

REPORT OF THE AUDIT COMMITTEE OF ONE INTERNATIONAL CENTER PRIVATE LIMITED ('THE COMPANY') RECOMMENDING THE DRAFT 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

Members Present:

Ms. Miti Ashok Shah
Ms. Swati Fanil Shah
Mr. Sumit Bhartia

In Attendance:

Ms. Neha Wason - Company Secretary and Compliance Officer

1. Background:

- 1.1 A meeting of the audit committee of the Company ('**Audit Committee**') was held on Thursday, 21st December, 2023 to consider and recommend the draft 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 Capitalised terms used in this report of the Audit Committee but not defined shall have the meaning ascribed to it in the Scheme.
- 1.3 While deliberating on the Scheme, the Audit Committee had, *inter-alia*, considered and took on record following necessary documents ('**Documents**'):
- Draft Scheme;
 - Audited financial statement of the Company for the year ended March 31, 2023
 - Limited reviewed financial statements of the Company as on September 30, 2023



One International Center Private Limited

- d. 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);
- e. Fairness opinion dated December 20, 2023 obtained from Expert Global Consultants Private Limited, SEBI Category-I Merchant Banker (**'Fairness Opinion'**);
- f. Draft certificate by M/s. Walker Chandiook & Co LLP, statutory auditors of the Company on the accounting treatment contemplated under the Scheme; and
- g. Net-worth Certificate given by Priyal Agarwal dated December 20, 2023.

2. Salient features of the proposed Scheme for reduction of capital:

- 2.1 The proposed Scheme of reduction of share capital of the Company is in accordance with the provisions of Section 66 read with Section 52 and other applicable provisions of the Act and the rules made thereunder and specifically, the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI Circular.
- 2.2 The Scheme provides 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".
- 2.3 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, Mumbai Bench, shall be effective from the Effective Date.
- 2.4 The reduction envisaged under this Scheme will not result in any change in the shareholding of the shareholders or the bond holders of the Company and would not in any way have any adverse effect on the creditors of the Company or Company's ability to honor its commitments or meet its obligations in the ordinary course of business.

3. Proposed Scheme for reduction of capital:

The Audit Committee reviewed and considered the draft Scheme on the following parameters:

Need and Rationale of the proposed Scheme

- 3.1 As on 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”.

- 3.2 As against the Accumulated Losses, the balance sheet of the Company also reflects an amount of by Rs. 823,93,70,000/- (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.
- 3.3 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 and 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.

4. Synergies arising on account of proposed Scheme:

- 4.1 The Company’s book would more accurately represent its financial position.
- 4.2 The right-sizing of the balance sheet is likely to facilitate the efforts of the Company while raising funds.
- 4.3 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.
- 4.4 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.

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 Audit Committee, 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. Cost Benefit analysis of the Scheme:

- 8.1 The Company's book would more accurately represent its financial position and the right-sizing of the balance sheet is likely to facilitate the efforts of the Company while raising funds;
- 8.2 The proposed Scheme does not envisage any payout to any shareholder or any sacrifice on the part of any creditor; and
- 8.3 The proposed Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.

9. Recommendation of the Audit Committee:

Taking into consideration the proposed Scheme, Fairness Opinion, non-applicability of valuation report certificate, draft accounting treatment certificate, and *inter-alia* having noted the need, rationale, synergies, impact of the Scheme and cost benefit analysis, the Audit Committee 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. Thus, the Audit Committee hereby recommends the proposed Scheme to the Board of Directors of the Company for its consideration and approval.



For and on behalf of the Audit Committee of One International Center Private Limited



Miti Ashok Shah
Chairperson of the Audit Committee
DIN: 08618888

Date: 21st December, 2023