

**SCHEME FOR REDUCTION OF SHARE CAPITAL BETWEEN**

**TCFC FINANCE LIMITED**

**AND**

**ITS SHAREHOLDERS**

**UNDER SECTION 66 READ WITH SECTION 52 AND OTHER APPLICABLE SECTIONS OF THE COMPANIES  
ACT, 2013 AND NATIONAL COMPANY LAW TRIBUNAL (PROCEDURE FOR REDUCTION OF SHARE  
CAPITAL OF COMPANY) RULES, 2016**

## INTRODUCTION

### PREAMBLE

This Scheme (as defined hereinafter) is presented under the provisions of Section 66 read with Section 52 and other relevant provisions of the Act (as defined hereinafter) read with Rules (as defined hereinafter) for the selective reduction of equity share capital of the Company as specified in this Scheme.

### BACKGROUND AND RATIONALE TO THE SCHEME

The background and reasons/ rationale, commercial justification of the proposed Scheme are as follows:

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

Pursuant to the order dated April 9, 1999, issued by the High Court of Bombay ("High Court"), the High Court had approved the Composite Scheme of Arrangement between 20<sup>th</sup> Century Finance Corporation Limited and TCFC Finance Limited and Amalgamation between TCFC Holding Limited and TCFC Finance Limited ("1999 Scheme").

Pursuant to 1999 Scheme, TCFC Finance Limited received 5,33,334 Equity shares of itself i.e. TCFC Finance Limited.

Pursuant to the Act, a company cannot hold its own shares.

Taking cognizance of the above, the Board of Directors in its meeting held on March 28<sup>th</sup>, 2024 has now approved the cancellation of 5,33,334 (Five Lakhs Thirty Three Thousand and Three Hundred and Thirty Four) equity shares of INR 10 (Indian Rupees Ten) each of the Company held by the Company, without payment of any consideration to Company.

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 fulfil its commitments or meet its obligations in the ordinary course of business as there is no payout resulting from the proposed capital reduction. Further, the proposed capital reduction shall result in an increase in the proportionate shareholding of other shareholders of the Company, including public shareholders.

### PARTS OF THE SCHEME

This Scheme is divided into the following Parts:

**Part A** deals with the definitions and details of the Company;

**Part B** deals with the selective reduction of share capital of the Company; and

**Part C** deals with the general terms and conditions applicable to the Scheme.

## PART A

### DEFINITIONS AND DETAILS OF THE COMPANY

#### DEFINITIONS

For the purposes of this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings mentioned herein below:

- a) “**Act**” means the Companies Act, 2013 and the rules, regulations, circulars and notifications issued thereunder, including without limitation the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, each as amended from time to time;
- b) “**Board**” or “**Board of Directors**” means the board of directors of the Company including any duly constituted committee(s) thereof;
- c) “**Capital Reduction**” means the selective reduction of 5,33,334 (Five Lakhs Thirty Three Thousand and Three Hundred and Thirty Four) equity shares of INR 10 (Indian Rupees Ten) each of the Company held by Company, without payment of any consideration to Company;
- d) “**Company**” means TCFC Finance Limited, a company incorporated under the Companies Act, 1956, having its registered office at 501/502, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai – 400 021;
- e) “**Effective Date**” means the date on which the certified copy of the order passed by the NCLT sanctioning the Scheme and minute of reduction is filed with the Registrar of Companies, Mumbai;
- f) “**Ind AS**” means the Indian Accounting Standards prescribed under Section 133 of the Act;
- g) “**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- h) “**RoC**” means the Registrar of Companies, Mumbai;
- i) “**Rules**” means National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, as amended from time to time;
- j) “**SEBI Circular**” means the SEBI Circular CFD/DIL3/CIR/201721 dated March 10, 2017, as amended from time to time, read with the SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-Rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957, as amended from time to time;
- k) “**Scheme**” means this scheme of arrangement between the Company and its shareholders, pursuant to the provisions of Section 66 read with Section 52 and other applicable provisions of the Act, and rules made thereunder;
- l) “**SEBI**” means the Securities and Exchange Board of India;
- m) “**Stock Exchanges**” means the stock exchanges where the equity shares of the Company are listed and are admitted to trading, viz, BSE Limited; and
- n) “**Tribunal**” or “**NCLT**” means the National Company Law Tribunal, Mumbai bench.

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 and Exchange Board of India Act, 1992, Listing Regulations 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.

## **DETAILS OF THE COMPANY**

### **Incorporation of the Company**

The Company was incorporated on August 29<sup>th</sup>, 1990, in Mumbai, Maharashtra under the provisions of the Companies Act, 1956, under the name 'TCFC Finance Limited'.

The registered office of the Company is currently situated at 501/502, Raheja Chambers, Nariman Point, Free Press Journal, Mumbai, Maharashtra, India – 400 021.

The corporate identity number of the Company is L65990MH1990PLC057923.

The shares of the Company are currently listed on the BSE Limited.

The Company is engaged in the business of finance and investments and trading in equity shares, mutual funds, securities etc. The Company holds a Certificate of Registration (CoR) as Non-Banking Financial Institution, without accepting public deposits, registered with the Reserve Bank of India ("RBI") under section 45-IA of the Reserve Bank of India Act, 1934. The Company received its certificate of registration as a non-banking finance Company on August 12, 1998.

### **Objects of the Company**

The Memorandum of Association of the Company sets out inter alia the following objects:

- 1) To carry on the business of an investment Company and to underwrite, sub-underwrite, to invest in , and acquire and hold, sell buy or otherwise trade in shares, debentures, debenture stock, bonds, unit, obligations and securities issued or guaranteed by Indian or Foreign Governments, States or public Authorities or bodies and shares, stocks debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any Company, corporation, firm or person whether incorporated or established in India or elsewhere.
- 2) To carry on the business of a leasing and hire purchase finance Company and to acquire to provide on lease of hire purchase basis all types of industrial and office plant, equipment, machinery, vehicles, buildings and real estate, required for manufacturing, processing, transportation and trading business and other commercial and service business.

### **Capital Reduction and the Articles of Association of the Company**

Article 4 of the Articles of Association of the Company authorizes the Company to reduce its share capital in any manner. Article 4 of the Articles of Association of the Company for the sake of ready reference, is set out hereunder:

"The Company shall have the power from time to time to increase or reduce its share capital for the time being into other classes and to attach thereto respectively such preferential, deferred, classified or other special rights or in accordance with the Articles of Association of the Company and to vary, modify, abrogate any such right, privileges or conditions or restrictions in such manner as many for the time being be permitted by the Articles of Association of the Company or the legislative provisions for the time being in force in that behalf."

## Share Capital

The share capital structure of the Company, as on March 31, 2023, is as under:

<b>Share Capital</b>	<b>Amount (INR)</b>
<b>Authorized Share Capital</b>	
2,50,00,000 equity shares of INR 10 each	25,00,00,000
<b>Total</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
1,04,82,129 equity shares of INR 10 each	10,48,21,290
<b>Total</b>	<b>10,48,21,290</b>

## Financials

The key aspects with respect to the financial performance of the Company for the financial year ended March 31, 2023, and period ended December 31st, 2023, are as summarized below:

<b>Particulars</b>	<b>Financial Year ended March 31, 2023 (Amount in INR Crores)</b>	<b>Period ended December 31<sup>st</sup>, 2023 (Amount in INR Crores)</b>
Revenue	2.15	4.46
Expenses	1.21	0.29
<b>Profit/ (Loss) before tax</b>	<b>0.94</b>	<b>4.17</b>
<b>Net-worth</b>	<b>97.40</b>	<b>107.26</b>

## PROMOTERS AND DIRECTORS

The names of the promoters of the Company as on December 31, 2023, along with their addresses are set forth below:

<b>Sr. No.</b>	<b>Name</b>	<b>Promoter</b>	<b>Address</b>
1.	Munisha Ahuja	Promoter	3C, Maruti Sadan. 12, Dover Park, Ballygunge, Kolkata – 700019
2.	Tania Deol	Promoter	Plot No22, Road No.11 J.V.P.D.Scheme,Juhu,Mumbai-400049
3.	Greenstone Investments Private Limited	Promoter Group	502, Raheja Chambers, Nariman Point, Free Press Journal, Mumbai, Maharashtra, India – 400 021.
4.	20 <sup>th</sup> Century Holdings Private Limited	Promoter Group	502, Raheja Chambers, Nariman Point, Free Press Journal, Mumbai, Maharashtra, India – 400 021.
5.	Citi Leasing Private Limited	Promoter Group	502, Raheja Chambers, Nariman Point, Free Press Journal, Mumbai, Maharashtra, India – 400 021.

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	Promoter	Address
1.	Atul Manubhai Desai	Non-Executive - Independent Director, Chairperson	C/62, Vellard View, 14, Tardeo Road, Haji Ali, Mumbai- 400034
2.	Tania Vijay Singh Deol	Executive Director, CEO-MD	Plot No22, Road No.11 J.V.P.D.Scheme,luhu,Mumbai-400049
3.	Srinivasan Vengendur Srikumar	Non-Executive - Independent Director	83, Nibbana, Pali Hill Road, Bandra (W), Mumbai-400050
4.	Venkatesh Raghunath Kamath	Executive Director & CFO	B-108, J M Apartment, Nehru Road, Dombivali (E), Mumbai- 421201
5.	Dharmil A. Bodani	Non-Executive - Director	51, El CID Ridge Road, Malabar Hill, Mumbai 400 006
6.	Pranav S. Jasani	Non-Executive - Independent Director	402, Riviera, Gandhigram Road, Juhu Mumbai 400049
7.	Jaya Virwani	Additional Non-Executive - Independent Director	Embassy lake terraces apt, 373 hebbal kempapura next to esteem mall hebbal Bangalore, Bengaluru, 560024 , Karnataka India
8.	Ashish Singh	Additional Non-Executive - Independent Director	A 801, Imperial Heights, near Best Nagar, Goregaon West , Mumbai, 400104

#### **OTHER DISCLOSURES**

No investigations or proceedings have been instituted and are pending against the Company under the Act. 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.

The Scheme will not have any adverse effect on any directors, key managerial personnel, promoters, non-promoter members, creditors and employees and depositors of the Company. The Company does not have any debenture holders. The Scheme will be in the best interest of all the stakeholders of the Company.

The benefits of the Scheme to the Company and its respective members, creditors and employees, as perceived by the Board, are mentioned in Part B of the introduction of this Scheme (Selective Reduction of Share Capital of the Company).

## PART B

### SELECTIVE REDUCTION OF SHARE CAPITAL OF THE COMPANY

#### BACKGROUND AND REDUCTION OF SHARE CAPITAL OF THE COMPANY

The objective of the Scheme is to undertake the Capital Reduction or otherwise alter the issued, subscribed and paid-up share capital of the Company. As an integral part of the Scheme, upon the Scheme becoming effective after securing necessary approvals and permissions, without any further act, instrument or deed, the issued, subscribed and paid-up equity share capital of the Company shall be reduced by INR 53,33,340 (Indian Rupees Fifty Three Lakhs Thirty Three Thousand Three Hundred and Forty only) comprising of 5,33,334 (Five Lakh Thirty Three Thousand and Three Hundred and Thirty Four only) equity shares of INR 10 (Indian Rupees Ten) each.

#### RE-ORGANISATION OF PAID-UP SHARE CAPITAL AND ITS IMPACT ON THE COMPANY

Upon the Scheme becoming effective, 5,33,334 (Five Lakh Thirty Three Thousand and Three Hundred and Thirty Four only) equity shares of INR 10 (Indian Rupees Ten) each of the Company shall be cancelled and extinguished and consequently, the paid-up equity share capital of the Company as on the Effective Date shall become INR 9,94,87,950/- (Indian Rupees Nine Crores Ninety Four Lakhs Eighty Seven Thousand Nine Hundred and Fifty only) divided into 99,48,795 (Ninety Nine Lakhs Forty Eight Thousand Seven Hundred and Ninety Five only) equity shares of INR 10 (Indian Rupees Ten) each.

Further, upon the Scheme becoming effective, the Company shall ensure compliance with applicable provisions of the Listing Regulations.

The share capital of the Company before and after the Capital Reduction in terms of this Scheme shall be as under:

Particulars	As on date of approval of the Scheme		Post Capital reduction in terms of this Scheme	
	Number of Equity shares	Amount (INR)	Number of Equity shares	Amount (INR)
Authorized equity share capital	2,50,00,000	25,00,00,000	2,50,00,000	25,00,00,000
Paid-up equity share capital	1,04,82,129	10,48,21,290	99,48,795	9,94,87,950

The Capital Reduction and the consequent cancellation of the equity share capital as hereinabove and the securities premium of the Company, shall be effected as per the provisions of Section 66 read with Section 52 of the Act and other applicable provisions of the Act, rules (including the Rules) and regulations made thereunder upon the Scheme becoming effective.

The Capital Reduction does not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

The Capital Reduction will not cause any prejudice to the creditors of the Company as there will not be any reduction in the amount payable to the respective creditors. Further, in the absence of any payments to Company pursuant to the Capital Reduction, it does not alter, vary or affect the rights of the creditors in any manner whatsoever. The liabilities with respect to payments due to the creditors will be discharged by the Company in accordance with the terms of their agreements with the Company, if any, or in the ordinary course of business, as the case may be. The Company has positive net worth, and therefore, the proposed Capital Reduction will not adversely affect the ordinary operations of the Company or the ability of the Company to honor its commitments or to pay its debts in the ordinary course of business.

The Capital Reduction will not have any adverse impact on the employees and workers of the Company in any

manner, and their service shall be continuous, and they will continue to enjoy the same benefits as they used to before the Capital Reduction.

The Scheme does not in any manner alter, vary, or affect the payment of any dues or outstanding amounts, including all or any of the statutory dues payable or outstanding.

The Scheme does not envisage transfer or vesting of any of the properties and / or liabilities of the Company to any person or entity.

The Scheme is merely a Capital Reduction and does not involve any conveyance or transfer of any property of the Company and does not involve any issuance of shares. Consequently, the order of NCLT approving the Scheme will not attract any stamp duty.

### **COMPLIANCE**

The consent of the members of the Company for the Capital Reduction and this Scheme shall be obtained through a special resolution under the provisions of Section 66 of the Act and any other applicable provision. The Scheme, if sanctioned, shall be fully in compliance with the Securities and Exchange Board of India Act, 1992, Listing Regulations and SEBI Circular. Upon the Scheme becoming effective, the Company shall ensure compliance with applicable provisions of the Listing Regulations.

### **ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANY**

Upon the Scheme becoming effective, investment, aggregating to the value of investment representing 5,33,334 (Five lakhs Thirty Three Thousand Three hundred and Thirty Four) equity shares of the Company recorded as a non-current investment in the books of the Company i.e., INR 53,33,340 (Indian Rupees Fifty three lakhs Thirty Three Thousand Three hundred and forty only) shall be cancelled, with corresponding adjustments by way of debit to: (i) the outstanding paid-up equity share capital for INR 53,33,340 (Indian Rupees Fifty three lakhs Thirty Three Thousand Three hundred and forty only); and credit to (ii) the retained earnings account of the Company for INR 53,33,340 (Indian Rupees Fifty three lakhs Thirty Three Thousand Three hundred and forty only) and credit to: (i) the investment account of 5,33,334 Equity Shares of TCFC Finance Limited at the carrying value and debit to (ii) Treasury shares account at the carrying value of 5,33,334 Equity Shares of TCFC Finance Limited, in compliance with the generally accepted accounting principles in India.

### **MISCELLANEOUS**

Notwithstanding the reduction of the capital of the Company in pursuance of this Scheme, the Company shall not be required to add the words "And Reduced" to its name as the last words thereof.

### **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 capital of TCFC Finance Limited is henceforth INR 9,94,87,950/- (Indian Rupees Nine Crores Ninety Four Lakhs Eighty Seven Thousand Nine Hundred and Fifty only) divided into 99,48,795 (Ninety Nine Lakhs Forty Eight Thousand Seven Hundred and Ninety Five only) equity shares of INR 10 (Indian Rupees Ten) each reduced from INR 10,48,21,290 (Indian Rupees Ten Crores Forty Eight Lakhs Twenty One Thousand Two Hundred and Ninety only) comprising of 1,04,82,129 (One Crore Four Lakhs Eighty Two Thousand One Hundred and Twenty Nine) equity shares of INR 10 (Indian Rupees Ten) each."

### **LEGAL PROCEEDINGS**

The Scheme will not affect any legal or other proceedings by or against the Company, pending or arising, but



the proceedings may be continued, prosecuted, and enforced by or against the Company in the same manner and to the same extent as it would be or might have been continued, prosecuted, and enforced by or against the Company prior to the Scheme.

**CONDUCT OF BUSINESS BY COMPANY**

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

## **PART C**

### **GENERAL TERMS AND CONDITIONS APPLICABLE TO THE SCHEME**

#### **APPLICATION TO THE TRIBUNAL**

The Company shall make applications / petitions under Section 66 and other applicable provisions of the Act to the NCLT for the sanction of this Scheme, minute of reduction and all matters ancillary or incidental thereto.

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

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

Subject to the provisions of the SEBI Circular, the Company through its Board, may assent to any modifications/ amendments to the respective section of this Scheme and/ or to any conditions or limitations, including such modifications/ amendments and/ or conditions or limitations that the Tribunal, the SEBI, the Stock Exchanges and/ or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them.

The Company, through its authorized representatives, be and is hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions that may arise in relation to the meaning or interpretation of the respective sections of this Scheme or implementation thereof or in any manner whatsoever connected therewith, whether by reason of any directive or order of the Tribunal or any other authority or otherwise, howsoever arising out of, under or by virtue of this Scheme and/ or any matters concerned or connected therewith and to do and execute all acts, deeds, matters and things necessary for giving effect to this Scheme.

#### **CONDITIONALITY OF THE SCHEME**

This Scheme is and shall be conditional upon and subject to:

- a) the Scheme being approved by the members of the Company through special resolution and provided that the votes cast by the public shareholders in favor of the Scheme are more than the number of votes cast by the public shareholders against it through E-voting in terms of the SEBI Circular;
- b) the Scheme being approved by 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 letter from the relevant Stock Exchanges for the implementation of the Scheme;
- d) the Scheme being sanctioned by the Tribunal under Section 66 and any other applicable provision of the Act;
- e) certified copy of the order of the Tribunal sanctioning this Scheme and the minute 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.

#### **EFFECT OF NON-RECEIPT OF APPROVALS**

In the event of any of the sanctions and approvals referred to in Para – *Conditionality of the Scheme* above not being obtained and / or the Capital Reduction not being sanctioned by the Tribunal or such other appropriate authority, if any, this Capital Reduction shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved

or worked out as is specifically provided in the Capital Reduction or as may otherwise arise in law and agreed between the relevant parties.

The Board shall be entitled to revoke, cancel and declare the Scheme or any part thereof to be of no effect and/ or to withdraw the Scheme or any part thereof and respective applications/ petitions filed with the Tribunal for any reason including if the Board is of view that the coming into effect of the Scheme or of any part thereof, in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have an adverse implication on the Company or in case any condition or alteration imposed by the Tribunal or any other authority or entity is not on terms acceptable to them.

### **COSTS, CHARGES AND EXPENSES**

The Company shall bear all the costs, charges, taxes including duties, levies and all other expenses, if any arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto.

### **MISCELLANEOUS**

Notwithstanding the Capital Reduction, the listing benefits of the Company on all the Stock Exchange(s) shall continue, and the Company will comply with the applicable provisions of the listing agreement with the Stock Exchange(s) for listing and trading of shares of the Company.

The designated stock exchange for interaction with SEBI in terms of the SEBI Circular shall be BSE Limited.