

**SCHEME
OF
REDUCTION OF SHARE CAPITAL
BETWEEN
TRUSTWAVE SECURITIES LIMITED
(Formerly known as STERLING GUARANTY & FINANCE LIMITED)
AND
ITS SHAREHOLDERS
UNDER SECTION 66 AND OTHER APPLICABLE SECTIONS OF THE COMPANIES ACT, 2013
READ WITH NATIONAL COMPANY LAW TRIBUNAL (PROCEDURE FOR REDUCTION OF
SHARE CAPITAL OF COMPANY) RULES, 2016.**

The Scheme is divided into the following parts:

- (a) **Part I** deals with the Preamble;
- (b) **Part II** deals with the Definitions, Description of the Company and Share Capital;
- (c) **Part III** deals with Rationale and Salient Features of the scheme;
- (d) **Part IV** deals with Reduction of Share Capital and Reorganization of Share Capital;
- (e) **Part V** deals with Procedure for Reduction of Share Capital;
- (f) **Part VI** deals with the General Clauses.

PART I - PREAMBLE

1. PREAMBLE

This Scheme of reduction of paid up equity share capital is made pursuant to the provision of Section 66 of the Companies Act, 2013 and other applicable provisions, if any, read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of the Company) Rules, 2016, Listing Regulations (as defined hereinafter) and the SEBI Circular (as defined hereinafter), for reorganization and reduction of equity share capital of “Trustwave Securities Limited {Formerly known as Sterling Guaranty & Finance Limited}” (“**Scheme**”).

The purpose of the Scheme is the reduction of paid up equity share capital of Trustwave Securities Limited {Formerly known as Sterling Guaranty & Finance Limited} (“**Company**”) to undertake financial restructuring and reconstruction of the Company whereby the Company would write off carried forward accumulated losses of the past years up to the maximum possible extend by reduction of 95% of the Company’s paid-up equity shares capital, so as to give a true and realistic view of the value of the shares and present clear balance sheet of the Company.

PART II - DEFINITIONS, DESCRIPTION OF THE COMPANY AND SHARE CAPITAL

2. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- 2.1** “**Act**” means the Companies Act, 2013 and includes any statutory modification or re-enactment thereof from time to time.
- 2.2** “**The Appointed Date**” means April 01, 2024 or such other date as the National Company Law Tribunal (NCLT) Mumbai Bench/Regional Director Western Region, Registrar of Companies or any other competent or applicable authority may direct.

- 2.3 **“Appropriate Authority”** shall, for the purpose of this Scheme, mean the National Company Law Tribunal Mumbai Bench and/or Regional Director, Registrar of Companies or any other competent Court or applicable authority.
- 2.4 **“Board”** or **“Board of Directors”** means board of directors of the Company (which expression shall be deemed to include any committee constituted by the Board thereof).
- 2.5 **“Capital Reduction”** means the reduction of 62,10,720 (Sixty-Two Lakhs Ten Thousand Seven Hundred Twenty) Equity Shares of INR 10/- (Indian Rupees Ten Only) each of the Company aggregating to INR 6,21,07,200 (Indian Rupees Six Crore Twenty-One Lakhs Seven Thousand Two Hundred Only), held by the Shareholders, without payment of any consideration by the Company to its Shareholders.
- 2.6 **“The Effective Date”** means the dates on which certified copies of the Order(s) of the National Company Law Tribunal (NCLT) Mumbai Bench/Regional Director, Registrar of Companies or any other competent Court or applicable authority is issued towards, the reduction of Share Capital as per this Scheme.
- 2.7 **“Ind AS”** means the Indian Accounting Standards prescribed under Section 133 of the Act.
- 2.8 **“Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, includes any amended from time to time.
- 2.9 **“Record Date”** means the date to be fixed by the Board of Directors of Company for the purpose of reckoning names of the Equity Shareholders, who shall be entitled to receive new share certificate, upon coming into effect, the reduction of Share Capital as per this Scheme.
- 2.10 **“RoC”** means the Registrar of Companies, Mumbai, Maharashtra.
- 2.11 **“Rules”** means National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, including amendment from time to time.

- 2.12 “SEBI Circular”** means the SEBI Circular CFD/DIL3/CIR/201721 dated 10th March, 2017, including amended from time to time, read with the SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23rd November, 2021 on (i) Scheme of Arrangement by the Listed Entities; and (ii) Relaxation under Sub-Rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957 including amended from time to time.
- 2.13 “The Scheme”** means this Scheme of Capital Reduction scheme of Capital Reduction between the Company and its shareholders, pursuant to the provisions of Section 66 and other applicable provisions of the Act, if any and rules made thereunder in its present form or with any modification(s) approved or imposed or directed by the National Company Law Tribunal (NCLT) Mumbai Bench/Regional Director, Registrar of Companies or any other competent court or authority.
- 2.14 “SEBI”** means Securities and Exchange Board of India.
- 2.15 “Shareholders”** shall mean the shareholders registered (whether registered owner of the shares or beneficial owner of shares) as holder of equity share capital of the Company as on the Record Date. The Word “Shareholder and/or “Member”, wherever mentioned, are used to denote the same meaning and are used interchangeably.
- 2.16 “Shares” or “Equity Shares”** means the equity shares of the Company having value/face value of INR 10/- (Indian Rupees Ten Only) each, unless otherwise specified in the context thereof.
- 2.17 “Stock Exchange”** means the stock exchange where the equity shares of the Company are listed and are admitted for trading, viz. BSE Limited.
- 2.18 “Tribunal or NCLT”** means the National Company Law Tribunal (NCLT) or appellate tribunal or such other authority or judiciary having jurisdiction to sanction the scheme.

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 Act, other applicable laws, rules,

regulations, bye laws, as the case may be or any statutory modifications or re-enactment thereof from time to time.

3. DESCRIPTION OF THE COMPANY:

3.1 Brief Background of the Company:

The Company is a public limited company that was incorporated under the provisions of the Companies Act, 1956, under the name and style of 'Sterling Lease Finance Limited' vide Certificate of Incorporation bearing registration number 031384 vide certificate of Incorporation dated November 21, 1983. Subsequently vide a Fresh Certificate of Incorporation dated 22nd April, 1993 the name of the Company was changed from 'Sterling Lease Finance Limited' to 'Sterling Securities & Finance Limited'. On 1st December 1993 vide a Fresh Certificate of Incorporation the name of the Company was changed from 'Sterling Securities & Finance Limited' to Sterling Guaranty & Finance Limited". On 9th August, 2024 vide a Fresh Certificate of Incorporation the name of the Company was changed from 'Sterling Guaranty & Finance Limited' to "Trustwave Securities Limited". To the present day the Company carries its business under the name and style "Trustwave Securities Limited'.

The Company was also registered with Reserve Bank of India ("RBI") as a Non-Banking Financial Company ("NBFC") with Registration No. 13.01229' vide RBI certificate dated April 20, 1999. Upon application submitted by the Company vide letters dated March 26, 2018, October 25, 2021, and July 19, 2023, for surrender of certificate of registration as NBFC issued by RBI to the Company, the RBI vide their letter dated December 15, 2023 confirmed that the Company has ceased to carry out NBFC activity and cancelled the certificate of registration No. 13.01229 with immediate effect. The Company is carrying out the business as mentioned in clauses 3.2 below and the Memorandum of Association of the Company.

The Corporate Identification Number of the Company is L65990MH1983PLC031384, and its registered office is located at B-702, 7th Floor, Neelkanth Business Park, Kirol Village, Near Bus Depot, Vidyavihar (West), Mumbai – 400 086.

The Equity Shares of the Company are listed on BSE Limited.

3.2 Objects of the Company:

The main objects of the Company at present are as follow:

1. To carry on business of buying and selling of all type of the share & securities listed or unlisted on stock exchange and of private and public companies and to do the business of Arbitrage between the exchange or between cash & derivative market and to do proprietary trading and investments in share and security and to do speculation, hedging and to participate in private placement and IPOs.
2. To carry on business of buying selling and dealing in Stressed assets of the banks and institutions either by way of negotiation or tender and also to deal in the asset of the corporates which are under financial stress and are defaulted and /or are under insolvency or winding up proceeding under any law, statute or any rule & regulation.
3. To carry on business of and to act as financial consultants, management consultants, lease consultants, managers/registrars and share transfer agent to public including rights issues, fixed deposits / debenture scheme and provided advice, services, consultancy, in various fields like general administrative, secretarial, commercial marketing, financial, legal economic, industrial, scientific, technical feasibility reports, accountancy, computer data proceeding, public relation, shares, portfolio management, state and central statutes, direct and indirect taxation, customs, excise and other taxes and levies.
4. To consult, engage in, promote, assist, facilitate and provided for advisory related services on financial, legal, human resource solutions, translation services, information technology risk advisory, licensing management & contract compliances, management solution, employee repositioning and any other services, facilities and things required to any organization, company, individual, firms, business, government and semi-government organizations.
5. To provide advisory related services to high net worth individual, firms and companies in wealth management.
6. To carry on business of providing fairness opinions, analysis and valuations of the companies in the variety of situations including strategic planning, investment planning, corporate operating structure, human reshuffle, acquisitions, mergers, de-mergers, amalgamation and corporate restructuring, financial restructuring and to provide statistical

data and various information to any company or governmental organizations or body corporate and also provide consultation regarding research and developments.

3.3 Directors and Promoters of the Company:

The names of the Directors and promoters of the Company as on 31st day of March, 2024 are as under:

Sr. No.	Name of the Director / Promoter	Designation	Address
1.	Mr. Deepak Kharwad (DIN: 08134487)	Chairman & Executive Director / Promoter	804, Parvati Heritage, Cama Lane, Ghatkopar, Mumbai - 400 086.
2.	Mrs. Naliny Kharwad (DIN: 02001739)	Managing Director	804, Parvati Heritage, Cama Lane, Ghatkopar, Mumbai - 400 086.
3.	Mr. Nilesh Yadav (DIN: 10518738)	Independent Non-Executive Director	R/N 2, Parvati Bai Chawl, Sonawala Cross Road, Near Parikh Transport, Goregaon (East), Mumbai - 400 063.
4.	Mr. Prasad Kemnaik (DIN: 10591411)	Independent Non-Executive Director	R.C. Marg, Near Mahakali Mandir, Room No. 59 Priyadrshani, Society, Ayodhya Nagar, Vashinaka, Mumbai - 400 074.
5.	Mr. Himanshu Ashok Agarwal (DIN: 10101174)	Independent Non-Executive Director	Flat No. 602, Shreeji Residency, Eden Park, Opp. RBK School, Indralok Phase-7, Thane - 401 105.

3.4 Financials

The key aspects with respect to the financial performance of the Company for the financial year ended 31st day of March, 2023, and financial year ended 31st day of March, 2024. Are summarized below:

Particulars	FY ended on 31 st March, 2024 (in INR)	FY ended on 31 st March, 2023 (in INR)
<u>Profit And Loss Account Statement</u>		
Revenue from operations	Nil	15,00,000
Other income	3,820	58,277
Expenses	7,47,485	11,54,589
Profit / (Loss) before tax	(7,43,665)	4,03,688
Tax	Nil	54,477
Exceptional Items	Nil	Nil
Profit / Loss after tax	(7,43,665)	3,49,211
<u>Balance Sheet Statement</u>		
Equity	6,53,76,000	6,53,76,000
Reserves & Surplus (Retain Earnings)	(7,30,26,062)	(7,22,82,397)
Borrowings	77,50,000	70,00,000
Other Liabilities	1,39,910	2,02,092
Total Liabilities	2,39,848	2,95,695
Non-Current Assets	Nil	Nil
Current Assets	2,39,848	2,95,695
Total Assets	2,39,848	2,95,695

3.5 SHARE CAPITAL OF THE COMPANY:

The share capital structure of the Company, as on 31st day of March, 2024 is as under:

Share Capital	Amount (INR)
Authorized Share Capital	
2,50,000 Preference Shares of INR 10 each.	25,00,000
67,50,000 Equity Shares of INR 10 each.	6,75,00,000

Issued, Subscribed and Paid up Capital	
Nil Preference Shares of INR 10 each.	Nil
65,37,600 Equity Shares of INR 10 each.	6,53,76,000

There has been no change in the Issued, Subscribed and Paid up share Capital of the Company from 31st day of March, 2024 till the date of approval of this Scheme by the Board.

3.6 Capital Reduction and the Articles of Association of the Company

Article 37(a) of the Articles of Association of the Company authorizes the Company by special resolution to reduce its share capital in any manner. Article 37(a) of the Articles of Association of the Company for the sake of ready reference, is set out hereunder:

37. The Company may by special resolution and subject to any authorization and consent required by the law do:
- (a) any increase or reduction of its share capital;
 - (b) any capital redemption reserve account; or
 - (c) any share premium account;
 - (d) any change in Memorandum of Association and Articles of Association of the Company;
 - (e) any amalgamation or merger of the Company with other business or company;
 - (f) any change in modification of rights of shareholders;
 - (g) any placing of Company in voluntary dissolution or winding up;
 - (h) any issue of preferential or convertible debentures or bonds; and
 - (i) any sale or lease of the whole or substantial part of undertaking of the Company.

PART III – RATIONALE & SALIENT FEATURES

4. RATIONALE

4.1 The Company was incorporated with the object to carry on the business of Non-Banking Financial Company (“**NBFC**”) and obtained license from Reserve Bank of India (“**RBI**”). The Company has stopped carrying out NBFC business since financial year 2015 – 2016 and continued incurring fixed expenses for regular operations of the Company. RBI also cancelled the NBFC License w.e.f. 15th December, 2023.

4.2 The following points outline the key reasons for this capital reduction:

(a) Mitigating Accumulated Losses:

- Over the years, the Company has accumulated significant losses, which are reflected on the Company's balance sheet. The net carried forward losses as on March 31, 2024 is INR 7,30,26,062 (Indian Rupees Seven Crore Thirty Lakhs Twenty-Six Thousand Sixty-Two Only). These accumulated losses have eroded the net worth of the Company and negatively impacted its financial position.
- By reducing the paid-up capital against these accumulated losses, the Company can clear its balance sheet, thereby eliminating the negative impact of past losses. This move helps reset the financial structure, giving the Company a fresh start.
- Offsetting accumulated losses will also enable the Company to distribute dividends to shareholders in the future, as there will no longer be a requirement to cover these losses first.

(b) Reflecting the True Financial Health of the Company:

- The Company's financial statements currently reflect a large negative balance in the accumulated losses, which could be misinterpreted by potential investors and stakeholders as ongoing poor performance.
- Capital reduction helps in presenting a more accurate picture of the Company's financial position. By eliminating these accumulated losses, the Company's balance sheet will better reflect its current status and true potential, rather than being overshadowed by legacy losses.
- A clean balance sheet enhances transparency, enabling stakeholders to evaluate the Company's performance and future prospects more accurately.

(c) Increasing Attractiveness to Investors:

- Further, during the financial year 2023 – 2024, the Company has changed its object clause to carry on the business of proprietary trading and buying and selling in stressed assets of the banks and other financial institutions, and to

restart the Company's operations and business, the Company is looking out for funding in near future. With the aim of attracting Investors in the Company to meet its business objective it is decided and approved to clean up the Company's balance sheet by adjusting the Company's carried forward losses against and by reducing 95% of the equity share capital of the Company.

- The new management aims to attract fresh investment to fuel the Company's growth and strategic initiatives. Accumulated losses and a highly eroded capital base can act as deterrents to investors, who may perceive the Company as financially distressed or unstable.
- By reducing the capital and clearing the accumulated losses, the Company can improve its financial ratios, such as Return on Equity (ROE), and present a healthier balance sheet. This enhances the company's appeal to potential investors, making it easier to secure new funding and strategic partnerships.
- Investors are more likely to invest in a company with a strong financial foundation and a clear focus on future growth, rather than one burdened by historical losses.

(d) Enhancing Capital Efficiency:

- A capital reduction streamlines the Company's capital structure, allowing the management to optimize the use of funds. With accumulated losses cleared, the Company can pursue new growth opportunities without the burden of past financial setbacks.
- A leaner capital base improves capital efficiency, helping the Company generate higher returns on its available capital. This enables management to deploy resources more effectively towards business expansion and operational improvements.

(e) Aligning with Strategic Vision of New Management:

- The new management has a strategic vision to rejuvenate the Company, and capital reduction aligns with this goal by providing a solid financial foundation for future initiatives.
- Clearing historical losses through capital reduction allows the new management to start on a clean slate, making it easier to implement strategic changes and demonstrate quick wins in terms of financial performance and operational efficiency.
- This step is a critical part of the restructuring process, signaling to stakeholders that the management is committed to restoring financial health and enhancing shareholder value.

(f) **Improving Market Perception and Stakeholder Confidence:**

- A capital reduction can help improve market perception by signaling that the Company is taking proactive steps to address its financial challenges. This move may increase confidence among stakeholders, including employees, creditors, and suppliers, as they see the Company taking action to improve its stability and sustainability.
- For publicly traded companies, this can also lead to positive sentiment in the stock market, as investors perceive the Company as better positioned for growth and profitability in the long term.

4.3 The capital reduction is a strategic decision by the new management of the Company to eliminate historical accumulated losses and strengthen the Company's financial position. By doing so, the Company aims to enhance its attractiveness to investors, align with management's growth vision, and set a foundation for future success. This action will not only help to present a more accurate picture of the Company's financial health but will also enable it to pursue its strategic goals without the shadow of past financial setbacks.

- 4.4** The Scheme of Reduction of Share Capital is presented with a view to achieve restructuring of the Company which would result in the Company's financial position will be more accurate considering the future business operations of the Company.
- 4.5** The proposed reduction will be for the benefit of the Company and its shareholders, creditors and all concerned as whole.
- 4.6** The reflection of the true financial statement of the Company would ensure the Company to attract a new source of revenue.
- 4.7** The Scheme will enable the Company to overcome its financial difficulties and improve its work in the future and in turn enhancement of the Company's shareholder's value.
- 4.8** The proposed reduction of the Equity Share Capital of the Company 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 the Company's business as there is no payout resulting from the proposed share capital reduction. Further, the proposed share capital reduction may result in an increase in the proportionate shareholding of other shareholders of the Company, including public shareholders.
- 4.9** Post the reduction of share capital –
- (i) The Company will have more efficient capital structure and shareholders will also benefit in terms of enhanced return on equity capital, return on capital employed and dividend yield on face value of shares.
 - (ii) The Company will have enough resources to fund the proposed expansion.
- 4.10** The reduction of the paid-up equity share capital will not result in any change in the proportion of shareholding of the members of the Company and would not in any way have any adverse effect on the Company's ability to honour its commitment or meet its obligations in ordinary course of business.

PART IV

5. REDUCTION OF SHARE CAPITAL AND REORGANIZATION OF SHARE CAPITAL

- 5.1** The Scheme provides for reduction of equity share Capital of the Company by reducing the number of paid up share capital of the Company from the existing INR 6,53,76,000/- (Indian Rupees Six Crore Fifty-Three Lakhs Seventy-Six Thousand Only) consisting of 65,37,600 (Sixty-Five Lakhs Thirty-Seven Thousand Six Hundred) Equity Shares of INR 10/- (Indian Rupee Ten Only) each to 32,68,800/- (Indian Rupees Thirty-Two Lakhs Sixty-Eight Thousand Eight Hundred Only) consisting of 3,26,880 (Three Lakhs Twenty-Six Thousand Eight Hundred Eighty) Equity Shares of INR 10/- (Indian Rupee Ten Only) each of the Company against accumulated loss of INR 6,21,07,200/- (Indian Rupees Six Crore Twenty-One Lakhs Seven Thousand Two Hundred Only) without payment of any consideration by the Company to its Shareholders.
- 5.2** Taking cognizance of the above, the Board of Directors in their meeting held on Thursday, the 24th day of October, 2024, has approved the cancellation of 62,10,720 (Sixty-Two Lakhs Ten Thousand Seven Hundred Twenty) Equity Shares of INR 10/- (Indian Rupees Ten Only) each of the Company.
- 5.3** As per the provisions of section 66 of Companies Act 2013 read with National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions, if any, upon the Scheme coming into effect from the Appointed Date after securing necessary approvals and permissions, the subscribed, issued and paid up equity share capital of the Company will be reduced by reducing the number of paid up share capital of the Company from the existing INR 6,53,76,000/- (Indian Rupees Six Crore Fifty-Three Lakhs Seventy-Six Thousand Only) consisting of 65,37,600 (Sixty-Five Lakhs Thirty-Seven Thousand Six Hundred) Equity Shares of INR 10/- (Indian Rupee Ten Only) each to 32,68,800/- (Indian Rupees Thirty-Two Lakhs Sixty-Eight Thousand Eight Hundred Only) consisting of 3,26,880 (Three Lakhs Twenty-Six Thousand Eight Hundred Eighty) Equity Shares of INR 10/- (Indian Rupee Ten Only) each of the Company against accumulated loss of INR 6,21,07,200/-

(Indian Rupees Six Crore Twenty-One Lakhs Seven Thousand Two Hundred Only)
without payment of any consideration to the Shareholders by the Company.

5.4 Pursuant to reduction of share capital as per Clause 5.3 above, the face value of equity shares of the Company shall stand to INR 10/- (Indian Rupee Ten Only) per equity share and consequently, the authorized share capital of the Company shall remain same as before the scheme of Reduction as:

INR 7,00,00,000/- (Indian Rupees Seven Crores Only) comprising of 2,50,000 (Two Lakhs Fifty Thousand) Preference Shares of INR 10/- (Indian Rupees Ten Only) each and 67,50,000 (Sixty-Seven Lakhs Fifty Thousand) Equity Shares of INR 10/- (Indian Rupee Ten only) each.

5.5 (i) Pursuant to the scheme as on the Appointed Date, equity shares held by the existing member of the Company will remain intact and no prejudice will be caused to the shareholders of the Company by the aforesaid reduction in equity share capital.

(ii) The proposed reduction of paid up share capital shall be reflected in the books of accounts of the Company on Appointed Date as follows:

Particulars	Post-Reduction Amount (in INR)
Authorized Share Capital	
2,50,000 Preference Shares of INR 10 each.	25,00,000
67,50,000 Equity Shares of INR 10 each.	6,75,00,000
Issued, Subscribed and Paid up Capital	
Nil Preference Shares of INR 10 each.	Nil
3,26,880 Equity Shares of INR 10 each.	32,68,800

Consequently, Clause V in the Memorandum of Association of the Company shall, pursuant to the provisions of Section 13 and other applicable provisions, if any of

the Act and without any act, instrument or deed be and stand same as before the scheme of Reduction:

“The Authorized Share Capital of the Company is INR 7,00,00,000/- (Indian Rupees Seven Crores Only) comprising of 2,50,000 (Two Lakhs Fifty Thousand) Preference Shares of INR 10/- (Indian Rupees Ten Only) each and 67,50,000 (Sixty-Seven Lakhs Fifty Thousand) Equity Shares of INR 10/- (Indian Rupee Ten only) each”.

It is clarified that the reorganization of the authorized share capital, being consequent to reduction of share capital as per this scheme, shall deemed to have approved and consented by the Tribunal and shareholders of the Company in terms of provisions of Section 13 and other applicable provisions, if any of the Act and the approval of the Tribunal and the shareholders of the Company to the Scheme shall be deemed to be consent/approval of the Shareholders of the Company for reorganization of the authorized share capital and consequent alteration in the Memorandum of association of the Company as required under the Act and no further approval or procedure for such alteration shall be required.

(iii) Pre and post reduction of paid up share capital on the Appointed Date of the Scheme shall be as under:

Particulars	Existing Share Capital of the Company as on March 31, 2024 (Prior to implementation of the Scheme)	Reduced Share Capital of the Company (Post implementation of the Scheme)
Number of equity shares		
Face Value of equity share	10/- (Indian Rupee Ten Only)	10/- (Indian Rupee Ten Only)
Total Paid-up equity Share Capital	6,53,76,000	32,68,800

(iv) Pre and post reduction shareholding pattern of the Company as on the Appointed Date of the Scheme shall be as under:

Sr. No.	Category	Pre-Scheme (Equity Shares of INR 10/- each)		Post-Scheme (Equity Shares of INR 10/- each)	
1.	Promoter(s) and Promoter Group	31,17,806	47.69	1,55,891	47.69
2.	Non-Promoter (Public)	34,19,794	52.31	1,70,989	52.31
	TOTAL	65,37,600	100.00	3,26,880	100.00

5.6 In case any fraction equity shares arising on account of reduction of Equity Shares Capital of the Company shall be aggregated and held by the trust, nominated by the Board of Directors of the Company in that behalf, who shall sell such shares in the market at such price, within a period of 90 days from the date of allotment of shares upon reduction is effective and the sale proceed will be send to the shareholders as per their entitlement. The Company shall submit to the designated stock exchange a report from its Audit Committee and the Independent Directors certifying that the Company has compensated the eligible shareholders.

6. **IMPACT OF THE SCHEME ON EMPLOYEES/ CREDITORS/ BANKS / FINANCIAL INSTITUTIONS**

6.1 The Reduction will not cause any prejudice to the interest of the Creditors/Banks/Financial institutions of the Company. The Creditors of the Company are in no way affected by the proposed reduction of the Equity Share Capital as there will not be any reduction in the amount payable to any of the Creditors arising out of this reduction. Further, the proposed reduction would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or pay the debts in ordinary course of business. The above proposal, does not in any manner, alter, vary, or affect the rights of the Creditors/ Banks/Financial institutions.

The Scheme in any manner whatsoever does not, alter, vary, or affect the payment of any types of dues or outstanding amounts including all or any of the statutory dues payable or outstanding. The Scheme shall not have any adverse effect on the employees of the Company in any manner.

- 6.2** The Minutes of the resolution relating to reduction of equity share capital of the Company, pursuant to this scheme, proposed to be registered with the RoC under Section 66 of the Act, is as follows:

“The issued, subscribed and paid-up share capital of the Company is INR 32,68,800 (Indian Rupees Thirty-Two Lakhs Sixty-Eight Thousand Eight Hundred Only) divided into 3,26,880 (Three Lakhs Twenty-Six Thousand Eight Hundred Eighty) Equity Shares of INR 10/- (Indian Rupee Ten Only) each fully paid-up reduced from the existing INR 6,53,76,000/- (Indian Rupees Six Crore Fifty-Three Lakhs Seventy-Six Thousand Only) divided into 65,37,600 (Sixty-Five Lakhs Thirty-Seven Thousand Six Hundred) Equity Shares of INR 10/- (Indian Rupee Ten Only) each. At the date of the registration of these minutes there shall be 3,26,880 (Three Lakhs Twenty-Six Thousand Eight Hundred Eighty) Equity Shares of INR 10/- (Indian Rupee Ten Only) each fully paid-up.

- 6.3** The Board of Directors of the Company are authorized to finalize the minutes of the resolution as provide above and register the same with the RoC under Section 66 of the Act.

- 6.4** 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” as a suffix to its name.

7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

Subject to other provisions contained in the Scheme, all Contracts, Deeds, Bonds, Debentures, Agreements and other instruments of whatever nature to which the Company is a party

subsisting or having effect immediately before the Appointed Date shall remain in full force and effect against or in favour of the Company, as the case may be, and shall be enforced as fully and as effectually as before such reduction.

8. LEGAL PROCEEDINGS

If any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called “the Proceedings”) by or against the Company are pending, the same shall not abate, be discontinued or be in any way prejudicially affected by the Reduction of capital, 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 before such Reduction.

9. OPERATIVE DATE OF THE SCHEME

The Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.

10. COMPANY STAFF, WORKMEN AND EMPLOYEES

All the staff, workmen and other employees in the service of the Company immediately before the Scheme shall stay as staff, workmen and employees of the Company on the basis that:

10.1 Their service shall be continuous and shall not be interrupted by reason of reduction;

10.2 The terms and conditions of service applicable to the said staff, workmen or employees after such Reduction shall not in any way be less favourable to them than those applicable to them immediately before the Reduction.

11. CONDUCT OF BUSINESS BY COMPANY

Even though the Scheme involves financial outlay / outgo it would not affect the ability or liquidity of the Company to meet its obligations/ commitments in the normal course of

business as the company does not have any secured loans of other major long term or short-term liabilities. 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 Reduction of Capital.

PART V

PROCEDURE FOR REDUCTION OF CAPITAL

- 12.** Upon the scheme becoming effective, the Board of Directors of the Company shall determine the Record Date and subject to provisions of this scheme, the Company will for effecting the reduction of share capital in the shareholding of the shareholders the Company shall on the Record Date –
- (a) Every shareholders of the Company whose name appears on the register of members on the Record Date shall be issued 1 (One) equity share of face value of INR 10/- (Indian Rupees Ten Only) each for every 20 (Twenty) equity shares of face value of INR 10/- (Indian Rupees Ten Only) each fully paid-up held by the shareholders in the Company prior to the Scheme.
 - (b) The Company shall be empowered to advise the depository participant of the shareholders holding shares in dematerialized form on the Record Date, about the information of shareholding arising out of Capital Reduction pursuant this Scheme, for substitution thereof or in lieu of the certificate of the equity shares held by them before such Capital Reduction.
 - (c) Those equity shareholders of the Company who continue to hold their equity shares in physical form as on Record Date shall be issued new share certificate(s) to the shareholders and upon issue of new share certificate(s), original share certificate issued to those shareholders of the Company (whether surrendered to the Company or not) shall be deemed to have been cancelled and cease to be of no commercial or legal value, on and from the Record Date without any further intimation. The new share certificate(s) issued pursuant to this scheme shall be delivered by registered post, irrespective of whether such shareholders have surrendered their original share certificate or not.
- 13.** As Reduction of paid-up share capital involves foreign shareholder, the Company will comply with applicable provisions of FEMA regulations and RBI regulations (if applicable).

14. Other Disclosures

No investigations or proceedings have been instituted and are pending against the Company under the Act. The Company has not accepted any deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Hence, the Company is not in arrears with respect to repayment of any deposits or interest thereon, as on the date of filing of this Scheme. The Scheme will not have any adverse effect on any directors, key managerial personnel, promoters, non-promoter members, creditors and employees and depositors of the Company. The Company does not have any debenture holders. The Scheme will be in the best interest of all the stakeholders of the Company.

PART VI: GENERAL CLAUSES

15. APPLICATIONS OF NATIONAL COMPANY LAW TRIBUNAL (NCLT) MUMBAI BENCH/REGIONAL DIRECTOR, REGISTRAR OF COMPANIES FOR SANCTIONING THE SCHEME.

The Company hereto shall, with all reasonable dispatch, make applications 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 National Company Law Tribunal (NCLT) Mumbai Bench/Regional Director, Registrar of Companies for sanctioning the Scheme.

16. ACCOUNTING TREATMENT

16.1 The Scheme shall be accounted for by the Company in accordance with the Indian Accounting Standards issued under Section 133 of the Act and other generally accepted accounting principles in India.

16.2 Upon the Scheme becoming effective, out of total accumulated losses of INR 7,30,26,062 (Indian Rupees Seven Crore Thirty Lakhs Twenty-Two Thousand Sixty-Two Only), the accumulated losses aggregating value up to INR 6,21,07,200 (Indian Rupees Six Crore Twenty-One Lakhs Seven Thousand Two Hundred Only) shall be cancelled, with corresponding adjustments by way of debit to: (i) the outstanding paid-up equity share capital for INR 6,21,07,200 (Indian Rupees Six Crore Twenty-One Lakhs Seven

Thousand Two Hundred Only); and credit to (ii) the retained earnings account of the Company for INR 6,21,07,200 (Indian Rupees Six Crore Twenty-One Lakhs Seven Thousand Two Hundred Only), in compliance with the generally accepted accounting principles in India. The balance accumulated losses of INR 1,09,18,862 (Indian Rupees One Crore Nine Lakhs Eighteen Thousand Eight Hundred Sixty-Two Only) shall be carried forward to the next accounting year and shall be adjusted against the future profits of the Company.

17. MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 17.1** The Company through its Board of Directors or a Committee so assigned or formed and delegated powers for the said purpose may assent to any modification or amendment to the Scheme or agree to any terms and/or conditions which the NCLT Mumbai Bench and/or any other Competent authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.
- 17.2** For the purpose of giving effect to the Scheme or to any modification thereof, the Board of Directors of the Company (which expression shall be deemed to include any Committee of Directors constituted by the Board thereof), are hereby authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.
- 17.3** All amendments/modifications to the scheme pursuant to this clause shall be subject to approval of National Company Law Tribunal (NCLT) Mumbai Bench/Regional Director, Registrar of Companies or any other competent authority.

18. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

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

- 18.1 A special resolution approving the scheme of reduction of share capital shall be or is passed by the shareholders as required under the provisions of Section 66 of the Act. The Scheme is conditional upon Scheme being approved by the **PUBLIC shareholders** through e-voting in terms of Part - I (A)(10)(a) of SEBI Master Circular No. SEBI/HO/CFD/POD-2 /P/CIR/2023/93 dated June 20, 2023 and the scheme shall be acted upon only if vote cast by the **public shareholders** in favour of the proposal are more than the number of votes cast by the **public shareholders** against it;
- 18.2 The scheme is confirmed by the Tribunal on the basis of petition filed by the Company, under the provisions of Section 66 of the Act;
- 18.3 The certified true Copy of the order of the tribunal being filed with the Registrar of Companies, Mumbai, Maharashtra;
- 18.4 All other sanctions and approvals, as may be required in Law, in respect of this scheme being obtained;
- 18.5 The Company shall submit to the designated stock exchange a report from its Audit Committee and the Independent Directors certifying that the Company has compensated the eligible shareholders, within a period of 90 days from the date of allotment as per the draft scheme submitted to SEBI. Both the reports shall be submitted within 7 days of compensating the shareholders.

19. EFFECT OF NON-RECEIPT OF APPROVALS/ SANCTIONS

In the event of any of the said sanctions approvals not being obtained and / or the Scheme not being sanctioned by National Company Law Tribunal (NCLT) Mumbai Bench/Regional Director, Registrar of Companies or any other competent court or authority, this Scheme shall become null and void and the company shall bear and pay its respective costs, charges and expenses for and/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.

20. SEVERABILITY

If any part of the scheme hereof is invalid or unworkable, ruled illegal by any appropriate authority of competent jurisdiction or unenforceable under present or future laws, then it is the intention of the Board that such part shall be severable from the remainder of the scheme and 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 shall be entitled to revoke, cancel and declare the scheme of no effect, if the Board is of view that the scheme coming into effect could have adverse implications on the Company.

21. STAMP DUTY

The Scheme does not envisage transfer or vesting of any of the assets and/or liabilities of the Company to any person or entity. The scheme does not involve any conveyance or transfer of any property of the Company and consequently the order of the Tribunal approving the scheme will not attract any stamp duty, under the Maharashtra Stamp Act, in this regard.

22. TAXATION

The reduction of share capital in accordance with this scheme shall be subject to provisions of the Income Tax Act, 1961.

23. Partly Paid-up Shares

As on the date of the scheme, there are no partly paid - up shares in the Company.

24. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses of the Company respectively in relation to or in connection with the Scheme and of carrying out and implementing/completing the terms and provisions

of the Scheme and/or incidental to the completion of the Scheme shall be borne and paid by the Company.

25. CANCELLATION OF OLD SHARE CERTIFICATES

Upon this Scheme becoming finally effective, all the shareholders, if so required by the Company, shall surrender their shares certificates for cancellation thereof notwithstanding anything to the contrary, upon the issue of the new shares 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 cease 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 consequences of the sanctioning of this Scheme, shall be adopted for making the necessary alterations in the depository accounts of the shareholders.

26. LEGAL PROCEEDINGS

The Scheme will not affect any legal or other proceedings by or against the Company, pending or arising, but existing 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.

27. CONDUCT OF BUSINESS BY COMPANY

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