

Annexure 1

**SCHEME OF REDUCTION OF SHARE CAPITAL**

**UNDER SECTION 66 READ WITH SECTION 52 AND OTHER APPLICABLE  
PROVISIONS OF THE COMPANIES ACT, 2013 AND APPLICABLE RULES,**

**2016**

**BETWEEN**

**BALKRISHNA PAPER MILLS LIMITED  
("COMPANY" OR "BPML")**

**AND**

**ITS SHAREHOLDERS**



## **PARTS OF THE SCHEME**

The Scheme is divided into the following parts:

- i. **Part I** deals with the preamble and details of the Company and sets out the share capital of the Company;
- ii. **Part II** deals with Rationale of the Scheme;
- iii. **Part III** deals with definitions and interpretations of the terms used in this Scheme;
- iv. **Part IV** deals with Reduction of Share Capital of the Company; and
- v. **Part V** deals with the general terms and conditions applicable to this Scheme and other matters consequential and integrally connected thereto.



## **PART I: THE PREAMBLE AND DETAILS OF THE COMPANY**

### **1. PREAMBLE**

This Scheme of Reduction of Share Capital is presented under the provisions of Section 66 read with Section 52 and other applicable provisions of the Companies Act, 2013 (**“Act”**) read with applicable Rules for reduction of Equity and Preference Share Capital of Balkrishna Paper Mills Limited (**“Company”** or **“BPML”**) (**“Scheme”**) and subject to such approvals, consents / no observation, permissions, and sanctions as may be required from the Shareholders, Hon'ble National Company Law Tribunal, SEBI, Stock Exchanges and other regulatory authorities.

### **2. DESCRIPTION OF THE COMPANY**

#### **2.1. BACKGROUND OF THE COMPANY**

Balkrishna Paper Mills Limited (**“Company”** or **“BPML”**) bearing CIN: L21098MH2013PLC244963 was originally incorporated as a public limited company on 29<sup>th</sup> June 2013 under the provisions of Companies Act, 1956 in the name and style of “Nirvikara Paper Mills Limited” ('NPML'). Further, pursuant through a Scheme of Arrangement between Balkrishna Paper Mills Limited ('BKPML'), Balkrishna Industries Limited ('BIL') and NPML, BKPML got merged with BIL and the entire paper business of BIL (i.e. undertaking, its assets and liabilities) was transferred to NPML. Since then NPML was carrying on paper business of BKPML. Subsequently, the company's name was changed from “Nirvikara Paper Mills Limited” to “Balkrishna Paper Mills Limited” on 23<sup>rd</sup> August 2016. BPML was incorporated in the state of Maharashtra under the Registrar of Companies, Mumbai. Currently its registered office at A/7, Trade World, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai, India – 400013.

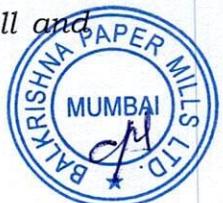


The Equity shares of the Company are currently listed and traded on BSE Limited (“**BSE**”) with scrip code – 539251 and National Stock Exchange of India Limited (“**NSE**”) with scrip symbol – BALKRISHNA.

## **2.2. MAIN OBJECTS OF THE COMPANY:**

The main objects of the Company are as follows:

1. *To carry on the business of manufacturing, buying, selling, exchanging, converting, altering, importing, exporting, processing, twisting, or otherwise handling of or dealing in papers and boards of all kinds including straws board, grey board, mill board, card board, box board, duplex board, triplex board and writing, printing, wall and ceiling papers and articles made from paper or pulp and materials used in the manufacture or treatment of papers and boards, to carry on the business of stationers, lithographers, printers, publishers, manufacturers of, and dealers in, paper and board boxes of all types and cartons.*
2. *To engage in the business of trading, manufacturing, importing, exporting, processing, handling and dealing in recycled, reused and sustainable products, supply chain operations and construction of all kinds, including but not limited to eco-friendly supply chain material, consumer goods, and environmentally responsible packaging materials, like pet bottles.*
3. *To carry on the business and to own, buy, sell, possess, deal, develop, re-develop, construct, demolish, rebuild, renovate, repair, maintain, let out, hire, rent, lease, pledge, mortgage or otherwise deal in all kinds of flats, row houses, land structures, real estates and building and/ or purchase for investments, or resell and to deal in all kinds of land and house and all kinds of immovable properties of any tenure and any interest therein and to create an interest, sell and*



*deal in all kinds of land and to rent, lease, sublease all types of properties, dwelling units, office premises, industrial galas, sheds, residential premises, shopping malls, multiplexes, construct residential houses, apartments, villas, condominiums, row houses, duplex houses, group houses, chawl houses, commercial complexes, parks, industrial parks, information technology parks, highways, bridges, expressways, Special Economic Zones, software parks, call centers, recreation centre, bowling alleys, hotels, restaurant, recreation clubs, castles, inns, motels, taverns, resorts, holiday homes, amusement park, townships, colonies, housing layouts, pleasure grounds, parks and the like of all kinds and description, holiday resorts, affordable housing projects, swimming pools, entertainment complexes, nursing homes, godowns and any other housing and commercial projects under various provisions of law, development control regulations, town planning regulations.*

### **2.3. ARTICLES OF ASSOCIATION OF THE COMPANY**

Article 57 of the Articles of Association of the Company authorizes the Company by resolution, as prescribed under the Act, to reduce its share capital in any manner. Article 57 of the Articles of Association of the Company for the sake of ready reference, is set out hereunder:

*The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules,*

- a) its share capital; and/or*
- b) any capital redemption reserve account; and/or*
- c) any securities premium account; and/or*
- d) any other reserve in the nature of share capital.*



#### 2.4. **SHARE CAPITAL OF THE COMPANY**

The share capital of the Company as per the limited review financial statement as on 30<sup>th</sup> September 2025, was as under:

<b>Particulars</b>	<b>Amount in Rs</b>
<b>Authorised:</b>	
5,80,00,000 Equity shares of INR 10/- each	58,00,00,000
1,10,00,000 6.5% Non-Cumulative Redeemable Preference Shares of 100/- each	1,10,00,00,000
<b>Total</b>	<b>1,68,00,00,000</b>
<b>Issued, Subscribed and Fully Paid-up:</b>	
3,22,19,532 Equity shares of INR 10/- each	32,21,95,320
1,10,00,000 6.5% Non-Cumulative Redeemable Preference Shares of 100/- each	1,10,00,00,000
<b>Total</b>	<b>1,42,21,95,320</b>

There has been no other change in the Issued, Subscribed and Paid-up Share Capital of the Company subsequent to 30<sup>th</sup> September, 2025 till the date of approval of this Scheme by the Board.



## **PART II: RATIONALE OF THE SCHEME**

### **3. RATIONALE AND PURPOSE OF THE SCHEME**

- 3.1. The Company has, over the years, incurred losses in its paper business, resulting in an erosion of its net worth. As per the limited review financial statements as on 30<sup>th</sup> September, 2025, the accumulated losses stand at Rupees 2,78,39,19,643 (Rupees Two Hundred Seventy-Eight Crores and Thirty-Nine Lakhs Nineteen Thousand Six Hundred and Forty-Three Only). Consequently, the existing share capital no longer reflects the true financial position and performance of the Company. At present, the Company does not have any major business operations. The management is, however, evaluating and considering new business opportunities, including the commencement of real estate-related activities. In order to support this proposed transition and to ensure that the financial statements present a true and fair view of the Company's financial position.
- 3.2. The Company's existing equity share capital no longer reflects the economic realities given its current financial conditions. In addition, The Company has outstanding redeemable preference shares amounting to Rs. 110,00,00,000/- (Rupees One Hundred and Ten Crores only) carrying a dividend rate of 6.5% and given the Company's current financial condition, reduced business operations and significant accumulated losses, the Company will not have adequate profits, reserves or liquidity to redeem its preference shares in the foreseeable future.
- 3.3. In light of the foregoing and with a view to rationalising and reorganising the capital structure of the Company, the Board of Directors has proposed to undertake a reduction of share capital in accordance with Section 66 read with Section 52 and other applicable provisions of the Companies Act, 2013, subject to requisite approvals, as set out below:



- i. The Company proposes to write off its accumulated losses to the maximum extent possible by first utilising the balance available in the Securities Premium Account amounting to Rs. 23,28,61,241/- and thereafter shall be adjusted by reducing the face value of each Equity Share of the Company from Rs. 10 (Rupees Ten only) to Re 1 (Rupee One only) each amounting to Rs. 28,99,75,788/-, without any payment or consideration to the equity shareholders;

**Adjustment of the Accumulated Losses:**

<b>Particulars</b>	<b>Amount in Rs.</b>
A. Accumulated Losses as at the quarter ended 30 September, 2025	2,78,39,19,643
B. Adjustment from the below balance	
(Less) Securities Premium Reserve	(23,28,61,241)
(Less) Paid-up Equity Share Capital (adjusted by reducing face value from Rs. 10 to Re 1)	(28,99,75,788)
<b>Accumulated losses after adjustments given in "B" above as at 30<sup>th</sup> September 2025</b>	<b>2,26,10,82,614</b>

- ii. Reduction of 1,10,00,000 (One Crore Ten Lakh) 6.5% Non-Cumulative Redeemable Preference Shares of ₹100 each (Rupees One Hundred Only), issued by the Company. The consideration payable to such preference shareholders shall be discharged as and when adequate funds become available with the Company. Until such time, the amount so payable shall stand reclassified and reflected as an unsecured non-interest-bearing loan in the books of account of the Company.

- 3.4. The proposed reduction will enable the Company to adjust the accumulated losses against the paid-up share capital so that the capital employed reflects its actual and realistic value and the financial



statements present a true and fair view of the Company's financial position.

3.5. The proposed reduction of equity share capital and preference share capital would not have any adverse effect on the creditors or employees of the Company or the Company's ability to fulfils its commitment or meet its obligations in the ordinary course of business. Pursuant to proposed scheme the face value and paid value of all the equity shares will reduced thus having no impact on the shareholding percentage of the equity shareholders before and after the capital reduction.

3.6. The proposed reduction is in the best interests of the Company, its shareholders, creditors, and all stakeholders as a whole.



### **PART III: DEFINITIONS AND INTERPRETATIONS**

#### **4. DEFINITIONS**

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

- 4.1. **‘Act’** means the Companies Act, 2013, as the case may be, the rules and regulations made there under and will include any statutory modifications, re-enactments and/or amendments thereof from time to time;
- 4.2. **“Applicable Law”** shall mean any applicable law, statute, ordinance, rule, regulation, guideline or policy having the force of law.
- 4.3. **“Appointed Date”** means the Effective Date.
- 4.4. **“Board of Directors”** or **“Board”** means Board of Directors of the Company and shall, unless it be repugnant to the context or otherwise, includes a Committee of Directors or any person authorized by the Board of Directors.
- 4.5. **“BPML”** or **“Company”** means Balkrishna Paper Mills Limited, a company incorporated under the provisions of the Companies Act, 1956, having CIN L21098MH2013PLC244963 and having its registered office situated at A/7, Trade World, Kamala City, Senapati Bapat Marg Lower Parcel (W), Mumbai City, Maharashtra, India, 400013.
- 4.6. **“BSE” or “BSE Limited”** means Bombay Stock Exchange Limited of India.
- 4.7. **“Capital Reduction” or “Reduction of Capital”** means and includes:



- i. the reduction of the face value and paid-up value of each Equity Share of the Company from Rs. 10/- (Rupees Ten only) to Re 1/- (Rupee One only), held by the Equity Shareholders, without any payment or consideration to such Equity Shareholders; and
  - ii. the reduction, cancellation and extinguishment of 1,10,00,000 (One Crore Ten Lakh) 6.5% Non-Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred only) each issued by the Company, with the consideration payable to the Preference Shareholders to be discharged as and when adequate funds become available with the Company, and until such time, the amount payable to such Preference Shareholders shall be recorded as an unsecured non-interest-bearing loan in the books of account of the Company.
- 4.8. **“Designated Stock Exchange”** or **“DSE”** means a stock exchange which is chosen by the Company in accordance with SEBI Master Circular issued by SEBI read with SEBI Listing Regulations, and for the purpose of this Scheme, BSE Limited is the DSE.
- 4.9. **“Effective Date”** or **“coming into effect of this Scheme”** or **“upon this Scheme becoming effective”** or **“effectiveness of this Scheme”** means the last date of the dates on which all the conditions and matters referred to in Clause 15 of the Scheme occur or have been fulfilled, obtained or waived, as applicable, in accordance with this Scheme.
- 4.10. **“Equity Shares”** means fully paid-up Equity Shares of Rs. 10/- each (Rupees Ten only) issued by the Company.
- 4.11. **“Ind AS”** means the Indian Accounting Standards prescribed under Section 133 of the Act.
- 4.12. **“Losses” or “Accumulated Losses”** shall mean and includes the total amount shown under the head “Other Equity” as retained earnings



appearing in the limited review financial statement of the Company as on 30<sup>th</sup> September 2025.

- 4.13. "**NCLT**" or "**Tribunal**" means the National Company Law Tribunal, Mumbai Bench as constituted under the provisions of the Act having jurisdiction over the Company.
- 4.14. "**NSE**" means National Stock Exchange of India Limited.
- 4.15. "**Preference Shares**" or "**NCRPS**" means fully paid-up 1,10,00,000 6.5% Non-Cumulative Redeemable Preference Shares of 100/- each (Rupees Hundred only) issued by the Company.
- 4.16. "**Preference Shareholder**" means a person holding NCRPS of the Company and whose name is entered in the Register of Members of the Company.
- 4.17. "**Record Date**" means the date, after the Effective Date, as may be decided by the Board of Directors of the Company for the purpose of giving effect to the order of the Tribunal sanctioning the Scheme.
- 4.18. "**Registrar of Companies**" means the Registrar of Companies, Mumbai, Maharashtra having jurisdiction over the Company.
- 4.19. "**Rs.**" or "**INR**" means Indian Rupees or "Re" means one Indian Rupee.
- 4.20. "**Rules**" means National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, including amendment from time to time.
- 4.21. "**This Scheme**" or "**The Scheme**" or "**Scheme**" means this Scheme of Capital Reduction between the Company and its shareholders & creditors, pursuant to the provisions of Section 66 read with Section 52 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, SEBI, Stock Exchanges or any other competent court or authority.

4.22. **“SEBI”** means the Securities and Exchange Board of India.

4.23. **“SEBI Master Circular”** means the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, read with SEBI Listing Regulations, as amended from time to time.

4.24. **“SEBI Listing Regulations”** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

4.25. **“Stock Exchange(s)”** means the stock exchange where the equity shares of the Company are listed and are admitted for trading, viz. BSE Limited and NSE.

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.

## 5. INTERPRETATION

In this Scheme, unless the context otherwise requires:

- a) references to “coming into effect of this Scheme” or “upon this Scheme becoming effective” or “effectiveness of this Scheme” shall mean the Effective Date of the Scheme;



- b) references to the singular include a reference to the plural and vice-versa and reference to any gender includes a reference to all other genders;
- c) reference to persons shall include individuals, bodies corporate [wherever incorporated or unincorporated], associations and partnerships;
- d) headings are inserted for the ease of reference and shall not affect the construction or interpretation of the Scheme;
- c) references to the words “including”, “inter-alia” or any other similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;



## **PART IV : REDUCTION OF SHARE CAPITAL OF THE COMPANY**

### **6. REDUCTION OF THE PAID-UP SHARE CAPITAL OF THE COMPANY**

6.1. The Company has incurred accumulated losses of Rs. 2,78,39,19,643/- (Rupees Two Hundred Seventy-Eight Crore Thirty-Nine Lakhs Nineteen Thousand Six Hundred Forty-Three Only) as per the limited review financial statements as on 30<sup>th</sup> September, 2025.

6.2. The proposed reduction of the share capital of Company is being undertaken in accordance with the provisions of Section 66 read with Section 52 of the Act and the rules made thereunder and specifically the Rules, which permit a company to undertake a reduction of its share capital in any manner, read with the Listing Regulations and the SEBI Master Circular.

6.3. Upon the Scheme becoming effective after securing necessary approvals and permissions, without any further act, instrument or deed, the accumulated losses to the extent of Rs. 52,28,37,029/- (Rupees Fifty-Two Crores Twenty-Eight Lakhs Thirty-Seven Thousand Twenty-Nine Only), first against the Securities Premium Reserve amounting to Rs. 23,28,61,241/- (Rupees Twenty-Three Crore Twenty-Eight Lakh Sixty-One Thousand Two Hundred Forty-One Only) and the remaining balance of the accumulated losses will be adjusted from the issued, subscribed and paid-up equity share capital of the Company by reducing the paid-up value of each equity share from Rs. 10 (Rupees Ten) to Re 1 (Rupee One), amounting to Rs. 28,99,75,788/- (Rupees Twenty-Eight Crore Ninety-Nine Lakh Seventy-Five Thousand Seven Hundred Eighty-Eight Only), i.e., 90% of the equity share capital and reduction, cancellation & extinguishment of the entire issued, subscribed and paid-up preference share capital of the company, with consideration payable to preference shareholders shall be discharged as and when adequate funds become available with the Company. Further, notwithstanding anything to the



contrary contained in this Scheme or in any other agreement or document, in the event of liquidation, winding up, dissolution, or commencement of any insolvency or bankruptcy proceedings against the Company under the Insolvency and Bankruptcy Code, 2016 or any other applicable law, the said unsecured non-interest-bearing loan shall be subordinated to all other secured and unsecured liabilities and claims of the Company. Accordingly, the said unsecured non-interest-bearing loan shall not rank pari passu with other unsecured liabilities and shall be payable only after full and final discharge of all other unsecured liabilities and claims of the Company.

6.4. Upon the Scheme becomes effective and after obtaining the necessary approvals, consent, permissions, the existing issued, subscribed and paid-up equity share capital of the Company as on the Appointed Date shall stand reduced from Rs. 32,21,95,320/- (Rupees Thirty-Two Crore Twenty-One Lakh Ninety-Five Thousand Three Hundred Twenty Only) divided into 3,22,19,532 (Three Crore Twenty-Two Lakh Nineteen Thousand Five Hundred Thirty-Two) Equity Shares with face value of Rs. 10/- each (Rupees Ten Only) to Rs. 3,22,19,532/- (Rupees Three Crore Twenty-Two Lakh Nineteen Thousand Five Hundred Thirty-Two Only) divided into 3,22,19,532 (Three Crore Twenty-Two Lakh Nineteen Thousand Five Hundred Thirty-Two) Equity Shares with face value of Re 1/- each (Rupee One Only). The aforesaid reduction of paid-up equity share capital shall be effected by cancelling 90% paid up value of equity shares of the Company.

6.5. Upon this Scheme becoming effective and after obtaining all necessary approvals, consents, sanctions, and permissions, the issued, subscribed and paid-up preference share capital of the Company as on the Appointed Date shall stand cancelled. The payment of consideration for reduction of preference share capital amounting to Rs. 1,10,00,00,000 (Rupees One Hundred Ten Crore Only) would be made to the preference shareholders as and when the funds would be available with the



Company and till such time, the amount payable will be treated as unsecured non-interest-bearing loan in the books of accounts of the Company.

6.6. Pursuant to reduction of equity share capital and reduction, cancellation and extinguishment of preference share capital as per Clause 6.3, 6.4 & 6.5, the face value of Equity Shares of the Company shall be reduced to Re 1/- per Equity Share (Rupee One Only) and the Preference Shares shall stand extinguished, cancelled and ceased to exist. Consequently, the authorized share capital of the Company shall stand reorganized:

- i. From Rs. 1,68,00,00,000/- (Rupees One Hundred Sixty-Eight Crore Only) divided into 5,80,00,000 equity shares of Rs. 10/- each and 1,10,00,000 6.5% Non-Cumulative Redeemable Preference Shares of 100/- each;
- ii. To Rs. 1,68,00,00,000/- (Rupees One Hundred Sixty-Eight Crore Only) divided into 1,68,00,00,000 equity shares of Re 1/- each.

6.7. Pursuant to the Scheme as on the Effective Date, there will be no change or reduction in the number of Equity Shares issued by the Company, and hence, the proportion of the Equity Shares held by the existing members of the Company will remain intact and no prejudice will be caused to the equity shareholders of the Company by the aforesaid reduction in equity share capital.

6.8. For the sake of clarity, it is clarified that there will not be any immediate outflow/ payout of funds from the company for making the scheme effective.

6.9. Pre and post reduction of paid-up share capital on the Effective Date of the Scheme shall be as under:



<b>Particulars</b>	<b>Existing Share Capital of the Company as on 30<sup>th</sup> September 2025 (prior to implementation of the Scheme)</b>	<b>Reduced Share Capital of the Company (post implementation of the Scheme)</b>
<b>A. Equity Share Capital</b>		
Number of equity shares	3,22,19,532	3,22,19,532
Face value of equity shares	Rs. 10/- each	Re 1/- each
<b>Total Equity Share Capital</b>	<b>Rs. 32,21,95,320</b>	<b>Rs. 3,22,19,532</b>
<b>B. Preference Share Capital</b>		
Number of Preference shares	1,10,00,000	-
Face value of Preference shares	Rs. 100/- each	-
<b>Total Preference Share Capital</b>	<b>1,10,00,00,000</b>	<b>-</b>
<b>Total Share Capital</b>	<b>Rs. 142,21,95,320</b>	<b>Rs. 3,22,19,532</b>

6.10. The equity shareholding pattern of the Company, Pre and Post reduction of capital, upon approval of the Scheme will be in the following manner considering the fact that the proposed reduction in equity share capital involve reduction in the face value of shares from existing Rs. 10/- (Rupees Ten Only) each to Re 1/- (Rupee One Only) each and hence there is no reduction in the number of equity shares.



Particulars	Holding of shares as on 30 <sup>th</sup> September 2025 (prior to the implementation of Scheme)		Holding of shares (post implementation of the Scheme)	
	No. of equity shares	Percentage (%) of total equity shares	No. of equity shares	Percentage (%) of total equity shares
Promoter & Promoter Group	1,93,15,802	59.95%	1,93,15,802	59.95%
Public	1,29,03,730	40.05%	1,29,03,730	40.05%
<b>Total</b>	<b>3,22,19,532</b>	<b>100.00%</b>	<b>3,22,19,532</b>	<b>100.00%</b>

## 7. REORGANISATION OF AUTHORISED SHARE CAPITAL AND AMENDMENT OF MEMORANDUM OF ASSOCIATION

7.1 Consequently, Clause V(a) 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 altered, modified and amended as follows:

*V(a) The Authorised Share Capital of the Company is Rs. 1,68,00,00,000 (Rupees One Hundred Sixty-Eight Crores Only) divided into of 1,68,00,00,000 (One Hundred Sixty-Eight Crore) Equity Shares of Re1/- (Rupees One Only) each amounting to Rs. 1,68,00,00,000 (Rupees One Hundred Sixty-Eight Crores Only) each with the power to Board of Directors to classify the shares into several classes/kinds or vice versa and determine the preferential, deferred, qualified, rights, privileges and*



*conditions or restrictions attached thereto from time to time. The Company has and shall always have the power to divide the share capital for the time being, into several classes and to increase or reduce its capital from time to time and to vary, modify or abrogate any rights, privileges, conditions or restrictions attached to any class of shares or to vary the nominal (par) value per share by sub-division or consolidation, in such manner as may from time to time be provided by the Articles of Association of the Company and regulations of the Company.”.*

- 7.2 It is clarified that the reorganization of the authorized share capital, being consequent to reduction of share capital as per this scheme, shall be 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.

## **8. IMPACT OF THE SCHEME**

- 8.1. The Capital Reduction and the consequent cancellation of the equity and preference share capital, the securities premium reserve and retained earnings of the Company as on the record date, shall be effected as per the provisions of Section 66 read with Section 52 of the Act and other applicable provisions of the Act, rules (including the Rules) and regulations made there under upon the Scheme becoming effective.
- 8.2. The Reduction will not cause any prejudice to the interest of the Creditors of the Company as the unsecured non-interest-bearing loan created pursuant to cancellation of Preference Shares will be subordinated to all



other unsecured liabilities and claims of the Company. The Creditors of the Company are in no way affected by the proposed reduction of the Equity and Preference Share Capital, both, 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.

- 8.3. The Capital Reduction will not have any adverse impact on the employees and workers of the Company in any manner, and their service shall be continuous, and they will continue to enjoy the same benefits as they used to before the Capital Reduction.
- 8.4. The scheme does not affect any legal proceeding by or against the Company.
- 8.5. 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.
- 8.6. The Scheme does not envisage transfer or vesting of any of the properties and/or liabilities of the Company to any person or entity.
- 8.7. 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 NCLT approving the scheme will not attract any stamp duty, under the Maharashtra Stamp Act, in this regard.



- 8.8. During the pendency of this Scheme, the shareholders will be eligible for all the rights in the capacity of shareholders 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.
- 8.9. The proposed Scheme is expected to be beneficial to the Company, its shareholders and all other stakeholders.
- 8.10. 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.

## **9. OTHER DISCLOSURES**

- 9.1. No investigations or proceedings have been instituted and are pending against the Company under the Act.
- 9.2. 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.
- 9.3. The Scheme will not have any adverse effect on any directors, key managerial personnel, promoters, non-promoter members, creditors and employees of the Company.
- 9.4. The Company does not have any debenture holders. The Scheme will be in the best interest of all the stakeholders of the Company.



9.5. The benefits of the Scheme to the Company and its respective members, creditors and employees, as perceived by the Board of the Company are mentioned in Part II of this Scheme (Rationale of the Scheme).

## **10. MINUTES**

10.1 The Minutes of the resolution relating to reduction of share capital of the Company, pursuant to this scheme, proposed to be registered with the Registrar of Companies under Section 66 of the Act, is as follows:

*"The issued, subscribed and paid-up share capital of the Company is Rs. 3,22,19,532/- (Rupees Three Crore Twenty-Two Lakh Nineteen Thousand Five Hundred Thirty-Two Only) divided into 3,22,19,532 (Three Crore Twenty-Two Lakh Nineteen Thousand Five Hundred Thirty-Two) Equity Shares of Re 1/- each (Rupee One Only) fully paid-up reduced from the existing Rs. 1,42,21,95,320/- (Rupees One Hundred Forty-Two Crore Twenty-One Lakh Ninety-Five Thousand Three Hundred Twenty Only) divided into 3,22,19,532 (Three Crore Twenty-Two Lakh Nineteen Thousand Five Hundred Thirty-Two) Equity Shares of Rs. 10/- each and 1,10,00,000 (One Crore Ten Lakh) 6.5% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each (Rupees Hundred Only). At the date of the registration of these minutes there shall be 3,22,19,532 (Three Crore Twenty-Two Lakh Nineteen Thousand Five Hundred Thirty-Two) Equity Shares of Re 1/- (Rupee One Only) each fully paid-up."*

10.2 The Board of Directors of the Company are authorized to finalize the minutes of the resolution as provided above and register the same with the Registrar of Companies under Section 66 of the Act.

## **11. TAXATION**

The Scheme has been drawn up to comply with the provisions of the Income-tax Act, 1961. If any terms or the provisions of the Scheme are



found or interpreted to be inconsistent with the provisions of the Income-tax Act, 1961 at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to that extent determined necessary to comply with the provisions of the Income-tax Act, 1961.



## **PART V: GENERAL TERMS AND CONDITIONS**

### **12. ACCOUNTING TREATMENT**

12.1. 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.

### **13. APPLICATION TO THE NCLT**

The Company shall make the application/petition for the Scheme as may be required under Section 66 read with Section 52 and other applicable provisions, if any, of the Act read with National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 for obtaining sanction of the Tribunal for the Scheme.

### **14. MODIFICATIONS/ AMENDMENTS TO THE SCHEME**

14.1 The Company will be at liberty to apply to the NCLT from time to time for necessary directions in matters relating to this Scheme or any terms thereof, in terms of the Act.

14.2 Subject to the provisions of the SEBI Master Circular, the Company through its Board, may assent to any modifications/ amendments to the respective section of this Scheme and/ or to any conditions or limitations, including such modifications/ amendments and/ or conditions or limitations that the Tribunal, the SEBI, the Stock Exchanges and/ or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Company, through its authorized representatives, be and is hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, that may arise in relation to the meaning or interpretation



of the respective sections of this Scheme or implementation thereof or in any manner whatsoever connected therewith, whether by reason of any directive or order of the Tribunal or any other authority or otherwise, howsoever arising out of, under or by virtue of this Scheme and/ or any matters concerned or connected therewith and to do and execute all acts, deeds, matters and things necessary for giving effect to this Scheme

## **15. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS**

The Scheme is and shall be conditional upon and subject to the following approvals, sanctions, order and consents:

- i. Obtaining observation letter or no-observation letter from the Stock Exchanges in respect of the Scheme, pursuant to Regulation 37 of the SEBI Listing Regulations, as amended from time to time, read with SEBI Master Circular and Regulations 11 and 94 of the SEBI Listing Regulations;
- ii. 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 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;
- iii. The certified/ authenticated copies of the Tribunal Order sanctioning the Scheme being filed with the Registrar of Companies by the Company;
- iv. All other sanctions and approvals, as may be required in Law, in respect of this Scheme being obtained.



## **16. EFFECT OF NON-RECEIPT OF APPROVALS AND MATTERS RELATING TO REVOCATION AND WITHDRAWAL OF THE SCHEME**

- 16.1 In the event of any of the sanctions and approvals referred to in Clause 15 above not being obtained and / or the Capital Reduction not being sanctioned by the Hon'ble Tribunal or such other appropriate authority, if any, this Capital Reduction shall stand revoked, cancelled and be of no effect, 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 Capital Reduction or as may otherwise arise in law and agreed between the relevant parties.
- 16.2 The Board of the Company shall be entitled to revoke, cancel and declare the Scheme or any part thereof to be of no effect and/ or to withdraw the Scheme or any part thereof and respective applications/ petitions filed with the Tribunal for any reason including if the Board is of view that the coming into effect of the Scheme or of any part thereof, in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on the Company or in case any condition or alteration imposed by the Tribunal or any other authority or entity is not on terms acceptable to them.

## **17. SEVERABILITY**

If any part of the scheme hereof is invalid or unworkable, ruled illegal by any 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 effected 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.

## **18. COSTS**

All expenses, if any (save as expressly otherwise agreed) of the Company arising out of or incurred in carrying out and implementing this Scheme or implementation thereof and matters incidental thereto, shall be borne by the Company and approved by the Board of Directors of the Company, till the Effective Date.

## **19. MISCELLANEOUS**

- 19.1 Notwithstanding the Capital Reduction, the listing benefits of the Company on all the Stock Exchange(s) shall continue and the Company will comply with the applicable provisions of the listing agreement with the Stock Exchange(s) for listing and trading of shares of the Company.
- 19.2 The designated stock exchange for interaction with the Securities and Exchange Board of India in terms of Paragraph I(A)(1)(a) of Annexure I of the SEBI Master Circular shall be BSE Limited.

