



## D & A FINANCIAL SERVICES (P) LIMITED

Merchant Banking & Corporate Advisory Services

To,  
The Board of Director  
**ABM International Limited**  
10/60, Industrial Area Kirti Nagar  
Delhi-110015

Date: 22<sup>nd</sup> August, 2020

**Subject: Fairness Opinion in connection with the proposed Scheme of Reduction of Capital of ABM International Limited 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.**

Dear Sir/s,

We M/s D and A Financial Services (P) Ltd., SEBI registered Merchant Banker, having SEBI Registration No. INM000011484 have been appointed by M/s ABM International Limited (Hereinafter referred to as "Company") to provide a fairness opinion on the proposed draft scheme of reduction of capital 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.

The Scheme shall be subject to (i) Receipt of approval from the National Company Law Tribunal ("NCLT") and (ii) other statutory approval(s) as may be required in this regard.

### **1. Scope and Purpose of the Opinion**

The management of ABM International Limited have engaged M/s D & A Financial Services (P) Ltd to submit fairness opinion to the Board of Directors on the proposed Scheme of Reduction. The scope of this Fairness Opinion includes commenting on the fairness of the draft scheme of reduction as proposed by the Board of Director of ABM International Limited. The Fairness Opinion is addressed to the Board of Directors of ABM International Limited. Further, this Fairness Opinion has been issued as per the requirements of SEBI circular no. CFD/DIL3/CIR/2017/21, dated 10-3-2017 read with SEBI Circular No. CFD/DIL3/CIR/2017/26, dated 23-3-2017 and CFD/DIL3/CIR/2018/2, dated 3-1-2018 ("SEBI Circulars").



1



**Disclaimer:** We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the authorized representatives of management of companies for the purpose of this Opinion. We have not carried out any independent verification of the accuracy and completeness of all information as stated above and in the Draft Scheme of Reduction. We have not reviewed any other documents of the Company other than those stated herein. We have not assumed any obligation to conduct, nor have we carried out any independent physical inspection or title verification of the property, investments etc. interests of Companies and accept no responsibility therefore.

We have not reviewed any internal management information statements or any non-public reports and instead with your consent. We have relied upon information that was publicly available or provided or otherwise made available to us by the company for the purpose of this opinion. We are not expert(s) in the evaluation of litigation or other actual or threatened claims.

## **2. Company Profile:**

ABM International Limited was originally incorporated under the provisions of the Companies Act, 1956 in the name and style as Dimple Overseas Limited vide certificate of incorporation number 155585 of 1983-84 dated 21st April, 1983 issued by the Registrar of Companies, Delhi & Haryana. The Company obtained the Certificate of Commencement of Business on 24th May, 1983. The name of the Company was changed to its present name - ABM International Limited vide fresh Certificate of Incorporation dated 6th July, 1999 issued by the Registrar of Companies, NCT of Delhi & Haryana. The present Corporate Identification Number (CIN) of the Company is L51909DL1983PLC015585.

The registered office of the Company is at 10/60, Industrial Area, Kirti Nagar, New Delhi - 110 015.

The Company is engaged in the business of import and trading of plastic raw materials and other related products.

ABM International Limited is a public limited company and its shares are listed on the National Stock Exchange of India Limited ("NSE").



The position of the share capital and the reserves & surplus of the Company, as per the Audited Financial Statements for the financial year ended March 31, 2020 is given below:

Particulars	Amount (Rs. in Lakhs)
Paid-up Share Capital (A)	1176.00
Reserves & Surplus	
General Reserve	339.74
Other Comprehensive Income	(180.11)
Profit & Loss A/c (Accumulated Losses)	(446.36)
Total Reserves & Surplus (B)	(286.73)
Total Equity fund (A+B)	889.27

The present Issued, Subscribed and Paid-up Share Capital of the Company is Rs. 1176.00 lakhs. However, due to continuous losses in the Company in the last few years, the value represented by the share capital of the Company has been substantially wiped-off. As on 31st March, 2020, the total accumulated losses in the Company is at Rs. 446.36 lakhs.

### **3. Rational of the Scheme:**

The present Issued, Subscribed and Paid-up Share Capital of the Company is Rs. 11,76,00,000 (Rupees Eleven Crore and Seventy-Six Lakhs only) divided into 1,17,60,000 (One Crore Seventeen Lakhs and Sixty Thousand) Equity Shares of Rs. 10/- (Rupees Ten only) each.

However, due to continuous losses in the Company in the last few years, the value represented by the share capital of the Company has been substantially wiped-off. As on 31st March, 2020, the total accumulated losses in the Company is at Rupees 446.36 lakhs.

This has given rise to the need for re-adjustment of capital in its books of accounts. In order to fairly reflect the assets and liabilities of the Company in its books of accounts; and for better presentation of the financial position of the Company, the Board of Directors has decided to write off the accumulated losses against reduction in the paid up share capital of the Company in accordance with 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.





The reduction of share capital and subsequent consolidation in the manner proposed herein would enable the Company to rationalize its capital structure and present a true and fair financial position of the Company in a better manner, which commensurate with its business and assets.

#### **4. Overview of the Scheme of Reduction**

- a. Upon the Scheme coming into effect, the paid-up share capital of the Company will be reduced by 20%, on proportionate basis. Accordingly, the paid-up value of each Equity Share of the Company will be reduced from Rs. 10/- per share to Rs. 8/- per share. Subsequent to reduction in paid up value of equity shares of the Company from Rs. 10/- to Rs. 8/- per equity share and in terms of the provisions of section 61 of the Companies Act, 2013, and other applicable provisions, every five (5) equity shares of Rupees 8/- each will be consolidated into four (4) equity share of Rs. 10/- each, fully paid up. Approval of this Scheme by the Shareholders and/or Creditors of the Company, as the case may be, and sanction by the Hon'ble National Company Law Tribunal shall be sufficient compliance with the provisions of sections 61 and 64 of the Companies Act, 2013, and other applicable provisions, if any, relating to the aforesaid consolidation of face value of equity shares. It is clarified that the reduction of share capital from Rs. 10/- per share to Rs. 8/- per share and consolidation of every five equity shares of Rs. 8/- each into four equity share of Rs. 10/- each, will be executed simultaneously. The Company will issue Equity Shares (in physical or dematerialized form) having face value and paid up value of Rs. 10/- per share.

Accordingly, upon coming into effect the Scheme of Reduction of Capital, the total paid up Equity Share Capital of the Company shall be reduced from Rs. 11,76,00,000 (Rupees Eleven Crore and Seventy-Six Lakhs only) divided into 1,17,60,000 (One Crore Seventeen Lakhs and Sixty Thousand) Equity Shares of Rs. 10/- (Rupees Ten only) each, fully paid-up to Rs. 9,40,80,000 (Rupees Nine Crores Forty Lakhs and Eighty Thousand only) divided into 94,08,000 (Ninety-Four Lakhs Eight Thousand) Equity Shares of Rs. 10/- (Rupees Ten only) each, fully paid-up.

- b. Simultaneously with the aforesaid reduction in the equity share capital of the Company; the debit balance of Profit & Loss Account of the Company will be written off to the extent of amount of the aforesaid reduction of share capital. Any amount left, if any, on the Effective Date, after writing off the debit balance of Profit & Loss Account will be credited to the Capital Reserve Account in the books of the Company.





- c. The Reduction of Capital shall be on proportionate basis and all the pre-Scheme shareholders will remain as the shareholders of the Company even after the Scheme in the same proportion, except the shareholders who are entitled to fractional shares which will be paid in terms of the Scheme.
- d. In case any shareholder holding equity shares in the Company is such that the member becomes entitled to a fraction of an equity share of the Company, upon coming into effect the Scheme of Reduction of Capital, then the Company shall not issue fractional share to such shareholder but shall instead consolidate all such fractional entitlements to which the Shareholders of the Company may be entitled and issue consolidated equity shares to a non-promoter category Director or Key Managerial Personnel of the Company, as may be nominated by the Board of Directors in that behalf.

The said Director or Key managerial Personnel of the Company, as may be nominated by the Board of Directors in that behalf, shall hold the shares issued due to fractional entitlements in trust of the shareholders entitled for fractional entitlement and shall, at his discretion, sell such shares in the open market and distribute the net sale proceeds (after deduction of the expenses incurred) to the shareholders, respectively entitled to the same in proportion to their fractional entitlements.

- e. The Pre and Post Reduction Shareholding Pattern of the Company (as per the shareholding pattern of the Company as on 30th June, 2020) is as follow:

Sl. No.	Category	Pre-Scheme (Equity Shares of Rs. 10 each)		Post-Scheme (Equity Shares of Rs. 10 each)	
		No. of Shares	%	No. of Shares	%
1.	Promoter	87,84,240	74.70	70,27,392	74.70
2.	Non-Promoter (Public)	29,75,760	25.30	23,80,608	25.30
	Total	1,17,60,000	100.00	94,08,000	100.00



## **5. Sources of the Information**

We have received the following information from the management of the Companies:

1. Proposed Draft Scheme of Reduction.
2. A Copy of Memorandum and Articles of Association of the company.
3. Audited Financial Statements for the year ended March 31, 2020.
4. Certificate dated 22<sup>nd</sup> August, 2020, issued by statutory auditor of the company M/s Rajan Goel & Associates , Chartered Accountant having its office at 280, Basement, Kailash Hills, East of Kailash, New Delhi-110065, regarding the non-applicability of Para (I)(A)(9)(a) & Para (I)(A)(9)(b) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

## **6. Conclusion and Opinion**

We in the capacity of SEBI registered Merchant Banker do hereby certify on the basis of information and data provided to us or made available to us to the best of our knowledge that the draft scheme of reduction is Fair.

The aforesaid scheme of reduction shall be subject to receipt of approval from National Company Law Tribunal ("NCLT") of respective jurisdictions, the relevant stock exchange(s), SEBI and other statutory authority approval(s) as may be required.

Thanking You

For **D&A Financial Services (P) Limited**

  
**(Priyaranjan)**

**Vice President**



Date: 22.08.2020

Place: New Delhi