

SCHEME OF REDUCTION OF CAPITAL**BETWEEN****INLAND PRINTERS LIMITED****AND****ITS****SHAREHOLDERS****PREAMBLE**

Inland Printers Limited, a company registered under the Companies Act, 1956 and having its registered office at 800, 8th Floor, Sangita Ellipse, Sahakar Road, Vile Parle (E), Mumbai 400 057 and is engaged *inter alia* in the business of printing of prospectus, application forms, Annual Reports, MICR Certificates and other commercial print jobs. However, in the past few years the Company has not carried on any business and is not generating any revenue from its operations.

As on March 31, 2015, the Company has a paid up capital of Rs. 7,30,46,500 divided into 73,90,500 Equity Shares of Rs. 10/- each fully paid up after considering calls in arrears of Rs. 8,58,500/- on 1,71,700 Equity Shares.

As per the last audited Balance Sheet as at 31st March, 2015 the Company has securities premium of Rs. 9,57,32,500 and accumulated losses of Rs. 18,19,23,087 .

The Board of Directors of the Company propose to reduce share capital in accordance with Sections 100-104 of the Companies Act, 1956 and section 52 of the Companies Act, 2013 to reflect its assets and liabilities at their real value and maximize its business value.



GENERAL

1. Definitions

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

- A) "Act" means the Companies Act, 1956 and/or the Companies Act, 2013, as applicable, and the rules and regulations made there under and will include any statutory modifications, re-enactments and/ or amendments thereof from time to time;
- B) "Board" means Board of Directors of the Company, as the case may be.
- C) "Company" means "Inland Printers Limited"
- D) "Appointed Date" means April 01, 2015 or such other date as may be Approved by the High Court of Judicature at Bombay;
- E) "Effective Date" means the last of the following dates or such other dates as the Company may decide namely:

The date on which certified copies of the order of the High Court of Judicature at Bombay sanctioning this Scheme is/ are filed with the Registrar of Companies, Maharashtra or the date on which last of the consents, approvals, sanctions and/ or orders of this scheme have been obtained whichever is later.
- F) "Record Date" means the date(s) to be decided by the Board of Directors or a committee for the purpose of giving effect to the orders of the Honourable High Court sanctioning the Scheme.
- G) "This Scheme" or "The Scheme" or "Scheme" means this Scheme of Arrangement for reduction of capital as provided here in its present form or with such alterations/modifications as may be approved or imposed or directed by the any of the Regulatory Authorities and may be approved by Hon'ble High court of Judicature at Bombay.



- H) "Court" or "High Court" Means the High Court of Judicature at Bombay and shall include the National Company Law Tribunal as Applicable.
- I) "Equity Shares" means fully paid equity shares of Rs. 10/- each issued by the Company till the effective date and post effective date, the Equity shares means fully paid Equity Shares of Rs. 2/- each.
- J) "Shareholder" means a person holding Equity Shares, who is registered as a member in the Register of Members of the Company.
- K) "Stock Exchange" means the stock exchanges on which the shares of the Company are listed.

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, Depositories Act, 1996, Listing Agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and other applicable laws, rules, regulations, bye laws, as the case may be or any statutory modifications or re-enactment thereof from time to time.

2. Share Capital

(a) The present share capital structure of the Company as on March 31, 2015 is as follows:

Authorised Share Capital:	Amt. in Rs.	Amt. in Rs.
1,00,00,000 Equity Shares of Rs. 10/- each.		10,00,00,000
Issued Share Capital		
73,90,500 Equity Shares of Rs.10/- each.		7,39,05,000
Subscribed and fully Paid-up Share Capital		
73,90,500 Equity Shares of Rs. 10/- Each	7,39,05,000	
Call in arrears	8,58,500	7,30,46,500



3. Financial Performance of the Company:

As per latest Audited Financial Statements of the Company, as on 31/03/2015 the financials are summarised as under :

PARTICULARS	Amt in Rs.	Amt in Rs.
Paid up Capital		7,30,46,500
Reserves & Surplus		
a. General Reserve	54,400	
b. Capital Reserve	1,13,74,430	
c. Securities Premium	9,57,32,500	10,71,61,330
Unsecured Loans		19,17,865
Current Liabilities		34,200
Current Assets		2,36,808
Fixed Assets (Net)		Nil
Revenue		50,000
Expenditure		3,67,690
Loss for the year		3,17,690
Accumulated Losses		(18,19,23,087)

4. Reduction and Reorganization of Capital and Securities Premium Account of the Company.

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1. Notwithstanding anything contained in section 100 to 104 of the Companies Act 1956 read with section 52 of the Companies Act, 2013

a) Upon the Scheme coming into effect from the Appointed Date:

i) The Subscribed and Paid up Capital & Reserves and Surplus including Securities Premium Account of the Company shall be reduced to the extent of Rs. 16,49,11,730 being the major portion of Accumulated Losses.



ii) Upon the coming into effect of the Scheme, the share capital of the Company will be reduced and reorganized by reducing the paid up value of the equity shares of the Company from Rs. 10/- per Equity Share to Rs. 2/- per Equity Share and the paid up share capital, securities premium of the company shall stand as follows.

1. Paid up Share Capital - Rs.1,44,37,600/-
2. Securities Premium Account-Rs. Nil
3. Capital Reserves - Rs. Nil
4. General Reserves - Rs. Nil
5. Accumulated Losses - Rs. (1,70,11,357)

iii) On the scheme becoming effective, The equity shareholders' holding Equity shares of Rs.10/- each will continue to hold the same number of shares, however the paid up value of each of the such shares shall become Rs. 2/- per share and hence no fractional shares will result consequent to the reduction of the share Capital as detailed in connection with the Scheme.

iv) Those Equity shareholders of the Company who continue to hold their Equity shares in physical form as on the Record Date shall be issued fresh shares certificates consequent upon the reorganization of the Capital. Their original share certificates shall be deemed to be cancelled and non-exist and not tradable on any stock exchange or otherwise from and after the Record Date. The new share certificates of the Company issued pursuant to this Scheme shall be delivered to such Equity shareholders who hold their Equity Shares in physical form by speed post, courier, Registered Post, irrespective of whether such equity shareholders surrender their old share certificates or not. The Stock Exchanges shall also be intimated, on the Record Date of the non-tradability of the original share certificates so that they can intimate the Company members by public notice displayed on the Notice Board and through electronic means.

vi) a. Upon the scheme coming into effect With the above reduction of share capital of the Company in accordance with above clauses then 73,90,500



(11)

Equity shares having a face value of Rs.10/- each shall be reorganized into 72,18,800 Equity shares of Rs.2/- each fully paid-up after considering 1,71,700 Equity shares on which calls are in arrears. The Company is in the process of forfeiture of 1,71,700 Equity shares on which calls are in arrears. Accordingly, the Company shall issue, to its shareholders, 1 equity share of the face value of Rs.2/- fully paid-up for every 1 equity share of the face value of Rs.10/- each fully paid-up held by them in the Company.

- b. The reduction in the share capital account and securities premium account of the company shall be effected as an integral part of the Scheme upon the order of the Hon'ble High Court sanctioning the scheme coming into effect notwithstanding anything contained in the provisions of sections 100 to 104 of the Companies Act 1956 read with section 52 of the Companies Act, 2013 and such an order shall be deemed to be also the order under section 102 of the Act for the purpose of confirming the reduction.
- C. The provisions of this section shall operate notwithstanding anything to the contrary in this scheme.

5. Background and Reasons for Reduction of Share Capital are as follows:

- a. The Company was engaged in the field of designing, typesetting, printing, binding and direct mailing of printed products and was doing well and therefore management decided to diversify and started incurring on the Capital Expenditure for growth and development. However, the decision went wrong and the company started facing problems. The company defaulted on payment of loan instalment and interest thereon. The Banks and the financial institutions filed suits for the recovery of the amounts and to settle the same the promoters had no choice but to sell the assets of the company to settle the bank and the creditors. , the problems aggravated further due to untimely and unfortunate demise of the one of the Promoters resulting in closure of its operation.
- b. The present management has taken over the Company from the erstwhile promoters and envisages to restructure the capital position by means of Accounting



adjustment in the Books of account of the company by reducing the paid up value of the shares and also by utilizing Securities Premium, Capital reserve and General Reserve for writing-off the accumulated losses.

- c. The Reduction of Share capital would cause the balance sheet to bring in true and fair representation of the company by the available assets of the company and reflect the real financial position of the company.
- d. The Reduction of Capital does not involve any cash out flow as the shares are getting extinguished against the debit balance of Profit & Loss account.
- e. The Reduction of share Capital would place the company in a position to pay dividend in future or raise further capital in future.

6. General Terms and Conditions Applicable to the Entire Scheme

The Scheme confirms to all rules, regulations, guidelines etc. framed and issued by Securities Exchange Board of India pursuant to Securities and Exchange Board of India Act, 1992 and Securities Contracts Regulation Act, 1956.

7. Effect of the Scheme

7.1. upon sanction of this Scheme, the Authorised share capital of the Company shall be automatically converted without any further act, instrument or deed on the part of the Company into Face value of Rs.2 per shares and the Memorandum of Association and Articles of Association of the Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 13, 14 and 61 and other applicable provisions of the Act, as the case may be.

7.2. Consequent upon the restructuring, the authorized share capital of the Company will be Rs. 10,00,00,000/- (Rupees Ten Crores Only) comprising of 5,00,00,000 (Five crore only) Equity Shares of Rs. 2 / - each (Rupee Two each)



It is clarified that the approval of the members of the Company to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum and Articles of Association of the Company as may be required under the Act.

- 7.3 The proposed reconstruction/restructuring of capital by reduction of paid up capital against accumulated losses shall be reflected in the books of Accounts of the Company, on the effective date, in the following manner.

Particulars	Capital Prior to the scheme of reduction as on 31 st March, 2015	Reduction of Capital against the losses as per the scheme
Number of Equity Shares	73,90,500	72,18,800
Calls in arrears on Equity Share	1,71,700	0
Value of each Share	10	2
Total Paid up Capital **	7,30,46,500	1,44,37,600
General Reserve	54,400	0
Capital Reserve	1,13,74,430	0
Securities Premium	9,57,32,500	0
Accumulated losses	18,19,23,087	1,70,11,357

** The total paid up capital of the Company post reduction has been calculated assuming that 1, 71,700 Equity Shares, on which the calls are in arrears, have been forfeited by the Company.

- 7.4. The shareholding pattern of the Company, upon the approval of Scheme shall be in the following manner:

Particulars	Shareholding Prior to the scheme of reduction.	Percentage to Total Shareholding	Shareholding after forfeiture and reduction of capital	Percentage to Total Shareholding
Promoter	41,86,400	56.65	41,86,400	57.99
Public	32,04,100	43.35	30,32,400	44.38
Total	73,90,500	100.00	72,18,800	100.00



7.5

- a. Since the proposed reduction of capital neither involves the diminution of any liability in respect of unpaid share capital nor the payment to any shareholder of any paid-up share capital, there is no outflow of /payout of funds from the company and hence the interests of the creditors is not adversely affected and therefore it is submitted that the provisions of Section 101 (2) of the Companies Act, 1956 do not apply in the instant case and hence consent of the creditors is not required as stipulated under Section 101 (2) of the Companies Act, 1956.
- b. the reasons for reduction of share capital are intended for the benefit of all the stake holders including creditors. It is submitted that the requirement of consent of creditors otherwise under Section 101 (2) of the Companies Act, 1956 is also not required on this reason also.

- 7.6 The form of the minute proposed to be registered under Section 103(1) (b) of the Companies Act is as follows:

"The share capital of the Company is henceforth Rs. 1,44,37,600 /- (Rupees One Crore Forty Four Lac Thirty Seven Thousand Six Hundred only) divided into 72,18,800 equity shares of Rs.2/- each fully paid up reduced from 7,30,46,500 (Rupees Seven Crore Thirty Lac Forty Six Thousand Five Hundred Only) divided into 73,90,500 equity shares of Rs. 10/- each and the Securities Premium Account, General Reserve and Capital Reserve account is henceforth Rs. Nil reduced from Rs. 9,57,32,500/-, 54,400 and 1,13,74,430 respectively. At the date of this registration of this minute 72,18,800 Equity shares numbered 01 to 72,18,800 have been issued and are deemed to be Rs. 2/- paid up.

- 7.7 The Company being a Listed Company on BSE Ltd will comply with the formalities for designating BSE as the stock Exchange for the purpose of coordinating with SEBI for clearance of the scheme of Reduction of Capital and seek approval of the BSE Ltd as required under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



7.8 The scheme is only for reduction of capital of the Company and it does not envisage transfer or vesting of any properties and/ or liabilities to or in favor of the Company.

7.9 The Scheme does not involve any conveyance or transfer of any property and consequently, the order of the Hon'ble High Court of Bombay approving the Scheme will not attract any stamp duty, under the Bombay Stamp Act, in this regard.

The Company shall make all applications/petitions as may be required under Sections 100 to 104 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and other applicable provisions of the Act to the High Court of Judicature of Bombay, for obtaining the sanction of the Court of this Scheme of Reduction of capital, under Sections 100 to 104 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and other Applicable Section of the Act and for such orders for carrying this Scheme into effect.

8. Conditionality of the Scheme

The Scheme is conditional upon and subject to:

- (a) The Scheme being agreed to by the respective requisite majorities of members of the Company as required under the Act and the requisite sanction and orders of the High Court of Judicature at Bombay or of such other authority having jurisdiction under law, being obtained.
- (b) The requisite sanctions and approvals including but not limited to in principle approvals, sanctions of any governmental authority, as may be required by law in respect of this scheme being obtained; and
- (c) The Company needs to obtain Share holders' Approval as required under Section 100 of the Companies Act, 1956 and section 52 of the Companies Act, 2013 by passing a special resolution at its shareholders' meeting for Reduction of Share Capital of the Company.
- (d) The Certified copy of the above order of the High Court of Judicature at, Bombay sanctioning this scheme being filed with the Registrar of Companies, Maharashtra, Mumbai.



9. Cost, Charges and Expenses

All present and future costs, charges, levies, duties and expenses in relation to or in connection with or incidental to the Scheme or the implementation thereof shall be borne by the Company and all of the above costs (including stamp duty, if any) shall be treated as costs relating to the scheme.

10. Effect of Non receipt of approvals/ sanctions

- a) In the event of this Scheme failing to take effect finally, this scheme shall become null and void and in that event no rights and liabilities what so ever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person.
- b) If any part of this scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder 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 to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the scheme, including but not limited to such part.

11. Impact of the Scheme on Employees and workers

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



12. Impact of the Scheme on Creditors.

The scheme of reduction of capital will not affect any of the company's creditors. The Scheme does not provide compromise or arrangement with the creditors and shareholders' except as provided in the scheme. The Scheme will help the revival of the Company which will be in the interest of the Creditors and shareholders.

13. Legal Proceedings

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

14. Accounting Treatment

- a. The Company will comply with all relevant accounting policies and accounting standards as regards accounting for the reduction of capital and writing off of the losses.
- b. Securities Premium amount of Rs. 9,57,32,500, General Reserve of Rs. 54,400, Capital Reserve of Rs. 1,13,74,430 and written off share capital amount to the extent of Rs. 5,77,50,400/- will be utilized to write off the losses. The company will pass appropriate entries for all notional adjustments in prudent and commercially acceptable manner.

