

9th August, 2019

The Board of Directors
Nava Bharat Ventures Limited,
6-3-1109/1, Nava Bharat Chambers,
Rajbhavan Road,
Hyderabad,
Telangana, 500082

Sub: Fairness opinion on the valuation carried out by Mr. V GANGADHARA RAO N, Registered Valuer

for proposed capital reduction for Nava Bharat Ventures Limited under Section 66 read with relevant provisions of the Companies Act 2013

Dear Sirs,

We refer to the engagement letter dated 7th August, 2019 with Karvy Investor Services Limited (hereinafter referred to as "KISIL"), wherein Nava Bharat Ventures Limited has requested us to provide fairness opinion on the valuation process being carried out by Mr. V GANGADHARA RAO N, Registered Valuer for determining the price per share to be paid to the public shareholders on the proposed capital reduction for Nava Bharat Ventures Limited ("NBVL")

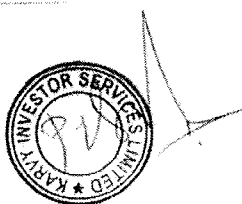
1. BACKGROUND OF THE COMPANY

Nava Bharat Ventures Limited ("NBVL" / "Company")

- 1.1 The Company is engaged in the business of power generation and O&M services, ferro alloys, mining, agri-business and health care services. The Company is in business for four decades and operates in different geographies spanning across India, South-east Asia and Africa.
- 1.2 Nava Bharat Ventures Limited, is a public limited company incorporated under the laws of India having its registered office at 6-3-1109/1, Nava Bharat Chambers, Rajbhavan Road, Hyderabad, Telangana, 500082, Telephone: + 91 40 23403501, and Fax: +91 40 23403013, 080 6688 6121. The CIN of the company is L27101TG1972PLC001549. The Company was originally incorporated as "Nava Bharat Ferro Alloys Limited" under the provisions of Companies Act, 1956 on November 07, 1972. Further, the name of the Company was changed to "Nava Bharat Ventures Limited" vide certificate of change of name dated July 07, 2006 issued by Registrar of Companies, Andhra Pradesh, Hyderabad. The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.
- 1.3 As on the date of this report, the promoter and promoter group hold 45.56% out of the fully paid up equity share capital of Rs 3524.34 lakhs and 54.44% is held by the public shareholders.

2. SCOPE AND PURPOSE OF THIS REPORT

- 2.1 We understand that the Board of Directors of NBVL are proposing capital reduction under Section 66 of Companies Act, 2013 by filing a petition with the NCLT and have obtained a valuation report dated 08th August 2019 from Mr. V GANGADHARA RAO N, Registered Valuer (hereinafter referred to as "Valuer") to arrive at the price for proposed capital reduction.





- 2.2 In this connection, the management of NBVL has engaged KISL to submit a fairness opinion on the valuation of equity share for capital reduction carried out by Valuer. Our scope of work includes commenting only on the fairness of equity share value recommended by the Valuer and not on the fairness or economic rationale of the capital reduction.
- 2.3 This report is subject to the scope, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of facilitating the capital reduction and should not be used for any other purpose.

3. SOURCES OF INFORMATION

We have relied on the following information for framing our opinion on the fairness of the valuation:

- a) Certified valuation report by Mr. V GANGADHARA RAO N, Registered Valuer dated 08th August 2019.
- b) Audited Financial Statements of NBVL for period ended March 31, 2019.
- c) Other relevant information regarding NBVL.
- d) Provisional Balance sheet as on June 30, 2019.

4. LIMITATIONS OF SCOPE AND REVIEW

- 4.1 Our Opinion and analysis is limited to the extent of review of documents as provided to us by the Company. We have relied upon the accuracy and completeness of all information and documents provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not reviewed any financial forecasts of the Company. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Company. In particular, we do not express any opinion as to the value of any asset of Company, whether at current prices or in the future.
- 4.2 We do not express any opinion as to any tax or other consequences that might arise from the proposed capital reduction to the Company and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals.
- 4.3 We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. Our opinion is specific to the Capital Reduction as decided by the Board of Directors and is not valid for any other purpose.
- 4.4 We may currently or in the future provide, investment banking services to the Company and and/or its subsidiaries or their respective affiliates that are unrelated to the proposed transaction, for which services we have / may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of KISL may actively trade in the securities of the Company and / or its group companies or for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the opinion expressed herein are for the use of the Board of Directors of the Company in connection with the consideration of the Capital Reduction and for none other. Neither KISL, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.
- 4.5 Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Proposed Capital Reduction or any matter related thereto.

5. VALUATION METHODOLOGIES AND LIMITATIONS

- 5.1 There are several commonly used and accepted methods for determining the fair value of equity shares of a company. It should be understood that the valuation of any company is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond the control of the company's management. In performing the analysis, the valuer is required to make assumptions with respect to





industry performance and general business and economic conditions, many of which are beyond the control of the companies and any deviation from assumptions may lead to significant difference in the valuation.

5.2 It is crucial to apply a fair and reasonable methodology or a combination of various methods, in such a manner that the final outcome is closer to the certainty and accounts for inherent limitations of each of the methods individually but only appropriate methods simultaneously, by applying an appropriate weightage to such methods.

5.3 We have observed that the valuer has applied Weighted Average of Market Value, Profit Earning Capacity Value and Book value. These approaches being applied simultaneously, will more likely than not, protect the value determined from any changes in assumptions made which are external factors and are beyond the control of the company. It is also observed that such a combination approach is preferred by most of the valuers for arriving at the fair and reasonable price.

6. VALUATION REPORT

Mr. V GANGADHARA RAO N, Registered Valuer has recommend value of equity share of NBVL for proposed capital reduction as Rs.139.47. However we have followed the below approach in arriving at the fair value.

"VALUE PER SHARE OF NAVA BHARAT VENTURES LIMITED"

Based on the analysis of NBVL and subject to the assumptions and limitations described in this report, value per equity share as on the valuation date is as follows:

Particulars	Value per share in INR	Weight Assigned
Equity value of NBVL		
- Average Buyback Price [For Buyback offer opened on June 10, 2019 and closed on August 8, 2019]	95.22	50%
- Net Asset Value method	196.55	50%
Concluded value per equity share of NBVL	145.89	

We believe the fair value of **NAVA BHARAT VENTURES LIMITED**, as on 09th August, 2019 is **INR 145.89."**

7. OPINION

On the basis of the valuation report and considering the Scope and Limitations mentioned in this report, we are of the opinion that the value per equity share arrived by Mr. V GANGADHARA RAO N, Registered Valuer is fair to the Equity Shareholders of NBVL.

For Karvy Investor Services Limited

P. Balraj

Assistant General Manager





Calculation of Net asset Value

Particulars	Amount in lakhs [30-06-2019]
Non Current Assets	
Fixed Assets	
Tangible Assets	573,845.38
Investment Property	2,288.97
Intangible assets other than Goodwill	603.28
Capital Work-in-Progress	755.78
Defferred tax assets(net)	11,659.72
Non Current Investments	1,113.23
Long term loans & advances	-
Other financial assets	1,579.32
Other Non Current Assets	3,170.96
Total (A)	595,016.64
Current Assets	
Inventories	39,142.21
Trade Receivables	174,341.08
Current Investments	11,873.75
Cash & Cash Equivalents	24,373.42
Other financial assets	1,054.54
Short term loans & advances	21.10
Current tax assets(Net)	507.35
Other current assets	9,442.49
Total (B)	260,755.94
Total Assets C = (A+B)	855,772.58





Less: Current Liabilities		
Short Term Borrowings	14,585.48	
Trade payables	10,051.72	
Other financial liabilities	86,209.57	
Short term provisions	1,571.71	
Other Current Liabilities	9,751.21	
Current tax liabilities (net)	1,400.74	
Total (D)		123,570.41
Less: Non-Current Liabilities		
Long term borrowings	301,818.78	
Other financial liabilities	4,600.02	
Deferred tax liabilities(Net)	20,493.65	
Long Term Provisions	7,462.82	
Other non current liabilities	-	
Total (E)		334,375.26
Total Liabilities (F=D+E)		457,945.68
Net Assets (G=C-F)		397,826.90
less:Minority interest		46,719.81
less:Contingent liability		4,747.39
Net Assets Attributable to equity shareholders(I)		346,359.70
No. of Equity Shares		1,762.17
NAV Per Share (INR)		196.55
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