

**SCHEME OF CAPITAL REDUCTION**  
**OF**  
**R SYSTEMS INTERNATIONAL LIMITED**  
**AND**  
**ITS SHAREHOLDERS AND CREDITORS**

**UNDER SECTION 66 OF THE COMPANIES ACT, 2013**

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**PREAMBLE:**

**A. BACKGROUND AND DESCRIPTION OF THE COMPANY**

1. R Systems International Limited (hereinafter referred to as ‘**R Systems**’ or ‘**the Company**’), is a company incorporated on 14 May 1993 under the Companies Act, 1956 and has its Registered Office at GF-1-A, 6, Devika Tower, Nehru Place, New Delhi - 110019. The e-mail id is RSIL@rsystems.com.
2. The Corporate Identity Number of R Systems is L74899DL1993PLC053579. Further, the Permanent Account Number of R Systems is AABCR9541B.
3. The main objects of the Company are:
  - 3.1. To carry on the business of sale, purchase, assemble, hire purchase, import, export, stockists, distributors, designers, agents, traders, exchangers and jobbers in all kinds of computers, computer software development, conversion, data entry, software implementation, system study, software documentation and related components, computer systems, computer peripherals, integrated circuits, process controllers,

computer printers, transformers, monitors, uninterrupted power supply systems, computer components, computer based systems, to deal in other office automation machines, printers, computer stationery, computer furniture, ribbons, diskettes, magnetic tapes and other related items in India and abroad.

- 3.2. To carry on business of long term and short term maintenance of computer system and associated equipment, replacement and services of computers, computer peripherals, related electrical equipment and items in India and abroad.
- 3.3. To carry on the business of running computer bureaus, hiring of computer time and service, data processing, system analysis and design, programming, data storage and computer output microfilming in India and abroad.
- 3.4. To provide consultancy services in India and abroad on selection of computer systems, software, media, peripherals and allied items, computer personnel and on computerization in general.
- 3.5. To hold seminars, courses, training institutions and business conferences for training in computer and office automation, computer programming, system analysis, operational research, computer operations, data entry operations, operations and other computer related activities in India and abroad.
- 3.6. To carry on the business of providing software and hardware personnel to work at customer sites in India and abroad.
- 3.7. To provide consultancy services in India and abroad on preparation of project report, computer systems, software, media, peripherals and allied items, computer personnel and on computerization in general.
- 3.8. To give on lease the computer hardware and software to other parties and/or companies and to sell hardware and software to its customers and other parties in

India and elsewhere and to act as export house of computer including its softwares and hardwares.

- 3.9 To carry on the business of providing and running remote processing services whether information technology enabled or otherwise, including but not limited to establishing and operating interactive call centres, data processing centres, business process outsourcing remote customer support services, internet and E-commerce support services, including but not limited to hosting and application services.
- 3.10 To carry on the business of providing and running services relating to Multimedia networks, Telecommunication networks, cable networks and internet services.
- 3.11 To carry on the business of providing and supply of end-to-end information technology solutions including turnkey solutions, systems integration and development of software, computer hardware, peripherals, networking and communication components, cabling and power supply equipments, appropriate fixtures, metering and monitoring devices, conventional and broadband wireless, wire line and optical communication equipments.
- 3.12 To enter into any arrangement by way of turnkey project involving supply of plant and merchandise, technical, civil, financial, administrative, information, knowledge and experience and to undertake the same for clients.
- 3.13 To carry on the business as business consultants, market research consultants, business transfer agents, valuers and to act as intermediaries in the introduction of sellers, purchasers, partners and employees.
- 3.14 To carry on the business of Human Resource Development and Management, setting up of education and training institutions, and to provide services for placement of manpower.

3.15 To provide or procure the provision by others of every and any service, need, want or requirement of any business nature required by any person, firm or company in or in connection with any business carried on by them.

**B. PURPOSE OF THE SCHEME OF CAPITAL REDUCTION**

1. This Scheme of Reduction of Capital is made by R Systems International Limited (hereinafter referred to as “R Systems” / “the Company”), pursuant to the provisions of section 66 of the Companies Act, 2013, read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 and other applicable provisions, if any. The scheme provides for re-organization and reduction of equity share capital of R Systems.
2. R Systems has an employee welfare trust named as R Systems Employee Welfare Trust (hereinafter referred as “Trust”) wherein certain employees had been specified as eligible beneficiaries to get the shares of R Systems on vesting and exercise of options granted to them as per R Systems International Ltd. Employees Stock Option Plan – Year 2001.
3. The Trust transferred the shares of R Systems on exercise of options by the eligible employees of this Trust prior to January 2006 and thereafter no options remained in force which could have been exercised subsequently. Hence, since January 2006 till date, there are no ascertained employees / beneficiaries of this Trust who are eligible to get the Trust Fund including the shares in R Systems as held by Trust.
4. As on the approval of this Scheme by Board, the Trust holds 738,980 shares of Re.1/- each in R Systems. Since there is no eligible employee or beneficiary of this Trust, hence Trustees are considering to wind up this Trust in near future post utilization or extinguishing the Trust Fund.

5. In this regard, the trustees of this Trust vide Resolution dated May 01, 2019 have also expressed their desire and recommended to R Systems to evaluate the possible option to utilize or extinguish the Trust Fund including the Winding-up of this Trust and also initiate the necessary actions
6. The extinguishment of Trust Fund would result into cancellation of shares of R Systems held by this Trust. Therefore, in order to reflect the correct and true capital structure of R Systems, it has become imperative for R Systems to re-align and re-organize its share capital structure by cancelling the shares held by the Trust following the process of capital reduction.
7. In view of the above, the Board has decided to reduce the paid up equity share capital of R Systems by cancelling and extinguishing the Equity Shares as held by the Trust as on the Effective Date of this Scheme.
8. The proposed capital reduction would be beneficial for all remaining shareholders of R Systems as it would improve earnings per share and also enhance the shareholders' value.
9. Furthermore, Board has also considered that the proposed capital reduction would not have any adverse effect on the creditors of R Systems and the Company would honour its commitments and meet its obligations in the ordinary course of business and also there is no payout to the Trust pursuant to the proposed capital reduction.

**C. PARTS OF THE SCHEME OF CAPITAL REDUCTION:**

This Scheme of Capital Reduction is divided into the following parts:

1. **PART I** - Definitions and Share Capital;
2. **PART II** – Reduction of equity share capital of the Company; and
3. **PART III** – General Terms and Conditions.

**PART – I**  
**DEFINITIONS**

**1. DEFINITIONS**

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

- 1.1. **“Act” or “The Act”** means the Companies Act, 2013 or Companies Act 1956, to the extent applicable, including the rules and regulations made thereunder and will include any statutory modifications, re-enactments and / or amendments thereof for the time being in force;
- 1.2. **“Applicable Laws”** mean any statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, ruling, bye-law, approval of any governmental authority, directive, guideline, policy, clearance, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any governmental authority having jurisdiction over the matter in question, whether in effect as of the date of this Scheme or at any time thereafter;
- 1.3. **“Appropriate Authority”** means any government, statutory, regulatory, departmental or public body or authority within the territories of Delhi, including Registrar of Companies, NCT of Delhi & Haryana, New Delhi.
- 1.4. **“Board” or “Board of Directors”** means the Board of Directors of R Systems and include a duly authorized committee of the Board constituted for the implementation of this Scheme.
- 1.5. **“Effective Date”** means the date on which the certified copy of the order of NCLT is filed with the Registrar of Companies, NCT of Delhi & Haryana, as required under the provisions of the Act.
- 1.6. **“Equity Shares”** means fully paid up equity shares of Re. 1/- each issued by the Company.

- 1.7. **“IT Act”** means the provisions of the Income-tax Act, 1961 and the rules made thereunder, as may be amended or re-enacted from time to time.
- 1.8. **“NCLT” or “Tribunal”** means the National Company Law Tribunal at New Delhi.
- 1.9. **“Registrar of Companies”** means Registrar of Companies, NCT of Delhi & Haryana.
- 1.10. **“R Systems” or “Company”** means R Systems International Limited, a company incorporated under the Act, having its registered office at GF-1-A, 6, Devika Tower, Nehru Place, New Delhi - 110019.
- 1.11. **“R Systems Employee Welfare Trust” or “Trust”** means the trust which is erstwhile known as Indus Employee Welfare Trust. The Trust is an existing shareholder of R Systems holding 738,980 fully paid up Equity Shares as on the date of approval of this Scheme.
- 1.12. **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Capital Reduction as provided herein 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 National Company Law Tribunal.
- 1.13. **“Trust Fund”** means the total funds of the Trust.
- 1.14. In this Scheme, unless the context otherwise requires:
- a) references to persons shall include individuals, body corporate (wherever incorporated), unincorporated associations and partnerships;
  - b) the headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
  - c) words in the singular shall include the plural and vice versa;
  - d) any references in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean the Effective Date; and

- e) all terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

## 2. SHARE CAPITAL OF THE COMPANY

The share capital of the company as on May 02, 2019 (i.e. date of approval of Scheme by Board) is as under:

<b>Particulars</b>	<b>Rupees</b>
<b><u>Authorized Capital</u></b>	
206,000,000 equity shares of Re. 1 each	206,000,000
<b>Total</b>	
<b><u>Issued, Subscribed and Paid up Capital</u></b>	
120,337,925 equity shares of Re. 1 each	120,337,925
<b>Total</b>	<b>120,337,925</b>



## **PART – II**

### **REDUCTION OF EQUITY SHARE CAPITAL OF R SYSTEMS**

#### **3. REDUCTION OF EQUITY SHARE CAPITAL**

3.1. Upon the Scheme becoming effective, the subscribed, issued and paid up equity share capital of R Systems will be reduced to the extent of Equity Shares held by Trust as on the Effective Date.

The Equity Shares held by Trust on the Effective Date would comprise the existing Equity Shares (*i.e.* 738,980 Equity Shares of R Systems) as on the date of approval of this Scheme by the Board including any change in the holding of Equity Shares of Trust as a result of a sale, purchase, bonus issue, right issue or pursuant to any other corporate action taken by the Company prior to the Effective Date.

3.2. The reduction of paid up equity share capital as aforesaid shall not involve any diminution of liability in respect of unpaid share capital.

3.3. Notwithstanding the reduction as mentioned above, the Company shall not be required to add “and reduced” as a suffix to its name and the Company shall continue in its existing name.

3.4. This Scheme is being presented under Section 66 of the Act and, upon the effectiveness of the Scheme, shall have the effect of having obtained the sanction / approval of NCLT pursuant to the provisions contained in Section 66 of the Act dealing with reduction of capital and all other consequential and incidental compliances as contemplated under the Act.

3.5. It is clarified that until effectiveness of the Scheme, the Trust would be eligible to enjoy all the benefits in the capacity of shareholder of R Systems including but not limited to

receiving the dividend and bonus shares, participate in right issue and buy-back, voting in the shareholders' meeting and participate in any other corporate action taken by R Systems during the pendency of this Scheme.

#### **4. COMPLIANCE**

- 4.1. The consent of the members of the Company to this Scheme shall be taken through a special resolution as required under the provisions of Section 66 of the Companies Act, 2013.
- 4.2. The Scheme, if sanctioned, shall be in compliance with Securities and Exchange Board of India ("SEBI") Act, and the Rules and Regulations made and the Circulars issued thereunder.

#### **5. ACCOUNTING TREATMENT**

- 5.1. Upon the Scheme becoming effective, the amount of equity share capital as extinguished under Clause 3.1 above and the corresponding Securities Premium shall be reduced from the equity share capital and Securities Premium respectively of the Company. The amount equivalent to the equity share capital so cancelled and extinguished and the corresponding securities premium would be credited to the Retained Earnings of the Company.
- 5.2. The Company will comply with all the Accounting Policies and Accounting Standards as applicable in relation to the accounting for reduction of capital.

#### **6. FORM OF MINUTES UNDER SECTION 66(5) of COMPANIES ACT, 2013**

The form of minutes proposed to be registered under Section 66(5) of the Companies Act, 2013 is as follows:

“The paid up share capital of R Systems International Limited is henceforth INR 119,598,945 (Rupees Eleven Crore Ninety Five Lakhs Ninety Eight Thousand Nine Hundred Forty Five only) divided into 119,598,945 (Eleven Crore Ninety Five Lakhs Ninety Eight Thousand Nine Hundred Forty Five) equity shares of Re.1 each.”

## **7. EFFECT OF THE SCHEME**

- 7.1. The Scheme involves only reduction of paid up equity share capital of the Company and does not envisage transfer and vesting of any properties and / or liabilities to or in favour of the Company.
- 7.2. The Scheme does not involve any conveyance of transfer of any property and does not involve any issue of shares. Consequently, the order of the NCLT of Judicature at New Delhi approving the Scheme shall not attract any Stamp Duty.

## **8. IMPACT OF THE SCHEME ON EMPLOYEES**

The Scheme shall not have any adverse impact on the employees of the Company.

## **9. IMPACT OF THE SCHEME ON CREDITORS**

- 9.1. The proposed capital reduction will not cause any prejudice to the interest of the creditors of the Company as there will not be any reduction in the amount payable to the respective Creditors. Further, in absence of any payment to the Trust pursuant to the capital reduction, it does not alter, vary, or affect the rights of the Creditors in any manner.
- 9.2. The proposed capital reduction would not in any way 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.

**10. LEGAL PROCEEDINGS**

All legal proceedings of whatsoever nature by or against the Company, pending and / or arising shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in the Scheme but shall be continued and enforced by or against the Company, in the same manner and to the same extent as would or might have been continued and enforced by or against the Company prior to the Scheme.

**11. ENFORCEMENT OF CONTRACTS, DEEDS AND BONDS**

11.1. Save and except as expressly provided in this Scheme, nothing contained in the Scheme shall affect any contract, deed, bond, agreement and any other instrument of whatsoever nature to which the Company is a Party and which is subsisting or having effect on or immediately before the 'Effective Date' and shall remain in full force and effect against or in favor of the Company and may be enforced fully and effectively.

11.2. The Scheme shall not affect, in any manner, the rights and interest of creditors and employees of the Company.

## **PART – III**

### **GENERAL TERMS AND CONDITIONS**

#### **12. APPLICATION TO NCLT**

12.1. The Company shall, with all reasonable dispatch, make applications under Section 66 read with National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 and any other provisions applicable for sanction of this Scheme under the provisions of the Act.

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

The Company by its Board may assent to any modification(s) or amendment(s) including withdrawal / termination to this Scheme or to any conditions or limitations that NCLT and / or any Appropriate Authority under law may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the Board.

The Board be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

#### **14. CONDITIONALITY OF THE SCHEME**

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

- 14.1. The Scheme being approved by the members of the Company through a special resolution as required under the provisions of Section 66 of the Companies Act, 2013.
- 14.2. The Company obtaining the Observation Letter from the designated Stock Exchange for the implementation of the Scheme.
- 14.3. The Scheme being approved by the creditors of the Company, as prescribed under the Act and / or as may be directed by the NCLT and / or any other Appropriate Authority as may be applicable.
- 14.4. The sanction of this Scheme by the NCLT and / or any other Appropriate Authority under Section 66 and other applicable provisions, if any, of the Act in favour of the Company.
- 14.5. Certified or authenticated copy of the order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies, NCT of Delhi & Haryana, by the Company.
- 14.6. 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.

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

In the event of any of the said sanctions and approvals referred to in Clause 14 not being obtained and / or the Scheme not being sanctioned by the NCLT or such other Appropriate Authority, if any, this Scheme 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

Scheme or as may otherwise arise in law and agreed between the respective parties to this Scheme.

**16. SEVERABILITY**

If any part / provision of this Scheme hereof is found to be invalid, ruled illegal by any court of competent jurisdiction or unworkable for any reason whatsoever or unenforceable under the present or future Laws, then subject to the decision of the Company, such part shall be severable from the remainder of this Scheme and shall not affect the validity or implementation of the other parts and / or provisions of this Scheme.

**17. COSTS, CHARGES AND EXPENSES**

On sanction and approval of the Scheme by the NCLT or such other Appropriate Authority, if any, all costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the Company.