulation 77 of the ICDR Regulations, which will be kept by the Company to be adjusted and appropriated against the issue price of the Equity Shares. An Equity Warrant exercise price equivalent to the 75% of the issue price of the Equity Shares shall be payable by the Equity Warrant holder(s) at the time of exercising the Equity Warrant.
- c. The issue of the Equity Warrants as well as Equity Shares arising from the exercise of the Equity Warrants shall be governed by the regulations and guidelines issued by SEBI or any other statutory authority as the case may be or any modifications thereof.
- d. In the event the Equity Warrant holder(s) does not exercise the Equity Warrants within 18 months from the date of allotment of the Equity Warrants, the Equity Warrants shall lapse and the amount paid thereof shall stand forfeited by the Company.
- e. In the event of the Company making a bonus issue by way of capitalization of its reserves, or a rights offer by way of issue of new Equity Shares, prior to allotment of Equity Shares resulting from the exercise of the Equity Warrants, the issue price of the Equity Shares to be allotted against such Equity Warrants shall be subject to appropriate adjustment, subject to the SEBI ICDR Regulations and other applicable law.
- f. The Equity Shares to be issued and allotted by the Company on exercise of the Equity Warrants in the manner aforesaid shall rank pari passu in all respects including dividend, with the existing Equity Shares of the Company.
- g. The Equity warrants and the Equity Shares allotted pursuant to exercise of such warrants shall be subject to a lock-in for such period as specified under Chapter VII of the ICDR Regulations relating to preferential issues.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to issue and allot, in one or more tranches, such number of Equity Shares of the Company as may be required to be issued and allotted upon exercise of the option in the Warrants held by the holder(s) of the Warrants from time to time.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary for giving effect to above resolutions, to file the necessary forms with the Registrar of Companies, Andhra Pradesh and Telangana and to authorize all such persons in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the shareholders of the Company and to take all other steps which may be ancillary in this connection.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or Officer(s) of the Company and to generally do all such acts, deeds and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the stock exchanges and regulatory authorities and execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any professional advisors, consultants and legal advisors to give effect to the aforesaid resolution.”

Item No. 2 – Approval of the details regarding ultimate beneficiary of the Non-Promoter Non-individual allottee with respect to issue of 1,00,000 equity share warrants convertible into equity shares in single tranche within a period of 18 (Eighteen) months, on preferential basis.

To consider and, if thought fit, to pass the following resolution as Special Resolution:

“RESOLVED THAT in accordance with the In-principle approval letter DCS/PREF/SD/PRE/2466/2017-18 from BSE Ltd. under Regulation 28(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to the Special Resolution passed in the 25th Annual General Meeting of the Company held on 16th November, 2017 and as per the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (“the ICDR Regulations”), the Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011, as amended (the “Takeover Regulations”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the LODR Regulations”), the consent of the members be and is hereby accorded to issue and allot upto **1,00,000 warrants** (“Equity Warrants”) on a Preferential basis to the following person belonging to non-promoter group, each convertible into one Equity Share of face value of Rs. 10/- each at a premium of Rs. 2.50 per share, within a period of 18 (Eighteen) months from the date of allotment of Equity Warrants, from time to time **in single tranche**, at a price (including the warrant subscription price and the warrant exercise price) of Rs. 12.50/- approx each (Rupees Twelve and fifty paise only) aggregating to upto Rs. 12,50,000/- (Rupees Twelve Lakhs Fifty Thousand only), in accordance with the provisions of Chapter VII of the ICDR Regulations or other applicable laws.”

| Name of the Proposed Allottee | Name of Ultimate Beneficiary | Category Promoter/ Promoter Group | Address | Permanent Account Number (PAN) | No. of securities to be allotted | % shareholding in the Company (post issue) |
|-------------------------------|------------------------------|-----------------------------------|---|--------------------------------|----------------------------------|--|
| Ritesh Kumar Agarwal (HUF) | Ritesh Kumar Agarwal (Karta) | Non-Promoter | Plot No. 30, Road No. 5, Trimuthy Colony, Mahendra Hills, East Maredpally, Secunderabad- 500026 | AAOHR8884B | 100000 | 0.83 |
| Total | | | | | 100000 | |

“RESOLVED FURTHER THAT, in accordance with the provisions of Chapter VII of the ICDR Regulations, the “Relevant Date” for the purpose of calculating the price for the issue of Equity Shares pursuant to the exercise of the Equity Warrants continues to be 17th October, 2017, which is 30 days prior to the date of the Annual General Meeting held i.e. 16th November, 2017 and the price so calculated is Rs. 12.50/- (Rupees Twelve and Fifty paise only) per equity share.”

“RESOLVED FURTHER THAT the said Equity Warrants are to be issued and allotted by the Company to the proposed allottee in accordance with Regulation 74(1) of the ICDR, 2009 as amended.”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, the issue of Equity Warrants shall be subject to following terms:

- a. The Equity Shares to be so allotted on exercise of the Equity Warrants shall be in dematerialized form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company. The Equity Warrants may be exercised by the Equity Warrants holder(s) at any time before the expiry of 18 months from the date of allotment of the Equity Warrants.
- b. An Equity Warrant subscription price equivalent to 25% of the issue price of the Equity Shares will be payable at the time of subscription to the Equity Warrants, as prescribed under Regulation 77 of the ICDR Regulations, which will be kept by the Company to be adjusted and appropriated against the issue price of the Equity Shares. An Equity Warrant exercise price equivalent to the 75% of the issue price of the Equity Shares shall be payable by the Equity Warrant holder(s) at the time of exercising the Equity Warrant.
- c. The issue of the Equity Warrants as well as Equity Shares arising from the exercise of the Equity Warrants shall be governed by the regulations and guidelines issued by SEBI or any other statutory authority as the case may be or any modifications thereof.
- d. In the event the Equity Warrant holder(s) does not exercise the Equity Warrants within 18 months from the date of allotment of the Equity Warrants, the Equity Warrants shall lapse and the amount paid thereof shall stand forfeited by the Company.
- e. In the event of the Company making a bonus issue by way of capitalization of its reserves, or a rights offer by way of issue of new Equity Shares, prior to allotment of Equity Shares resulting from the exercise of the Equity Warrants, the issue price of the Equity Shares to be allotted against such Equity Warrants shall be subject to appropriate adjustment, subject to the SEBI ICDR Regulations and other applicable law.
- f. The Equity Shares to be issued and allotted by the Company on exercise of the Equity Warrants in the manner aforesaid shall rank pari passu in all respects including dividend, with the existing Equity Shares of the Company.
- g. The Equity warrants and the Equity Shares allotted pursuant to exercise of such warrants shall be subject to a lock-in for such period as specified under Chapter VII of the ICDR Regulations relating to preferential issues.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to issue and allot, in one or more tranches, such number of Equity Shares of the Company as may be required to be issued and allotted upon exercise of the option in the Warrants held by the holder(s) of the Warrants from time to time.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary for giving effect to above resolutions, to file the necessary forms with the Registrar of Companies, Andhra Pradesh and Telangana and to authorize all such persons in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the shareholders of the Company and to take all other steps which may be ancillary in this connection.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or Officer(s) of the Company and to generally do all such acts, deeds and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the stock exchanges and regulatory authorities and execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any professional advisors, consultants and legal advisors to give effect to the aforesaid resolution.”

By order of the Board

Sd/-
SANJAY KUMAR SANGHI
Managing Director
DIN: 00629693

Date: 11.01.2018

Place: 3-6-290/18, 1st Floor, Sadhna Building,
Hyderguda, Hyderabad- 500029.

Notes:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business specified above are annexed.
2. In terms of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, the items of business as set out in the Notice are sought to be passed by E- voting & Postal Ballot.
3. Shri Ajay Suman Shrivastava, Practicing Company Secretary (CP: 3479) has been appointed as Scrutinizer for conducting the E-voting/ Postal Ballot in accordance with the law in a fair and transparent manner.
4. The Company has engaged Central Depository Services (India) Limited (“CDSL”) to offer E-voting facility to all its members to enable them to cast their votes electronically. This notice is being sent to all the members, whose names appear in the Register of Members/Records of Depositories as on the close of working hours on 12.01.2018 i.e. “the cut-off date”. Voting Rights shall be reckoned on the paid-up value of the shares registered in the name of the members as on the cut-off date. E-voting is optional for members. The Postal Ballot Notice is sent electronically to all the shareholders who have registered their email addresses with the Company /Depositories and to other shareholders by Speed Post/ Registered Post / Courier.
5. The Postal Ballot form together with the self-addressed business reply envelope is enclosed for the use of the members. Please read carefully the instructions printed on the enclosed Postal Ballot form before exercising your vote and return the same duly completed, signifying your assent/dissent, in the attached self-addressed business reply envelope, so as to reach the Scrutinizer on or before 17.00 hours on 2nd March, 2018.
6. The shareholders are requested to exercise their voting rights by using the attached original Postal Ballot form only.
7. Members desiring to exercise their vote by using E-voting facility, should carefully follow the instructions for E-voting printed in this notice. A Member can log in any number of times till the votes are cast on all the resolutions or till the end of the Voting Period, whichever is earlier.
8. Members have an option to request for physical copy of the Postal Ballot form from the Company's Registrars and Transfer Agent viz., CIL Securities Limited, 208, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad- 500001. Request can be sent through an e-mail to rta@cilsecurities.com in by mentioning their Folio / DP Id and Client Id No. However, the duly completed Ballot Forms should reach the Scrutinizer not later than 17.00 hours on 2nd March, 2018. Postal Ballot forms received after this date will be strictly treated as if the reply from the Members has not been received.
9. The Scrutinizer will submit his report of the votes polled through E-voting/ Postal Ballot, to the Chairman or any Director or Company Secretary. The Chairman will, or in his absence, any Director or the Company Secretary will announce the results of Voting by Postal Ballot on Tuesday, the 6th March, 2018 and the resolutions will be taken as passed effectively on the date of announcement of the results by the Chairman or any Director or the Company Secretary as the case may be. The Scrutinizer's decision on the validity of the votes cast through E-voting/Postal Ballot shall be final. The Results of the E-voting/Postal Ballot will be displayed at the Registered Office, displayed on the website of the Company and intimated to the BSE Ltd. on which the shares of the Company are listed.

VOTING THROUGH ELECTRONIC MEANS

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system will be provided by Central Depository Services (India) Limited (CDSL). The e- voting particulars are as under:

| EVSN (Electronic Voting Sequence Number) | E-Voting start on | E-Voting end on |
|---|--|---|
| 180125003 | 1 st February, 2018 at 09:00 A.M. (IST) | 2 nd March, 2018 at 05:00 P.M. (IST) |

The process and manner for e-voting are as under:

- (i) The remote e-voting period commences on **1st February, 2018 at 09:00 A.M** and ends on **2nd March, 2018 at 05:00 P.M.** During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **12th January, 2018** may cast their vote by e-voting. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.
- (iii) Click on “Shareholders” tab.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company, excluding the special characters.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|---|--|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| DOB | Enter the Date of Birth as recorded in your demat account with the depository or in the company records for your folio in dd/mm/yyyy format |
| Bank Account Number (DBD) | Enter the Bank Account Number as recorded in your demat account with the depository or in the company records for your folio. <ul style="list-style-type: none"> • Please Enter the DOB or Bank Account Number in order to Login. • If both the details are not recorded with the depository or company then please enter the member-id / folio number in the Bank Account Number details field as mentioned in above instruction (iv). |

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Company Name i.e. **‘Narbada Gems and Jewellery Limited’** on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- (xviii) Note for Institutional Shareholders & Custodians :
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user which should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or contact them at 1800-200-5533.

EXPLANATORY STATEMENT PURSUANT TO SECTIONS 102(1) AND 110 OF THE COMPANIES ACT, 2013

As per the requirements of Section 102(1) read with Section 110 and other applicable provisions of the Companies Act, 2013, this Explanatory Statement contains relevant and material information to enable the shareholders to consider and approve the Special Resolutions set out at item nos. 1 and 2 of the Notice.

Item Nos. 1 and 2:

The objects of the issue:

The objective of the preferential allotment of Equity Warrants is to utilize the proceeds for escalation of its business operations and broaden its existing product line by introduction of light weight diamond jewellery. In the near future, the Company also intends to setup its in-house manufacturing unit, thereby optimizing the cost of production on the whole. In order to realize its set objectives, it is required to infuse further capital in the Company.

The proposal of the promoters/directors/key management personnel to subscribe to the offer:

Mr. Ritesh Kumar Sanghi, Mr. Sanjay Kumar Sanghi, Mrs. Bhavana Sanghi, Mr. Hanumanthrai Sanghi, Mrs. Sarala Sanghi, Mrs. Pritha Sanghi, Mr. Tejas Sanghi and Mr. Uday Sanghi belonging to the Directors, Promoter and Promoter Group is subscribing to Equity Warrants in the preferential issue. Apart from them, none of the promoters, directors or key management personnel of the Company intends to apply/ subscribe to the proposed issue.

Total number of securities proposed to be issued:

The Company, in accordance with the “In-principle” approval of BSE Ltd. dated 27th December, 2017, has issued and allotted **90,91,600** Equity Warrants on a preferential basis, which may be exercised to receive Equity Shares at a price (including the Equity Warrant Subscription Price and Equity Warrant Exercise Price) of Rs. 12.50/- each (Rupees Twelve and Fifty paise only) determined in accordance with the ICDR Regulations.

Pricing:

The minimum price as per the pricing formula prescribed under the Chapter VII of ICDR Regulations for the preferential issue of Equity Warrants is Rs. 12.38/- each (Rupees Twelve and Thirty Eight paise only), being the Net Asset Value of the Company as on the last audited Balance Sheet for the Financial Year ending 31st March, 2017, **the equity shares being infrequently traded at the stock exchange i.e. BSE Limited.** Therefore, the Share Warrants are being issued at a price of Rs. 12.50/- (Rupees Twelve and Fifty paise only) per warrant/share. Upon Conversion, the same shall be apportioned as Rs. 10/- towards Share Capital and Rs. 2.50 per share towards Share Premium.

Relevant Date:

The “Relevant Date” as per the ICDR Regulations for determining the minimum price for the preferential issue of Equity Warrants is 17th October, 2017 being 30 days prior to the date of the Annual General Meeting i.e. 16th November, 2017.

Proposed time within which the allotment shall be completed:

The said Equity Warrants are to be issued and allotted by the Company to the proposed allottee in accordance with Regulation 74(1) of the ICDR, 2009 as amended.”

The shareholding pattern of the Company before and after the preferential issue of Equity Warrants:

| S. No. | Category | Pre Issue | | Post Issue | |
|----------|--------------------------------|--------------------|-------------------|--|-------------------|
| | | No. of Shares held | % of shareholding | No. of Shares held post conversion of all warrants | % of shareholding |
| A | Promoters Holding: | | | | |
| 1. | Indian: | | | | |
| | Individual | 14,33,931 | 48.35 | 72,35,531 | 60.01 |
| | Bodies Corporate | 550 | 0.02 | 550 | 0.00 |
| | Sub Total | | | | |
| 2. | Foreign Promoters | - | - | - | - |
| | Sub Total (A) | 14,34,481 | 48.37 | 72,36,081 | 60.01 |
| B | Non Promoters' Holding: | | | | |
| 1. | Institutional Investors | - | - | | |
| 2. | Non Institution: | | | | |
| | Bodies Corporate | 58,015 | 1.96 | 58,015 | 0.48 |
| | Directors and relatives | - | - | - | - |
| | Indian Public | 14,61,778 | 49.29 | 47,51,778 | 39.41 |
| | Others (Including NRIs) | 11,436 | 0.38 | 11,436 | 0.09 |
| | Sub Total (B) | 15,31,229 | 51.63 | 48,21,229 | 39.99 |
| | GRAND TOTAL | 29,65,710 | 100.00 | 1,20,57,310 | 100.00 |

Note: The above post-issue shareholding pattern assumes that the Preferential Issue of Equity Warrants issued pursuant to this resolution are converted into equity shares, failing which, the percentage will change accordingly.

The identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:

The identity of the natural persons who are the ultimate beneficial owners of Equity Warrants proposed to be allotted and the percentage of the post preferential issue capital that may be held by them is given in the following table:

➤ **Persons whose Equity Warrants are convertible into Equity shares in one or more tranches:**

| Name of the Proposed Allottee | Name of Ultimate Beneficiary | Category Promoter/Promoter Group | Address | Permanent Account Number (PAN) | No. of securities to be allotted | % shareholding in the Company (post issue) |
|-------------------------------|------------------------------|----------------------------------|--|--------------------------------|----------------------------------|--|
| Rajesh Gupta (HUF) | Rajesh Gupta (Karta) | Non-Promoter | 8-2-293/82/A/876, Road No.45, Jubilee Hills, Hyderabad- 500033 | AADHG2963F | 240000 | 1.99 |
| Mohit Gupta (HUF) | Mohit Gupta (Karta) | Non-Promoter | 8-2-293/82/A/876, Road No.45, Jubilee Hills, Hyderabad- 500033 | AAPHM1676R | 240000 | 1.99 |
| Total | | | | | 480000 | |

➤ **Person whose Equity Warrants are convertible into Equity shares in single tranche:**

| Name of the Proposed Allottee | Name of Ultimate Beneficiary | Category Promoter/Promoter Group | Address | Permanent Account Number (PAN) | No. of securities to be allotted | % shareholding in the Company (post issue) |
|-------------------------------|------------------------------|----------------------------------|---|--------------------------------|----------------------------------|--|
| Ritesh Kumar Agarwal (HUF) | Ritesh Kumar Agarwal (Karta) | Non-Promoter | Plot No. 30, Road No. 5, Trimuthy Colony, Mahendra Hills, East Maredpally, Secunderabad- 500026 | AAOHR8884B | 100000 | 0.83 |
| Total | | | | | 100000 | |

Change in control:

As a result of the proposed Preferential Issue of Equity Warrants, and upon conversion of the Equity Warrants, there will be no change in the control of the Company.

Number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:

This is the first preferential issue of securities by the Company in the current financial year and no other persons have been allotted any securities on a preferential basis during the current year.

The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:

The allotment of equity warrants is made on preferential basis for cash and therefore the said justification is not applicable to the Company.

Lock-in-period:

Pre-preferential allotment holding of Equity Shares, non disposal of Equity Shares and lock-in period of the Equity Shares:

- i. The Equity Shares to be allotted on a preferential basis to the Promoter Group, pursuant to exercise of options against each Warrant, shall be subject to 'lock-in' for a period of three years from the date of trading approval for such Equity Shares in accordance with Regulation 78(1) of the ICDR Regulations.
- ii. The Equity Shares allotted on a preferential basis to the Non-Promoter Group shall be subject to 'lock-in' for a period of one year from the date of trading approval as per Regulation 78(2) of the ICDR Regulations.
- iii. The entire pre-preferential allotment shareholding, if any, of the proposed allottees under Promoter and Non-Promoter Group shall be locked-in from the Relevant Date up to a period of six months from the date of trading approval as per Regulation 78(6) of the ICDR Regulations.

Auditor's certificate:

A copy of the certificate from Venugopal & Chenoy, Chartered Accountants, certifying that the above preferential issue of Equity Warrants is made in accordance with the applicable provisions of the ICDR Regulations, was placed before the members at the 25th Annual General Meeting of the Company held on 16th November, 2017.

Undertaking:

In terms of the ICDR Regulations, the Company hereby undertakes that:

- i. It shall re-compute the price of the Equity Warrants in terms of the provision of the ICDR Regulations where it is required to do so.
- ii. If the amount payable on account of the re-computation of price is not paid within the time stipulated in the ICDR Regulations, the underlying Equity Warrants shall continue to be locked-in till the time such amount is paid by the proposed allottees.

Other salient features of the preferential issue of equity warrants are as under:

The issue and allotment of Equity Warrants, on a preferential basis, shall be governed by the applicable provisions of the ICDR Regulations and the Companies Act read with the applicable provisions of the rules made there under. Without generality to the above, the salient features of the preferential issue of Equity Warrants are:

- The amount equivalent to 25% of the total amount payable for preferential issue of Equity Warrants has been received by the Company prior to the allotment of the warrants.
- The Equity Warrants shall be exercised within a period of 18 (eighteen) months from the date of their allotment, in one or more tranches as per the terms agreed with the subscribers.
- At the time of exercise, the Equity Warrant holder(s) shall pay the balance 75% of the consideration payable in respect of the Equity Warrants so being exercised on proportionate basis.
- Post conversion of the Warrants (assuming full conversion), the increase in equity share capital would be Rs. 9,09,16,000/- (Rupees Nine Crores Nine Lakhs Sixteen Thousand only) and the increase in Securities Premium Account would be Rs. 2,27,29,000/- (Rupees Two Crores Twenty Seven Lakhs Twenty Nine Thousand only).

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