



COROMANDEL ENGINEERING COMPANY LIMITED

(CIN: L74910TN1947PLC000343)

Registered office: "Parry House", 5th Floor, 43, Moore Street, Chennai – 600001

E mail: cscecl@cec.murugappa.com **Website:** www.coromandelengg.com

P.B. No. 1698, **Phone:** 044 - 25301700

NOTICE OF POSTAL BALLOT

(Pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014)

Dear Shareholders,

NOTICE is hereby given pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 ("Rules") (as amended from time to time), including any statutory modification or re-enactment thereof for the time being in force, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) ("SEBI (LODR) Regulations"), Secretarial Standards issued by the Institute of Company Secretaries of India on General Meetings ("SS-2") read with the General Circular No.14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020, General Circular No. 22/2020 dated 15th June, 2020, General Circular No. 33/2020 dated 28th September, 2020, General Circular No. 39/2020 dated 31st December, 2020, and General Circular No. 10/2021 dated 23rd June, 2021 issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular Nos. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated 12th May, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 issued by the Securities and Exchange Board of India ("SEBI Circulars") and other applicable laws and regulations, if any, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, that the proposed resolutions appended below are submitted for approval of the Members of Coromandel Engineering Company Limited ("the Company") through Postal Ballot **by way of remote e-voting process** ("remote e-voting").

In compliance with the aforesaid MCA Circulars, **this Postal Ballot Notice is being sent only through electronic mode** to those Members whose e-mail addresses are registered with the Company/Depositories. If your e-mail address is not registered with the Company/Depositories, please follow the process provided in the Notes to receive the login ID and password for remote e-voting. The communication of assent or dissent of the Members on the Resolutions proposed in the notice would only take place through the remote e-voting system. An explanatory statement pursuant to Section 102 of the Act, setting out the material facts concerning the Resolutions as well as instructions for remote e-voting are annexed to this Notice for your information.

Members holding equity shares of the Company as on 5th November, 2021 ("Cut-off Date") have the option of voting by Remote E-voting. A person who is not a member as on the Cut-Off Date should treat this Notice for information purposes only.

The Board of Directors of the Company has appointed Ms. Srinidhi Sridharan of M/s. Srinidhi Sridharan & Associates, Company Secretaries (ACS No.47244; C.P. No.



17990) as the Scrutinizer to conduct the Postal Ballot through remote e-voting process in a fair and transparent manner. The remote e-voting facility commences from 9.00 a.m. (IST) on Saturday, 13th November, 2021 and ends at 5.00 p.m. (IST) on Sunday, 12th December, 2021. The Scrutinizer shall, immediately after the conclusion of voting through remote e-voting, unblock the votes cast through remote e-voting and submit her report to the Chairman of the Company not later than 48 hours of conclusion of the remote e-voting. The results of the postal ballot will be announced by the Chairman or any other director of the company at 3.00 p.m. on Monday, 13th December, 2021 at the Registered Office of the company at Parry House, No.43, Moore Street, Chennai - 600001. The result of the postal ballot along with scrutinizer's report will also be displayed at the registered office of the company and posted on the Company's website www.coromandelengg.com and on the website of KFintech at <https://www.kfintech.com/> as well as on the website of the Stock Exchange i.e. BSE Limited.

The resolutions if passed by requisite majority, shall be deemed to have been passed on Sunday, 12th December, 2021, being the last date for remote e-voting.

SPECIAL BUSINESS

Item No.1:

Approval for reduction of issued, subscribed and paid up preference share capital of the Company

To consider and if deemed fit, to pass the following resolution as a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to Section 66 and other applicable provisions of the Companies Act, 2013 (**"the Act"**), if any, and the relevant Rules made thereunder (**"the Rules"**) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to Article 4.4 of the Articles of Association of the Company and subject to the approval of the preference shareholders of the Company and further subject to confirmation by the Hon'ble National Company Law Tribunal, Chennai Bench (**"NCLT"**), and subject to approvals, if any, as may be required from the appropriate authorities, and subject to such terms, conditions or modifications if any, as may be prescribed by such authorities while granting such approvals, consents or permissions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as **'the Board'**), the Scheme for Reduction of Issued, Subscribed and Paid-up Preference Share Capital between the Company and its Shareholders (**"the Scheme"**) be and is hereby approved and consequently, the entire paid-up Preference Share Capital of the Company aggregating to Rs. 28,35,63,000/- (Rupees Twenty Eight Crores Thirty Five Lakhs Sixty Three Thousand Only) divided into 28,35,630 number of 7% Cumulative Non Participating Redeemable Preference Shares of Rs.100/- each be and is hereby fully reduced by extinguishing right to all payments to be made to the Preference Shareholders including but not limited to all outstanding dividends, share premiums, if any, and redemption amount or exit consideration (*whether such consideration is the nominal value of the shares or higher*) from the date of approval of NCLT and that such reduction be effected by adjusting and/or writing back such reduced capital proportionately against the accumulated losses of the Company (**"the Reduction"**)."



"RESOLVED FURTHER THAT no consideration nor payment whatsoever will be made to the Preference Shareholders towards the extinguishment of all payments that were hitherto payable including but not limited towards outstanding dividends, share premiums, if any, and redemption amount or exit consideration (*whether such consideration is the nominal value of the shares or higher*)."

"RESOLVED FURTHER THAT effective from the date of the confirmation of the Hon'ble National Company Law Tribunal, Chennai Bench ("**the NCLT**") and approvals, if any, from any other appropriate authorities as may be required, the remaining paid-up preference share capital of the Company after the Reduction shall be NIL."

"RESOLVED FURTHER THAT subject to confirmation of the NCLT, and approvals, if any, from any other appropriate authorities, the Company be and is hereby not required to add the words "And Reduced" to its name subsequent to such Reduction of capital of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized, in its absolute discretion, to bring into effect this resolution on such other terms and conditions as it may consider appropriate and to accept such other conditions and modifications as may be prescribed by the NCLT and other appropriate authorities while according their confirmation or consent to this resolution or to suspend, withdraw or revive the proposal for Reduction of capital from time to time as may be specified by any statutory authority or as the Board may *suo-moto* decide."

Item No.2:

To consider and if deemed fit, to pass the following resolution as an **ORDINARY RESOLUTION:**

Approval for appointment of Mr. S Shamsuddin (DIN 07954397) as a Non-Executive Director of the Company

RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), the Companies (Appointment and Qualifications of Directors) Rules, 2014, and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended from time to time, Mr. S Shamsuddin (DIN: 07954397) who was appointed as an Additional Director of the Company with effect from 26th October, 2021 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

On behalf of the Board

Place: Chennai

Date: 26th October, 2021

M M Venkatachalam
Chairman
DIN:00152619



NOTES:

1. The explanatory statement pursuant to Section 102(1) and Section 110 of the Companies Act, 2013 ("Act") read with Rule 22 of the Companies (Management and Administration) Rules, 2014 setting out material facts is annexed hereto and forms part of the Postal Ballot Notice ("Notice").

2. In accordance with the provisions of the Act and MCA circulars and SEBI circulars, this Notice is being sent in electronic form only by email to those members whose names appear in the Register of Members as received from Depositories i.e. National Securities Depository Limited ("NSDL") / Central Depository Services (India) Limited ("CDSL") and Registrar and Share Transfer Agent of the Company i.e. Kfin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited) ("RTA") as on 5th November, 2021 ("Cut-Off Date") and who have or will register their email address with their Depository Participant(s) ("DPs") or with RTA in accordance with the process outlined in this Notice.

3. Members who have not registered or who wish to update their e-mail ID, postal address, telephone/mobile numbers, Permanent Account Numbers, bank account details are requested to register/intimate the same with their Depository Participant, if the shares are held by them in electronic form and in case of members holding shares in physical form, all intimations are to be sent to M/s. KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited), Registrar and Transfer Agent, at einward.ris@kfintech.com.

4. Voting rights shall be reckoned in proportion to the paid-up equity shares registered in the name of the Member as on the Cut-Off date. Only those Members whose names are appearing in the Register of Members as on the Cut-Off Date shall be eligible to cast their votes through remote e-voting. A person who is not a member on the Cut-Off Date should treat this Notice for information purposes only. It is however, clarified that all Members of the Company as on the Cut-Off Date (including those Members who may not have received this Notice due to non-registration of their e-mail addresses with the Company/ RTA/ Depositories) shall be entitled to vote in relation to the aforementioned Resolution in accordance with the process specified in this Notice.

5. Members may also note that the Postal Ballot Notice will also be available for download on the Company's website www.coromandelengg.com and on the website of stock exchange i.e. BSE Limited at www.bseindia.com and also on the website of the Kfintech at www.evoting.kfintech.com.

6. In compliance with provisions of Section 108 and Section 110 and other applicable provisions of the Act, as amended, read together with the Rule 20 and 22 of Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "**SEBI (LODR) Regulations**"), Secretarial Standards – 2 issued by the Institute of Company Secretaries of India, MCA Circulars and SEBI Circulars, the Company is pleased to offer



remote e-voting facility to its Members. The Company has engaged the services of Kfin Technologies Private Limited ("Kfintech") to provide remote e-voting facility to enable the Members to cast their votes electronically (hereinafter referred to as the "**remote e-voting**"). In accordance with the MCA Circulars and SEBI Circulars, physical copy of the Notice along with Postal Ballot Form and pre-paid business reply envelope will not be sent to the Members for this Postal Ballot. The communication of the assent or dissent of the members would take place through the process of remote e-voting only. The instructions for e-Voting are given herein below.

7. The remote e-voting facility will be available during the following period:

- Commencement of remote e-voting: From 9.00 A.M. (IST) on Saturday, 13th November, 2021 and
- End of remote e-voting: Up to 5.00 P.M. (IST) on Sunday, 12th December, 2021.

8. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by kfintech upon the expiry of the aforesaid period. Once the vote on the resolution is cast by the Member, he/she shall not be allowed to change it subsequently.

9. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member (in case of electronic shareholding) as on the cut-off date i.e. 5th November, 2021. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 5th November, 2021 only, shall be entitled to avail the facility of remote e-voting.

10. The Board of Directors of the Company has appointed Ms. Srinidhi Sridharan of M/s. Srinidhi Sridharan & Associates, Company Secretaries (ACS No. 47244; C.P. No. 17990) as the Scrutinizer for conducting the postal ballot remote e-voting process in a fair and transparent manner.

11. Pursuant to SEBI Circular no. SEBI/HO/CFD/ CMD/CIR/P/2020/242 dated December 9, 2020 on "E-Voting facility provided by listed companies", E-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat account/websites of depositories/DPs in order to increase the efficiency of the voting process.

INSTRUCTIONS FOR REMOTE E-VOTING

I. In case of Individual Shareholders holding securities in demat mode as on the cut-off date may follow steps mentioned below under "Login method for remote e-Voting" (Step 1).

II. In case of Individual Shareholders holding securities in physical mode as on the cut-off date may follow steps mentioned below under "Login method for remote e-Voting" (Step 2).

III. The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2: Access to KFIN Tech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.



Details on Step 1 are mentioned below:

I) Login method for remote e-Voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none">User already registered for IDeAS facility:<ol style="list-style-type: none">Visit URL: https://eservices.nsdl.comClick on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.User not registered for IDeAS e-Services<ol style="list-style-type: none">To register click on link : https://eservices.nsdl.comSelect "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jspProceed with completing the required fields.Follow steps given in points 1Alternatively by directly accessing the e-Voting website of NSDL<ol style="list-style-type: none">Open URL: https://www.evoting.nsdl.com/Click on the icon "Login" which is available under 'Shareholder/Member' section.A new screen will open. You will have to enter your User ID (i.e. your sixteen digits demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.Post successful authentication, you will be requested to select the name of the company and the e-Voting Service Provider name, i.e. KFintech.On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none">Existing user who have opted for Easi / Easiest<ol style="list-style-type: none">Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.comClick on New System MyeasiLogin with your registered user id and password.The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal.Click on e-Voting service provider name to cast your vote.User not registered for Easi/Easiest<ol style="list-style-type: none">Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration



	<p>II. Proceed with completing the required fields.</p> <p>III. Follow the steps given in point 1</p> <p>3. Alternatively, by directly accessing the e-Voting website of CDSL</p> <p>I. Visit URL: www.cdslindia.com</p> <p>II. Provide your demat Account Number and PAN No.</p> <p>III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.</p> <p>IV. After successful authentication, user will be provided links for the respective ESP, i.e KFintech where the e - Voting is in progress.</p>
Individual Shareholder login through their demat accounts / Website of Depository Participant	<p>I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility.</p> <p>II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</p> <p>III. Click on options available against company name ore-Voting service provider – Kfintech and you will be redirected to e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.</p>

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

Details on Step 2 are mentioned below:

II) Login method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

- Launch internet browser by typing the URL: <https://evoting.kfintech.com/>



ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 6369, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVEN" i.e. "Coromandel Engineering Company Limited – Postal Ballot" and click on "Submit"

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Shareholders (Corporate/FIs/FIIs/Trust/Mutual Funds/Banks etc.,) are required to e-mail, scanned copy (PDF format) of the



relevant Board Resolution to the Scrutinizer at cssrinidhi.sridharan@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the abovementioned documents should be in the naming format "Coromandel Engineering Company Limited - Postal Ballot"

xiii. In case of any queries, you may contact Kfin Technologies Private Limited at Tel No. 1800 309 4001 (toll-free).

Other instructions for remote e-voting:

1. Members are requested to register their e-mail address, in respect of electronic holdings with the Depository through the concerned Depository Participants and in respect of physical holdings with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, Selenium Tower B, Plot No. 31&32, Gachibowli, Financial District, Hyderabad - 500 032 or through email at einward.ris@kfintech.com.
2. A person who has become a Member of the Company after dispatch of Postal Ballot Notice, shall treat this notice for information purposes only.
3. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (KFinTech Website) at evoting@kfintech.com or call KFinTech's toll free No. 1-800-3094-001 for any further clarifications.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.1 - Approval for reduction of issued, subscribed and paid up preference share capital of the Company

1. BACKGROUND

The proposed reduction of the preference share capital of the Company is being undertaken in accordance with the provision of Section 66 of the Companies Act, 2013 (the "**Act**") and National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 ("Reduction Rules"), which permit a Company to reduce its share capital in any manner including in the manner contemplated by the Company.

The Company was incorporated in the year 1947 with intent to engage in the business of real estate and construction ("Business") and to engage in such other activities to effectively carry out its Business. Over these 73 Years, the Company has grown multi-fold in its size and operations and has established itself as a reputed market leader in the field of real estate and construction activities. As on date, the Company's preference share capital is fully held by the Promoters/Promoter Group. The said preference shares are not listed on any Stock Exchange.

Over the last few years, owing to the general market slow down, economic conditions which have been accentuated by the Global pandemic – COVID-19 the Company's operations have been impacted resulting in losses causing financial stress. The Company



undertook several efforts including strengthening the management team to carry on the operations. Since then, the Company has been building a strong order book resulting in improved performance. As part of the Company's measures to strengthen its financial statements, to efficiently manage its capital by aligning it with the assets of the Company and to ensure that the true net worth of the Company is reflected by its books of accounts, the Promoters/Promoter Group are being requested by the Company for reduction of the preference share capital held by them so as to improve the net worth of the Company and reduce the financial stress. In this regard, the Company is conveying to the said preference shareholders that no consideration or other compensation could be paid to the preference shareholders as against the proposed reduction of preference share capital including any dividends, premiums or other amounts due and payable against the preference shares till such time that the proposed Capital Reduction (*as defined hereinafter*) is effected. The Company is in the process of obtaining the consent of its preference shareholders to complete the proposed Capital Reduction.

The Board of Directors of the Company based on the recommendation of the Audit Committee, at their meeting held on 25th September, 2021 has approved the Scheme for Reduction of Issued, Subscribed and Paid-up Preference Share Capital between the Company and its Shareholders as per the terms set out in the Resolution. Article 4.4 of the Articles of Association of the Company provides for the reduction of share capital of the Company. Under the mandate of the Act, it is necessary to obtain the approval of the preference shareholders of the Company by passing a special resolution for the Capital Reduction under Section 66 of the Act and such reduction of capital would have to be confirmed by the Hon'ble National Company Law Tribunal, Chennai Bench ("**NCLT**") as provided under Section 66 of the Companies Act, 2013 read with the Reduction Rules.

Subject to the receipt of the requisite approval of the preference shareholders and consideration by the equity shareholders of the Company and further confirmation by the Hon'ble National Company Law Tribunal ("**NCLT**") and such other approvals as may be required, it is proposed to reduce the issued, subscribed and paid-up preference share capital of the Company, by cancelling and extinguishing the total issued, subscribed and paid-up preference share capital of the Company, comprising of 28,35,630 number of 7% Cumulative Non Participating Redeemable Preference Shares of Rs. 100/- each fully paid up amounting to a total preference share capital of Rs. 28,35,63,000/- (*Rupees Twenty Eight Crores Thirty Five Lakhs and Sixty Three Thousand Only*) (the "**Capital Reduction**")."

The Capital Reduction will enable the Company to set-off the accumulated losses as reflected in the audited balance sheet of the Company for the year ended 31st March, 2021 ("Accumulated Losses") to the extent of Rs. 28,35,63,000/- (*Rupees Twenty Eight Crores Thirty Five Lakhs and Sixty Three Thousand Only*). The Capital Reduction and the corresponding set-off of the Accumulated Losses will enable the Company to have a rational structure which is commensurate with its business, assets and true net worth.



2. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN OF THE COMPANY

(a) Capital Structure – Pre and post reduction of capital

Particulars	Share capital prior to capital reduction			
	EQUITY		PREFERENCE	
	Number of shares	Amount (Rs. 10/- each)	Number of shares	Amount (Rs. 100/- each)
Authorized Capital	40,000,000	400,000,000	3,200,000	320,000,000
Issued Capital	33,277,278	3,32,772,780	2,835,630	283,563,000
Subscribed and paid up capital	33,233,598	3,32,335,980	2,835,630	283,563,000

Particulars	Share capital after the capital reduction			
	EQUITY		PREFERENCE	
	Number of shares	Amount (Rs. 10/- each)	Number of shares	Amount (Rs. 100/- each)
Authorized Capital	40,000,000	400,000,000	3,200,000	320,000,000
Issued Capital	33,277,278	332,772,780	NIL	NIL
Subscribed and paid up capital	33,233,598	332,335,980	NIL	NIL

(b) Shareholding pattern of preference shares – Pre and post reduction of capital

Particulars	Prior to capital reduction		After capital reduction	
	No. of shares	% of holding	No. of shares	% of holding
Promoter and promoter group	28,35,630	100%	NIL	NIL
Public	NIL	NIL	NIL	NIL
Non Promoter non public	NIL	NIL	NIL	NIL
Total	28,35,630	100%	NIL	NIL

3. EFFECTS AND BENEFITS OF THE PROPOSED REDUCTION:

The proposed Capital Reduction also has the following benefits:

- The proposed Capital Reduction, if approved, would enable the Company to wipe off the Accumulated Losses to the extent of Rs. 28,35,63,000/- (Rupees Twenty Eight Crores Thirty Five Lakhs and Sixty Three Thousand Only) which would improve the balance sheet and the overall financial strength of the Company. This will in turn provide a better representation of the finances of the Company and enable the Company to position itself better in the market in order to undertake its business activities more effectively.
- The proposed Capital Reduction would add value to the existing shareholders and would yield better results to their shareholding. The proposed Capital Reduction,



if approved, would also enable the Company to explore other opportunities for the benefit of its shareholders including in the form of dividend payments, in terms of the applicable law and as may be commercially viable.

- c. The proposed Capital Reduction, if approved, may enable the Company to avail business opportunities which it has been unable to take advantage of, because of its Accumulated Losses.
- d. The proposed Capital Reduction, if approved, would enable the Company to have a rational capital structure which is more commensurate with its business and assets.
- e. The proposed Capital Reduction would be largely beneficial to the Company, its creditors, its remaining shareholders and all other stakeholders.
- f. In the event that the Company is proposing to avail funding for expansion of its businesses or if the Company is intended to be sold to any third party investor in the future or if the Company is sought to be merged with any other company in the future, the improved net worth of the Company, so improved by the proposed Capital Reduction will give the Company and its remaining shareholders a significant commercial advantage.

4. EFFECTIVE DATE OF REDUCTION OF PREFERENCE SHARE CAPITAL:

After receipt of approval of the preference shareholders and equity shareholders by way of special resolution through postal ballot, the Company will take steps to file the requisite application with the NCLT in accordance with the provisions of Section 66 and other applicable provisions of the Act and the Reduction Rules, seeking confirmation of the Capital Reduction. Pursuant to section 66(5) of the Companies Act, 2013, this resolution will be effective on the date when the Registrar of Companies, Chennai registers the NCLT order approving the Capital Reduction and issues a certificate to that effect.

5. AUDITORS' CERTIFICATE:

M/s. CNGSN Associates, Chartered Accountants, Statutory Auditors of the Company, have issued a certificate stating that the accounting treatment proposed by the company for such reduction is in conformity with the accounting standards specified in Section 133 or any other provision of this Act.

6. OTHERS

The Audit Committee and the Board at their Meetings held on 25th September, 2021, proposed and resolved for the reduction of the entire paid up preference share capital of the Company. The preference shareholders of the Company hold 28,35,630 number of 7% Cumulative Non Participating Redeemable Preference Shares of Rs. 100/- each fully paid up amounting to a total preference share capital of Rs. 28,35,63,000/- (*Rupees Twenty Eight Crores Thirty Five Lakhs and Sixty Three Thousand Only*).



A copy of the Scheme setting out in detail the terms and conditions of the proposed Scheme which has been duly approved by the Audit Committee and the Board of Directors of the Company at its meetings held on September 25, 2021, is enclosed as Annexure 1 to this Notice. A copy of the Scheme along with the documents submitted to the Stock Exchange i.e. BSE Limited, have been uploaded on the website of the Company at <http://www.coromandelengg.com/index.html>.

Due to the fact that there is no consideration to be paid by the Company to the preference shareholders with respect to the proposed Capital Reduction, no separate valuation of shares is necessary to assist the Board of Directors ("Board") in determining the fair value of the said preference shares of the Company for the purposes of the proposed Capital Reduction and therefore, the need for a valuation report for the purpose of the proposed Capital Reduction is dispensed of.

The 7% Cumulative Non Participating Redeemable Preference Shares of the Company are not listed on any Stock Exchange and therefore, the provisions of Regulation 37 of the SEBI (Listing Obligations and Disclosure Regulations), 2015 as amended from time to time, are not applicable to this Reduction.

The Company would also be convening a meeting of the Preference Shareholders for obtaining their consent for the reduction of the Issued, subscribed and paid-up preference capital.

The proposed reduction of preference share capital of the Company would not have any adverse effect on any of the creditors of the Company or the Company's ability to fulfil its commitments or meet its obligations in the ordinary course of business as the proposed Capital Reduction involves no pay-out. The proposed Capital Reduction will enable the Company to set off its accumulated losses and improve the net worth of the Company which is extremely beneficial and is in the interests of the Company.

The Special Resolution, if approved by the members of the Company with requisite majority, will be subject to the confirmation by Hon'ble National Company Law Tribunal, Chennai Bench as per Section 66(3) of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for reduction of share capital of company) Rules, 2016.

Notwithstanding the reduction as mentioned above, the Company will be praying before the NCLT that the Company be exempted to add "And Reduced" as a suffix to its name and the Company shall continue in its existing name since no payout is being made to any existing members and the Company will be able to discharge its liability in the due course of business.

7. GENERAL INFORMATION AND DISCLOSURES:

Article 4.4 of the Articles of Association of the Company provides for reduction of capital of the Company by way of a special resolution in accordance with the provisions of the Act.

The Capital Reduction will not cause any prejudice to the creditors of the Company. The creditors of the Company are in no way affected by the proposed Capital Reduction, as



there is no payout to the members of neither the Company nor a reduction in the amount payable to any of the creditors. Further, the proposed Capital Reduction will not have any impact on the operations of the Company or the ability of the Company to honour its commitment or to pay its debts in the ordinary course of business.

All documents referred to in the accompanying Special Resolution and Explanatory Statement annexed thereto are made available on the Company's website at: www.coromandelengg.com and would also be available for inspection to the members at the Registered Office of the Company between 10:00 a.m. (IST) and 1:00 p.m. (IST) on any working day, except Saturdays, Sundays and public holidays, till the last date for remote e-voting by the members.

No inquiry or investigation is pending against the Company under any provisions of Companies Act, 2013.

The Board of Directors of the Company considers that this resolution is in the best interests of the Company, its shareholders and therefore, recommends the passing of the special resolution as set out in the Notice.

None of the Directors and / or Key Managerial Personnel of the Company or their relatives are, in any way, deemed to be concerned or interested in the said resolution except Mr. M M Venkatachalam, Chairman, to the extent of his shareholding in the Company.

Item No.2: Approval for appointment of Mr. S Shamsuddin (DIN: 07954397) as a Non-Executive Director of the Company

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") read with the Articles of Association of the Company, had approved the appointment of Mr. S Shamsuddin (DIN: 07954397) as an Additional Director of the Company with effect from 26th October, 2021.

Mr. S. Shamsuddin is a Science graduate and holds a Master Degree in Law from Madras University. He was enrolled as an Advocate and practiced in the High Court of Madras. Then he joined M/s. Ennore Foundries Limited (Hinduja Group) in the Legal & Secretarial Department. Then he joined E.I.D Parry (India) Limited, heading the Legal Department and retired as General Manager in 2009. He is presently giving his consultancy services to the Diversified Business Group of Companies of Murugappa Group.

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), effective January 1, 2022, a listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. Accordingly, the appointment of Mr. S. Shamsuddin would require the approval of the members of the Company by March 31, 2022.

In view of the aforementioned provision, the Board at its meeting held on 26th October, 2021, based on the recommendation of the Nomination and Remuneration Committee



considered the candidature of Mr. S. Shamsuddin as a Director of the company and has recommended his appointment as a Director, liable to retire by rotation, for the approval of the shareholders through postal ballot. The required consent and disclosure forms have been received from Mr. S. Shamsuddin. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, proposing the candidature of Mr. S. Shamsuddin as a Director of the Company.

The information under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards is provided below.

Memorandum of Interest

Except Mr. S. Shamsuddin, being the appointee, none of the Directors or their relatives or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolution set out under item No.2.

The Board considers that the association of Mr. S. Shamsuddin would be of immense benefit to the company and hence it is desirable to avail his services as a Director. Accordingly, the Board recommends the resolution set forth in Item No 2 of the notice for approval of members.

DETAILS AS REQUIRED UNDER REGULATION 36(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS REGULATIONS 2015) & CLAUSE 1.2.5 OF SECRETARIAL STANDARDS ON GENERAL MEETING

Name of the Director	Mr. S. Shamsuddin
DIN	07954397
Date of birth	15/08/1951
Date of initial appointment on the Board	26/10/2021
Shareholding in the Company as on October 26, 2021	NIL
Relationship with other Director/KMP	Not applicable
Qualifications	Mr. S. Shamsuddin is a science graduate and holds a Master Degree in Law from Madras University
Expertise in specific functional areas	He has over 30 years of experience in Legal area.
Number of Meetings attended during the year	-
Directorship in other Companies as on October 26, 2021	NIL
Membership/ Chairmanship of committees of other Board	NIL

Place: Chennai
Date: 26th October, 2021

On behalf of the Board
M M Venkatachalam
Chairman
DIN:00152619



ANNEXURE - 1

**SCHEME OF REDUCTION OF ISSUED, SUBSCRIBED AND PAID-UP PREFERENCE
SHARE CAPITAL**

BETWEEN

COROMANDEL ENGINEERING COMPANY LIMITED

AND

ITS SHAREHOLDERS

**UNDER SECTION 66 OF THE COMPANIES ACT, 2013 AND THE NATIONAL
COMPANY LAW TRIBUNAL (PROCEDURE FOR REDUCTION OF SHARE CAPITAL
OF COMPANY) RULES, 2016**



SCHEME OF REDUCTION OF PREFERENCE SHARE CAPITAL

A. PREAMBLE:

1. This Scheme of Reduction of Issued, Subscribed and Paid-up Preference Share Capital is made pursuant to the provisions of Section 66 of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 and provides for the cancellation and extinguishment of the entire issued, subscribed and paid-up Preference Share Capital of M/s. Coromandel Engineering Company Limited ("**the Company**") as well as various other matters consequential or otherwise integrally connected thereto.
2. The purpose of this Scheme is to undertake a financial restructuring and reconstruction of the Company, whereby the Company would set-off certain accumulated losses of past few years (*caused by general market slow down and economic conditions which have been accentuated by the Covid-19 global pandemic*) as against the entire paid-up Preference Share Capital of the Company so as to improve the net worth of the Company and to give a more true and realistic view of the financial position of the Company and other matters incidental thereto.

B. DESCRIPTION OF THE COMPANY:

3. **M/s. COROMANDEL ENGINEERING COMPANY LIMITED (hereinafter called as the "Company" or "CECL")** is a Company bearing CIN: L74910TN1947PLC000343 incorporated in the name of "The Coromandel Engineering Company Private Limited" on the 3rd Day of September, 1947, under the provisions of the Companies Act, 1913. Subsequently, the Company was converted into a Public Limited Company and the name of company was changed from "The Coromandel Engineering Company Private Limited" to "The Coromandel Engineering Company Limited" and a fresh certificate of incorporation was issued on 5th Day of November, 1975. Subsequently, the name of company was changed from "The Coromandel Engineering Company Limited" to "Coromandel Engineering Company Limited" and a fresh certificate of incorporation was issued on 24th Day of February, 2006. The registered office of the company is situated at "Parry House", 5th Floor, 43, Moore Street, Chennai – 600 001.



4. The Equity shares of the Company are listed on the Bombay Stock Exchange (*BSE Limited*). The Preference Shares of the Company are not listed on any stock exchange.
5. The main objects of the Company as set out in the Memorandum of Association are as follows:
 - To carry on the businesses of Builders and Engineers in all their branches;
 - To carry on business as Engineers, Civil, Structural, Mining, Sanitary, Mechanical, Waterworks, electrical, Marine, Automobile, Salvage, Air-conditioning, Refrigerating, Ventilating, and other classes of Engineers; Architects, Designers, Planners; Builders and Contractors and as Consulting Engineers;
 - To undertake and execute constructional and engineering and allied contracts and works of all kinds;
 - To purchase, develop and sell lands, buildings and immovable properties of all kinds;
 - To carry on all or any of the following businesses, namely builders and contractors, decorators, merchants, and dealers in stone, sand, lime
 - To carry on any other business (*whether manufacturing or otherwise*) which may seem to the company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights;
 - To carry on all or any of the following businesses, namely builders and contractors, decorators, merchants, and dealers in stone, sand, lime, cement, bricks, timber, hardware, and other building material requests, brick and tile and terra cotta makers, job-masters, carriers, licensed victuallers, and house and estate agents, auctioneers and valuers.

C. RATIONALE AND PURPOSE OF THE SCHEME:

6. The Company has accumulated losses to the extent of Rs.72,00,84,808/- (Rupees Seventy Two Crores Eighty Four Thousand Eight Hundred Eight



Only) (“**Accumulated Losses**”) as per the last audited balance sheet i.e. as on 31.03.2021. These Accumulated Losses have substantially wiped off the value represented by the share capital and reserves of the Company by reason of which the financial statements and the balance sheet of the Company are impacted. The global pandemic situation has further adversely impacted the real estate markets more particularly in India which was already facing a lot of economic and other challenges prior to the onset of the pandemic. This has impacted the financial position of the Company resulting in increase of the accumulated losses and consequentially, the Company is not in a position to meet its liabilities in respect of the preference shares including payment of dividend to Preference Shareholders. In the given condition, the redemption of the preference shares as on the redemption date as per the terms of the issue of preference shares is also unlikely. The present reduction of the Preference Share Capital of the Company is also being carried out inter-alia to:

- a. satisfy the need of the Company to re-adjust the relation between its capital and assets; and
 - b. accurately and fairly reflect the liabilities and assets of the Company in its books of accounts and to operate with leaner base balance sheet; and
 - c. ensure that the financial statements of the Company reflects its true and actual state of affairs and position of the Company after setting-off the capital which is lost and not represented by any tangible assets; and
 - d. improve the net worth of the Company to ensure that the actual value of the Company is represented in the books and records of the Company.
7. In such circumstances it is desirable that the capital structure of the Company should be reorganized accordingly. Therefore, the Board of Directors at their meeting held on 25.09.2021 deliberated and decided that the Accumulated Losses be set-off to the extent of the total value of Preference Share Capital of the Company being reduced subject to the consent of the shareholders.
8. The reduction of capital in the manner proposed would enable the company to have a rational structure which is commensurate with its remaining business and assets.



9. The proposed reduction of the Preference Share Capital will be for the benefit of the Company and its equity shareholders, creditors and all other concerned stakeholders as a whole.
10. The Scheme of Reduction, after full implementation, will result in making its balance sheet leaner and would improve the net worth of the Company. It is expected that the reflection of financial statement of the Company post reduction would ensure that the Company attracts new sources of revenue, if deemed necessary in the future to enable the Company to engage in further profitable operations.
11. The Scheme will enable the Company to overcome certain financial difficulties and improve its operations in the future and in turn provide enhancement of its shareholders value. The financial structuring will help the Company better reflect its operational efficiency and financial strength in the future and would also reflect the true share value of its equity shareholders.
12. Upon the Scheme becoming effective and after obtaining the necessary approvals, consent, permissions, the Preference Shareholders whose Preference Shares are being reduced in the manner prescribed under this Scheme will receive NIL consideration as against the said reduction/ cancellation/ extinguishment of the Preference Share Capital, including but not limited to redemption amounts or exit consideration thereon (*whether such consideration is the nominal value of the shares or higher*), all outstanding dividends, and share premiums, if any.

D. PARTS OF THE SCHEME:

The Scheme is divided into the following parts:

- a. **PART- I** which deals with the Definitions, Interpretations, Capital Structure;
- b. **PART- II** deals with the Reduction of Preference Share Capital of the Company, and;
- c. **PART- III** deals with general Terms and Conditions applicable to the Scheme.

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PART - I

1. DEFINITIONS:

In this Scheme unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as mentioned herein below:

- 1.1. **'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;
- 1.2. **'Accumulated Losses'** means the accumulated losses of the Company that have been carried forward from previous years and the amount shown in the audited balance sheet of the Company as on 31st March, 2021 in the Annual Report of the Company;
- 1.3. **'Board' or 'Board of Directors'** means Board of Directors of the Company;
- 1.4. **'BSE'** shall mean BSE Limited;
- 1.5. **'Company'** means Coromandel Engineering Company Limited, a Company having CIN: L74910TN1947PLC000343 incorporated under the provisions of the Companies Act, 1913 on 3rd Day of September, 1947;
- 1.6. **'Effective Date'** (or) the **'Scheme being effective'** for this Scheme shall mean the date on which a certified copy of the order of the NCLT under Sections 66 of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, is filed with the office of the Registrar of Companies;
- 1.7. **'Preference Share Capital'** shall mean the entire issued, subscribed and paid-up preference share capital of the Company divided into 28,35,630 (*Twenty Eight Lakhs Thirty Five Thousand Six Hundred and Thirty*) 7% Cumulative Non-Participating Redeemable Preference Shares of Rs.100/- (*Rupees One Hundred Only*) amounting to a total of Rs. 28,35,63,000/- (*Rupees Twenty Eight Crores Thirty Five Lakhs Sixty Three Thousand Only*) (*all 7% Cumulative Non-Participating Redeemable Preference Shares of*



the Company forming part of the Preference Share Capital shall be collectively referred to as “Preference Shares”);

- 1.8. **‘Preference Shareholders’** shall mean all shareholders of the Company holding preference shares which form a part of the Preference Share Capital of the Company including but not limited to the Promoters, Promoter Companies, Promoter Trusts, Promoter HUFs, their family, friends and relatives.
- 1.9. **‘Rules’** means National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 and other such rules wherever applicable.
- 1.10. **‘The NCLT’** shall mean National Company Law Tribunal (“NCLT”) or such tribunal or any other appropriate forum or authority having jurisdiction to approve this Scheme as per the law for the time being in force;
- 1.11. **‘This Scheme’ or ‘The Scheme’ or ‘Scheme’** means this scheme of reduction of capital between the Company & its shareholders in its present form or with such alterations/modifications as may be approved by the NCLT of relevant jurisdiction under the applicable law.

2. INTERPRETATION:

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, Securities Contract Regulation Act, 1956, Securities and Exchange Board of India Act, 1992, Companies Act, 2013, Depositories Act, 1996, Listing Regulations, Listing Agreement and other applicable laws, rules, regulations, by-laws, as the case may be or statutory modifications or re-enactments thereof from time to time.

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3. CAPITAL STRUCTURE:

The share capital of the Company as on 31st March, 2021* is as under:

Particulars	Amount (In Rs.)
Authorized Share Capital	
4,00,00,000 Equity Shares of Rs. 10/- each	40,00,00,000
32,00,000 Preference Shares of Rs. 100/- each	32,00,00,000
Total	72,00,00,000
Issued Share Capital	
3,32,77,278 Equity Shares of Rs. 10/- each fully paid	33,27,72,780
28,35,630 Preference Shares of Rs. 100/- each fully paid	28,35,63,000
Total	61,63,35,780
Subscribed and Paid-up Capital	
3,32,33,598 Equity Shares of Rs. 10/- each fully paid	33,23,35,980
28,35,630 Preference Shares of Rs. 100/- each fully paid	28,35,63,000
Total	61,58,98,980

**Subsequent to 31.03.2021 and up to the date of approval of this scheme by the Board of Directors of the Company, there has been no change in the Authorized, Issued, Subscribed and Paid-up Share Capital of the Company.*



PART-II

4. REDUCTION OF ENTIRE ISSUED, SUBSCRIBED AND PAID UP PREFERENCE SHARE CAPITAL OF THE COMPANY:

- 4.1. The Company's Accumulated Losses stand at Rs.72,00,84,808/- (Rupees Seventy Two Crores Eighty Four Thousand Eight Hundred Eight Only) as per the last audited financial statements of the Company *i.e.* as on 31st March, 2021.
- 4.2. Upon the Scheme becoming effective and after obtaining necessary approvals, consents and permissions, the Issued, Subscribed and Paid-up Preference Share Capital of the Company shall stand cancelled and extinguished and reduced to **NIL** as the same is lost or unrepresented by available assets.
- Example:* A person who is holding 10 (Ten) Preference Shares of Face value of Rs.100/- (Rupees One Hundred Each) shall not hold any Preference Shares of the Company thereafter and will cease to be a preference shareholder of the Company.
- 4.3. Upon the Scheme becoming effective and after obtaining the necessary approvals, consent, permissions, the Accumulated Losses of the Company would be set-off to the extent of Rs. 28,35,63,000/- (Rupees Twenty Eight Crores Thirty Five Lakhs Sixty Three Thousand Only) and in the manner stated in this Scheme.
- 4.4. All preference shares which constitute the Preference Share Capital are fully paid up and therefore, it is expressly clarified that need for any diminution of any liability in respect of unpaid capital of the Company does not arise. Therefore, no additional amounts shall be called from any of the existing Preference Shareholders after the Capital Reduction.
- 4.5. Upon this Scheme becoming effective, the Company shall, without any further application, act, instrument or deed, give effect to the Capital Reduction and set-off the Accumulated Losses of the Company in the manner contemplated under this Scheme. The revised structure of the Share Capital of the Company shall be reflected in the books of accounts of the Company in the following manner on and from the Effective Date:



Capital Structure of the Company Prior-to and Post-Reduction is as under:

Particulars	Pre - Reduction Amount (In Rs.)	Post - Reduction Amount (In Rs.)
Authorized Share Capital		
Equity Shares (4,00,00,000 Shares of Rs.10/- each)	40,00,00,000	40,00,00,000
Preference Shares (32,00,000 Shares of Rs.100/- each)	32,00,00,000	32,00,00,000
Total	72,00,00,000	72,00,00,000
Issued Capital		
Equity Shares (3,32,77,278 Shares of Rs.10/- each)	33,27,72,780	33,27,72,780
Preference Shares (28,35,630 Shares of Rs. 100/- each)	28,35,63,000	0.00
Subscribed and Paid-up Capital		
Equity Shares (3,32,33,598 Shares of Rs.10/- each)	33,23,35,980	33,23,35,980
Preference Shares (28,35,630 Shares of Rs. 100/- each)	28,35,63,000	0.00
Total	61,58,98,980	33,23,35,980

4.6. Upon the Scheme becoming effective and after obtaining the necessary approvals, consent, permissions, the Preference Shareholders whose Preference Shares are being reduced in the manner prescribed under this Scheme shall not involve any payout to the Preference Shareholders and they will receive NIL consideration as against the said reduction/ cancellation/ extinguishment of the Preference Share Capital, including but not limited to redemption amounts or exit consideration thereon (*whether such consideration is the nominal value of the shares or higher*), all outstanding dividends, and share premiums, if any.



5. APPROVAL FOR THE PROPOSED REDUCTION OF PREFERENCE SHARE CAPITAL:

5.1. This Scheme contemplates the reduction of the Preference Share Capital of the Company only and therefore this Scheme is required to be approved by the Preference Shareholders pursuant to Section 66 of the Companies Act, 2013. However, this Scheme shall also be placed at the General Meeting of the equity shareholders only by way of abundant caution. The Company shall be entitled to proceed with this Scheme irrespective of the decision of the Equity Shareholders of the Company since the Scheme does not concern the Equity Shareholders and further since this Scheme will directly benefit the Company and its Equity Shareholders.

5.2. It is clarified that the approval of the Equity and Preference Shareholders of the Company to this Scheme shall be deemed to be their consent / approvals also to the alteration of the Memorandum and Article of Association of the Company and consent / approval to any other applicable provisions if required by the Company under the Act or any other applicable laws, Rules and/or regulations.

5.3 The Preference Shares of the Company are not listed on any Stock Exchange and therefore, the provisions of Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, are not applicable to this Scheme.

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6. EFFECTS AND IMPACT OF THIS SCHEME:

- 6.1 **CREDITORS OF THE COMPANY:** The reduction of the Preference Share Capital of the Company as presented under this Scheme will not cause any prejudice to the creditors of the Company. For the sake of clarity, it is specified that the reduction in the Preference Share Capital of the Company does not involve either diminution of any liability in respect of any unpaid capital or the payment to any Preference Shareholder nor is any call on any preference share of the Company being waived. The creditors of the company are in no way affected by the proposed Preference Share Capital reduction as there is no reduction in the amount payable to any of the creditors, no compromise or arrangement is contemplated with the creditors.
- 6.2 **EQUITY SHAREHOLDERS OF THE COMPANY:** This Scheme is for the benefit of the Equity Shareholders of the Company and does not cause any prejudice to their interests since the Accumulated Losses of the Company has resulted in a loss of value and is not represented by any tangible assets of the Company as on the date of this Scheme. This Scheme will only result in improvement of Net Worth of the Company which will benefit the equity shareholders. The Equity Shareholding pattern of the Company prior-to and following the implementation of the Scheme shall remain same. This Scheme would in fact be beneficial to such parties since this Scheme results in improving the financial position of the Company including its Net Worth. The other benefits of this Scheme are as stated in the Rationale of this Scheme.
- 6.3 **EMPLOYEES AND WORKERS OF THE COMPANY:** This Scheme does not have any adverse impact on the employees and workers of the Company, nor its suppliers or customers. This Scheme would in fact be beneficial to such parties since this Scheme results in improving the financial position of the Company including its net-worth.
- 6.4 **LEGAL PROCEEDINGS:** This Scheme does not affect any legal proceeding by or against the Company.



- 7 Notwithstanding the reduction of the Preference Share Capital as mentioned under this Scheme, the Company shall not be required to add “*and reduced*” as suffix to its name and the Company shall continue with its existing name.
- 8 The provisions of this Part shall operate notwithstanding anything to the contrary in this Scheme.

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PART-III

GENERAL TERMS AND CONDITIONS APPLICABLE TO THE SCHEME

9. APPLICATIONS TO THE NATIONAL COMPANY LAW TRIBUNAL:

The Company shall make all applications / petitions as may be required under the applicable laws including but not limited to Section 66 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 including the National Company law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016. The Company shall make all such applications/ petitions to the relevant National Company Law Tribunal ("NCLT") pertaining to its jurisdiction for obtaining the sanction of the NCLT as required under the Companies Act, 2013 and the rules thereunder including for orders for carrying this Scheme into effect.

10. CONDITIONALITY OF THIS SCHEME:

The Scheme is conditional upon and subject to:

- a. This Scheme being agreed to by the requisite majority of the Preference Shareholders of the Company as required under the Act.
- b. The Scheme being approved by the National Company Law Tribunal under Section 66 of the Companies Act, 2013, read with all other applicable provisions if any, of the Act or of such other authority having jurisdiction under applicable law, being obtained.
- c. The certified copy of the above order of the NCLT sanctioning this Scheme being filed by the Company with the office of the Registrar of Companies having jurisdiction over the registered office of the Company.

11. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS:

In the event of any of the aforesaid sanctions and approvals not being obtained and/ or this Scheme not being sanctioned by the National Company Law Tribunal and/ or the order or orders not being passed as aforesaid, this Scheme shall become null and void, 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 and the Company shall bear and pay the costs, charges and expenses for or in connection with the Scheme. This Scheme contemplates the reduction of the Preference Share Capital of the Company only and therefore this Scheme is required to be approved by the Preference Shareholders pursuant to Section 66 of the Companies Act, 2013. However, this Scheme shall also be placed at the General Meeting of the equity shareholders only by way of abundant caution. The Company shall be entitled to proceed with this Scheme irrespective of the decision of the Equity Shareholders of the Company since the Scheme does not concern the Equity Shareholders and further since this Scheme will directly benefit the Company and its Equity Shareholders.

12. ACCOUNTING TREATMENT:

The Company has obtained a certificate from its Statutory Auditors certifying that the proposed accounting treatment in respect of this Scheme for Reduction of Issued, Subscribed and Paid-up Preference Share Capital is in accordance with the applicable standards of accounting prescribed by the Central Government under Section 133 of the Companies Act, 2013. The Company will take into consideration, the recommendations of the Audit Committee of the Company, if any, and also comply with all relevant Accounting Standards applicable to the present Scheme.

13. COSTS, CHARGES AND EXPENSES:

All past, present and future costs, charges, levies, duties and expenses in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be borne by the Company and all of the above costs shall be treated as costs relating to this Scheme.

14. MODIFICATIONS / AMENDMENTS OF THE SCHEME:

The Company, by its Board or such other person or persons, as the Board may authorize, may make, or affect or assent to any modification or amendment of the Scheme which the National Company Law Tribunal and/or any other authority under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable by the Board for settling any question or doubt or difficulty that may arise for implementing and/or carrying out this Scheme or otherwise howsoever arising out



of or under or by virtue of this Scheme and/or any matter concerned or connected therewith, as may be considered by the Board to be in the best interest of the Company and its members including the withdrawal of this Scheme, and do all such acts, deeds and things as may be necessary, desirable or expedient for giving effect to this Scheme.

15. SEVERABILITY:

If, in the opinion of the Board, any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not affect the validity or implementation of other parts or provisions of this Scheme. If any part of this Scheme is hereof is invalid, 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 this Scheme, and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become material adverse, in which case the Board shall attempt to bring a suitable modification to this Scheme. The Board shall be entitled to revoke, cancel and declare the Scheme of no effect, if the Board is of the view that the coming into effect of this Scheme would have adverse implications of the Company.

16. THE FORM OF MINUTE PROPOSED TO BE REGISTERED UNDER SECTION 66(5) OF THE COMPANIES ACT, 2013 IS AS FOLLOWS:

“The entire Issued, Subscribed and Paid-up Preference Share Capital of the Company of Rs. 28,35,63,000/- (*Rupees Twenty Eight Crores Thirty Five Lakhs Sixty Three Thousand Only*) (*divided into 28,35,630 number of 7% Cumulative Non-Participating Redeemable Preference Shares of Rs.100/-each*) is fully reduced to **NIL** by extinguishing all rights attached to the Preference Shares of the Company including all payments that were hitherto be made to Preference Shareholders of the Company including but not limited to redemption amounts or exit consideration (*whether such consideration is the nominal value of the shares or higher*), all outstanding dividends, and share premiums, if any, and the total Issued, Subscribed, Paid up Preference Share Capital of the Company shall be NIL.”
