

SCHEME OF REDUCTION OF CAPITAL

BETWEEN

M/s. STELLANT SECURITIES (INDIA) LIMITED

AND

IT's MEMBERS

PART I

a) GENERAL

The Scheme of Reduction of Capital (herein after referred to as "Scheme") is made pursuant to the provisions of Section 100-103 and other relevant provisions of the Companies Act, 1956 and section 62 and other applicable provisions of Companies Act, 2013.

b) DEFINITIONS

In the Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given below, and applicable to both sections, unless otherwise stated specifically.

"Act" or "the Act" means the Companies Act, 1956 or the Companies Act, 2013 as applicable or any amendments thereto or reenactment thereof.

"Board" means board of directors of the company as the case may be.

"Company" means 'STELLANT SECURITIES (INDIA) LIMITED'

"Effective Date" shall be the last of the following dates or such dates as the Court may direct, namely:

The date on which certified copies of the High Court of Mumbai under section 100-103 of the Act are filed with the Registrar of Companies, Mumbai or the date on which last of the consents, approvals, sanctions and/or orders as are hereinafter referred to in paragraph 7 of this scheme have been obtained, whichever is later.

"Equity Shares" means fully paid equity shares of Rs. 10/- each issued by the company.

"High Court" means the high court of judicature of Maharashtra at Mumbai.



“Promoters” means and include ----Name of Promoter--- and associates who promoted the Company.

“Record Date” means the date fixed by the Board of Directors or a Committee of the Company and for the purpose of determining the members of the Company to whom shares of the company will e exchanged pursuant to this scheme.

“Scheme” means this scheme of reduction of capital of the company, in its prresent form or with any modification(s) approved or directed by the Honour able High Court of Mumbai.

“Shareholder” means a person holding equity shares, who is registered as a member in the Register of Members of the Company on such date as specified in the Scheme.

PART II

1) SHARE CAPITAL STRUCTURE:

The share capital of the company as on 31/03/2014, the date of last Audited Financial statement, is as under:

Particulars	Particulars	Amount in Rs.
Authorized Capital	50,00,000 Equity Shares of Rs. 10/- each	Rs. 5,00,00,000
Issued and Subscribed Capital	38,77,601 Equity Shares of Rs. 10/- each	Rs. 3,87,76,010
Paid Up Capital	37,02,401 Equity Shares of Rs. 10/- each	Rs. 3,70,24,010

2) Main Object of the Company

To do the business of manager, advisors, administrators, attorneys, agents, consultants for and to purchase, acquire, hold, sell, buy; invest, trade, exchange, deal, barter, borrow, lend, guarantee, give, comfort for pledge, hypothecate, charge and deals in investment instruments of all kinds as detailed in Main Object of Clause III of Memorandum of Association of Company.

3) FINANCIAL PERFORMANCE OF THE COMPANY:

As per the last Audited Financial Statement of the Company, as on 31/03/2014, the following is the summary:



Particulars	Amount in Rs.
Paid up Capital	37,024,010
Share Premium	69,13,818
Secured Loans	---
Unsecured Loans	10,914,000
Current Liabilities	3,55,577
Current Assets	7,767,232
Fixed Assets (Net)	22,076
Revenue	1,861,820
Expenditure	9,344,382
Loss for the Year	(7,482,562)
Accumulated Losses	(30,471,117)

PART III

THE SCHEME: The scheme of the following

1) Reduction of Fully Paid Equity Shares:

The scheme seeks to reduce or otherwise alter the issued, subscribed and paid up capital of the company and the same will therefore remain altered as a result of the scheme.

On the effective date and after securing necessary approvals and permissions, the company shall reduce its fully paid up equity shares capital from Rs. 37,024,010/- (Three Crore Seventy Lakh Twenty Four thousand and ten only) divided into 3,702,401 (Thirty Seven Lakh Two thousand Four Hundred and One only) Equity share of Rs. 10/- (Ten only) each to Rs. 74,04,802/- divided into 37,02,401 Equity shares of Rs. 2/- each and thereafter consolidating each 5 equity shares of Rs. 2/- each into one equity shares of Rs.10/- each to make up 7,40,480 equity shares of Rs.10/- each, whereby 4/5th of share capital is extinguished out of total paid up capital of the Company.

A Share holder who is holding 100 Equity Shares of Rs. 10/- each aggregating to Rs. 1000/- shall hold (after reduction) 20 no. of share of Rs. 10/- each aggregating to Rs. 200/-. The revised structure of the Share capital of the Company shall be as specified in below mentioned clause of the Scheme. The Company is not intending to call for any additional amount from any of the existing shareholders, after reduction of capital, as per the present scheme.

Fractional Shares: The reconstruction/restructuring of capital shall not cause any shareholder to hold any fractional shares in the Company. In respect of the fractional entitlements, if any, caused by the reconstruction/restructuring of capital, the same shall be rounded off to one share and the same would be allotted to the shareholders, Simultaneously the increase in the



number of shares due to rounding off will be forgone by Mr.Subhash Rathod, Director of the Company, thus keeping the paid up capital intact to Rs. 74, 04,800/- (Rupees Seventy Four Lacs Four thousand Eight Hundred Only).

For the purpose as aforesaid, the Company/Trust , shall if and to the extent required, apply for and obtain any approvals from all concerned authorities, for the transfer of the fractional shares to the Trust and to pay the proportionate net sale proceeds of fractional entitlements as provided above.

FOR BETTER UNDERSTANDING AND CLARITY A SHARE HOLDER IN STELLANT SECURITIES (INDIA) LIMITED WILL BE HOLDING SHARES AS MENTIONED BELOW:

Sr. no.	Particulars	No. of Shares	Paid up per Share Rs.	Total Value Rs.
1.	Before Scheme	100	10	1000/-
2.	After Reduction of Capital	20	10	200/-

2) The proposed restructuring of capital by reduction of capital under section 100 of companies act, 1956 and section 61 of the Companies Act, 2013 shall be reflected in the books of accounts of the company in following manner as on effective date.

Sr. no	Particulars	As on 31.03.2014	As on Effective Date
	Restricting of capital by reduction & splitting of par value of each share		After Reduction and Consolidation
1.	Authorized Share capital a) No. of Shares b) Amount	50,00,000 Equity Shares of Rs. 10/- each Rs. 50,000,000/-	50,00,000 Equity Shares of Rs. 10/- each Rs. 50,000,000/-
2.	Issued & Subscribed Capital a) No. of Shares b) Additional Shares to be issued c) Total Issues & Subscribed Capital	38,77,601 Equity Shares of Rs. 10/- each Nil Rs. 38,776,010/-	77,55,20 Equity Shares of Rs.10/- each Nil Rs. 7,755,200/-
3.	Paid up Capital a) No. of Shares b) Additional Shares to be issued	37,02,401 Equity Shares of Rs. 10/- each Nil	7,40,480 Equity Shares of Rs. 10/- each Nil



	c) Total Issues & Subscribed Capital	Rs. 37,024,010/-	Rs. 7,404,800/-
4.	a) Profit & Loss Account (Debit Balance)	Rs. 30,471,117/-	Rs. 8,51,909/-
	b) Capital Reserve Account	-----	-----
	c) Securities Premium Reserve	Rs. 69,13,818/-	Rs. 69,13,818/-
	d) Capital Reduction Account	-----	-----
5.	Forfeited Shares	Rs.17,52,000/-	Rs.17,52,000/-

3) Pre & Post Approval of Scheme, the Share Holding Pattern of the Company shall be in the following Manner:

	Before Reduction of Capital		After Reduction of Capital		After Consolidation of Shares	
	No. of Shares of Rs. 10/- each	% of Total	No. of Shares of Rs. 2/- each	% Total	No. of Shares of Rs. 10/- each	% Total
a) Promoters Group Holding	1,811,136	48.92%	1,811,136	48.92%	3,62,225	48.92%
b) Public Holding	1,891,265	51.08%	1,891,265	51.08%	3,78,255	51.08%
Total	37,02,401	100%	37,02,401	100%	7,40,480	100%

- 4) The Scheme is merely a reduction of capital of the Company and its members under section 100 to 103 of the Companies Act, 1956 and does not envisage transfer or vesting of any properties and/or liabilities to or in favor of the Company.
- 5) The Scheme does not involve any conveyance or transfer of any property and consequently, further the order of the Honorable High Court of Mumbai approving the scheme will not attract any stamp duty, under the Maharashtra Act.
- 6) In case of member's holding in the Company is such that the member becomes entitled to the fraction of an equity share of the company after reduction, the Company shall not issue fractional share certificate to such members but shall consolidate such fractions and issue equity shares to separate trustees nominated by the company in that behalf,



who shall sell such shares and distribute the net share proceeds (after deduction of the expenses incurred) to the members respectively entitled to the same, in proportion to their respective fractional entitlements in the Company.

- 7) The shares certificate in relation to the shares held by Equity Shareholders whose name appear in the register of Members as on Record Date, shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and new share certificate with the revised number of shares will be issued by the Company. It is clarified that number of shares held in dematerialized form will be reduced automatically and it will be deemed that on such reduction. The shares were reduced in accordance with the Scheme.
- 8) The reduction of capital in the manner proposed will enable the Company to have a rational capital structure which is commensurate with its remaining business and assets.
- 9) The proposed reduction will be for the benefit of the company and its shareholder, creditors and all concerned as a whole. Such reduction will also not cause any prejudice to the creditors of the Company. The reduction of the capital does not involve either the diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital. The creditors of the Company are in no way affected by the proposal reduction of the share capital. Further, the proposed adjustment would not in any way adversely affect the ordinary operation of the Company or the ability of the Company to honor its commitments or to pay its debts in the ordinary course of business.

PART V

1) RATIONALE AND PURPOSE OF THE SCHEME

- a) As on 31/03/2014 as per the Audited Financial result of the Company, the total accumulated losses and share capital unrepresented by available assets of the Company are Rs.30,471,117/- against the paid-up share capital of Rs. 37,024,010/-. Mere infusion of further funds into the company will not benefit any existing shareholder even if the Company registers profits in coming years since no dividend can be paid out of profits unless accumulated losses are wiped out. Under this scheme the accumulated losses are reduced to the extent of reduction of capital.



Under this scheme, if approved, the company will represent true financial position which will benefit both the Company, Institutions in general, and share holders in particular as their holding will yield better result and value.

- b) On the approval of the scheme, by the Honorable High Court of Mumbai, the words "and reduced" after name of the company may be dispensed with, as the company is a listed company.

2) IMPACT OF THE SCHEME ON EMPLOYEES/WOKERS:

If approved the scheme shall not have any impact on the employees/workers of the Company and generally they may be benefited since true financial position of the Company would be improved and made clear.

3) IMPACT OF THE SCHEME ON THE CREDITORS/BANK/FINANCIAL INSTITUTION:

If approved the scheme of arrangement shall not have any impact on the Creditors/banks/financial institutions of the company and generally they may be benefited since true and better financial position of the company will be made out. There are no secured loans or liability to any of the Banks or Financial Institutions as on date.

4) LEGAL PROCEEDINGS

All legal or other proceedings by or against the Company pending and/or arising on or before the 'Effective Date' relating to the said company including their property, rights powers, liabilities, debts, obligations and duties of the Company shall be continued and be formed and be enforced by or against Company as the case may be.

5) APPLICATION TO THE HIGH COURT OF MUMBAI

This scheme involves (i) reduction of share capital as contemplated by the Articles of Association of Company, as per Article No. 8 Approvals of the Honorable High Court of Mumbai pursuant to this scheme under section 100 to 103 and other applicable provisions, if any of the Companies Act, 1956 are being sought as a measure of legal compliance, transparency, prudence and extra caution.

6) MODIFICATIONS/AMENDMENTS OF THE SCHEME.

The company by its Directors (including a Committee of Directors constituted for this purpose) may affect or assent to any modification(s) or amendment(s) of the scheme or agree to any terms and/or conditions which the court and/or any modification or amendment to the scheme or agree to any terms and/or conditions which the court and/or any other authorities under law



may deem fit to direct impose or which may otherwise be considered necessary desirable by the Board of Directors of the company for setting and question or doubt or difficulty that may arise for implementing and/or carrying out the scheme or otherwise as may be considered to be in the best interest of the company and its members and do all acts, deeds and things as may be necessary desirable or expedient for giving effect to the scheme.

7) SCHEME CONDITIONAL ON APPROVALS/SANCTIONS

- a) The approval of the Stock exchange(s) by an 'Observation Letter'.
- b) The approval of the scheme by the requisite majority of the members of the Company.
- c) The requisite resolutions under the applicable provisions, if any, of the Act being passed by the members of the Company for any of the matters provided for or relating to the scheme as may be necessary.
- d) The sanction of the Honorable High Court of Judicature at Mumbai under the section 100 to 103 r/w 94 of the Act, being obtained.
- e) The requisite approval of the Reserve bank of India and/or the Central Government being obtained under the provisions of Foreign Exchange Management Act, 1999 if any required, for the issue of shares pursuant to the non-resident Members of the Company.
- f) Any other sanction or approval of the appropriate authorities concerned, as may be considered necessary and appropriates by the Board of Directors of the Company being obtained and granted in respect of any of the matters for which such sanction or approval is required.

8) EFFECT OF NON-RECEIPT OF APPROVAL/SANCTIONS:

In the event of any of the aforesaid sanction and approval not being obtained and/or the Scheme not being sanctioned by the Honorable High Court of Mumbai and/or the order or orders not being passed as aforesaid the Scheme shall become null and void and company shall bear and pay the costs, charges and expenses for/or in connection with the scheme.

9) SEVERABILITY

If any part of the said scheme hereof is ruled illegal or invalid by, or is not sanctioned by the Honorable High Court, or is unenforceable under present or future laws, then it is the intensions of the parties that such part shall be severable from the remaining of the said scheme, and the said scheme shall not be affected thereby, unless the deletion of the such part shall cause the said scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the said scheme, as will best preserve for



the parties the benefits and obligations of the said scheme, including but not limited to such part.

10) EXPENSES CONNECTED WITH THE SCHEME.

All costs, charges and expenses in relation to or in connection with the Scheme and of carrying out and implementing/complementing the terms and provisions of this scheme and/or incidental to the completion thereof in pursuance of the Scheme shall be borne and paid solely by the Company.

