

**SCHEME OF REDUCTION OF CAPITAL
OF
NAVA BHARAT VENTURES LIMITED
UNDER SECTION 66 OF THE COMPANIES ACT, 2013**

ANNEXURE- 2

A. PREAMBLE OF THE SCHEME

This Scheme of Reduction of Capital is made pursuant to Section 66 of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 and other applicable provisions for reduction of equity capital of Nava Bharat Ventures Limited.

B. DESCRIPTION OF THE COMPANY

NAVA BHARAT VENTURES LIMITED (hereinafter "**Company**"), is a Company incorporated under the Companies Act, 1956 on 7th November, 1972 with CIN: L27101TG1972PLC001549 and having its registered office at 6-3-1109/1, Nava Bharat Chambers, Raj Bhavan Road, Hyderabad – 500 082. The name of the Company was changed from Nava Bharat Ferro Alloys Limited to its current name, following issue of fresh Certificate of Incorporation by the Registrar of Companies on 7th July, 2006.

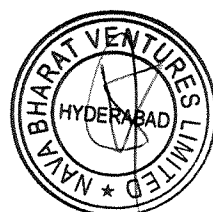
The Company operates in the business verticals of power generation, mining, ferro alloys, agri-business and healthcare.

NAVA BHARAT VENTURES LIMITED is a listed company having its shares listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

Main Objects of the Company:

The main objects of the Company are *inter-alia*, the following:

1. To carry on the business of manufacturers of Ferrous and Non-Ferrous metals, alloy steels, Ferro-alloys, Pig iron, wrought iron, steel converts, rolled steel makers, miners, smelters, engineers, iron and steel foundries in all or any of their respective branches, Metallurgical prospectors, explorers, contractors, agents and to establish workshops for the manufacture of any equipment required for any of the industries which the Company can undertake and to deal in such equipment.
2. To establish, provide, maintain and conduct factories for the manufacture of Electro-Chemical and Electro- Metallurgical products, such as Calcium Carbide, Silicon Carbide, Silico Manganese, Caustic Soda etc., and to carryon business of manufacturers, explorers, importers, exporters, dealers and stockists in ferrous and non-ferrous metals, ferro-alloys, Alloy steel and all other Electro-metallurgical and Electro-chemical products.



PURPOSE AND RATIONALE FOR THE SCHEME

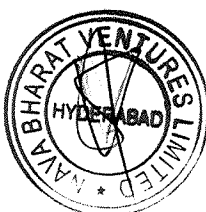
Pursuant to the order dated 30th December, 1996, passed by the erstwhile High Court of Andhra Pradesh sanctioning the Scheme of Amalgamation of Nav Chrome Limited with Nava Bharat Ferro Alloys Limited, certain number of shares in lieu of cancellation were vested in Nav Energy Private Limited as a trustee for the Company which over time and as a result of rights/bonus issue made, aggregated to a holding by such trustee of 99,47,020 (Ninety-nine lakhs Forty-seven thousand and twenty only) equity shares of Rs. 2/- each of Nava Bharat Ventures Limited which till date is continuing.

The Company has also settled a trust called Nava Bharat Ventures Employee Welfare Trust ("Welfare Trust") for the benefit of its employees being managed by Barclays Wealth Trustees (India) Private Limited acting in the capacity of trustees which Trust presently holds 28,00,000 (Twenty eight lakh) equity shares of Rs. 2/- each of the Company. The benefits accorded under the Scheme have been on cash basis and no grants for equity shares have been made by the Welfare Trust to any employees of the Company so far.

The Welfare Trust falls within the legal definition of General Employee Benefit Scheme ('GEBS') set out in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. In terms of Regulation 31 (2) (b) (ii) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, all Employee Benefit Trusts formed by listed companies for the purpose of implementing GEBS having shares in excess of 10% of the total value of its total assets shall bring down such shares to the level of 10% or lower within a period of 5 (five) years.

Following a review undertaken by the Nomination and Remuneration Committee, the Company took note of the changed context in the wake of the regulatory requirement under Regulation 31 (2) (b) (ii) of The SEBI (Share Based Employee Benefits) Regulations, 2014 with respect to the objects of the Welfare Trust when it was set up and concluded that it would be well served if the scheme of the Welfare Trust is discontinued since the benefits could still be sought to be extended to the employees directly, wherever justified. In reaching such a conclusion, the factum of no share based employee benefit was extended as yet and that non share based benefits could still be carried out outside the Welfare Trust, prevailed.

As such it has been proposed to wind up the Welfare Trust which would become redundant upon the implementation of this scheme. The winding up of the Welfare Trust has also been recommended by the Barclays Wealth Trustees (India) Private Limited, in the capacity of Trustees of the Welfare Trust.



While the 99,47,020 equity shares of the Company held in trust by Nav Energy Private Limited can be sold in the market being treasury stock, however, the interest of avoiding any market turbulence which would result from such bulk sale, it has been decided to extinguish by way of reduction of the said 99,47,020 equity shares of the Company, since originally such shares which otherwise would have been subject to cancellation in the scheme of amalgamation were retained as treasury stock.

The equity shares proposed to be cancelled and extinguished comprise the treasury shares held by the Company through the Welfare Trust and Nav Energy Private Limited and have been accounted for in the financial statements of the Company for the year ended 31st March 2019 and 31st March 2018 by adjusting the balance of Other Equity (representing the reserves including the capital reserve, general reserves and securities premium).

Considering the above, the board of directors of the company after evaluating various options and having regard to the implications flowing there from have decided to reduce the paid-up equity share capital of the Company by cancelling and extinguishing the 99,47,020 equity shares held in trust by Nav Energy Private Limited and 28,00,000 equity shares held in trust by the Welfare Trust, without any pay out. The selective reduction of share capital would also ensure compliance with Regulation 31 (2) (b) (ii) of The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

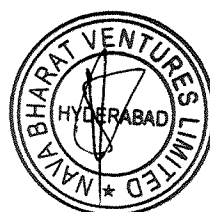
Such reduction of capital would not have any adverse effect on the creditors of the Company or the Company's ability to fulfil its commitments or meet its obligations in the ordinary course of business as there is no pay out resulting from the proposed capital reduction.

BENEFITS OF THE SCHEME

The reduction of capital in the manner proposed would enable the Company to have a capital structure which is commensurate with its business and assets. The proposed capital reduction would be beneficial to all the remaining shareholders as it would improve earnings per share and enhance shareholders' value.

SALIENT FEATURES OF THE SCHEME

The Scheme proposes reduction of the paid up equity share capital of Nava Bharat Ventures Limited pursuant to Section 66 of the Companies Act, 2013 read with The National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 and all other applicable provisions of the Companies Act, 2013 and any other Law for the time being in force.



The salient features of the Scheme are as follows:

Reduction of the paid up equity share capital of the Company by cancelling and extinguishing an aggregate of 1,27,47,020 fully paid equity shares of face value Rs. 2/- each comprising of (i) 99,47,020 (Ninety-nine lakhs Forty-seven thousand and twenty only) equity shares of Rs.2/- each held in trust by Nav Energy Private Limited and (ii) 28,00,000 (Twenty eight lakh only) equity shares of Rs. 2/- each held by Nava Bharat Ventures Employee Welfare Trust through its Trustees - Barclays Wealth Trustees (India) Private Limited.

A. This Scheme is divided into the following Parts:

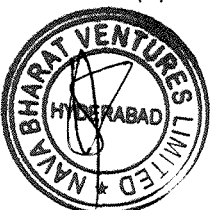
- **Part I** - Definitions used in the Scheme and Share Capital;
- **Part II** - Reduction of equity share capital of the Company; and
- **Part III** - General Terms and Conditions.

PART – I “Definitions”

1. DEFINITIONS

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

- (i) **“Act”** means the Companies Act, 2013, including the rules and regulations made thereunder and will include any statutory amendments, modifications and/or re-enactments thereof for the time being in force;
- (ii) **“Applicable Law(s)”** mean any statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, ruling, bye-law, approval of any governmental authority, directive, guideline, policy, clearance, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any governmental authority having jurisdiction over the matter in question, whether in effect as of the date of this Scheme or at any time thereafter;
- (iii) **“Board”** or **“Board of Directors”** means the board of directors of the Company including any duly constituted committee(s) thereof;
- (iv) **“NCLT”** or the **“Tribunal”** means the National Company Law Tribunal, Hyderabad Bench;
- (v) **“Company”** means Nava Bharat Ventures Limited, a company incorporated under the Companies Act, 1956, having its registered office at 6-3-1109/1, Nava Bharat Chambers, Raj Bhavan Road, Hyderabad – 500 082;



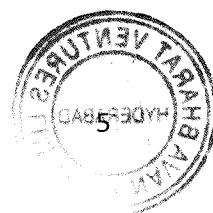
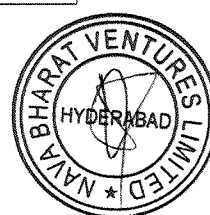
- (vi) **“Designated Stock Exchange”** means BSE Limited;
- (vii) **“Effective Date”** means the date on which the certified copy of the order passed by the NCLT sanctioning the Reduction of Capital under Section 66 of the Companies Act, 2013 and other applicable provisions of the Act, if any, is filed with the Registrar of Companies, Hyderabad, Telangana;
- (viii) **“Equity Shares”** means fully paid-up equity shares of Rs. 2/- each issued by the Company;
- (ix) **“Listing Regulation”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- (x) **“SEBI”** shall mean the Securities and Exchange Board of India;
- (xi) **“Scheme”** means this Scheme of reduction of capital between the Company and selective shareholders in its present form or with such alterations/modifications as may be approved or imposed or directed by the National Company Law Tribunal;
- (xii) **“Welfare Trust”** means the Nava Bharat Ventures Employee Welfare Trust for the benefit of its employees being managed by Barclays Wealth Trustees (India) Private Limited acting in the capacity of trustees;
- (xiii) **“Trust Fund”** means the total funds of the Welfare Trust;

All terms and words not defined in the Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Companies Act, 2013, Securities and Exchange Board of India Act, 1992, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

Share Capital of the Company

The share capital of the Company as on 08.08.2019 (i.e. *date of approval of the Scheme by the Board*) is as under:

Particulars	Amount (Rs.)
<u>Authorised Capital</u>	
25,00,00,000 Equity Shares of Rs.2/- each	50,00,00,000
TOTAL:-	50,00,00,000
<u>Issued and Subscribed Share Capital</u>	
17,64,68,495 Equity Shares of Rs.2/- each	35,29,36,990
<u>Fully paid up Share Capital</u>	
17,62,17,020 Equity Shares of Rs.2/- each (after forfeiture of 2,51,475 equity shares)	35,24,34,040



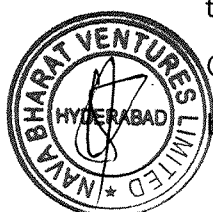
PART II
REDUCTION OF CAPITAL

2. REDUCTION OF CAPITAL OF THE COMPANY

- 2.1 Upon the Scheme becoming effective, the paid-up equity share capital of the Company as on the Effective Date shall stand reduced from Rs. 35,24,34,040 (Rupees Thirty Five Crores Twenty Four Lakhs Thirty Four Thousand and Forty only) divided into 17,62,17,020 (Seventeen Crores Sixty Two Lakhs Seventeen Thousand and Twenty only) equity shares of Rs. 2/- (Rupees two only) each to Rs.32,69,40,000 (Rupees Thirty Two Crores Sixty Nine Lakhs Forty Thousand only) divided into 16,34,70,000 (Sixteen Crores Thirty Four Lakhs Seventy Thousand only) equity shares of Rs. 2/- (Rupees two only) each.
- 2.2 The aforesaid reduction of capital shall be effected by selective cancellation and extinguishment of an aggregate 1,27,47,020 fully paid equity shares of face value Rs. 2/- each comprising of (i) 99,47,020 (Ninety-nine lakhs Forty-seven thousand and twenty only) equity shares of Rs. 2/- each held in trust by Nav Energy Private Limited and (ii) 28,00,000 (Twenty eight lakh only) equity shares of Rs. 2/- each held by Nava Bharat Ventures Employee Welfare Trust through its Trustees - Barclays Wealth Trustees (India) Private Limited.
- 2.3 Upon the Effective Date, the Share Capital of the Company before and after reduction in terms of this Scheme shall read as under:

Particulars	Before Reduction		After Reduction	
	Number of Equity Shares	Amount (Rs.)	Number of Equity Shares	Amount (Rs.)
Authorised share capital	25,00,00,000	50,00,00,000	25,00,00,000	50,00,00,000
Paid up share capital	17,62,17,020	35,24,34,040	16,34,70,000	32,69,40,000

- 2.4 Reduction and the consequent cancellation of the Equity Share Capital of the Company as herein above, shall be affected as per the provisions of Section 66 of the Act and other applicable provisions of the Act and rules and regulations made there under upon the Scheme becoming effective.
- 2.5 The reduction does not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.
- 2.6 No prejudice will be caused to shareholders and/or creditors of the Company by the aforesaid reduction. The creditors of the Company are in no way affected by the proposed reduction of the share capital as there will be no reduction in the amounts payable to any of them. Further, the proposed reduction would not in any way adversely affect the ordinary operations of the Company or its ability to honour its commitments or pay the debts in the ordinary course of business. The Scheme does not in any manner alter, vary or affect the rights of the creditors.



- 2.7 The extinguishment and cancellation of the paid-up share capital under this Scheme will facilitate the winding up of the Welfare Trust and extinguishing the Trust Fund. Such action does not result in any payout to the Welfare Trust pursuant to the proposed capital reduction.
- 2.8 The Scheme does not in any manner alter, vary or affect the payment of any dues or outstanding amounts including all or any of the statutory dues payable or outstanding.
- 2.9 The Scheme does not envisage transfer or vesting of any of the properties and/or liabilities of the Company to any person or entity.
- 2.10 The Scheme also does not involve any conveyance or transfer of any property of the Company and does not involve any issue of shares. Consequently, the order of NCLT, Hyderabad Bench approving the Scheme will not attract any stamp duty, under the Stamp Act, in this regard.
- 2.11 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.
- 2.12 It is clarified that until the Effective Date, the Welfare Trust and Nav Energy Private Limited as a trustee would be eligible to enjoy all the benefits in the capacity of shareholder of the Company including but not limited to receiving the dividend and bonus shares, participate in right issue and buy-back, voting in the shareholders' meeting and participate in any other corporate action taken by the Company during the pendency of this Scheme.

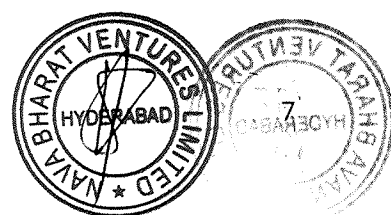
3. COMPLIANCE

The consent of the members of the Company to this Scheme shall be taken through a Special Resolution under the provisions of Section 66 of the Companies Act, 2013.

The Scheme, if sanctioned, shall be fully in compliance of the Securities and Exchange Board of India Act, 1992 ("SEBI"), and the rules and regulations made and the circulars issued thereunder.

4. ACCOUNTING TREATMENT

- 4.1 Upon the Scheme becoming effective, investment, aggregating to Rs. 2,745.67 lakhs, in the Company's equity shares currently held by "Welfare Trust" and Nav Energy Private Limited" respectively, and accounted as "Treasury Shares", shall be cancelled, with corresponding adjustments by way of a debit to the outstanding (a) paid-up equity share capital to the tune of Rs.254.94 lakhs and (b) General Reserves to the extent of Rs. 2,490.73 lakhs.



- 4.2 The Company will comply with all the accounting policies and accounting standards, as applicable in relation to the accounting treatment for the reduction of capital in terms of this Scheme.

5. MINUTE

The Form of minute, approved by the Tribunal to be delivered to the Registrar of Companies for registration under Section 66(5) of the Companies Act, 2013, is as follows:

The Paid-up capital of Nava Bharat Ventures Limited is henceforth Rs. 32,69,40,000 (Rupees Thirty Two Crores Sixty Nine Lakhs Forty Thousand only) divided into 16,34,70,000 (Sixteen Crores Thirty Four Lakhs Seventy Thousand only) equity shares of Rs. 2/- (Rupees two only) each fully paid up reduced from Rs. 35,24,34,040 (Rupees Thirty Five Crores Twenty Four Lakhs Thirty Four Thousand and Forty only) divided into 17,62,17,020 (Seventeen Crores Sixty Two Lakhs Seventeen Thousand and Twenty only) equity shares of Rs. 2/- (Rupees two only) each.

6. IMPACT OF THE SCHEME ON EMPLOYEES/WORKERS

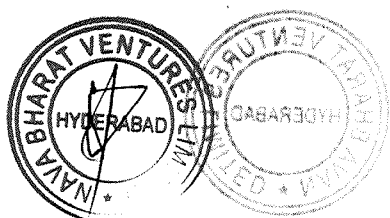
The Scheme of Reduction of Capital would not affect the employees and workers of the Company in any manner and their service shall be continuous and they would continue to enjoy the same benefits as they used to before the Reduction of Capital.

7. IMPACT OF THE SCHEME ON CREDITORS

The creditors of the Company are in no way affected by the proposed reduction of the equity share capital as there will be no reduction in the amounts payable to any of them. The reduction of capital would not in any way have any adverse effect on the Company's ability to honour its commitments or meet its liabilities in the ordinary course of business. The Scheme does not in any manner alter, vary or affect the rights of the creditors.

8. LEGAL PROCEEDINGS

The Scheme would not affect any legal or other proceedings by or against the Company, pending or arising, but the proceedings may be continued, prosecuted and enforced by or against the Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Company prior to the Scheme.



9. CONDUCT OF BUSINESS BY COMPANY

The Scheme does not involve any financial outlay / outgo and therefore, would not affect the ability or liquidity of the Company to meet its obligations/commitments in the normal course of business. Further, this Scheme would also not in any way adversely affect the ordinary operations of the Company during the course or after the approval of the Scheme.

PART III – GENERAL TERMS AND CONDITIONS

10. APPLICATION TO THE NATIONAL COMPANY LAW TRIBUNAL

The Company hereto shall, with all reasonable dispatch, make an application under Section 66 of the Companies Act, 2013 read with National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 to the National Company Law Tribunal, Hyderabad Bench for sanctioning the Scheme.

11. MODIFICATIONS/AMENDMENTS TO THE SCHEME

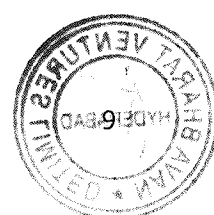
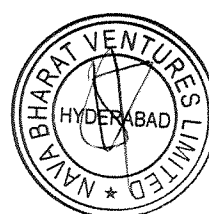
The Company by its Board of Directors or such other person or persons, as the Board of Directors of the Company may authorize, may make and / or consent to any modifications /amendments to this Scheme or to any conditions or limitations that the National Company Law Tribunal or any other competent authority under law may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them or the Board, including the withdrawal of this Scheme.

The Board of Directors of the Company shall take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, including interpretation of the Scheme, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith. The power of the Board to modify / amend the Scheme shall be subject to the approval of the National Company Law Tribunal.

12. CONDITIONS PRECEDENT

This Scheme is and shall be conditional upon and subject to:

- (a) The Scheme being approved by the requisite majority of the members through a special resolution as required under the Act.



- (b) The Scheme being approved by the creditors of the Company as prescribed under the Act and/or as may be directed by NCLT and/or any other appropriate authority as may be applicable.
- (c) The Company, being a listed entity, obtaining the “No-Objection” letter or “Observation Letter” from the stock exchanges under Regulation 37 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 or any other applicable provisions or rules for the time being in force.
- (d) The sanction of this Scheme by the National Company Law Tribunal, Hyderabad Bench.
- (e) All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

13. EFFECT OF NON-RECEIPT OF APPROVALS

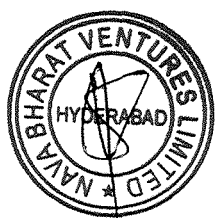
In the event of any of the said sanctions and/or approvals in Clause 11 not being obtained (unless otherwise released by the Board of Directors) and / or the Scheme not being sanctioned by the National Company Law Tribunal or any other competent authority, this Scheme shall become null and void and the Company shall bear and pay the costs, charges and expenses for/or in connection with the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

14. STATUTORY COMPLIANCES

Pursuant to the Scheme of Reduction of Capital, the Company shall file the requisite forms with the Registrar of Companies, stock exchanges and other statutory authorities.

15. SEVERABILITY

If any part of this Scheme hereof is invalid, ruled illegal by any appropriate authority of competent jurisdiction, or unenforceable under present or future laws, then subject to the decision of the Board of the Company, such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse, in which case the Board shall attempt to bring a suitable modification in the Scheme. The Board of Directors of Company shall be entitled to revoke, cancel and declare the Scheme of no effect, if the Board of Directors is of view that the coming into effect of the Scheme could have adverse implications on Company.



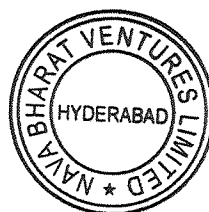
16. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties (including the stamp duty, if any, applicable in relation to this Scheme), levies and all other expenses, if any, of the Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by the Company.

17. MISCELLANEOUS

Notwithstanding the reduction of capital of the Company, the listing benefits of the Company on all the stock exchanges where the existing equity shares of the Company are listed shall continue and the Company will comply with the applicable provisions of the listing agreement with the stock exchanges for listing and trading of shares.

For Nava Bharat Ventures Limited



A handwritten signature in black ink, appearing to read "VSN Raju".

VSN Raju
Company Secretary &
Vice President

Date: August 8, 2019

Place: Hyderabad