



ABM International Limited

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CIN No. : L51909DL1983PLC015585
NSE TRADING SYMBOL - ABMINTLD

REPORT OF THE AUDIT COMMITTEE OF ABM INTERNATIONAL LIMITED RECOMMENDING THE DRAFT SCHEME OF THE REDUCTION OF CAPITAL

This Report of the Audit Committee is issued in terms of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("the SEBI Circular"), as amended. The requirements of the said SEBI circulars, inter alia, make it mandatory for the Audit Committee to recommend the draft Scheme of Reduction of Capital.

A meeting of the Audit Committee of **ABM INTERNATIONAL LIMITED** (hereinafter referred to as "**the Company**") was held on **August 22, 2020**, inter-alia, to consider and recommend the reduction of capital and the Draft Scheme of Reduction of Capital of **ABM International Limited**.

The aforesaid Audit Committee meeting was attended by the following Committee members:

S.No.	Name of the Members	Designation	Status
1.	Mr. M. S. Venkateswaran	Chairman	Independent Director
2.	Mr. Premendra Ojha	Member	Independent Director(Additional)

Mr. Amit Kumar, Company Secretary of the Company was also in present as Secretary to the Audit Committee.

Mr. M. S. Venkateswaran, Chairman of the Audit Committee chaired the aforesaid Audit Committee Meeting.

The Audit Committee of the Company discussed that 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 year(s), 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.

The Committee further discussed that the present financial position 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



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of accounts; and for better presentation of the financial position of the Company, the company should consider 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 would enable the Company to rationalise 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.

The Committee discussed in detail the proposed draft terms and conditions of the reduction of capital including the following:

1. 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. 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. Post reduction, the Company will issue Equity Shares having face value and paid up value of Rs. 10/- per share.
2. 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.
3. The reduction of capital shall be on proportionate basis and there shall not be any change in percentage shareholding of any shareholder of the Company, except adjustment due to fractional entitlement.



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4. 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

The following documents were considered by the Audit Committee:

- Draft Scheme of Reduction of Capital of the Company, including the rationale for the proposed reduction of Capital;
- Audited financial statements of the Company for the financial year ended on 31st March, 2020;
- Pre and Post reduction of capital, shareholding pattern of the Company;
- Certificate dated 22nd August, 2020 received from M/s. Rajan Goel & Associates, Chartered Accountants, confirming Non-Applicability of the requirement of obtaining the valuation report from an independent chartered accountant as applicable as per Para I(A)(4) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, in respect of proposed reduction of Capital; and,
- Fairness Opinion Report dated August 22, 2020 issued by M/s D & A Financial Services Private Limited, a SEBI Registered Category-I Merchant Banker.

The Audit Committee considered and reviewed the aforesaid documents.



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The Audit Committee also noted that no valuation report is required for undertaking the proposed reduction of capital of the Company by writing off the accumulated losses by reducing the paid- share capital of the Company.

After discussion and consideration, the Audit Committee unanimously approved and recommended for reduction of capital of the Company, as per the draft Scheme of Reduction of Capital of ABM International Limited.

The Audit Committee acknowledged that since the reduction of capital shall be on proportionate basis, there shall not be any change in percentage shareholding of any shareholder of the Company.

The Committee also unanimously approved the Draft Scheme of Reduction of Capital of ABM International Limited and recommended the same for favorable consideration by the Board of Directors of the Company, the Stock Exchanges, SEBI and other competent authorities.

**By Order of the Audit Committee
of ABM International Limited**

**Chairman
(Audit Committee)**

Date: August 22, 2020

Place: New Delhi