

**REPORT OF THE BOARD OF DIRECTORS OF ONE INTERNATIONAL CENTER PRIVATE LIMITED ('THE COMPANY') ON THE SCHEME OF REDUCTION OF SHARE CAPITAL BETWEEN THE COMPANY AND ITS SHAREHOLDERS UNDER SECTION 66 READ WITH SECTION 52 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE NCLT (PROCEDURE FOR REDUCTION OF SHARE CAPITAL OF COMPANY) RULES, 2016**

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**1. Background:**

- 1.1 A meeting of the Board of Directors (**'Board'**) of One International Center Private Limited (**'Company'**) was held on Thursday, 21<sup>st</sup> December, 2023 to consider and recommend the proposed scheme for reduction of capital between the Company and its shareholders for reduction of the entire available balance in the securities premium account of Rs. 823,93,70,000/- (Rupees Eight Hundred and Twenty Three Crores Ninety Three Lakhs and Seventy Thousand only) which shall be utilized to set off against the accumulated losses i.e., the debit balance in the profit and loss account to an extent of Rs. 823,93,70,000/- (Rupees Eight Hundred and Twenty Three Crores Ninety Three Lakhs and Seventy Thousand only) as on September 30, 2023 reflected under "Reserves and Surplus – Retained Earnings" as part of the "Other Equity" under Section 66 read with Section 52 of the Companies Act, 2013 (**'Act'**) and other applicable provisions of the Act and the rules thereof and the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 (**'Scheme'**) including any amendments thereof, as applicable.
- 1.2 This report of the Board is made in compliance with the requirement of the SEBI Master Circular No SEBI/HO/DDHS/PoD1/P/CIR/2023/108 dated July 29, 2022 (updated as on June 30, 2023 and amended from time to time) (**'SEBI Circular'**) read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by the Securities Exchange and Board of India (**'SEBI'**), as amended from time to time. Capitalised terms used herein but not defined shall have the meaning ascribed to it in the Scheme.
- 1.3 While deliberating on the Scheme, the Board had, *inter-alia*, considered and took on record following necessary documents (**'Documents'**):
- Draft Scheme;
  - Certificate on non-applicability of valuation report dated December 19, 2023, prepared by CA Akshat Jain, Registered Valuer (IBBI Registration No.: IBBI/RV/06/2022/15048);
  - Fairness opinion dated December 20, 2023 obtained from Expert Global Consultants Private Limited, SEBI Category-I Merchant Banker (**'Fairness Opinion'**);
  - Draft certificate issued by M/s. Walker Chandiok & Co LLP, Statutory Auditors of the Company on the accounting treatment contemplated under the Scheme; and



**One International Center Private Limited**

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e. Net-worth Certificate given by Priyal Agarwal dated December 20, 2023.

## **2. Background to the Proposed Scheme:**

2.1 The proposed Scheme is presented by One International Center Private Limited, pursuant to the provisions of Section 66 read with Section 52 and other applicable provisions of the Companies Act, 2013 and the NCLT (Procedure for Reduction of Share Capital of Company) Rules, 2016.

### **Rationale and purpose of reduction of share capital**

The key objectives of the Scheme are:

- a. As at September 30, 2023, the Company has Accumulated Losses of Rs. 9,31,99,98,707/ (Rupees Nine Hundred and Thirty One Crores Ninety Nine Lakhs and Ninety Eight Thousand Seven Hundred and Seven Only). The Accumulated Losses are reflected as a debit balance under “Reserves and Surplus – Retained Earnings” as a part of “Other Equity”.
- b. As against the Accumulated Losses, the balance sheet of the Company also reflects an amount of by Rs. 8,23,93,70,000/- (Rupees Eight Hundred and Twenty Three Crores Ninety Three Lakhs and Seventy Thousand Only) standing to the credit of Securities Premium Account as part of the “Other Equity” as on September 30, 2023.
- c. The Company believes that utilization of the Securities Premium Account to set off the Accumulated Losses of the Company would result in a fairer reflection of the “Other Equity” in the balance sheet. The right-sizing of the balance sheet is also likely to facilitate the efforts of the Company while raising funds.
- d. Utilization of the Securities Premium Account in the manner indicated above would be deemed to be a reduction of share capital of the Company, which would therefore require compliance with Section 66 read with Section 52 of the Act.
- e. By virtue of article 5.1 of articles of association of the Company, the Company is authorized to reduce its share capital in any manner and in accordance with the provisions of the Act.
- f. Therefore, the Company proposes to utilize the entire balance of the securities premium account of Rs. 8,23,93,70,000/- (Rupees Eight Hundred and Twenty Three Crores Ninety Three Lakhs and Seventy Thousand Only) for setting off the accumulated losses reflected as a debit balance under “Reserves and Surplus – Retained Earnings”, as per the management certified financial statements of the Company as on September 30, 2023.



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- g. Accordingly, upon the Scheme coming into effect, balance in Securities Premium Account be reduced from Rs. 8,23,93,70,000/- (Rupees Eight Hundred and Twenty Three Crores Ninety Three Lakhs and Seventy Thousand Only) to Nil.
- h. Under Section 52 of the Act, the balance in Securities Premium Account can only be utilized for purposes specified therein, and any utilization of Securities Premium Account for other purposes would be construed as reduction in capital and the provisions of Section 66 of the Act read with NCLT (Procedure for Reduction of Share Capital of Company) Rules, 2016 would accordingly be applicable in respect of such reduction.
- i. The reduction envisaged under this Scheme will not have any impact on shareholding pattern or the capital structure of the Company. The proposed reduction will be for the benefit of the Company and its shareholders. The proposed reduction of share capital also does not envisage any payout to any shareholder or any sacrifice on the part of any creditor. Accordingly, the reduction of share capital should not result in any adverse impact on the creditors.
- j. Hence, the Board believe that in order to present a fair position of the affairs of the Company, the most efficient option available to the Company would be to utilize the balance lying in the Securities Premium Account to the extent of writing of the Accumulated Losses of 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. Objects / Benefits arising out of the Scheme .**

- 3.1 The Company's book would more accurately represent its financial position.
- 3.2 The right-sizing of the balance sheet is likely to facilitate the efforts of the Company while raising funds.
- 3.3 The reduction of securities premium account does not result in diminution of any liabilities of the Company, in respect of any unpaid capitals nor entails payment to any shareholder of any paid-up capital.
- 3.4 This Scheme is in the interest of all the shareholders, creditors and other stakeholders of the Company and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

### **4. Valuation:**

- 4.1 As per paragraph A (2)(b) of Annex - XII-A to the SEBI Circular, the Company is required to submit a valuation report from a registered valuer in respect of the Scheme. However, the



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proposed Scheme provides for reduction of the entire available balance in the securities premium account of Rs. 8,23,93,70,000/- (Rupees Eight Hundred and Twenty Three Crores Ninety Three Lakhs and Seventy Thousand only) which shall be utilized to set off against the accumulated losses i.e., the debit balance in the profit and loss account to an extent of Rs. 8,23,93,70,000/- (Rupees Eight Hundred and Twenty Three Crores Ninety Three Lakhs and Seventy Thousand only) as on September 30, 2023 reflected under “Reserves and Surplus – Retained Earnings” as part of the “Other Equity” and there is no swap of shares / further issuance of shares pursuant to the said Scheme. Therefore, the pre and post shareholding pattern of the Company will remain unchanged. Accordingly, there is no requirement for obtaining a valuation report from a Registered Valuer.

4.2 The Company has also obtained a certificate from CA Akshat Jain (Registered Valuer) dated December 19, 2023, for non-applicability of the valuation report in accordance with the requirements of SEBI Circular.

#### **5. Impact of Scheme on the Shareholders:**

5.1 The Scheme does not entail any discharge of consideration by the Company in form of cash, shares or otherwise. Hence, the interest of the shareholders is not adversely affected. The Company’s capital structure and the shareholding pattern subsequent to the Scheme will remain unchanged.

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

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

#### **6. Impact of Scheme, safeguards and exit to dissenting on the Bond holders:**

The Scheme does not envisage any sacrifice on the part of any bond holder. The bondholding pattern of the Company and the number of bond holders shall remain unchanged pre and post this Scheme at the same terms, including the coupon rate, tenure, redemption price, quantum, and nature of security. Accordingly, the Scheme will not result in any adverse impact on the bond holders and their interest is protected. Further the terms of exit is governed between the Company and Bond holders pursuant to their inter se agreements.



**7. Impact of Scheme on the Creditors / Lenders / Financial Institutions:**

- 7.1 The Scheme would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or pay the debts in ordinary course of business.
- 7.2 Also, the Scheme does not in any manner whatsoever alter, vary, or affect the rights of the creditors / lenders / financial institutions or the payment of outstanding dues of statutory authorities or any other creditor which is payable or outstanding.

**8. Impact of Scheme on the Employees:**

The Scheme would not in any way adversely affect the Employees (as defined in the Scheme) of the Company. On the Scheme becoming effective, all Employees in the service of the Company immediately before the Scheme shall stay as the Employees of the Company without any break or interruption in their services, on same terms and conditions on which they are engaged as on the effective Date. The Company undertakes to continue to abide by the terms of agreement / settlement entered into with employees' union / Employee or associations. The terms and conditions of service applicable to the Employees shall not in any way be less favourable to them than those applicable to them immediately before the Scheme.

Taking into consideration the proposed Scheme, Fairness Opinion, non-applicability of valuation report certificate, draft accounting treatment certificate, and *inter-alia* having noted the rationale and impact of the Scheme, the Board confirms that the proposed Scheme is not detrimental to the shareholders, bond holders and creditors of the Company and is in the best interest of the Company and its shareholders, creditors, and all other stakeholders.

For **One International Center Private Limited**

**Neha Wason**  
**Company Secretary and Compliance Officer**  
**Membership No.: A40023**



**Date: 21<sup>st</sup> December, 2023**