



MAHAN INDUSTRIES LTD.

CIN : L91110GJ1995PLC024053

Regd. Office : 3rd Floor, D. K. House, Nr. Mithakhali Bridge, Ahmedabad-380 006.
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Date:01/09/2021

To,
BSE Limited,
P J Towers,
Dalal Street,
Mumbai-400001

Scrip Code: 531515

Sub: Intimation of Capital Reduction Scheme pursuant to Section 66 of the Companies Act, 2013 read with Regulation 37 and Regulation 11 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir,

Pursuant to Section 66 of the Companies Act, 2013 read with Regulation 37 and Regulation 11 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby intimate you the draft scheme of Capital Reduction of Mahan Industries Limited.

You are requested to take on record our above mentioned information and acknowledge the receipt.

Yours Faithfully,

Yogendrakumar Gupta
Managing Director
(DIN:01726701)



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The following explanatory statement sets out all material facts relating to various Business including Special Business of the accompanying Notice of the Annual General Meeting to be held on 21st September, 2021.

SPECIAL BUSINESS.

ITEM NO. 3

The proposed reduction of the Capital of Mahan Industries Limited (“the Company”) is being undertaken in accordance with the provisions of Section 66 of the Companies Act, 2013, (including any statutory modification(s) or reenactment thereof for the time being in force) and the rules made there under (the “Act”) and specifically the Hon’ble National Company Law Tribunal (Procedure for Reduction of Capital of Company) Rules, 2016 (“Reduction Rules”), which permits the Company to undertake a reduction of its share capital.

The Company has Paid Up Share Capital of 3,60,00,000 (Three Crore Sixty Lakh) Number of Share of Rs. 10/- (Rupees Ten each) aggregating Amount of Rs. 360,000,000/- (Rupees Thirty Six Crore Only).

The Company has accumulated loss at Rs . 32,71,63,365 at 31.03.2021 For ensuring that the financial statements of the Company reflect the real picture and the Capital which is lost is not continued to be shown on the face of balance sheet it is necessary to carry out reduction of capital of the Company

Upon the Scheme becoming effective, 3,24,00,000 (Three Crore Twenty Four Lakhs) equity shares of face value INR 10 (Indian Rupees Ten) per equity shares shall stand cancelled and extinguished held by promoter and Public Share holder shall be cancelled, with corresponding adjustment 32,40,00,000 from the accumulated loss.

The paid-up equity share capital of the Company as on the Effective Date shall become INR 3,60,00,000 (Three Crore Sixty lakh) divided into 36,00,000 (Thirty Six lakh) equity shares of Rs 10 (Rupees Ten) each

The reduction of Capital in the manner proposed would enable the Company to have a rational capital structure which is commensurate with its remaining business and assets.

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The Scheme of Reduction of Share Capital is presented with a view to achieve Restructuring of the Company which would result in reducing of the accumulated losses of the Company and improvement in financial health as more business activities shall be brought into the Company.

The Scheme of Reduction of Share Capital will result in reflecting the financial statements at the actual values which would enhance shareholders value and Confidence

**PROPOSED SCHEME FOR
REDUCTION OF SHARE
CAPITAL
OF
MAHAN INDUSTRIES
LIMITED
WITH
ITS SHAREHOLDERS AND
CREDITORS**

**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**

PARTS OF THE SCHEME

This Scheme is divided into the following Parts:

Part A deals with the Preamble and details of the Company.

Part B deals with Rationale and Salient Features of the Scheme

Part C deals with definitions;

Part D deals with the Reduction of share capital of the Company; and

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



PART A : THE PREAMBLE AND DETAILS OF THE COMPANY.

A. PREAMBLE

This scheme of selective reduction **Scheme**
under the provisions of Section 66 read with Section 52 and other relevant
Act
Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules,
Rules
Limited **Company** as specified in this Scheme.

1. DETAILS OF THE COMPANY

(a)

Mahan Fin stock

Limited

Mahan Fin stock

limited Mahan Industries limited;

(b)

(c)

(d)

(e) *inter alia*

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

To carry on business of trading investment, business of financial company, to undertake all types of leasing and hire purchase rental business relating to all kinds of machinery, plant equipment, ships, vehicles houses, Syndicate leasing or hire purchase business, to undertake bill discounting business, and to finance housing Business and to finance for working Capital

Article 8 of the Articles of Association of the Company authorizes the Company by special resolution to reduce its share capital in any manner. Article 8 of the Articles of Association of the Company for the sake of ready reference, is set out hereunder:

“The Company may (subject to the provisions of Section 52, 55, 66 and any other provisions of the Act) from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve



Fund or other premium account in any manner for the time being authorized by law.”

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

Share Capital	Amount (INR)
Authorized Share Capital 3,73,00,000 equity shares of INR 10 each	37,30,00,000
Total	37,30,00,000
Issued, Subscribed and Paid-up Share Capital 3,60,00,000 equity shares of INR 10 each	36,00,00,000
Total	36,00,00,000

The key aspects with respect to the financial performance of the Company for the financial year ended March 31, 2021 are as summarized below:

Particulars	Financial Year ended March 31, 2021(Amount in INR Crores)
Subscribed, Issued and fully Paid up Share Capital divided in to 3,60,00,000 of Rs. 10/- each	36,00,00,000
Accumulated Losses	(32,71,63,365)
Net Worth	3,28,36,635

Part B : RATIONALE AND SALIENT FEATURES OF THE SCHEME

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(a)

as defined hereinafter

as defined hereinafter

(b)

(c)



to reflect its assets and liabilities at their real value and maximize its business value, the Company proposes to reduce the equity share capital of the company In accordance with Section 66 of the Companies Act, 2013 read with National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016.

(d)

(e)

By the effective date and after securing necessary approvals and permissions, accumulated losses of Rs. 32,71,63,365 (Rupees Thirty Two crore Seventy one lac sixty three thousand three hundred sixty five) will be set of to the extent of the share capital cancelled i.e. 90 % of Rs. 36,00,00,000 (Thirty Six Crore) which will amount to Rs. 32,40,00,000 (Thirty Two Crore Forty Lacs) with effect from the appointed date.

(f)

Capital Reduction

(g)

inter alia

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(h)



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- (g) **Investor**

 - (h) **Listing Regulations**

 - (i) **RoC**

 - (j) **Rules**

 - (k) **SEBI Circular**

 - (l) **Scheme**

 - (m) **SEBI**

 - (n) **Stock Exchanges**

 - (o) **Tribunal**

 - (p)

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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 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.

PART D: BACKGROUND AND REDUCTION OF SHARE CAPITAL OF THE COMPANY

4. Reduction of Share Capital of the Company :

- 4.1 Upon effectiveness of the Scheme 3,24,00,000 (Three Crore Twenty Four Lacs) equity shares will reduced and the share capital of the company will be 36,00,00,000 (Thirty Six Lakh And Ninety Five) equity shares of face value INR 10 (Indian Rupees Ten) equity shares held by promoter and Public Share holder, without payment of any consideration with the adjustment of loss of 32,40,00,000 (Rupees Thirty Two Crore Forty Lacs).
- 4.2 The Scheme seeks to reduce or otherwise alter the issued, subscribed and paid up share capital of the Company and the same will reduce as a result of the Scheme.
- 4.3 On the Effective date and after securing necessary approvals and permissions the Company shall reduce its fully paid up equity share capital from Rs. 36,00,00,000 (Thirty Six Crore) divided in to 3,60,00,000 (Three Crore Sixty lacs) Equity Shares of Rs. 10/- each to Rs. 3,60,00,000 (Three crore Sixty lacs) divided in to 36,00,000 (Thirty Six lacs) Equity share of Rs.10/- each. The accumulated losses of Rs. 32,71,63,365 (Rupees Thirty Two crore Seventy one lac sixty three thousand three hundred sixty five) will be set of to the extent of the share capital cancelled i.e. 90 % of Rs. 36,00,00,000 (Thirty Six Crore) which will amount to Rs. 32,40,00,000 (Thirty Two Crore ~~Forty~~ Lac)



4.5 Reduction and the consequent cancellation of the Equity Share Capital of the Company as hereinabove, shall be affected as per the provisions of Section 66 of the Act read with National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Act and Rules and Regulations made there under upon the Scheme becoming effective. The order of National Company Law Tribunal (NCLT) Ahmadabad Bench/Regional Director Western Region, Register of Companies or any other competent authority sanctioning the Scheme shall border under 66 of the Act read with National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 for the purpose of confirming the reduction. The reduction does not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

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

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 by Board of Directors		Post Capital reduction in terms of this Scheme	
	Number of Equity shares	Amount(INR)	Number of Equity shares	Amount (INR)
Authorized equity share Capital	3,73,00,000	3,73,000,000	3,73,00,000	3,73,000,000
Issued Subscribed Paid-up equity share capital	3,60,00,000	3,60,000,000	36,00,000	3,60,00,000

- 4.7 Any fraction shares arising on account of reduction of Equity share Capital shall be rounded off to the nearest integer. For example share holder will hold 10.4 shares after reduction it shall be rounded off to 10 equity shares and 0.40 shall be ignored. However, if the shareholder holds 10.50 shares it shall be rounded off to 11 shares. Further, if a shareholder holds 10 or less than 10 shares as on the record date to be fixed by the Board then such shareholders shareholding will be reduced to one share, for example if Shareholders holds 10 shares after reduction of capital it shall be rounded off to 1 share, if they hold 9 shares after reduction of capital it shall be rounded off to 1 share, if they hold 1 shares after reduction of capital they shall continue to hold 1 share. For the purpose of rounding off, the promoters will offer their holdings for reduction to the nearest rounding off so that post reduction the equity share capital of the Company shall remain amount Rs. 3,24,00,000 (Three crore Twenty Four Lacs) consisting of 32,40,000 Thirty Two lacs forty thousand) fully paid up equity share of Rs. 10/- each.
- 4.8 part of its corporate name and such use is dispensed with.
- 4.9 The Capital Reduction and the consequent reducing equity share capital 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 there under upon the Scheme becoming effective.
- 4.10 The Capital Reduction does not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.



4.11 Object/Benefits arising out of the scheme:

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value.

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PART E : OTHER DISCLOSURES, GENERAL TERMS AND CONDITIONS APPLICABLE TO THE SCHEME

5. OTHER DISCLOSURES

- 5.1 No investigations or proceedings have been instituted and are pending against the Company under the Act.
- 5.2 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 there under. 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.
- 5.3 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.
- 5.4 The benefits of the Scheme to the Company and its respective members, creditors and employees, as perceived by the Board of the Company are mentioned in Part B of the introduction of this Scheme (*Rationale of Scheme*).
- 5.5 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. 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.
- 5.6 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.



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- 5.7 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.
- 5.8 The Scheme does not envisage transfer or vesting of any of the properties and/or liabilities of the Company to any person or entity.
- 5.9 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 issue of shares. Consequently, the order of NCLT approving the Scheme will not attract any stamp duty.
- 5.10 Notwithstanding the Capital Reduction in pursuance to this Scheme and subject to the orders of the NCLT, the Company shall not be required to add the words _____ as a suffix.

6. COMPLIANCE

- 6.1 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.
- 6.2 The Scheme, if sanctioned, shall be fully in compliance of the Securities and Exchange Board of India Act, 1992, Listing Regulations and SEBI Circular.

7. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANY

Upon the Scheme becoming effective, effective 3,24,00,000 (Three crore twenty Four lacs) equity shares of face value INR 10 (Indian Rupees Ten) per equity shares shall stand cancelled and extinguished held by promoter and Public Share holder shall be cancelled, with corresponding adjustment by way of Adjust to loss of 32,40,00,000 out of total loss of Rs. 32,71,63,365 as on 31-03-2021.

8. 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 Mahan Industries limited is henceforth INR 3,60,00,000 (Indian Rupees Three Crore Sixty lakh) divided into 36,00,000 (Thirty Six lakh and Ninety Five) equity shares of INR 10 (Indian Rupees Ten) each reduced from INR effective 32,40,00,000 (Indian Rupees Thirty Two Crore Forty lacs) divided into 3,24,00,000 (Three crore twenty Four Lakhs) equity shares of INR 10 (Indian Rupees Ten) each .”

9. 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.

10. 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.

11. APPLICATION TO THE TRIBUNAL

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



12. JUSTIFICATION OF THE SCHEME

a)

Company. The Company has been consistently running into losses and has substantial carried forward losses in its Financial Statements making it difficult for the Company to either raise new resources for expansion or for any modernization. The Company is therefore unable to raise any finance either from the capital markets or financial institutions whether in the form of equity or debt, to undertake business activities on a larger scale. The proposed Scheme would enable the Company to show the actual financial position in its balance sheet to depict the representing assets value which in turn enable it to approach for financial assistance in order to develop its business and thereby decrease accumulated losses to enhance the value.

b)

13. MODIFICATIONS/ AMENDMENTS TO THE SCHEME

- 13.1 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.

13.2 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.

13.3 All amendments / modifications to the scheme pursuant to this clause shall be subject to approval of National Company Law Tribunal, Ahmadabad Bench, Regional Director North-Western Region, Registrar of Companies or any other competent authorities.

14. CONDITIONALITY OF THE SCHEME

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

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(d)

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(f)

Government or any other statutory or regulatory authority, if any, which by law may be necessary for the implementation of this Scheme.

15. EFFECT OF NON-RECEIPT OF APPROVALS

- 15.1 In the event of any of the sanctions and approvals referred to in Para 14 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.
- 15.2 The Board of the Company 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 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.

16. COSTS, CHARGES AND EXPENSES

The Company shall bear all the costs, charges, taxes including duties, levies

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and all other expenses, if any arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto.



17. LISTING OF SHARES

Notwithstanding the reduction of capital of the Company in pursuance of this Scheme, the listing benefits of the Company, for the existing shares being issued in pursuance of this Scheme, on all or any of the Stock Exchange where the existing equity shares of the Company are listed may continue and the Company will comply the applicable provisions of the Listing Agreement with the Stock Exchange for listing and trading of shares.

18. MISCELLANEOUS

Notwithstanding the reduction of the capital of the Company in pursuance of

to its name as the last words there of