

**Tuesday, June 27, 2023**

To,  
The Board of Directors,  
**Padmanabh Industries Limited,**  
203 Abhishek Complex, Mamta Park Society, B/H, Nav Gujarat College, Ashram Road Ahmadabad – 380014, Gujarat,  
India

**Subject: Fairness Opinion on the proposed Scheme for Reduction of Capital of Padmanabh Industries Limited**

**Dear Members of the Board,**

We understand that Board of Directors of Padmanabh Industries Limited (hereinafter referred as “PADMAIND”) is considering a Scheme of Arrangement whereby there will be Reduction of Capital of the Company (hereinafter referred to as “Proposed Scheme”) under section 66 of the Companies Act, 2013 and Other applicable provisions of the Companies Act, 2013 (hereinafter referred to as “Act”).

The Proposed Scheme of arrangement for Reduction of Capital provides for –

- “Upon the Scheme becoming effective and after obtaining the necessary approvals, consent, permissions, the Subscribed, issued and Paid-up capital of the Company shall stand reduced from Rs.6,07,75,000.00/- (Six Crores Seven Lakhs Seventy-Five Thousand Only) divided into 60,77,500 (Sixty Lakhs Seventy-Seven Thousand Five Hundred) Equity Shares of Rs.10.00/- (Rupees Ten Only) each to Rs.12,15,500.00/- (Rupees Twelve Lakhs Fifteen Thousand Five Hundred Only) divided into 1,21,550 (One Lakh Twenty-One Thousand Five Hundred and Fifty) Equity Shares of Rs.10/- (Rupees Ten Only) each. The aforesaid reduction of paid-up equity share capital shall be effected by cancelling 98.00% holding of equity shareholders of the Company.
- Upon this Scheme becoming effective with the above reduction of the Equity Share Capital:  
  
Existing 60,77,500 (Sixty Lakhs Seventy-Seven Thousand Five Hundred) Equity Shares of Rs.10.00/- (Rupees Ten Only) each shall be recognized into 1,21,550 (One Lakh Twenty-One Thousand Five Hundred and Fifty) Equity Shares of Rs.10.00/- (Rupees Ten Only) each fully paid-up. Consequently, every shareholder of the Company whose name appears on the register of Members on the Record Date shall be issued 2 (Two) equity shares of face value of Rs.10.00/- (Rupees Ten Only) fully paid up for every 100 (Hundred) equity Shares of Rs.10.00/- (Rupees Ten Only) Fully paid up held by them in the Company prior to the Scheme.”

## **1. BACKGROUND OF THE COMPANY**

### **Profile of the Company**

- 1.1** PADMANABH INDUSTRIES LIMITED is a Company having Company Identification Number L17110GJ1994PLC023396 incorporated on the 24<sup>th</sup> Day of October 1994, under the provisions of the Companies Act, 1956. The registered office of the company is situated at 203 Abhishek Complex, Mamta Park Society, B/H, Nav Gujarat College, Ashram Road Ahmadabad – 380014, Gujarat, India
- 1.2** The Equity Shares of the Company are listed on BSE Limited.



**Swaraj Shares and Securities Private Limited**

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Maharashtra, India

**1.3** The extracts of the Main object of the Company as per the Memorandum of Association is to as below:

1. *produce, manufacture, refine, manipulate, use, buy, import or otherwise acquire, use, sell, distribute, export deal in and dispose of dyes and chemicals (synthetic or non-synthetic), coal-tar, dyes, dyes intermediates and dyes of all other types and description pharmaceutical surface-active agents.*
2. *To carry on the business of Builders, Masoners and General Construction and Contractors and to carry on the business of the proprietors of lands, flats, maisonettes, dwelling houses, shops, offices, industrial estates, lessees of lands, flats and other immoveable properties and for these purposes to purchase, take on lease or otherwise acquire and hold any lands or buildings of any tenure or description wherever situated, or rights or interests therein or connected therewith, to prepare building sites, and to construct, reconstruct, pull down, renovate, develop, alter, improve, decorate and furnish and maintain flats, hotels, malls, educational institutes, hospitals, maisonettes, dwelling houses, shops, offices, buildings, industrial estates, works and conveniences, and sell the same on ownership basis, instalment basis or loose basis and rental basis and transfer such buildings to co-operative societies, limited companies, bodies corporate or association of persons or individuals as the case may be, to lay out roads and pleasure gardens and recreation grounds to plant, drain or otherwise improve the land or any part thereof and to promote, operate and manage various immoveable properties and other real estate assets, and to develop, acquire and invest, either directly or indirectly, in income producing immoveable properties in India and to also undertake development and maintenance of infrastructure projects in all areas of infrastructure including but not limited to facilities such as road, power, water and industrial infrastructure and to deal in all types of building materials and infrastructure materials.*

**1.4** The Issued, Subscribed and Paid-up Capital of the Company as on 31<sup>st</sup> March, 2023 is Rs.6,07,75,000.00/- (Six Crores Seven Lakhs Seventy-Five Thousand Only) divided into 60,77,500 (Sixty Lakhs Seventy-Seven Thousand Five Hundred) Equity Shares of Rs.10.00/- (Rupees Ten Only).

**1.5** As per the Audited Financial Statements for the Period ended as on 31<sup>st</sup> March, 2023, there is an accumulated loss of Rs.6,08,26,584/- (Rupees Six Crores Eight Lakhs Twenty-Six Thousand Five Hundred and Eighty-Four)

(Source: Company)

**2. SCOPE AND PURPOSE OF THE REPORT**

- 2.1 We understand that the Board of Directors of the Company wish to Set off the accumulated losses by way of corporate restricting exercise wherein the Issued, subscribed and Paid-up capital of the Company would be set off to the extent of Rs.5,95,59,500.00/- (Rupees Five Crores Ninety-Five Lakhs Fifty-Nine Thousand Five Hundred Only) thereby reducing the Equity Share Capital by 98%.
- 2.2 In this Connection, the Management of the Company has engaged Swaraj Shares and Securities Private Limited, a SEBI Registered Category – I Merchant Banker to submit a Report on the fairness of the Scheme as per the requirements of SEBI Circular No. CFD/DIL3 /CIR/2017/21 dated March 10, 2017. Our Scope of work includes commenting only on the Fairness of the Scheme.
- 2.3 This report is subject to the Scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts and in conjunction with the relevant documents referred to in this Report. This report has been issued only for the purpose of the facilitating the Scheme and Should not be used for any other purpose.

**3. SOURCE OF INFORMATION**

- 3.1 Draft Scheme for Reduction of Capital between Padmanabh Industries Limited and its Shareholders.
- 3.2 Report from the Audit Committee recommending the Draft Scheme.

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3.3 Audited Financial Statement for Period ended March 31, 2023.

3.4 Other relevant details regarding the Company such as the Shareholding pattern and other relevant information and data, including information in the public domain.

#### 4. KEY FEATURES OF THE SCHEME

4.1 As per the Audited Financial Statements for the Period ended as on 31<sup>st</sup> March, 2023, there is an accumulated loss of Rs.6,08,26,584/- (Rupees Six Crores Eight Lakhs Twenty-Six Thousand Five Hundred and Eighty-Four).

4.2 As the Company has huge accumulated losses, and in order to give true and fair view of the Financial of the Company and to reflect Financial Position of the Company with available assets, the Board of Directors of the Company has felt the need to cancel any paid-up share Capital which is lost or is unrepresented by available assets.

4.3 The Benefits arising out of the Scheme of Reduction of Capital will enable the Company to –

- get fresh infusion of funds for the revival of Business operations, which otherwise due to presence of continuous losses is not possible, the promoters of the petitioner company has proposed a restructuring in a manner that the accumulated losses gets cleaned up to extent possible;
- have a rational structure which is commensurate with its remaining business and assets;
- attract new source of revenue;
- Overcome its financial difficulties and improve its working in the future and in turn enhancement of its shareholders value, Creditors and all concerned as a whole.
- Reflect better its operational efficiency, improvements in the future years and reflect the true share value.

#### 4.4 Effect of the Scheme

The Pre and Post Reduction Shareholding Pattern of the Company will be as follows:

Sr. No.	Category	Pre-Scheme (Equity Shares of Rs.10.00/- each)		Post-Scheme (Equity Shares of Rs.10.00/- each)	
		No. of Equity Shares	% of Equity Shareholding	No. of Equity Shares	% of Equity Shareholding
1.	Promoter(s) and Promoter Group	1,34,600	2.21%	2,692	2.21%
2.	Non – Promoter (Public)	59,42,900	97.79%	1,18,858	97.79%
	<b>Total</b>	<b>60,77,500</b>	<b>100.00%</b>	<b>1,21,550</b>	<b>100.00%</b>

#### 4.5 Impact of the Scheme on Employees/ Workers as mentioned in the Scheme for Reduction of Capital

The Scheme shall not have any adverse impact on the employee and workers of the Company.



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**4.6 Impact of the Scheme on Creditors/ Bank as mentioned in the Scheme for Reduction of Capital**

The Scheme will not have any adverse impact on any of the Company's Creditors / Bank / Financial Institutions and lenders. They would in fact generally benefited as the scheme would help improving the financial position of the Company. The Scheme will help the revival of the Company which will be in the interest of the Company's Creditors / banks / financial institutions and lenders.

**4.7 Impact of the Scheme on Legal Proceedings as mentioned in the Scheme for Reduction of Capital**

The Scheme would not affect any legal or other proceeding by or against the Company.

**4.8 Conditions Precedent as mentioned in the Scheme for Reduction of Capital**

The Scheme is conditional upon and subject to:

- a) The Company obtaining the observation letter from the designated stock exchange for the implementation of the Scheme.
- b) The Scheme being agreed to by the respective requisite majorities of members of the Company as required under the Act.
- c) The requisite sanctions and approvals under the applicable law including but not limited to approvals, sanctions required under the SEBI Circular (CFD/DII3/CIR/2017/21) Dated March 10, 2017 issued by the SEBI read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as may be required by law in respect of this scheme being obtained.
- d) The Scheme being approved by the National Company Law Tribunal under Section 66 of the Companies Act, 2013 read with all other applicable provisions if any, of the Act or of such other authority having jurisdiction under applicable law, being obtained.
- e) The Certified copy of the above order of the NCLT sanctioning this Scheme being filed with the Registrar of Companies, Ahmedabad.

**5. BASIS OF OUR OPINION**

Rationale of the Proposed Scheme (as per proposed Scheme for Reduction of Capital)

Upon the Scheme becoming effective and after obtaining the necessary approvals, consents, permissions etc, the issued, subscribed and Paid-up equity share capital of the Company shall be Rs.12,15,500.00/- (Rupees Twelve Lakhs Fifteen Thousand and Five Hundred Only) after reduction of Rs.5,95,59,500.00/- (Rupees Five Crores Ninety-Five Lakhs Fifty-Nine Thousand Five Hundred) being accumulated losses to that extent out of total losses amounting to Rs.6,08,26,584.00/- (Rupees Six Crores Eight Lakhs Twenty-Six Thousand Five Hundred and Eighty-Four Only).

The Scheme is merely a Reduction in the Paid-up Share Capital Account of the Company prepared in terms of Section 66 of the Companies Act, 2013 and does not envisage transfer or vesting of any of the properties and/or liabilities of the Company to any person or entity. The Scheme also does not involve any conveyance or transfer of any property of the Company.

There is reduction of the Paid-up Share Capital of the Company 98%, so that post reduction, 60,77,500 (Sixty Lakhs Seventy-Seven Thousand Five Hundred) Equity Shares of Rs.10.00/- (Rupees Ten Only) each shall be recognized into 1,21,550 (One Lakh Twenty-One Thousand Five Hundred and Fifty) Equity Shares of Rs.10.00/- (Rupees Ten Only) each fully paid-up. Consequently, every shareholder of the Company whose name appear on the register of members on the record date shall be issued 2 (Two) equity shares of face value of Rs.10.00/- (Rupees Ten Only) fully paid up for every 100 shares held.

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100 (Hundred) equity shares of Rs.10.00/- (Rupees Ten Only) fully paid up held by them in the Company prior to the scheme. The Reduction of Capital shall be on proportionate basis and there shall not be any change in percentage of shareholding of any shareholder of the Company.

In order to re-align the relation between capital and assets; and to fairly reflect the liabilities and assets of the Company in its Books of Accounts; and for better presentation of the financial position of the Company, the Board of Directors of the Company 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 National Company Law Tribunal (Procedure for Reduction of Share Capital of the Company) Rules, 2016 and other applicable provisions.

## 6. OPINION AND CONCLUSION


Subject to the caveats as detailed hereinafter, based on our review, as above and the information and explanation furnished to us, and also the fact that the requirement for valuation report as mentioned in Para 4 of Annexure – I to the SEBI circular No. CFD/DIL3/CIR/ 2017/21 dated March 10, 2017 is not applicable to the Proposed Scheme of Reduction of Capital of the Company Since:

- 6.1 There Shall not be any change in the proportion of Shareholding of any of the pre-scheme Shareholders of the Company post the proposed reduction of Capital.
- 6.2 There Shall be allotment of any new equity shares upon reduction of Capital. There is only reduction of the Paid-up Share Capital of the Company by 98% which shall be given effect.
- 6.3 All the pre-scheme shareholders shall remain the shareholders of the Company after post scheme in the same proportion.

We are on the opinion that the Proposed Scheme of Reduction of Capital to be fair.

Yours faithfully,

For Swaraj Shares and Securities Private Limited

  
Ms. Pankita Patel  
Director  
DIN: 10085381

Date: Tuesday, June 27, 2023  
Place: Mumbai

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### Annexure – I : Caveats

1. Our opinion and analysis is limited to the extent of review of documents as provided to us by the Management of Padmanabh Industries Limited and the Draft Scheme for Reduction of Share Capital. We have relied on accuracy and completeness of all the information and explanations provided by the Management. We have not carried out any due diligence or Independent Verification or validation to establish its accuracy or sufficiency.
2. The Scope of our work has been limited both in terms of the areas of the Business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Reports, which might be relevant in the context of the transaction and which a wider scope might uncover.
3. Our work does not constitute an audit, due diligence or verification of historical financials or including the working results of the Company or the business referred to in this report. Accordingly, we do not express any opinion on the fairness or accuracy of any financial information referred to in this report.
4. The Fairness opinion is based on and is subject to the conditions precedent mentioned under Point 4 “Conditions precedent As Mentioned in the Scheme for Reduction of Capital”.
5. We have no present or planned future interest in Padmanabh Industries Limited and the fee payable for this opinion is not contingent upon the opinion reported herein. The Company has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omission are avoided in our opinion.
6. Our fairness opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Draft Scheme or any matter related thereto.
7. The opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this report. This opinion is issued on the understanding that the Management has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.
8. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us used by us; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company.
9. Our engagement is limited to preparing the report to be submitted to the client. We shall not represent in front of any person for answering any specific queries raised by them pertaining to this report and we shall not be liable to provide any evidence for any matters stated in the Report nor shall we be liable or responsible to provide any explanation or written statement for any assumption, information, methodology or any other matter pertaining to the report.
10. Whilst all reasonable care has been taken to ensure that the factual statements in the report are accurate, neither ourselves, nor any of our Directors, Officers or Employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We are not liable to any third party in relation to the issue of this report.
11. Our report should not be constructed as an opinion or certifying the compliance of the Draft Scheme for Reduction of Capital with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implication or issues arising from the proposed Draft Scheme for Reduction of Capital.

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Tuesday, June 27, 2023

To,  
**The Board of Directors,**  
Padmanabh Industries Limited,  
203 Abhishek Complex, Mamta Park Society, B/H, Nav Gujarat College, Ashram Road Ahmadabad –  
380014, Gujarat,  
India

**Subject: Amendment to the Fairness Opinion on the proposed Scheme for Reduction of Capital of  
Padmanabh Industries Limited**

**Dear Members of the Board,**

This is to certify that M/s Padmanabh Industries Limited having registered office at 203, Abhishek Complex, Mamta Park Society, B/h Nav Gujarat College, Ashram road, Ahmedabad-380014. We hereby certify that total accumulated loss of Rs. 13,73,26,586 as on March 31, 2023. The Total loss due to Business losses except the loss of Rs.82,83,666.00/- sundry balances written off in the year 2021-22. This certificate is issued on the specific request of the management of the company and documents produced before us.

For Swaraj Shares and Securities Private Limited

  
Ms. Pankaja  
Director  
DIN: 10085381

Date: Tuesday, August 01, 2023

Place: Mumbai

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