SCHEME OF REDUCTION OF SHARE CAPITAL

OF

ONTIC FINSERVE LIMITED

AND

ITS RESPECTIVE SHAREHOLDERS

UNDER SEC. 66 OF THE COMPANIES ACT, 2013 READ WITH NCLT (PROCEDURE FOR REDUCTION OF SHARE CAPITAL OF COMPANY) RULES, 2016

PREAMBLE OF THE SCHEME:

This Scheme of Reduction of Share Capital is presented by Ontic Finserve Limited ("**the Company**" or "**OFL**"), pursuant to the provisions of Section 66 of the Companies Act, 2013 ("**the Act**") read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 ('**Scheme**').

The Scheme provides for the reduction of the paid-up share capital of the Company under the provisions of Section 66 and other applicable provisions of the Companies Act, 2013 read with National Company Law Tribunal (Procedure for Reduction of share capital of the Company) Rules, 2016 to undertake financial restructuring and reconstruction of the Company whereby the Company would be writing off the carried forward accumulated losses of past years to the extent of Rs. 7,20,02,400/- (Rupees Seven Crores Twenty Lakhs Two Thousand Four Hundred Only) by reducing 80% of its paid-up equity shares capital, so as to give a true and realistic view of the value of the shares and present leaner balance sheet of the Company. This has given rise to the need to

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re-adjust the relation between the capital and assets and reflect the liabilities and assets of the Company accurately and fairly in its books of accounts and also to operate with a leaner base balance sheet.

PARTS OF THE SCHEME OF REDUCTION OF SHARE CAPITAL:

The Scheme is divided into the following paragraphs

1. **PART A**: Deals with the Definitions and Interpretations;
2. **PART B**: Deals with Details of the Company (including its capital structure);
3. **PART C**: Deals with Reduction of Share Capital of the Company;
4. **PART D**: Deals with the General Clause, other Terms and Conditions

PART A — DEFINITIONS AND INTERPRETATIONS

1.1. DEFINITIONS

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

a. **"Accumulated Losses"** shall mean the losses that have been brought forward from previous years and having such amount as shown in the Audited Financials of the Company as on March 31, 2024;

b. **"Act"** or **"the Act"** means the Companies Act, 2013 and shall include any rules, regulations, orders, statutory modifications, enactments or reenactments thereof for the time being in force;

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c. "**Applicable Laws**" means any relevant statute, notification, bylaws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, schemes, notices, treaties, judgement, decree, approvals, orders or instructions enacted or issued or sanctioned by any Governmental and Registration Authority, having the force of law and as applicable to the Company;

d. "**The Company**" or "**OFL**" means Ontic Finserve Limited, being a Company incorporated on May 16, 1995 under the provisions of the Companies Act, 1956 vide its Corporate Identification Number (CIN) L65910GJ1995PLC025904 and presently having its registered office at UL/8, Ankur Complex, B/H Town Hall, Opp. X-Ray House, Ellisbridge, Ahmedabad-380006, Gujarat.

e. "**Board**" or "**Board of Directors**" means Board of Directors of the Company including any duly constituted committee(s) thereof;

f. "**BSE**" shall mean BSE Limited;

g. "**Effective Date**" means the date on which the certified copy of the order of the National Company Law Tribunal, Ahmedabad Bench under Section 66 of the Companies Act, 2013 and National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013 (to the extent applicable), is filed with the Registrar of Companies, Gujarat.

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Any reference in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" or "Scheme coming into effect" shall mean the "Effective Date";

h. **"Equity Shares"** means fully paid-up equity shares of Rs. 1/- each issued by the Company;

i. **"Listing Agreement"** shall mean an agreement that is entered into between a recognized Stock Exchange and an entity, on the application of that entity to the recognized stock exchange, undertaking to comply with conditions for listing of designated securities as per the provisions of the Listing Regulations;

j. **"Listing Regulations"** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

k. **"NCLT or "Tribunal"** means National Company Law Tribunal, Ahmedabad Bench as constituted and authorized as per the provisions of the Act;

l. **"Record Date"** shall mean the date to be decided by the Board of Directors of the Company for the purpose of giving effect to the order of the NCLT sanctioning the scheme and in order to reckon the shareholding of the Equity Shareholders which shall be reduced upon coming into effect of this Scheme;

m. **"ROC"** means Registrar of Companies, Gujarat;

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n. "**Rules**" means National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016;

o. "**Scheme**" or "**this Scheme**" or "**the Scheme**" means the present Scheme of Reduction of Share Capital between the Company and its Shareholder in its present form or with such alterations(s)/modification(s) as may be approved, imposed or directed by NCLT;

p. "**SEBI**" means Securities and Exchange Board of India;

q. "**SEBI Circular**"- means SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

r. "**Shareholders**" or "**the Shareholder**" means a person holding shares of the Company and whose name is entered as a beneficial owner in the record of the depository and every other person registered as holders of the equity share in the Register of Members of the Company. The word "Shareholder" and / or "Member", wherever mentioned, are used to denote the same meaning and are used interchangeably;

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s. **"Stock Exchange"** means the Stock Exchange where the Equity Shares of the Company are listed and admitted to trading i.e. BSE Limited.

t. **"Appointed Date"** means April 01, 2024

All terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as prescribed to them under the Act, Securities Contract (Regulation) Act, 1956, Securities and Exchange Board of India Act, 1992, Depositories Act, 1996, Listing Regulations, Listing Agreement or other Applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory amendment, modification or re-enactment thereof, from time to time.

1.2 INTERPRETATION

In this Scheme, unless the context otherwise requires:

a. References to "persons" shall include individuals, bodies corporate (wherever incorporated), government, state or agency of state, un-incorporated entities, joint venture, associations, partnerships and proprietorship;

b. Heading, sub-heading and bold typeface are only for convenience and shall not affect the construction or interpretation of this Scheme;

c. Reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause,

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section, paragraph or schedule of this Scheme; references to one gender includes all genders;

d. Any phrase introduced by the terms "including, include, in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms; words denoting singular shall include the plural and vice versa;

e. Reference to any legislation, statute, regulation, rule, notification or any other provision of law means and includes references to such legal provisions as amended, supplemented or re-enacted from time to time, and any reference to a legal provision shall include any subordinate legislation made from time to time under such a statutory provision.

f. Reference to a document includes an amendment or supplement to, or replacement or novation of, that document;

g. Word(s) or expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them;

h. Unless otherwise defined, the reference to the word "days" shall mean calendar days; and

i. References to dates and times shall be construed to be references to Indian dates and times.

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PART 2 — DETAILS OF THE COMPANY

2.1 INCORPORATION OF THE COMPANY

The Company was incorporated as a Public Limited Company in the name of *Maral Finance Limited* on May 16, 1995 with the Registrar of Companies, Gujarat under the Companies Act, 1956. Thereafter, the name of the Company was changed to "*Ontic Finserve Limited*" pursuant to which the fresh certificate of incorporation was issued by the Registrar of Companies, Ahmedabad on July 31, 2015. The Registered Office of the Company presently situated at UL/8, Ankur Complex, B/h Town Hall, Opp. X-Ray House, Ellisbridge, Ahmedabad-380006, Gujarat. The Equity Shares of Company is listed on BSE Limited (BSE).

2.2 MAIN OBJECTS OF THE COMPANY

The main objects of the Company as set out in the Memorandum of Association are as follows:

1. To carry on and undertake the business of finance, bills discounting, trading, hire purchase, leasing and to finance lease operations of all kinds, purchasing, selling, hiring or letting on hire all kinds of plants and machineries and equipment that the Company may think fit and to assist in financing of all and every kind and description of hire purchase or deferred payment or similar transactions and to subsidies, finance, or assist in subsiding or financing the sale and maintenance of any goods, articles or commodities of all and every kind and description upon any terms whatsoever and to purchase or otherwise deal in all forms of immovable and movable properties including land and buildings, plants and machineries, equipments, ships, aircrafts, automobiles, computers and all consumer,

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commercial and industrial items and to lease or otherwise deal with them in any manner whatsoever including resale thereof regardless of whether the property purchased and leased by new and/or used.

2. To carry on business of commodity trading by way of (including commodity derivatives) broking, trading and hedging and to act as brokers and traders in all commodities and commodity derivatives, and to act as market makers, finance brokers, underwriters, sub-underwriters, providers of service for commodity related activities buy, sell, take hold deal in, convert, modify, add value, transfer or otherwise dispose of commodities and commodity derivatives, and to carry on the business of commodity warehousing, processing and consumption

2.3 CAPITAL STRUCTURE OF THE COMPANY

The Capital Structure of the Company as per the Audited Financial Statements as on March 31, 2024 is as under:

Particulars	**Amount in Rs.**
Authorized Share Capital 10,00,00,000 Equity Shares of Rs. 1/- each	10,00,00,000
Total	**10,00,00,000**
Issued & Subscribed Capital 9,00,03,000 Equity Shares of Rs. 1/- each	9,00,03,000
Total	**9,00,03,000**
Paid-up Share Capital 9,00,03,000 Equity Shares of Rs. 1/- each	9,00,03,000
Total	**9,00,03,000**

No changes have been made in capital structure of the Company subsequent to 31.03.2024 and shall also not be undertaken up to the date of approval of the scheme by the Board of Directors of the Company. The Company does not have any partly paid-up Equity Shares.

2.4 COMPLIANCE WITH TAX LAWS

The Scheme is drawn in compliance with the applicable provisions of the Income-tax Act, 1961 to the extent applicable. If any terms or the provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Act at any later date due to retrospective amendment in the said Act or due to 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 in order to comply with the provisions of the Income-tax Act, 1961.

2.5 FINANCIALS OF THE COMPANY

Particulars	**Financial Year ended March 31, 2024 (Amount in Rs.)**	**Financial Year ended March 31, 2023 (Amount in Rs.)**
Total Current Assets	1,80,91,708.53	4,59,87,138.00
Total Current Liability	4,35,765.00	5,53,040.00
Reserve & Surplus	(7,20,02,400.47)	(4,45,24,176.00)

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2.6 PROMOTERS AND DIRECTORS

The names of the promoters of the Company as on the date of approval, along with their addresses are set forth below:

Sr. No.	Name	Promoter	Holding of Promoter
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The Names of the Directors of the Company as on the date of approval of the Scheme along with their addresses are set forth below:

Sr. No.	Name of Director	DIN	Position	Address
1	KAPADIA KRUTI KEVIN	07746940	Director	A-3-8 AMRAPALI TOWER, NAVA SHARDA MANDIR ROAD PALDI AHMEDABAD-380007 Gujarat-GJ
2	ANJANABEN RAJENDRABHAI MAKWANA	07924729	Director	536, ANAND CHOWK, MITHA PANI DARVAJA, SARASPUR AHMEDABAD-380018 Gujarat-GJ
3	RAIYANI BHUPENDRAKUMAR DHANJIBHAI	08104918	Director	D/23, MATRUSHAKTI SOCIETY, INDIA COLONY ROAD, BAPUNAGAR, I E BAPUNAGAR AHMEDABAD-380024 Gujarat-GJ
4	MADHUBEN JIVABHAI PARMAR	09214744	Director	MANEKLAL KESHAVLAL NI CHALI, OPP. PARIXITLALNAGAR, BEHRAMPURA, AHMEDABAD-380022
5	VISHWAMBAR KAMESHWAR SINGH	09822587	Director	A-33, MANHARNAGAR VIBHAG-1, OPP. KRISHNA SCHOOL, BAPUNAGAR AHMADABAD CITY-380024 GUJARAT-GJ

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2.7 OTHER DISCLOSURES

a. No inquiry, inspection or investigations has ever been instituted and are pending against the Company under the Act.

b. 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.

c. The Scheme will not be having any adverse effect on any of the directors, key managerial personnel (KMP), promoters, non-promoter members, creditors and employees of the Company. The Company is not having any depositors and debenture holders. The Scheme shall be in the best interest of all the stakeholders of the Company.

d. The benefits of the Scheme to the Company and its respective members, creditors and employees, as perceived by the Board, are mentioned in this Scheme.

PART 3 — REDUCTION OF SHARE CAPITAL OF THE COMPANY

3.1 RATIONALE AND PURPOSE OF THE REDUCTION

a. The present issued, subscribed and paid-up share capital of the Company is Rs. 9,00,03,000 (Rupees Nine Crores Three Thousand only) comprising of 9,00,03,000 Equity Shares of Rs.1/- each. However, due to continuous losses in the Company in the last few years, the capital of the Company has been eroded. The value represented by the share capital of the Company has been

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substantially wiped off. The total Accumulated Losses in the Company is at Rs. 7,20,02,400 (Rupees Seven Crore Twenty Lakh Two Thousand Four Hundred) as on March 31, 2024.

b. In order to re-align the relation between capital and assets; and to accurately and fairly reflect the assets and liabilities of the Company in its books of accounts; and for better presentation of the financial position of the Company , the Board of Directors have decided to write off the accumulated losses against Share Capital of the Company in accordance with the provisions of Sections 66 of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions.

c. In such circumstances it is desired that the capital structure of the Company should be reorganized. Hence, the Board of Directors have decided that accumulated losses should be written- off to the extent of Rs. 7,20,02,400 and subsequently the Paid -up Equity Shares Capital of the Company be reduced by 80%.

d. In the above context, the Company proposes to write off accumulated losses of Rs 7,20,02,400 (Rupees Seven Crore Twenty Lakh Two Thousand Four Hundred) reflecting in the audited financial statements of the Company as on March 31, 2024 with the share capital of the Company.

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e. By virtue of the Article 59 of the Articles of Association of the Company, the Company is authorized to reduce its share capital in accordance with the provisions of the Act.

f. The reduction envisaged under this Scheme would not in any way have any adverse effect on the Company's ability to honor its commitments or meet its obligations in the ordinary course of business.

g. The proposed reduction of the equity share capital of the Company would not have any adverse effect on the Creditors of the Company or the Company's ability to fulfill its financial commitments or meet its obligations in the ordinary course of business.

h. The Scheme does not provide any cash pay out to affect the Reduction of Share Capital, therefore the scheme will not adversely affect the liquidity and/or financial position of the Company.

i. The company has historically incurred losses and has accumulated a debit balance in its Profit and Loss Account; representing legitimate business expenses and operational losses incurred by the company in the ordinary course of its business over a period of time; Since, this Scheme of capital reduction aims to streamlining the Company's capital structure, enhance financial efficiency, and improve its overall financial health, therefore, it is hereby justified that the debit balance existing in the Profit and Loss Account as of is a result of prudent business decisions, operational requirements.

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j. Hence, the Board of Directors believe that in order to present a fair position of the affairs of the Company, the most practically and economically efficient option available to the Company, subject to the confirmations/sanctions of the requisite majority of the Shareholders of the Company and the NCLT and such other appropriate authority, as may be applicable.

3.2 OBJECTS/ BENEFITS ARISING OUT OF THE SCHEME -

a. Upon approval of the Scheme, the books of the Company would better represent its financial position which would help the Company in positioning itself better in the market and undertake business activities efficiently. This would be value accretive to the Shareholders as well, as their holdings would yield better results.

b. The proposed restructuring under the Scheme, if approved, would enable the Company to explore opportunities for the benefit of its Shareholders, including the form of dividend payments, in terms of the applicable laws.

c. The Scheme, if approved, may enable the Company to explore opportunities that it was unable to explore because the Company experiencing Accumulated Losses.

d. The Scheme of reduction, after full implementation, will result in making the Company's balance sheet leaner and downsized. The proposed Scheme would be for the overall benefit of the Company, its creditors, its Shareholders and all other stakeholders.

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e. The reduction of the Paid-up share capital of the Company by way of set off the accumulated Losses against the paid-up share capital of the Company does not result in extinguishing of any liability or diminution of any liability.

f. The Scheme, if approved, would provide greater flexibility to the Company in raising funds either from the capital market or from any bank/ financial institutions in the form of equity or debt, depending on the business needs of the Company.

g. The reduction of capital in the manner proposed would enable the Company to have commensurate with its remaining business and assets.

h. The proposed reduction will be for the benefit of the Company and its shareholders, creditors and all concerned as whole.

i. The reflection of the true financial statement of the Company would ensure the Company to attract a new source of revenue.

j. The Scheme will enable the Company to overcome its financial difficulties and improve its work in the future and in turn enhancement of its shareholder's value.

k. The financial structuring will help the Company to reflect better its operational efficiency, and improvements in the future years and reflect the true share value.

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l. The consent of the Shareholders of the Company to this Scheme of reduction of Share Capital of the Company shall be taken through a special resolution to be passed under 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 other applicable provisions of the Companies Act, 2013.

m. The Scheme is merely a reduction in the Share Capital of the Company prepared in terms 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 other applicable provisions of the Companies Act, 2013 (to the extent applicable) and does not envisage transfer, conveyance or vesting of any of the properties and/ or liabilities of the Company to any person or entity.

n. Consequently, the order of NCLT approving the scheme would not attract any stamp duty in this regard under the applicable provisions of the Indian Stamp Act, 1899 or the Bombay Stamp Act, 1958 applicable to the State of Gujarat.

3.3 APPROVAL OF THE EQUITY SHAREHOLDERS

The Scheme is required to be approved by the Shareholder of the Company pursuant to Section 66 of the Companies Act, 2013, through e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution

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It is clarified that the approval of the members of the Company to the Scheme shall be deemed to be their consent on alteration of the Memorandum and Article of Association of the Company and consent to any other applicable provisions as may be required under the Act or any other applicable laws, rules and regulations.

3.4 EFFECTS OF THE SCHEME

a. There are accumulated losses of the Company as per its audited financial statements as on 31st March, 2024 is amounting to Rs. 7,20,02,400/- (Rupees Seven Crore Twenty Lakh Two Thousand Four Hundred Only).

b. Upon the Scheme becomes effective and after obtaining the necessary approvals, consents and the permissions, the Subscribed, Issued and Paid -up Equity Share capital of the Company shall stand reduced from Rs. 9,00,03,000(Rupees Nine Crore Three Thousand Only) divided into 9,00,03,000 (Nine Crores Three Thousand) equity shares of Rs. 1/each, (Rupees One Only) each to Rs. 1,80,00,600 (Rupee One Crore Eighty Lakh Six Hundred) divided into 1,80,00,600 (One Crore Eighty Lakh Six Hundred) Equity Shares of Rs. 1/- (Rupee One Only) each.

c. The aforesaid reduction of paid-up equity share capital shall be affected by cancelling 80% holding of equity shareholders of the Company.

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d. For the sake of brevity, it is clarified that the reduction of capital does not involve diminution of any liability in respect of unpaid capital of the Company, if any and nor there is any payment on the reduction of share capital. No additional amount shall be called from any of the existing shareholders after capital reduction.

e. The scheme does not involve any conveyance or transfer of any property of the Company and consequently the order of the Hon'ble National Company Law Tribunal.

f. Upon this Scheme becoming effective, the Company shall, without any further application, act, instrument or deed, shall give effect to the Capital Reduction and 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 as on the effective date.

g. Pre – Post Capital Reduction Structure of the Company is as under:

Particulars	**Pre-Reduction (Rs.)**	**Particulars**	**Post Reduction (Rs.)**
Authorized Share Capital		**Authorized Share Capital**	
10,00,00,000 Equity Shares of Rs. 1/- each	10,00,00,000	10,00,00,000 Equity Shares of Rs. 1/- each	10,00,00,000
Total	**10,00,00,000**	**Total**	**10,00,00,000**
Paid-up Share Capital	**(Rs.)**	**Paid-up Share Capital**	**(Rs.)**

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9,00,03,000 Equity Shares of Rs. 1/- each	9,00,03,000	1,80,00,600 Equity shares of Rs. 1/- each	1,80,00,600
Total	**9,00,03,000**		**1,80,00,600**

h. Upon the scheme coming into effect, with the above reduction of the equity share capital of the Company in accordance with the above clause the existing 100 Equity Shares of Rupee 1/- each shall be reorganized into 20 Equity Shares of Rupee 1/- each fully paid up and consequently, every shareholder of the Company whose name appear on the register of members on the Record date shall be issued 20 equity shares of face value of Rs. 1/- (Rupee One) fully paid up for every 100 equity shares of Rs. 1/- (Rupee One) fully paid up which is held by them in the Company prior to the Scheme.

i. The Shareholding pattern of the Company, pre and post reduction of share capital, upon approval of the Scheme will be in the following manner:

Particulars	**Holding of share as on March 31st, 2024 (Prior to the implementation of the Scheme)**		**Holding of Share (Post implementation of the Scheme)**	
	No. of equity Share	**Percentage (%) of total equity share**	**No. of equity shares**	**Percentage (%) of total equity share**
Promoter and Promoter Group	NIL	NIL	NIL	NIL
Institution/Mutual Fund	NIL	NIL	NIL	NIL

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Public	9,00,03,000	100%	1,80,00,600	100%
Total	9,00,03,000	100%	1,80,00,600	100%

j. In case any Shareholder holding equity shares in the Company is such that, the Member become entitled to fraction of an Equity Shares of the Company upon coming into effect the scheme of reduction of share capital than the Company shall not issue fractional shares to such shareholder but shall instead consolidate all such fractional entitlements to which the shareholders of the Company may be entitled and shall issue consolidated Equity shares to a Turst as may be nominated by the Board of Directors in that behalf.

k. The said Trust as may be nominated by the Board of Directors in that behalf shall hold the shares issued due to fractional entitlement in trust of the shareholders entitled for fractional entitlement and shall at its discretion sell such shares in the open market and distribute the net sell proceeds (after deduction of the expenses and taxes incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements.

l. In respect of the Equity Shares in the Company already held in dematerialized form as on the record date, the necessary corporate action shall be executed with Depository. The Company shall be empowered to advise the depository participant of the shareholders holding shares in the dematerialized form, on the record date, about the information of shareholding arising out of capital reduction pursuant to this scheme, for substitution thereof.

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m. In respect of the Equity Shares of the Company held in physical form as on the record date, each such equity shareholder of the company holding such share shall have the option to be exercised by way of giving a notice to the company on or before the record date, to record the equity share of Rs. 1 each of the company either in physical form or in a dematerialized form, provided however, in case of later, the said notice shall contain the details of the relevant depository account. In the event such notice has not been received by the company in respect of the equity shareholders the equity shares of the company of Rs. 1 each shall be issued to such shareholder in physical form.

n. Those Equity Shareholders of the Company who continue to hold their equity shares in physical form as on Record date shall be issued and delivered fresh share certificate consequent upon the reduction of share capital irrespective of whether such equity shareholders surrender their old share certificate or not. Their original share certificate shall be deemed to be cancelled and non - usable and non-tradable on any stock exchange or otherwise from and after the record date. The stock exchange shall also be intimated, on the Record date of the non- tradability of the original share certificate so that they can intimate their Company's members by public notice displayed on the Notice Board and through electronic means.

o. The Scheme is only for reduction of Share Capital of the Company and it does not envisage the transfer or vesting of any of the

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properties and /or liabilities of the Company to any person or entity. The Scheme also does not involve any conveyance or transfer of any property of the Company.

p. The proposed reduction of Paid-up Share Capital of the Company by way of writing off the Accumulated losses against the share capital of the Company will be for the benefit of the Company, its creditors, Shareholders and all the concerned stakeholders. Such reduction will not cause any prejudice to the creditors of the Company. It does not involve either the diminution of any liability in respect of any unpaid capital or the payment to the Shareholder of the paid-up capital. Further, the proposed reduction of capital would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honor its commitments or pay its debts in the ordinary course of the business.

q. The Company shall not be required to use the words "AND REDUCED" as part of its corporate name and such use is dispensed with.

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PART 4 — GENERAL CLAUSE, OTHER TERMS AND CONDITIONS/CONDITIONALITY OF THE SCHEME

4.1 CONDITIONALITY OF THE SCHEME

The scheme is conditional upon and subject to:

a. The approval of the Shareholders of the Company through the Special Resolution;

b. The approval of the Creditors of the Company as prescribed under the Act and/or as may be directed by NCLT and/or any other appropriate authority as may be applicable;

c. The Company obtaining the observation letter/ no-objection certificate from the Stock Exchange for the implementation of the Scheme;

d. The Scheme being approved by the NCLT under 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 other applicable provisions of the Companies Act, 2013(to the extent applicable);

e. Certified copy of the order of the NCLT sanctioning this Scheme and the form of minutes of reduction being filed with the ROC by the Company; and

f. The requisite, consent, approval or permission of the Central Government or any other statutory or regulatory authority, if any, which by law may be necessary for the implementation of this Scheme.

4.2 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 the proposed Scheme of reduction of share capital and of carrying out and implementing/complementing thereof shall be borne and paid solely by the Company and all above costs shall be treated as costs relating to the Scheme.

4.3 IMPACT OF THE SCHEME ON EMPLOYEES

The Scheme shall not have any adverse impact on the Employees of the Company. All staff, workmen and other employees in the service of the Company immediately before the capital reduction shall be continued in the employment of the Company after the reduction of share capital.

Their service shall be continuous and shall not be interrupted by reason of this capital reduction. The terms and conditions of service applicable to the said staff, workmen or employees after such capital reduction shall not in any way be less favorable to them than those applicable to them immediately before the capital reduction.

4.4 IMPACT OF SCHEME ON CREDITORS /LENDERS / FINANCIAL INSTITUTIONS

The proposed scheme would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honor 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/ lenders/ financial institutions. They would in fact be generally benefitted as the Scheme would help improving the financial position of the Company.

The proposed reduction in capital 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.

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4.5 CONTRACTS, DEEDS, AGREEMENTS AND OTHER INSTRUMENTS

Subject to other provisions contained in the Scheme, all contracts, Deeds, Agreements and other instruments of whatever nature to which the Company is a party subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favor of the Company, as the case may be, and shall be enforced as fully and as effectually as before such reduction.

4.6 CONDUCT OF BUSINESS BY THE COMPANY

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

4.7 LEGAL PROCEEDINGS

If any suit, writ petition, appeal, revision or other proceedings of whatever nature by or against the Company are pending, the same shall not abate, be discontinued or be in any way prejudicially affected by the capital reduction, but such proceedings may be continued, prosecuted and enforced by or against the Company in the same manner and to the

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same extent as it would be or might have been continued, prosecuted and enforced by or against the Company - before such capital reduction.

4.8 APPLICATION TO THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL

This involves reduction of share capital as contemplated by Article 59 of the Articles of Association of the Company. The Company shall make the applications to the NCLT, Ahmedabad Bench for sanctioning of this Scheme and obtain all approvals as may be required under Section 66 of the Companies Act, 2013 and National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013 (to the extent applicable) are to be sought as a measure of legal compliance, transparency, prudence and extra caution.

4.9 MODIFICATIONS/AMENDMENTS TO THE SCHEME

The Company , by its Board or such other committee/ person or persons, as the Board may authorize, may make, or affect or assent to any modification or amendment of the Scheme which the Hon'ble National Company Law Tribunal, Ahmedabad Bench, the SEBI, the Stock Exchange and/or any other authorities 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 the Scheme or otherwise howsoever arising out of or under or by virtue of the Scheme and/ or any matter concerned or connected herewith, and may be considered by the Board to be in the best-interest of the Company -and its Shareholders including the withdrawal of the Scheme, and do all such acts, deeds and

things as may be necessary, desirable or expedient for giving effect to the Scheme.

4.10 DATE OF TAKING EFFECT

The Scheme set out herein in its present form or with any modification(s) hereto approved or imposed or directed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench, shall be effective from the Effective Date.

4.11 SEVERABILITY

If, in the opinion of the Board, any part of the 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 the Scheme. If any part of this Scheme hereof is invalid, ruled illegal by any appropriate authority of competent jurisdiction, or unenforceable under present or future laws, then such part shall be severable from the remaining part of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse, in which case the Board shall attempt to bring a suitable modification to the Scheme. The Board shall be entitled to revoke, cancel and declare the Scheme to have no effect, if the Board is of the view that the coming into effect of the Scheme would have adverse implications on the Company.

4.12 ACCOUNTING TREATMENT

The Company shall pass appropriate entries as per the applicable accounting policies and accounting standards (specified under section 133 or any other provision of the Act) as regards accounting for the

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reduction of Capital and writing off the accumulated losses. Upon the Scheme becoming effective, the Reduction of Share Capital of the Company will be accounted for in accordance the applicable provisions of the Companies Act, 2013, Accounting Standards prescribed under section 133 of the Companies Act, 2013, and Generally Accepted Accounting Principles in India (Indian GAAP), as the case may be.

Following are the salient features of the accounting treatment to be given:

Upon reduction of Capital, the total issued and paid-up Equity Share Capital of the Company shall be reduced from Rs 9,00,03,000(Rupees Nine Crore Three Thousand Only) divided into 9,00,03,000 (Nine Crore Three Thousand) equity shares of Rs. 1/- (Rupee One Only) each, to Rs 1,80,00,600 (Rupees One Crore Eighty Lakh Six Hundred) divided into 1,80,00,600 (One Crore Eighty Lakh Six Hundred) Equity Shares of Rs. 1/- (Rupee One Only) each.

The Debit balance of the Profit & Loss Account of the Company will be written off to the extent of the amount of the aforesaid reduction of share capital.

The adjustment / reduction, in the capital shall be effected as an integral part of the Scheme in accordance with the provisions of Section 66 and other applicable provisions of the Act and the order of the National Company Law Tribunal sanctioning the Scheme shall be deemed to be also the order under section 66 of the Act for the purpose of confirming the reduction and no further act, deed, or thing as required under the provisions of the Act would be required. The reduction would not involve

either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

4.13 DESIGNATED STOCK EXCHANGE

Since the Equity Shares of the Company are only listed on the BSE Limited, the designated stock exchange for interaction with SEBI in terms of SEBI Circular shall be BSE Limited.

4.14 LISTING OF SHARES

Notwithstanding the reduction of capital of the Company in pursuance of the Scheme, the listing benefit of the Company on the Stock Exchange where the existing Equity shares of the Company are listed shall continue and the Company will comply with the applicable provision of Listing Agreement with the Stock Exchange.

4.15 MINUTE:

The Form of Minute proposed to be registered under Section 66(5) of the Act and Rule 6(2) of the Rules is as follows:

The Issued, Subscribed and Paid-up equity capital of the Company shall stand reduced from 9,00,03,000 (Rupees Nine Crore Three Thousand Only) divided into 9,00,03,000 (Nine Crore Three Thousand) equity shares of Rs. 1/- (Rupee One Only) each, to Rs 1,80,00,600 (Rupees One Crore Eighty Lakh Six Hundred) divided into 1,80,00,600 (One Crore Eighty Lakh Six Hundred) Equity Shares of Rs. 1/- (Rupee One Only) each.

4.16 EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

In the event of any of the aforesaid sanctions and approvals not being obtained and/ or the Scheme not being sanctioned by the National

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Company Law Tribunal and/ or the order or orders not being passed as aforesaid, the 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.

4.17 CONDUCT OF BUSINESS:

Nothing contained in the Scheme shall affect the conduct of the business of the Company and for any deeds, bonds, contracts, agreements and any other instruments to which the Company is a Party and/ or any legal or other proceedings by or against the Company.

For Ontic Finserve Limited

Name: Raiyani Bhupendrakumar
Director
DIN: 08104918
Date:08/05/2024
Place: Ahmedabad