



Regd. Office : Texcellence Complex, Near Anupam Cinema, Khokhra, Ahmedabad - 380 021, India.
Phone : 91-79-67777000 • Fax : 91-79-22773061 • E-mail : texcellence@ashima.in
CIN No : L99999GJ1982PLC005253

7th February, 2020

To,
BSE Limited
Corporate Relationship Department,
25th Floor, P J Towers,
Dalal Street, Fort, Mumbai - 400001
SECURITY CODE NO. 514286

To,
National Stock Exchange of India Ltd
Exchange Plaza 5th Floor, Plot no. C/1,
G Block, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051
SECURITY CODE NO. ASHIMASYN

Dear Sir/ Madam,

Sub: Submission of Copy of Notice of NCLT convened Meetings of Equity Shareholders of the Company.
Ref: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

With reference to above and with regard to proposed Scheme of Amalgamation and Arrangement of Ashima Dycot Private Limited ("ADPL" or "Transferor Company") with Ashima Limited ("Company" or "Transferee Company") and their respective shareholders and creditors ("Scheme") under Sections 230 to 232 read with Section 66 and other applicable Provisions, if any, of the Companies Act, 2013, we wish to inform you that as per the directions of the National Company Law Tribunal ("NCLT") vide its Order dated 30th January, 2020, a separate meeting of the Equity Shareholders of the Company is scheduled to be held on **Wednesday, the 11th day of March, 2020 at 10.30 a.m.** at the Registered Office of the Company at Texcellence Complex, Near Anupam Cinema, Khokhra, Ahmedabad-380021 to consider and approve the said Scheme of Amalgamation and Arrangement.

Further, the Company is providing to members facility of voting through Remote e-voting and voting by ballot / polling paper at the venue of the Meeting to enable voting on the Resolution as stated in the notice attached herewith.

The period of e-voting is as under:

Commencement of voting	Tuesday, 11 th February 2020, 09.00 a.m.
End of voting	Tuesday, 10 th March 2020, 05.00 p.m.

Equity Shareholders whose names appear on the Register of Members/List of Beneficial Owners as on 31st January 2020 (**cut-off date**) will be considered for the purpose of voting (including remote e-voting) in proportion to their share of the paid up equity share capital of the Company as on the cut-off date.

The NCLT has appointed Mr. Balubhai Patel, Independent Chartered Accountant to be the Chairman of the said NCLT Convened Meeting.



T E X C E L L E N C E

Visit us at <http://www.ashima.in>



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As directed by the NCLT, Mr. Tapan Shah, Practicing Company Secretary, Ahmedabad, is appointed as Scrutinizer for conducting e-voting process and voting at the venue of the meeting through ballot/polling paper of Shareholders in a fair and transparent manner.

The Company has engaged the services of Central Depository Services (India) Limited ('CDSL') for facilitating remote e-voting for the said meeting.

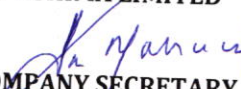
We enclose herewith copy of Notice for the Meeting of Equity shareholders being sent/email to Members and is also available on the Company's website.

We request you to kindly take the above information on record.

Thanking You.

Yours Faithfully

For **ASHIMA LIMITED**


COMPANY SECRETARY



Encl : As above

T E X C E L L E N C E

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MEETING OF THE EQUITY SHAREHOLDERS OF ASHIMA LIMITED (“Company”)
 (convened pursuant to an Order dated 30th January 2020 passed by
 the Hon’ble National Company Law Tribunal, Ahmedabad Bench)

Day	Wednesday
Date	11 th March 2020
Time	10.30 a.m.
Venue	Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India

E-VOTING:

Commencement of voting	Tuesday, 11 th February 2020, 09.00 a.m.
End of voting	Tuesday, 10 th March 2020, 05.00 p.m.

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In the matter of the Companies Act, 2013;
AND
In the matter of Sections 230 to 232 read with
Section 66 and other applicable provisions of the
Companies Act, 2013;
AND
In the matter of Scheme of Arrangement involving
amalgamation of Ashima Dyecot Private Limited
with Ashima Limited.

ASHIMA LIMITED

CIN: L99999GJ1982PLC005253

Company incorporated under the Companies

Act, 1956, having its registered office at

Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India

.....Applicant Transferee Company

NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF ASHIMA LIMITED

To,

All the Equity Shareholders of Ashima Limited

Notice is hereby given that by an Order dated 30th January 2020 (the '**Order**'), the Hon'ble National Company Law Tribunal, Ahmedabad Bench (**'NCLT'** or '**Tribunal**') has directed that a meeting of the equity shareholders of the Applicant Transferee Company, be convened and held at the Registered Office of the Applicant Transferee Company at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad–380021, in the state of Gujarat, for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited (**'ADPL'** or the '**Transferor Company**') and Ashima Limited (**'ASHIMA'** or the '**Transferee Company**') and their respective shareholders and creditors (**'Scheme**').

In pursuance of the said Order and as directed therein, further notice is hereby given that a meeting of the Equity Shareholders of the Applicant Transferee Company will be held at the Registered Office of the Applicant Transferee Company at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, in the state of Gujarat, on Wednesday, 11th March 2020 at 10.30 a.m. at which time and place you are requested to attend. At the meeting, the following resolution will be considered and if thought fit, be passed, with or without modification(s):

"RESOLVED THAT pursuant to the provisions of Sections 230-232 read with Section 66 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable rules and regulations made thereunder, applicable provisions of Securities and Exchange Board of India Act, 1992 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'SEBI Listing Regulations'**), and other applicable provisions, if any, of other applicable rules and regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), relevant provisions of the Memorandum and Articles of Association of the Company, subject to requisite approval of jurisdictional National Company Law Tribunal (**'NCLT'** / '**Tribunal**'), and other regulatory or government bodies/tribunals or institutions as may be applicable, and subject to such conditions and modifications as may be prescribed or imposed by the Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors (**'Board**') of the Company, the arrangement embodied in the Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited (**'ADPL'** or the '**Transferor Company**') and Ashima Limited (**'Ashima'** or the '**Transferee Company**') and their respective shareholders and creditors (**'Scheme**') placed before this meeting and initialed by the Chairman of the meeting for the purpose of identification, be and is hereby approved by the Equity Shareholders of the Company.

RESOLVED FURTHER THAT the Board or any other person authorized by the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the amalgamation embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT and/or other authorities while sanctioning the amalgamation embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and/or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper."

TAKE FURTHER NOTICE THAT you may attend and vote at the said meeting in person or by proxy provided that the prescribed form of proxy, duly signed by you, is deposited at the registered office of the Applicant Transferee Company at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India, not later than 48 (forty eight) hours before the time fixed for the aforesaid meeting (i.e. 11th March 2020, 10.30 a.m.). The form of proxy, if required, can be obtained free of charge from the registered office of the Applicant Transferee Company or can be downloaded from the website of the Applicant Transferee Company.

TAKE FURTHER NOTICE THAT in compliance with the provisions of: (i) Section 230 read with Sections 108 of the Companies Act, 2013; (ii) Rule 6(3) (xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; (iii) Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India



(Listing Obligations and Disclosure Requirements) Regulations, 2015; and (v) Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 including its amendments issued by the Securities and Exchange Board of India (referred to as 'SEBI Circular'), the Applicant Transferee Company has provided the facility of voting by remote e-voting so as to enable the Equity Shareholders, to consider and approve the Scheme by way of the aforesaid resolution. Accordingly, voting by Equity Shareholders of the Applicant Transferee Company to the Scheme shall be carried out through (i) remote e-voting system or (ii) ballot / polling paper as arranged by the Applicant Transferee Company at the venue of the meeting to be held on 11th March, 2020. The Equity Shareholders may refer to the notes of this Notice for further details on remote e-voting.

The copies of the Scheme and of the Explanatory Statement, under Sections 230(3), 232(1), 232(2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the enclosures as indicated in the Index, can be obtained free of charge at the registered office of the Applicant Transferee Company at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India.

The Hon'ble Tribunal has appointed Shri Balubhai Patel, an Independent Practising Chartered Accountant and failing him Shri Jainam Shah, an Independent Practising Chartered Accountant to be the Chairman of the said meeting including for any adjournment or adjournments thereof.

The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval by the Hon'ble National Company Law Tribunal, Ahmedabad Bench.

Sd/-
Balubhai Patel
Chairman appointed for the meeting

Dated this 3rd day of February 2020

Place : Ahmedabad

Notes:

1. The statement pursuant to Sections 230(3), 232(1), 232(2) and 102, any other applicable provisions of the Act, the rules made thereunder, SEBI Listing Regulations stating all material facts and the reasons thereof for the proposed resolution, forming part of this Notice, is annexed herewith.
2. A MEMBER / EQUITY SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Form of Proxy is annexed to this Notice and can also be obtained from the registered office or downloaded from the website of the Company.
4. As per Section 105 of the Companies Act, 2013 and rules made thereunder, a person can act as proxy on behalf of the Equity Shareholders not exceeding 50 (Fifty) and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. Further, an Equity Shareholder holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.
5. All alterations made in the Form of Proxy should be initialed.
6. The Notice is being sent to the Equity Shareholders whose names appear on the Register of Members/List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on 31st January 2020 (**cut-off date**). The Notice is being sent by email to Equity Shareholders who have registered their email IDs with their Depository Participants or the Company. For members whose email IDs are not registered, physical copies of the Notice are being sent by permitted mode. The Notice is also available on the Company's website <https://ashima.in/investor-relations/shareholder-information-disclosures/>
7. Equity Shareholders whose names appear on the Register of Members/List of Beneficial Owners as on 31st January 2020 (**cut-off date**) will be considered for the purpose of voting (including remote e-voting) in proportion to their share of the paid up equity share capital of the Company as on the cut-off date.
8. The authorised representative of a Body Corporate or Foreign Institutional Investor ("FII") or Foreign Portfolio Investor ("FPI"), which is a registered Equity Shareholder of the Company may attend and vote at the meeting, provided a certified true copy of the resolution of the Board of Directors or other governing body of such Body Corporate / FII / FPI authorizing such a representative to attend and vote at the meeting is deposited at the registered office of the Company not later than 48 hours before the scheduled time of the commencement of the meeting.
9. In case of joint holders attending the meeting, joint holder whose name stands first in the Register of Members, and in his / her absence, by the next named member of the Company in respect of such joint holding will be entitled to vote.
10. The Equity Shareholders can opt for only one mode of voting i.e. either through (i) remote e-voting system or (ii) ballot / polling paper as arranged by the Applicant Transferee Company at the venue of the meeting. In case members cast their votes by more than one means of voting, then voting will be counted in the following sequence of priority, namely, (i) Remote e-voting or (iii) Ballot / Polling Paper as arranged at the venue of the meeting, as may be applicable.
11. Equity Shareholders are requested to hand over the enclosed Attendance Slip, duly filled and signed in accordance with their specimen signature(s) registered with the Company / Depository for admission to the venue of the meeting. Equity Shareholders who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification at the meeting.
12. During the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, an Equity Shareholder would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than 3 (three) days of notice in writing is given to the Company.



13. The Notice convening the aforesaid meeting will be published through advertisement in Indian Express, Ahmedabad edition in the English language and Sandesh, Ahmedabad edition in the Gujarati language.
14. In compliance with Sections 108 of the Act and the rules made thereunder, the Company has provided the facility to the Equity Shareholders to exercise their votes electronically. The Applicant Transferee Company has engaged the services of Central Depository Services (India) Limited ('CDSL') for facilitating remote e-voting for the said meeting. The instructions for remote e-voting are given under the section 'Voting by electronic means (remote e-voting)' below.
15. It is clarified that casting of votes by remote e-voting does not disentitle an Equity Shareholder as on the Cut-off date of 31st January 2020 from attending the meeting, however, such Equity shareholders who have cast their votes through e-voting shall not be entitled to cast their vote again. Further, an Equity Shareholder cannot exercise his/her vote by proxy on remote e-voting.
16. The remote e-voting period commences on Tuesday, 11th February 2020 (09.00 AM IST) and ends on Tuesday, 10th March 2020 (05.00 PM IST). During this period, Equity Shareholders (including public shareholders) of the Company holding equity shares either in physical form or in dematerialized form, as on the cut-off date i.e. 31st January 2020 may cast their vote through remote e-voting. The remote e-voting module shall be disabled by CDSL for voting after Tuesday, 10th March 2020 (05.00 PM IST). Once the vote on a resolution is cast by an Equity Shareholder, he or she will not be allowed to change it subsequently.
17. As directed by the Tribunal, Mr. Tapan Shah, Practising Company Secretary (Membership No. FCS 4476 and CP No.2839) has been appointed as the scrutinizer for the said meeting of the Equity Shareholders for conducting the voting through (i) remote e-voting system or (ii) ballot / polling paper as arranged by the Applicant Transferee Company at the venue of the meeting, in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman or a person authorized by him, after the completion of scrutiny. The result would be intimated to the CDSL and Stock Exchanges where the Company's securities are listed, and displayed on the Company's website <https://ashima.in/investor-relations/shareholder-information-disclosures/> along with the Scrutinizer's report within 48 hours from the conclusion of the meeting.
18. The material documents, referred to in the Explanatory Statement will be available for inspection at the registered office of the Company during working hours on all working days from the date of dispatch of the Notice upto the date of the meeting.
19. In case of queries or grievances pertaining to remote e-voting procedure, members may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting manual, available at www.evoitngindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or may contact at telephone no.022-23023333 or toll free no. 1800225533.

Voting by electronic means (remote e-voting):

Remote E-Voting Process – Shareholders holding shares in Demat Form and Physical Form

Step 1	Open your web browser during the voting period and log on to the e-voting website: www.evotingindia.com
Step 2	Click on "Shareholders" to cast your vote(s).
Step 3	Please enter your USER ID – <ul style="list-style-type: none"> • For account holders in CDSL: Your 16 digits beneficiary ID. • For account holders in NSDL: Your 8 characters DP ID and followed by 8 digits Client ID. • Members holding shares in physical form should enter folio number registered with the company.
Step 4	Please enter the Image verification as displayed and Click on Login. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
Step 5	If you are a first time user follow the steps given below:
PAN	<ul style="list-style-type: none"> • Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). • Members who have not updated their PAN with the company/depository participant are requested to use the sequence number which is printed on Attendance Slip/Address Slip, in the PAN field <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Date of Birth (DOB) or Dividend Bank Details	<p>DOB- Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.</p> <p>Dividend Bank Details- Enter the dividend bank details as recorded in your demat account or the Company records for the said demat account or folio. Please enter the DOB or Dividend bank details in order to login. If DOB or Bank details are not recorded with the depository or Company please enter the Member ID / Folio No. in the Dividend bank details field as mentioned in step 3.</p>
Step 6	After entering these details appropriately, click on "SUBMIT" tab.
Step 7	Members holding shares in physical form will then reach directly to the Company selection screen. Members holding shares in Demat form will reach 'Password Creation' menu wherein, they are required to create their login password in the new password field. Kindly note that this password can be also be used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.



Step 8	For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
Step 9	Click on the EVSN of the Company i.e. 200131003 to vote
Step 10	On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO and click on SUBMIT. The option “YES” implies that you assent to the resolution and Option “NO”, implies that you dissent to the Resolution. Enter the number of shares (which represents number of votes) under “Yes/No” or alternatively you may partially enter any number in “Yes” and partially “No”, but the total number in “Yes” and “No” taken together should not exceed your total shareholding.
Step 11	Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire notice or resolution details.
Step 12	After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
Step 13	Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote. You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.
Step 14	Shareholders can also cast their vote using CDSL’s mobile app “m-Voting” available for Apple, Android and windows based mobile. The m-Voting app can be downloaded from Google Play Store. Shareholders may log in to m-Voting using their e-voting credentials to vote for the company resolution. Please follow the instructions as prompted by the mobile app while voting on your mobile.
Step 15	<p>Note for Non Individual Shareholders and Custodians:-</p> <ul style="list-style-type: none"> Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to https://www.evotingindia.com and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com. After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) which they wish to vote on. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.

20. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help Section or write an email to helpdesk.evoting@cdslindia.com.

Contact Details:

Company	Ashima Limited Regd. Office: Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad-380 021, Gujarat
Registrar & Share Transfer Agent	Link Intime India Pvt. Ltd 5th floor, 506 to 508, Amarnath Business Centre – (ABC-1) Beside Gala Business Centre, Near St. Xavier’s College Corner, Off C G Road, Navarangpura Ahmedabad – 380009, Tel No. +91 79 26465179 /86 / 87 Email Id: ahmedabad@linkintime.co.in ; Website : www.linkintime.co.in
E-Voting Agency	Central Depository Services (India) Ltd.
E-mail	helpdesk.evoting@cdslindia.com
Scrutinizer	Mr. Tapan Shah, Practising Company Secretary
Email	scrutinizer@tapanshah.in

EXPLANATORY STATEMENT UNDER SECTION 230(3), 232(1) AND (2) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

- Pursuant to the Order dated 30th January 2020, passed by the Hon’ble National Company Law Tribunal, Ahmedabad Bench (the ‘NCLT’ / ‘Tribunal’), in Company Application No. CA (CAA) No. 18 of 2020 (‘Order’), a meeting of the Equity Shareholders of ASHIMA LIMITED is being convened at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India on Wednesday, 11th March, 2020 at 10.30 a.m., for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited (hereinafter referred to as ‘ADPL’ or ‘Transferor Company’) and Ashima Limited (hereinafter referred to as ‘Ashima’ or ‘Transferee Company’ or ‘Applicant Transferee Company’) and their respective shareholders and creditors under Sections 230-232 and other applicable provisions of the Companies Act, 2013 (the “Scheme”). ADPL and Ashima are together referred to as the ‘Companies’. A copy of the Scheme, which has been, *inter alia*, approved by the Board of Directors of the Applicant Transferee Company at its meeting held on October 19, 2019, is enclosed herewith. Capitalized terms used herein but not defined shall have the meaning assigned to them in the Scheme, unless otherwise stated.



2. In terms of the said Order, the quorum for the aforesaid meeting of the Equity Shareholders of the Applicant Transferee Company shall be 30 (Thirty) equity shareholders, present in person or by proxy or by authorised representative. Further in terms of the said Order, NCLT has appointed Shri Balubhai Patel, an Independent Practising Chartered Accountant and failing him Shri Jainam Shah, an Independent Practising Chartered Accountant, to be the Chairman of the said meeting including for any adjournment or adjournments thereof.
3. This statement is being furnished as required under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 (the 'Act') read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (the 'Rules').
4. In terms of the Companies Act, 2013 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 including its amendments ('SEBI Circular') issued by the Securities and Exchange Board of India ('SEBI'), the Applicant Transferee Company is seeking the approval of its Equity Shareholders (which includes Public Shareholders) to the Scheme by way of voting through (i) remote e voting, and (ii) Ballot or Polling Paper at the venue of the meeting. Accordingly, this notice would be deemed to be the notice sent to the Shareholders of the Applicant Transferee Company. For this purpose, the term 'Public' shall have the meaning assigned to it in Rule 2(d) of the Securities Contracts (Regulations) Rules, 1957 and the term 'Public Shareholders' shall be construed accordingly.

The scrutinizer appointed for conducting the voting process will submit his separate report to the Chairman appointed for the meeting after completion of the scrutiny of voting (including through remote e-voting) so as to announce the results of the e-voting exercised by the Public Shareholders of the Applicant Transferee Company.

5. In accordance with the provisions of Sections 230-232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing 3/4th in value of the Equity Shareholders of the Applicant Transferee Company, voting through (i) remote e-voting system or (ii) ballot / polling paper as arranged by the Applicant Transferee Company at the venue of the meeting, agree to the Scheme. Further, as per the observation letter by BSE dated 10th January 2020 and the observation letter by NSE dated 10th January 2020, the Scheme shall be acted upon only if the majority votes cast by the Public Shareholders are in favor of the Scheme.
6. In terms of the Order dated 30th January 2020, passed by the Tribunal, in Company Application No. CA (CAA) No. 18 of 2020, if the entries in the books/register of the Applicant Transferee Company in relation to the number or value, as the case may be, of the equity shares are disputed, the Chairman of the meeting shall determine the number or value, as the case may be, for the purposes of the said meeting and his decision in that behalf would be final.
7. The draft Scheme was placed before the Audit Committee and Board of Directors of the Applicant Transferee Company and the Transferor Company at their respective meetings held on 19th October 2019. In accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, the Audit Committee of the Applicant Transferee Company recommended the Scheme to the Board of Directors of the Applicant Transferee Company, *inter-alia* taking into account:-
 - a) Share Exchange Valuation Report dated October 19, 2019 issued by N.S. Kumar & Co., Independent Chartered Accountants, having Registration No. 139792W and Niranjana Kumar, Registered Valuer, having IBBI Registration Number IBBI/RV/06/2018/10137 providing the share exchange ratio for the amalgamation of ADPL with Ashima under the Scheme;
 - b) Fairness Opinion dated October 19, 2019 issued by Kunvarji Finstock Private Limited, a SEBI Registered (Category-I) Merchant Banker, having SEBI Registration No. INM000012564 providing the fairness opinion on the share exchange ratio recommended by N.S. Kumar & Co., Independent Chartered Accountants and Niranjana Kumar, Registered Valuer as referred above in connection with amalgamation of ADPL with Ashima under the Scheme;
 - c) Certificate obtained from the Statutory Auditors of Ashima i.e. Mukesh M. Shah & Co., Chartered Accountants, having Registration No. 106625W confirming that the Scheme is in compliance with the applicable accounting treatment notified under the Companies Act, 2013 and other generally accepted accounting principles.
8. Based upon the recommendations of the Audit Committee of the Applicant Transferee Company and on the basis of the evaluations, the Board of Directors of the Applicant Transferee Company has concluded that the Scheme is in the interest of the Applicant Transferee Company and its shareholders.

PARTICULARS OF ASHIMA DYECOT PRIVATE LIMITED (ADPL)

9. The Transferor Company was incorporated on 20th day of April 1995 as Ashima Dyecot Limited ("ADPL" or "Transferor Company"), a public limited company, with the Registrar of Companies, Gujarat, under the provisions of the Companies Act, 1956. The Transferor Company had thereafter altered its Articles of Association and consequently, the word "Private" had been added before the word "Limited" under section 21, 31(1) and 44 of the Companies Act, 1956 with effect from 04th day of April 2002. Thereafter, the word "Private" was deleted with effect from 22nd February 2006 in terms of section 31 and 44 of the Companies Act, 1956. In the year 2015, the Transferor Company had again altered its Articles of Association and consequently, the word "Private" was again added before the word "Limited" in terms of Section 18 of the Companies Act, 2013 with effect from 22nd day of September 2015. The Registered office is currently situated at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat. The Transferor Company is holding 58.61% in the Transferee Company, Ashima Limited. The Transferor Company is engaged in the business of processing textile fabrics and manufacture of readymade garments and offers a range of cotton textile products encompassing Khakis, Readymade garments, Interlining fabrics, Garment washing activities (Laundry), etc. On account of its qualitative supremacy, the products command a base of discerning customers in domestic and international markets. The Permanent Account Number of the Transferor Company is AACCA2753K. Email id of the Transferor Company is ashimadyecot@yahoo.co.in. The equity shares of ADPL are not listed on any stock exchanges.



10. The objects for which the Transferor Company has been established are set out in its Memorandum of Association. The main objects of Transferor Company are, *inter alia*, as follows:

1. *To carry on anywhere in India or elsewhere in the world the business of textile processing viz. combing, doubling, winding, beaming, singeing, desizing, bleaching; mercerising, dyeing, bleaching, dyeing, carbonising padding, sanforising, washing, finishing, printing, flanellete raising, stentering, damping, scouring, cropping, curing, heat setting, water proofing, expanding, hydroextracting, organdy processing, shrink proofing, resin sweating and folding of cloth, fiber and yarn of all types, fabrics, knitted fabrics and hosiery of all kinds, readymade garments, apparels whether natural, artificial synthetics, made from cotton, wool, silk, jute, hemp, linen, viscose, flax, rayon, artificial silk, nylon, polyester, acrylic, polypropylene, polynosic or any of man-made synthetic fibres, staple fibres, yarn or fabric and their blends, including waste soddy, fibrous materials, textile substances, by-products, waste products, allied and related products, items including those which are not specifically referred to herein and generally to carry on business of processing at all its units.*
2. *To carry on anywhere in India or elsewhere in the world the business of manufacturing, processing, producing, trading, selling, purchasing, importing, exporting, and/or otherwise dealing in cotton, woolen, silk, polyester, polynosic or natural fibres, vegetable fibres, animal fibres, manmade fibres and all kinds of products and substances and allied and related items made out of one or more of above group of fibres such as, yarn of all types and of any fibrous substance, cloth and fabrics of all types, knitted fabrics, all types of garments, hosiery goods and to carry on business of all types of textile processes such as spinning, knitting, weaving, interlining, embroidering, sewing, designing, stitching, sizing, draw twisting, texturing, twisting, processing, singeing and to carry out all other processes at all or any of the units.*
3. *To carry on all or any of the business namely, cotton spinners and doublers, spinners, of yarn from various kinds of natural or synthetic fibre waste, lint or any fibrous substance natural or synthetic, like cotton flax, hemp, jute, viscose, nylon, polyester, linen manufacturers, blanket or carpet manufacturers, flax, hemp, jute and wool merchants, wool combers, worsted spinners, woolen spinners, yarn merchants cotton and other fibrous substance, waste merchants, worsted stuff manufacturers, bleachers and dyers, printers and finishers of fabric and other textile products and makers of vitriol, bleaching and dyeing materials, chemicals and auxiliaries and to purchase, comb, prepare, spin, dye, process and deal in flax, hemp, jute, wool, cotton, silk and all other kinds of fibrous substances and their products, and to weave or otherwise manufacture, buy and sell import and export and deal in linen cloth and fabrics whether textile, felted, netted or looped and to carry on the business of spinning, weaving and/or manufacturing and/or dealing in cotton or other fibrous substances and the preparation, dyeing or colouring of any of the said substances and the sale and purchase of yarn, cloth or other manufacturing fibrous products, and also to carry on business as manufacturers, traders, exporters, importers, dealers and processors of cotton, woolen, silk, polyester, or any other man-made fibre, yarn or filament or any kind of yarn, flat yarn, texturised yarn and yarn of any other varieties and of any other fibrous substance and to carry on the business of manufacturing, processing and dealing in the same and twisting, texturing, crimping, combing, spinning, doubling, winding, beaming, mercerizing, bleaching, dyeing, carbonizing, singeing and such other processing of fibres and yarns of filaments and manufacturing, processing and dealing in fabrics manufactured there from and to carry on all other types of incidental which can be carried on so as to directly or indirectly benefit the company.*
4. *To carry on business as house, land and estate agents and to arrange or undertake the sale, and purchase or advertise for sale or purchase, assist in selling or purchasing or introduce purchasers or vendors, and to manage land, building and other property whether belonging to the Company or not, and to let any portion or any premises for residential trade or business purposes and other private or public purposes and to collect rents and income and to supply to tenants and occupiers and other refreshments, attendants, clubs, public hall messengers, light waiting rooms, reading rooms, meeting rooms, lavatories, laundry conveniences, electric conveniences, garages, stables and other advantages.*
5. *To develop the resources of and turn to account any lands, any right over to or connected with land belonging to or in which the Company is interested in particular by cleaning, draining, grazing and the establishment of colonies and settlements and building schemes and to build, erect, execute, administer, construct, alter, maintain, enlarge, pull down, remove, or replace and to work, manage and control any buildings, structures, offices, factories, mills, shops, machinery, engines, roads, ways, tramways, railways, branches or sidings, bridges, reservoirs, water courses, waterways, electric work, docks, harbours, canals, embankments, irrigation reclamation, sewage, drainage and conveniences, which may seem calculated directly or indirectly to advance the interest of the Company and to join with any other person or company doing any of these things and generally to carry on the business of builders and contractors, engineers, surveyors, estimators, designers and supervisors in all their respective branches.*

11. The Authorised, Issued, Subscribed and Paid up Share Capital of Transferor Company as on December 31, 2019 was as under:

Particulars	Amount (INR)
Authorized Capital	
4,39,80,000 Equity Shares of INR 10/- each	43,98,00,000/-
15,00,000 Preference Shares of INR 100/- each	15,00,00,000/-
Total	58,98,00,000/-
Issued, Subscribed and Paid-up	
3,97,95,448 equity shares of INR 10/- each as fully paid-up	39,79,54,480/-
Total	39,79,54,480/-

Subsequent to December 31, 2019, there has been no change in the authorized, issued, subscribed and paid-up capital of Transferor Company.



PARTICULARS OF ASHIMA LIMITED (ASHIMA)

12. The Transferee Company was incorporated on 17th day of June 1982 as Ashima Syntex Private Limited, a private limited company, with the Registrar of Companies, Gujarat, under the provisions of the Companies Act, 1956. The Transferee Company had thereafter altered its Articles of Association and consequently, the word "Private" had been deleted in terms of section 21, 31(1) and 44 of the Companies Act, 1956 with effect from 26th day of August 1988. In the year 1999, The Transferee Company's name was changed to Ashima Limited with effect from 27th Day of January 1999. Ashima Limited having CIN: L99999GJ1982PLC005253, is listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') and is having its registered office at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad-380021, Gujarat. The Transferee Company is a subsidiary of the Transferor Company. The Transferee Company is one of India's leading 100% cotton fabric manufacturers. The Transferee Company offers a range of cotton textile products encompassing Denims, Yarn-dyed Shirting fabrics and also operates into ready-to-stich fabrics. On account of its qualitative supremacy, the products command a base of discerning customers in domestic and international markets. The Permanent Account Number of the Applicant Transferee Company is AACCA2750L. Email id of the Applicant Transferee Company is ashima2007@ashima.in. The equity shares of the Applicant Transferee Company are listed on the BSE and the NSE.
13. The objects for which Applicant Transferee Company has been established are set out in its Memorandum of Association which *inter alia* are as follows:
1. *To carry on business as manufacturers, traders, exporters, importers, dealers and processors of cotton, woolen, silk, polyester, polynosic or any other manmade fibre, yarn or filament or any kind of yarn, flat yarn, texturised yarn and yarn of any other varieties and of any other fibrous substance fabrics of any kind and to carry on the business of manufacturing, processing and dealing in the same and twisting, texturising, crimping, combing, spinning, doubling, winding, beaming, mercerising bleaching, dyeing, carbonising singeing and such other processing of fibers and yarns of filaments and manufacturing, processing and dealing in fabrics manufactured therefrom.*
 2. *To carry on all or any of the business following, namely, cotton spinners and doublers, spinners of yarn from various kinds of natural or synthetic fibre waste, lint or any fibrous substance natural or synthetic, like cotton flax, hemp, jute, viscose, nylon, ployester, linen manufacturers, blanket or carpet manufacturers, flax, hemp, jute and wool merchants, wool combers, worsted spinners, woolen spinners, yarn merchants cotton and other fibrous substance, waste merchants, worsted stuff manufacturers, bleachers and dyers, printers and finishers of fabric and other textile products and makers of vitriol, bleaching and dyeing materials, chemicals and auxiliaries and to purchase, comb, prepare, spin, dye, process and deal in flax, hemp, jute, wool, cotton, silk and all other kinds of fibrous substances and their products, and to weave or otherwise manufacture, buy and sell import and export and deal in linen cloth and fabrics whether textile, felted, netted or looped and to carry on the business of spinning, weaving and/or manufacturing and/or dealing in cotton or other fibrous substances and the preparation, dyeing or colouring of any of the said substances and the sale and purchase of yarn, cloth or other manufacturing fibrous products, and to carry on all other types of incidental which can be carried on so as to directly or indirectly benefit the company.*
 3. *To carry on the business of manufacturers, importers, exporters, buyers, sellers, dealers, distributors, traders, fabricators and suppliers of all kinds of readymade garments, jewellery, footwear, hand bags, coverings, coated fabrics, hosiery, all kind of apparel, made of knitted or woven material, cotton, silk, knitwears, blankets, track suits, shawls, mufflers, carpets, synthetic, blended including innerwear, such as undergarments, briefs, vests, brasseries and panties and outerwear such as T-Shirt, sportswear, swimsuits, shirts, trousers, pants, socks, gloves, gowns, skirts, tops or other outer wearing apparels, textile trimmings and components part of apparels, accessories of apparel, made up articles of textile such as bed sheets, towels furnishing, fabric or merchandise of every kind and description and other production goods, articles and things as are made from or with cotton, nylon, silk, polyester, acrylics, wool, jute and other such kinds of fiber by whatever name called or made under any process, whether natural or artificial and by mechanical or other means and all other such products of allied nature made thereof and also to act as agents, sub-agents, wholesalers, retailers, representatives, commission agents, franchisers and dealers of all kinds of textile clothing, wearing apparel, cosmetics, jute, linens, furnishing fabrics and fabrics of all kinds of readymade garments and clothing, lingerie, hosiery, footwears and accessories in India or abroad and also to offer one stop solution for sale, purchase, export, import, and the like, of Garments, fashion clothes, fashion products, life style products, apparels, general merchandise etc.*
 4. *To carry on the business as agents, commission agents, buying and selling agents, distributors, wholesaler, retailer, sub-agents, estate agents or agents of any kind or description and to sell, distribute, export and import, act as manufacturer's representative and deal in all classes and kinds of chemicals including its By-Products, organic and inorganic, chemicals, laboratory and scientific chemicals, chemicals of any nature and kind whatsoever, including alkalies, acids, drugs, tannis, essences and pharmaceutical, photographic, medicinal, petrochemical, industrial and other preparations and articles of any nature and kind, plastics, leather and leather goods, textile and textile related products, coir products, natural fiber products, readymade garments, hosiery and knitwear, gem and jewellery, stainless, steel products, mineral, raw materials, and to do all such other acts and things required for the abovesaid business.*
14. The Authorised, Issued, Subscribed and Paid up Share Capital of the Applicant Transferee Company as on December 31, 2019 was as under:

Particulars	Amount (INR)
Authorized Capital	
12,95,00,000 equity shares of INR 10/- each	129,50,00,000/-
20,50,000 preference shares of INR 100/- each	20,50,00,000/-
Total	150,00,00,000/-
Issued, Subscribed and Paid-up	
12,84,53,876 equity shares of INR 10/- each fully paid up	128,45,38,760/-
20,50,000 1% redeemable non-cumulative preference shares of INR 100/- each as fully paid-up	20,50,00,000/-
Total	148,95,38,760/-

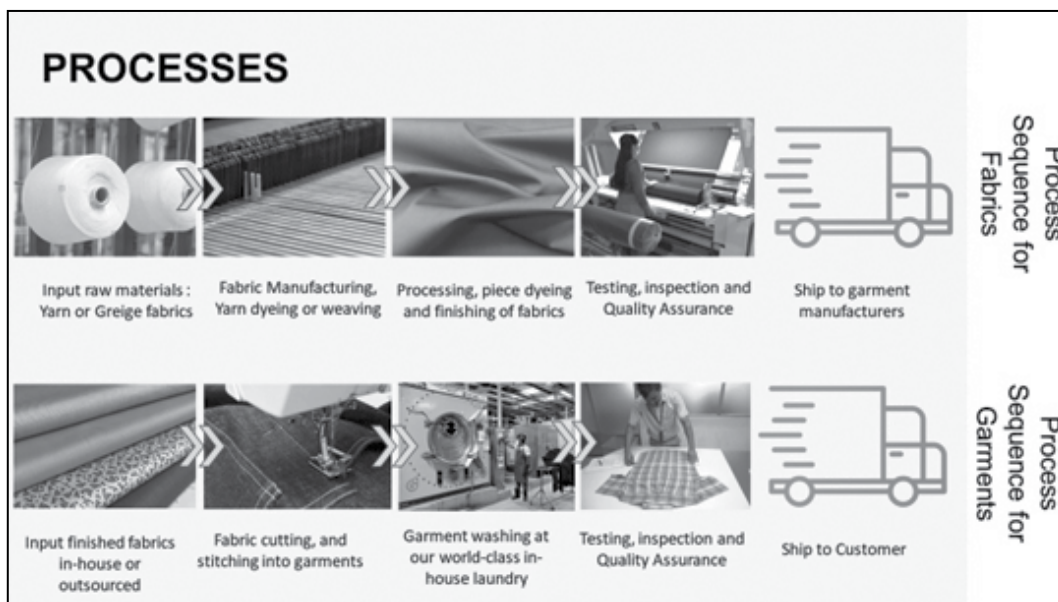
Subsequent to December 31, 2019, there has been no change in the authorized, issued, subscribed and paid-up capital of Transferee Company.

15. RATIONALE OF THE SCHEME:

The Transferee Company is engaged in manufacturing of “Cotton Fabric Products” while the Transferor Company is engaged in the business of “processing textile fabrics” and manufacturing of “readymade garments”. Thus, the business of the Transferor and Transferee Company are complementary to each other.

The proposed amalgamation of Transferor Company into Transferee Company shall result into several advantages to both the companies and their stakeholders. Some of them, inter *alia*, are:

- (i) The proposed amalgamation will offer an immense opportunity to consolidate the portfolio of brands and products that are relevant to the “textile sector” under a single roof;
- (ii) The proposed amalgamation will enable the merged entity to cater to the needs of entire value chain from fabrics to garments. This can have a better reach in terms of various customer base and will provide a stronger market position to the company;
- (iii) The proposed amalgamation will result in operational synergies and efficiency for the merged entity. Accordingly, the Scheme would strengthen and complement the businesses of the Companies;
- (iv) The Scheme would help in achieving synergies in business operations and streamlining the business activities for the Companies, combining the following activities which would result in significant growth in business: –
 - a. logistics;
 - b. material procurement and storage;
 - c. FG storage and dispatches;
 - d. Internal movement of materials;
 - e. Sharing of common utilities;
 - f. Re-distribution of marketing portfolios thereby reducing marketing and travelling costs;
 - g. Various administrative costs including courier, stationery, statutory fees, insurance premiums, conveyance expenses, etc.
- (v) The Amalgamation of Transferor Company with the Transferee Company will result into enlarged combined assets base and will also provide an opportunity for the merged entity to leverage on such assets;
- (vi) Greater integration and greater financial strength and flexibility for the Transferee Company, which would result in maximizing overall shareholders value, and will improve the competitive position of the merged entity;
- (vii) The proposed amalgamation would help in enhancing the scale of operations, reduction in overheads, including administrative, statutory compliances, managerial and other expenditure, operational rationalization, organizational efficiency, and optimal utilization of resources by avoiding duplication of efforts;
- (viii) Taking into consideration the above synergies, the merged entity would result in better profitability and EBITDA margins. Accordingly, the stronger financials will provide a better opportunity in terms of better trade credits, financial resources and in negotiations for prices and suppliers credit terms for the merged entity;
- (ix) The merged entity will have a seamless flow of forward and backward integration of operations, from yarn till garments as depicted by the following chart:



- (x) Both companies have currently limited international presence. The proposed amalgamation would help both the companies consolidate their international business and scale up and diversify presence in various international territories;



- (xi) The proposed merger shall not be prejudicial to the interest of the shareholders and shall not have any adverse impact on creditors and other stakeholders of the Transferor and Transferee Company.

In view of the aforesaid, the Board of Directors of Transferor Company and Transferee Company have considered and proposed the Scheme, in nature of amalgamation for consolidation of operations carried by Transferor Company into Transferee Company, under Sections 230 to 232 read with Section 66 and other relevant provisions of the Companies Act, 2013.

16. SALIENT FEATURES OF THE SCHEME:

1. "Definitions:

1.4 "Appointed Date" shall mean the opening of business hours on 1st April 2019.

1.7 "Effective Date" means the last of the date on which the conditions specified in Clause 20 of this Scheme are fulfilled with respect to the Scheme. References in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme being effective" shall mean the Effective Date.

1.12 "Scheme of Amalgamation" or "this Scheme" or "the Scheme" means this Scheme of Amalgamation and Arrangement of Ashima Dyecot Private Limited with Ashima Limited in its present form or with any modification(s) as approved by the NCLT.

1.16 "Undertaking" shall mean and include all the businesses, undertakings, properties, investments, liabilities of whatsoever nature, kind and wheresoever situated, of the Transferor Company, on a going concern basis, together with all their assets and liabilities and shall mean and include (without limitation):

- a) All the assets (including intangible assets) and properties of the Transferor Company including, without limitation, offices, plant and machineries, equipment, interest, capital work in progress, installations, appliances, tools, accessories, freehold land, leasehold land and any other title, interests or right in such immovable assets, buildings and structures, offices, furniture, fixtures, office equipment, computers, goodwill and other intangibles assets and all stocks on the Appointed Date;**
- b) All the debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date both present and future, whether provided for or not in the books of accounts or disclosed in the balance sheet, whether secured or unsecured, all guarantees, assurances, commitments and obligations of any kind, nature or description, whether fixed, contingent or absolute, asserted or not asserted, matured or not matured, liquidated or unliquidated, accrued or not accrued, known or unknown, due to become due, whenever or however arising pertaining to the Transferor Company;**
- c) Without prejudice to the generality of sub-clause (a) and (b) above, the Undertaking of the Transferor Company shall include –**
 - i. All movable and immovable properties, assets, including leasehold rights, tenancy rights, industrial and other licenses, registrations, permits, authorizations, trademarks, copyrights, patents and other industrial and intellectual properties, electrical connections, telephones, telex, facsimile and other communications facilities and equipment, rights and benefits of all agreements, pending applications and all other interest, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals of the Transferor Company;**
 - ii. All current assets including inventories; sundry debtors; receivables; cash and bank accounts (including bank balances), fixed deposits, loans and advances, actionable claims, bills of exchanges and debit notes of the Transferor Company;**
 - iii. All agreements, contracts, arrangements, understandings, engagements, deeds and instruments including lease/ license agreements, tenancy rights, equipment purchase agreement and other agreements with the customers, purchase and other agreements / contracts with the supplier/ manufacturer of goods / service provider and all rights, title, interest, claims and benefits there under of the Transferor Company;**
 - iv. All application monies, advance monies, earnest monies and security deposits paid or deemed to have been paid and payments against other entitlements of the Transferor Company;**
 - v. It is clarified that all debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the date of the Appointed Date shall be debts, loans and liabilities, duties and obligations of the Transferee Company including any encumbrances on the assets of the Transferor Company or any income earned from those assets.**
 - vi. All intellectual property rights (including applications for registrations of the same and the right to use such intellectual property rights), trade and service names and marks, patents, copyrights, brand names, trademarks and other intellectual property rights of any nature whatsoever, trade secrets, confidential information, domain names, books, records, files, papers, software licenses (whether proprietary or otherwise), data and all other records and documents whether in physical or electronic form relating to the business activities and operations of the Transferor Company;**
 - vii. all staff, workmen and employees of the Transferor Company engaged in or in relation to the business of the Transferor Company at respective offices and all provisions and benefits made in relation to such employees including but not limited to provident funds, registrations and reserves;**
 - viii. All books, records, files, papers, engineering and process information, computer programs, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form of the Transferor Company;**



- ix. *all investments held the Transferor Company whether listed / unlisted company shares, units of mutual funds and rights, privileges and obligations attaching to such investments;*
- x. *all taxes including (but not limited to) Minimum Alternate Tax (“MAT”) paid under Section 115JAA/ 115JB of the Income-tax Act, duties, cess of whatsoever nature refundable / receivable to the Transferor Company from any statutory / governmental authority. Also, including but not limited to the benefit(s) under Income-tax Act, 1961 (including tax relief under the Income-tax Act, 1961 such as credit for advance tax, TDS, etc.), Goods and Service Tax (GST), service tax (including benefit of any unutilized GST/ CENVAT / service tax credits etc.) permits, approvals, concessions, reliefs, rights to use and avail of assets shall, without any further act, instrument or deed stand transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company, free from all encumbrances, but subject to subsisting charges and pledges, if any.*

4. TRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANY

- 4.1 *Upon the coming into effect of this Scheme, and with effect from the Appointed Date, and subject to the provisions of the Scheme in relation to mode of transfer and vesting, the Undertaking of Transferor Company shall without any further act, instrument or deed, be and stand transferred to and vested in and/ or be deemed to have been transferred to and vested in Transferee Company as a going concern so as to become on and from the Appointed Date the estate, assets, rights, title, interests and authorities of Transferee Company, pursuant to the provisions of Section 230 to 232 of the Act.*
- 4.2 *Without prejudice to generality of the aforesaid clause 4.1 above –*
 - (a) *All assets (including intangible assets) and properties of Transferor Company as are movable in nature or incorporeal property or otherwise capable of transfer by delivery of possession or by endorsement and / or delivery, the same shall stand so transferred by the Transferor Company upon the coming into effect of the Scheme, to the end and intent that the rights, titles, interest and property therein passes to Transferee Company and shall, become the assets and property of Transferee Company with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act, without requiring any deed or instrument of conveyance for transfer of the same. No additional stamp duty shall be payable on the transfer of such movable properties (including shares and other investments) upon its transfer and vesting in Transferee Company.*
 - (b) *In respect of other assets pertaining to the Transferor Company including actionable claims, sundry debtors, outstanding loans, advances, recoverable in cash or kind or for value to be received and deposits / bonds with the government, semi-government, local and other authorities and bodies, customers or any other person, the same shall, without any further act, instrument or deed, be transferred and vested in Transferee Company on the Effective Date pursuant to the provisions of Section 230 to Section 232 and all other applicable provisions, if any, of the Act, with effect from the Appointed Date. It is hereby clarified that all the investments made by Transferor Company and all the rights, title and interests of Transferor Company in any leasehold properties in relation to the Undertaking of the Transferor Company shall, pursuant to Section 230 to 232 and all other applicable provisions, if any, of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in Transferee Company.*
 - (c) *Any and all immovable properties (including land together with the building and structures standing thereon) of Transferor Company, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Transferee Company, without any act or deed done by the Transferor Company or Transferee Company. With effect from the Appointed Date, Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of Transferee Company shall be made and duly recorded upon this Scheme being effective in accordance with the terms hereof without any further act or deed on part of the Transferee Company except the payment of stamp duty, as may be applicable for such Scheme.*
 - (d) *In respect of such of the assets belonging to Transferor Company other than referred to in clause (a) to (c) above, the same shall be transferred to and vested in and / or deemed to be transferred to and vested in Transferee Company on the Appointed Date pursuant to the provisions of Section 232 of the Act.*
 - (e) *All debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or upto the day of the Appointed Date shall be the debts, loans and liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or any income earned on those assets.*
 - (f) *It is hereby clarified that if any Assets (freehold or leasehold, fixed or current, tangible or intangible) or any contract, deeds, bond, agreements, schemes, arrangements or other instruments of whatsoever nature in which the Transferor Company owns or the Transferor Company is a party and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such Assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company in so far as it is permissible so to do, till such time as the transfer is effected.*
- 4.3 *All permits, approvals, consents, quotas, rights, authorizations, entitlements, registrations, no-objection certificates and licenses including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled to use or which may be required to carry on the operations of the Transferor Company, and which is subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party, a beneficiary or an obligee thereto and shall be appropriately mutated by the relevant statutory authorities in favour of the Transferee Company in accordance in law.*



- 4.4 *The entitlement to various benefits under exemption schemes, incentive schemes, subsidies / grant, tax holiday, any privileges enjoyed / conferred upon/ held/ availed of by the Transferor Company and insurance policies in relation to the Undertaking of Transferor Company shall stand transferred to and be vested in and/ or deemed to have been transferred to and vested in Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include incentives available under Applicable Laws in relation to the Undertaking of Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such incentive schemes and / or policies, subject to continued compliance by the Transferee Company of all the terms and conditions based on which the benefits under such incentive schemes were made available to Transferor Company.*
- 4.5 *Transferee Company, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds, writings, confirmations or notices with, or in favour of, any other party to any contract or arrangement to which Transferor Company is the party or any writings as may be necessary to be executed in order to give formal effect to the provisions of the Scheme. Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Transferor Company and to implement and carry out all such formalities or compliance referred to above for and on behalf of the Transferor Company.*
- 4.6 *Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities, including, without limitation, all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, contingent liabilities, duties, obligations of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized for their business activities and operations in relation to the Undertaking of the Transferor Company, shall, pursuant to the sanction of this Scheme by the NCLT and under the provisions of Section 230 to Section 232 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing being made, done or executed, be transferred to, and vested in, or be deemed to have been transferred to, and vested in, Transferee Company, and such liabilities shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become, as on and from the Appointed Date, the liabilities, debts, duties and obligations of Transferee Company on the same terms and conditions as were applicable to Transferor Company, and Transferee Company shall meet, discharge and satisfy the liabilities and it shall not be necessary to obtain the consent of any third party or any other person who is a party to any contract or arrangement by virtue of such liabilities have arisen in order to give effect to the provisions of this Clause.*
- 4.7 *All debts, liabilities along with any charge, encumbrance, lien or security created by the Transferor Company, duties and obligations of Transferor Company shall, as on the Appointed Date, whether or not provided in the books of Transferor Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to Transferor Company on or after the Appointed Date till the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the Transferee Company by virtue of the Scheme. It is hereby clarified that the debt, liabilities along with any charge, encumbrance, lien or security shall be taken over by the Transferee Company at the same terms and conditions as applicable to Transferor Company and there shall no change in the charge/ encumbrances/ security provided to the end and intent that in no case, such charge, lien, encumbrance or security shall extend or be deemed to extend to any assets of the Transferee Company.*
- 4.8 *Where any such debts, liabilities, duties and obligations of Transferor Company as on the Appointed Date have been discharged by the Transferor Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to be for and on account of the Transferee Company upon coming into effect of this Scheme.*
- 4.9 *All loans raised and utilized and all liabilities duties and obligations incurred or undertaken by Transferor Company on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed be and shall be transferred to and vested in Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.*
- 4.10 *For avoidance of doubt and without prejudice to generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name in the bank accounts of the Transferor Company have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of Transferor Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. The Transferee Company shall be allowed to maintain bank accounts in the name of the Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation of deposition of cheques and pay orders that have been issued in the name of the Transferor Company. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company in relation to the cheques and other negotiable instruments, payments order received or presented for encashment which are in the name of Transferor Company shall be instituted, or as the case may be, continued by or against the Transferee Company after the coming into effect of the Scheme. With effect from the Effective Date and till the time any regulatory registrations of the Transferor Company are expired or suspended and if any regulatory filings are required to be done on such registrations, the Transferee Company shall be entitled to do so to comply with the relevant regulations.*
- 4.11 *Any amount including refund under the Tax laws due to Transferor Company consequent to the assessment proceedings or otherwise and which may not have been received by the Transferor Company as on the date immediately preceding the Appointed date shall also belong to and be receivable by Transferee Company upon the Scheme being effective.*



4.12 If and to the extent there are investments, loans, deposits or balances inter-se between Transferor Company, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect from the Effective Date shall be given. There would be no accrual of interest or other charges in respect of any such investments, loans, deposits or balances inter-se between the Transferor Company and Transferee Company from the Appointed Date.

4.13 This Scheme shall not, in any manner, affect the rights of any of the Creditors of the Transferor Company.

7. LEGAL PROCEEDINGS

7.1 All legal proceedings of whatsoever nature by or against the Transferor Company pending and/or arising on or after the Appointed Date and relating to the Transferor Company shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against Transferee Company in the manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company, if this Scheme had not been made.

7.2 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in Clause 7.1 above transferred in its name respectively and to have the same continued, prosecuted and enforced by or against Transferee Company to the same extent as would or might have been continued and enforced by or against the Transferor Company, to the exclusion of the Transferor Company.

12. CONSOLIDATION OF AUTHORIZED CAPITAL AND AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE TRANSFEEE COMPANY

12.1 Upon coming into effect of this Scheme, the authorized share capital of the Transferor Company amounting to Rs 58,98,00,000 (Rupees Fifty Eight Crore Ninety Eight Lacs Only) divided into 4,39,80,000 (Four Crore Thirty Nine Lacs Eighty Thousand) equity shares of Rs 10/- each and 15,00,000 (Fifteen Lacs) preference shares of Rs 100/- each, or such amount as may be on the Effective Date, shall be deemed to have been reclassified into 5,89,80,000 (Five Crore Eighty Nine Lacs Eighty Thousand) equity shares of Rs 10/- each and shall be consolidated with the authorized share capital of the Transferee Company, without any further act or deed and without any liability for payment of any additional fees or stamp duty in respect of such increase as the stamp duty and fees have already been paid by the Transferor Company on such authorized capital.

12.2 Pursuant to the Scheme and after the Scheme becomes effective,

Clause V of the Memorandum of Association of the Transferee Company shall be amended as below:

V. "The authorized share capital of the Transferee Company will be Rs 2,08,98,00,000/- (Rs Two Hundred Eight Crore Ninety-Eight Lacs) divided into 18,84,80,000 (Eighteen Crore Eighty-Four Lacs Eighty Thousand) equity shares of Rs. 10/- (Rs Ten) each and 20,50,000 (Twenty Lacs Fifty Thousand) preference shares of Rs 100/- (Rs Hundred) each with power to increase or reduce the capital of the Company and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the Articles of Association of the company or as may be decided by the Board of Directors or by company in general meeting, as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denomination."

12.3 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum and Articles of Association of the Transferee Company as may be required under the Act, and Clause V of the Memorandum of Association of the Transferee Company.

13. CONSIDERATION

13.1 Upon the Scheme becoming effective, in consideration of the amalgamation of the Transferor Company with the Transferee Company, the Transferee Company shall, without any further act or deed, issue and allot its shares, at par credited as fully paid up to the extent indicated below, to the members of Transferor Company, whose name is recorded in the register of members of the Transferor Company on the Record Date in the following ratio:

"348 (Three Hundred Forty Eight) New Equity shares in Transferee Company of the face value of Rs.10/- (Rupees Ten Only) each, credited as fully paid-up for every 100 (One Hundred) equity shares of Rs.10/- (Rupees Ten Only) each fully paid-up held by such member in the Transferor Company"

13.2 The equity shares issued and allotted pursuant to Scheme of Amalgamation and Arrangement shall be hereinafter referred to as 'New Shares'.

13.3 The existing equity shares of the Transferee Company held by the Transferor Company shall stand cancelled and the Equity Share Capital of the Transferee Company shall stand reduced to that extent. The Details of the same shall be as envisaged in Clause 14 hereinbelow.

13.4 The Share Exchange Valuation Reports dated October 19th, 2019 have been obtained from N S Kumar & Co., Independent Chartered Accountant, having Registration No. 139792W and Niranjana Kumar, Registered Valuer, having IBBI Registration No IBBI/RV/06/2018/10137 providing the share exchange ratio for the amalgamation of Transferor Company with the Transferee Company under the Scheme.



- 13.5 A Fairness Opinion dated October 19th October 2019 has been obtained from Kunvarji Finstock Private Limited a SEBI Registered Category I Merchant Banker, having SEBI Registration No INM000012564 providing the fairness opinion on the Share Exchange Ratio recommended by N S Kumar & Co, Independent Chartered Accountants and Niranjan Kumar, Registered Valuer in connection with amalgamation of Transferor Company with the Transferee Company under the Scheme.
- 13.6 The New Equity Shares shall be issued and allotted by the Transferee Company in physical form or demat form, as applicable, to the respective shareholder(s) of Transferor Company.
- 13.7 Upon the Scheme becoming effective and upon the New Shares being issued and allotted as per Clause 13.1 above, the equity shares of Transferor Company in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date.
- 13.8 The Transferee Company in respect of fractional entitlement shall issue no fractional shares, if any, to the shareholders of the Transferor Company and the fractions shall be rounded upto the nearest whole number. Further, each shareholder of the Transferor Company shall get at least one share of the Transferee Company.
- 13.9 The New Shares to be issued and allotted as per Clause 13.1 above shall be subject to the provisions of Memorandum and Articles of Association of the Transferee Company and shall rank pari-passu in all respects with the equity shares of the Transferee Company as on Effective Date, including that any dividend that may be declared by the Transferee Company on or after the Effective Date.
- 13.10 Upon the Scheme being effective, the New Shares to be issued and allotted by the Transferee Company in terms of Clause 13.1 of this Scheme shall be listed and shall be admitted for trading on the Stock Exchanges. The Transferee Company shall make all requisite applications and shall otherwise comply with the provisions of Applicable Laws, including as applicable, the provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March 2017, as amended from time to time. The equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/ trading are provided by the Stock Exchanges.
- 13.11 Transferee Company shall if necessary and to the extent required, increase its authorized capital to facilitate the issue of New Equity Shares under this Scheme subject to payment of requisite fees for the same.
- 13.12 The increase in authorized share capital and issue and allotment of New Shares to the respective shareholders of the Transferor Company as provided in this Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of the Transferee Company or its shareholders and as if the procedure laid down under section 13, 42, 61, 62 of the Act and any other applicable provisions of the Act, and such other statutes and regulations as may be applicable were duly complied with.
14. CANCELLATION OF PART OF THE EXISTING PAID UP EQUITY SHARE CAPITAL OF THE TRANSFEE COMPANY
- 14.1 Upon the Scheme becoming effective, 7,52,81,959 (Seven Crore Fifty Two Lacs Eighty One Thousand Nine Hundred Fifty Nine) equity shares of Transferee Company held by Transferor Company or such other class of shares of Transferee Company held by Transferor Company on the Effective Date shall be cancelled without any further act or deed by operation of law and shall amount to reduction of share capital.
- 14.2 However, considering the issue of New Equity Shares to the shareholders of the Transferor Company, in terms of Clause 13.1 of the Scheme, there will not be any net reduction of Equity Share Capital of the Transferee Company. Since the said proposal forms an integral part of the Scheme, provisions of Section 66 of the Act read with applicable rules made thereunder shall not be attracted pursuant to order issued by the NCLT.
- 14.3 Notwithstanding the reduction of issued, subscribed and paid-up share capital of Transferee Company, it shall not be required to add the words "And Reduced" as suffix to its name.
- 14.4 The consent of the Shareholders of the Transferee Company to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the above reduction, if any, under the provisions of Section 66 of the Act read with applicable rules made thereunder and no further resolution under Section 66 of the Act or any other applicable provisions of the Act, would be required to be separately passed.
15. ACCOUNTING TREATMENT FOR AMALGAMATION
- Upon the Scheme becoming effective and with effect from the Appointed Date, the Amalgamation of the Transferor Company with Transferee Company shall be accounted as per the below method:
- 15.1 The Transferee Company shall account for the amalgamation of the Transferor Company on the basis of 'pooling of interest' method as stated in Appendix C of Indian Accounting Standard (IND AS) 103 Business Combinations.
- 15.2 The pooling of interest method is considered to involve the following:
- (i) The assets and liabilities of the combining entities are reflected at their carrying amounts.
 - (ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonize accounting policies.
- 15.3 The balance of the retained earnings appearing in the financial statements of the Transferor Company is aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.



15.4 *The identity of the reserves shall be preserved and shall appear in the financial statements of the Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company. As a result of preserving the identity, reserves which are available for distribution as dividend before the business combination would also be available for distribution as dividend after the business combination.*

15.5 *Upon Scheme becoming effective, the accounts of the Transferee Company, as on the appointed date shall be reconstructed in accordance with the terms of this Scheme.*

15.6 *The difference arising between the carrying value of the assets, liabilities and reserves pertaining to the Transferor Company recorded in terms of Clause 15.2 & 15.3 and the value of shares issued in terms of Clause 13.1 and face value of shares reduced in terms of Clause 14.1 in the books of Transferee Company shall be in case of deficit debited to the Business Reconstruction Reserve/ General Reserve/Retained Earnings and in case of surplus credited to General Reserves of the Transferee Company.*

16. TREATMENT OF TAXES / TAX CREDITS

16.1 *Any tax liabilities under the Income-tax Act, 1961, Wealth-tax Act, 1957, Customs Act, 1962, Central Excise Act, 1944, Central Sales Tax Act, 1956, any other state Sales Tax / Value Added Tax laws, Service Tax, Goods and Service Tax, stamp laws, registration fees or any other applicable laws/ regulations (hereinafter in this Clause referred to as "Tax Laws") dealing with taxes/ duties/ levies allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the Accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company.*

16.2 *All taxes (including income tax and tax deducted at source, wealth tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business on and from the Appointed Date, shall be on account of the Transferee Company and, insofar as it relates to the tax payment (including without limitation income tax, wealth tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly.*

16.3 *Any refund under the Tax Laws due to the Transferor Company consequent to the assessments made on the Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.*

16.4 *Without prejudice to the generality of the above, all benefits including claim of tax deduction at source, tax collection at source, advance tax and self-assessment tax and any similar credits or balances under the income tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc., to which the Transferor Company are entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company. Similarly, the unabsorbed depreciation and brought forward losses of the Transferor Company as considered for the purposes of Explanation 1 to Section 115JB (2) of the Income-tax Act, 1961 shall stand transferred to the Transferee Company and the Transferee Company shall consolidate the same with its unabsorbed depreciation and brought forward losses for the purpose of Explanation 1 to Section 115JB (2) of the Income-tax Act, 1961.*

16.5 *The Amalgamation as contemplated in this Scheme would be completed in a manner so as to comply with the conditions relating to 'amalgamation' as specified under section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at the later date including resulting from a retrospective amendment of law or for any other reason whatsoever, the provisions of the said section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with section 2(1B) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme. Furthermore, all credits or balances eligible for roll-over, set-off or carry forward under the Income-tax Act, 1961 including under Chapter VI of the Income-tax Act, 1961 shall be given effect to in compliance with the applicable provisions of the Income-tax Act, 1961.*

21. DISSOLUTION OF TRANSFEROR COMPANY

21.1 *Upon the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound up without any further act by the parties.*

21.2 *Any obligations/ steps which need to be undertaken by the Transferor Company pursuant to the sanction of this Scheme shall be fulfilled by the Transferee Company."*

The aforesaid are only the salient features of the Scheme. You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof.

17. CORPORATE APPROVALS

17.1 *The proposed Scheme was placed before the Audit Committee of the Applicant Transferee Company at its meeting held on October 19, 2019. The Audit Committee of Applicant Transferee Company in their meeting recommended the Scheme to the Board of Directors of Applicant Transferee Company.*

17.2 *The Scheme was placed before the Board of Directors of Applicant Transferee Company, at its meeting held on October 19, 2019. The report of the Audit Committee was also submitted to the Board of Directors of Applicant Transferee Company. Based on the aforesaid, the Board of Directors of Applicant Transferee Company approved the Scheme. The meeting of the Board of Directors of Applicant Transferee Company, held on October 19, 2019, was attended by 5 (Five) out of 7 (seven) directors. None of the Directors of Applicant Transferee*



Company who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the Directors of Applicant Transferee Company who attended and voted at the meeting.

17.3 The Scheme was placed before the Board of Directors of Transferor Company, at its meeting held on October 19, 2019. The Board of Directors of Transferor Company unanimously approved the Scheme. The meeting of the Board of Directors of Transferor Company, held on October 19, 2019, was attended by 5 (Five) out of 6 (six) directors. None of the Directors of Transferor Company who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the Directors of Transferor Company who attended and voted at the meeting.

18. APPROVALS AND ACTIONS TAKEN IN RELATION TO THE SCHEME

18.1 Pursuant to the SEBI Circular read with Regulation 37 of the SEBI Listing Regulations, the Applicant Transferee Company had filed the necessary applications before the BSE and NSE seeking their no-objections to the Scheme. The Applicant Transferee Company has received the observation letters dated 10th January 2020 from BSE and NSE conveying their no-objection to the Scheme (“**Observation Letters**”). Copies of the aforesaid Observation Letters are enclosed herewith.

18.2 As required by the SEBI Circular, the Applicant Transferee Company has filed the Complaints Reports with the BSE and NSE on December 04, 2019 and December 07, 2019, respectively. A copy of the aforementioned Complaints Reports are enclosed herewith.

18.3 The Companies would obtain such necessary approvals/sanctions/no objection(s) from the regulatory or other governmental authorities in respect of the Scheme in accordance with law, if so required.

18.4 The application along with the annexures thereto (which includes the Scheme) were filed by the Companies with the Tribunal on 20th January 2020.

19. CAPITAL STRUCTURE PRE AND POST AMALGAMATION AND ARRANGEMENT

19.1 The pre-amalgamation and arrangement capital structure of the Applicant Transferee Company is mentioned in paragraph 14 above.

19.2 The pre-amalgamation and arrangement capital structure of the Transferor Company is mentioned in paragraph 11 above. Post the amalgamation and arrangement, the Transferor Company shall stand dissolved without being wound-up.

20. PRE AND POST AMALGAMATION AND ARRANGEMENT SHAREHOLDING PATTERN

The pre and post amalgamation and arrangement shareholding pattern of the Transferor and Applicant Transferee Company is as follows:

Sr.No.	Description	Name of Shareholder	Transferor Company		Transferee company			
			Pre-amalgamation		Pre-amalgamation		Post-arrangement	
			No. of shares	%	No. of shares	%	No. of shares	%
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
	Individuals/ Hindu Undivided Family	Names of Promoter						
		Mr. Chintan N. Parikh	2520	0.01	147900	0.12	156670	0.08
		Krishanachintan Chintan Parikh	-	-	31300	0.02	31300	0.05
		Chintan Navnitlal Parikh – HUF	-	-	30425	0.02	30425	0.02
		Mrs. Shefali C. Parikh	12	0.00	88720	0.07	88762	0.02
(b)	Central Government/ State Government(s)	Names	-	-	-	-	-	-
(c)	Bodies Corporate	Names	-	-	75281959	58.61	-	-
		Ashima Dyecot Private Limited						
(d)	Financial Institutions/ Banks		-	-	-	-	-	-
(e)	Any Others	Chintan Navnitlal Parikh And Shefali Chintan Parikh - Trustee Of Navchintan Trust	39616160	99.55	2671441	2.08	140535678	73.33
	Sub Total(A)(1)		39618692	99.56	78251745	60.92	140842835	73.49
2	Foreign		-	-	-	-	-	-
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)		-	-	-	-	-	-
(b)	Bodies Corporate		-	-	-	-	-	-
(c)	Institutions		-	-	-	-	-	-
(d)	Any Others		-	-	-	-	-	-
	Sub Total(A)(2)		-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		39618692	99.56	78251745	60.92	140842835	73.49



Sr.No.	Description	Name of Shareholder	Transferor Company		Transferee company			
			Pre-amalgamation		Pre-amalgamation		Post-arrangement	
			No. of shares	%	No. of shares	%	No. of shares	%
(B)	Public shareholding							
1	Institutions		-	-	-	-	-	-
(a)	Mutual Funds/ UTI		-	-	3300	0.00	3300	0.00
(b)	Financial Institutions / Banks				20074	0.02	20074	0.01
	Sub-Total (B)(1)		-	-	23374	0.02	23374	0.01
2	Non-institutions	-	-	-	-	-	-	-
(a)	Bodies Corporate	-	-	-	-	-	-	-
(b)	Individuals	-	-	-	-	-	-	-
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 2 lakh	-	1756	0.00	17410780	13.55	17416892	9.09
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	-	-	-	16025468	12.48	16025468	8.36
(c)	Any Other		175000	0.44	16742509	13.03	17351509	9.05
	Sub-Total (B)(2)	-	176756	0.44	50178757	39.06	50793869	26.50
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)		176756	0.44	50202131	39.08	50817243	26.51
	TOTAL (A)+(B)	-	39795448	100	128453876	100	191660078	100
(C)	Shares held by Custodians and against which ADRs have been issued	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	-	39795448	100	128453876	100	191660078	100

Post the Scheme becoming effective, Ashima Dyecot Private Limited shall amalgamate with Ashima Limited and hence, post shareholding pattern of Ashima Dyecot Private Limited is not applicable.

21. EXTENT OF SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL ('KMP'):

21.1 The Directors, KMP and their relatives of the Transferor and Applicant Transferee Company may be affected only to the extent of their shareholding in the Transferor and/or Applicant Transferee Company, or to the extent that the said Directors or KMP are the partners, directors, members of the companies, firms, association of persons, bodies corporates and /or beneficiary of Trust that hold shares in the Transferor and/or Applicant Transferee Company, if any. Save as aforesaid, none of the Directors / KMP or their relatives of the Transferor and/or Applicant Transferee Company have any material interest in the Scheme.

21.2 The details of the present Directors and KMP of the Applicant Transferee Company and their respective shareholdings in the Applicant Transferee Company and Transferor Company as on the date of this notice are as follows:

Name of Director/KMP	Designation	Equity Shares in the Applicant Transferee Company	Equity Shares in the Transferor Company
Mr. Chintan N. Parikh	Chairman & Managing Director	147900	2520
Dr. Bakul H. Dholakia	Independent Director	13400	-
Mrs. Koushlya V. Melwani	Independent Director	-	-
Mr. Neeraj D. Golas	Independent Director	-	-
Mr. Sanjay S. Majmudar	Independent Director	-	-
Mr. Vipul S. Naik	Director	-	-
Mr. Hiren S. Mahadevia	Company Secretary	34680	-
Mr. Jayesh C. Bhayani	Chief Financial Officer	-	-



21.3 The details of the present Directors and KMP of the Transferor Company and their respective shareholdings in the Transferor Company and Applicant Transferee Company as on the date of this notice are as follows:

Name of Director	Designation	Equity Shares in the Transferor Company	Equity Shares in the Applicant Transferee Company
Dr. Bakul H. Dholakia	Director	-	13400
Mr. Chintan N. Parikh	Director	2520	147900
Mr. Devan V. Parikh	Director	-	-
Mrs. Vanita Mathur	Director	12	-
Mr. Shrikant S. Pareek	Director	291	186
Ms. Uttara C. Parikh	Director	-	100463
Mr. Dipakkumar S. Thaker	Company Secretary	-	-
Mr. Bhikhabhai J. Shah	Chief Financial Officer	12	-

22. GENERAL

22.1 The Applicant Transferee Company and the Transferor Company have made a joint application before the Hon’ble National Company Law Tribunal, Ahmedabad Bench for the sanction of the Scheme under Section 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and other relevant rules thereunder.

22.2 The amount due by the Applicant Transferee Company to its secured creditors as on 31st December 2019 is Rs. 9,41,49,675/-. Further, the amount due by the Applicant Transferee Company to its unsecured creditors as on 31st December 2019 is Rs.23,61,49,905/-. Meeting of such secured and unsecured creditors is being convened in terms of the NCLT Order.

22.3 The amount due by the Transferor Company to its secured creditors as on 31st December 2019 is Rs. 3,21,71,872/-. Further, the amount due by the Transferor Company to its secured and unsecured creditors as on 31st December 2019 is Rs. 36,39,31,983/-. Meeting of such secured and unsecured creditors is being convened in terms of the NCLT Order.

22.4 The Equity Shareholders of the Applicant Transferee Company whose names are appearing in the records of the Company as on 31st January 2020 shall be eligible to attend and vote at meeting convened as per the directions of the Tribunal, either in person or by proxies or cast their votes through remote e-voting facility prior to the meeting.

22.5 The latest audited financial statements for the year ended March 31, 2019 and unaudited financial results for the period ended September 30, 2019 of the Applicant Transferee Company indicates that it is in a solvent position and would be able to meet liabilities as they arise in the course of business. There is no likelihood that any Secured and Unsecured Creditors of the Applicant Transferee Company would lose or be prejudiced as a result of this Scheme being passed since no sacrifice or waiver is at all called for from them nor are their rights sought to be adversely modified in any manner. Hence, the amalgamation and arrangement will not cast any additional burden on the shareholders or creditors of the Applicant Transferee Company, nor will it adversely affect the interest of any of the shareholders or creditors.

22.6 There are no winding up proceedings pending against the Applicant Transferee Company as of date.

22.7 No investigation proceedings are pending or are likely to be pending under the provisions of Chapter XIV of the Companies Act, 2013 or under the provisions of the Companies Act, 1956 in respect of the Applicant Transferee Company.

22.8 A copy of the proposed Scheme has been filed by the respective Companies before the concerned Registrar of Companies.

22.9 The Applicant Transferee Company and the Transferor Company are required to seek approvals / sanctions / no objections from certain regulatory and governmental authorities for the Scheme such as the Registrar of Companies, Regional Director and Income-tax authorities. These approvals will be obtained by the Applicant Transferee Company and the Transferor Company at the relevant time.

22.10 In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and become null and void.

22.11 Names and addresses of the Directors and Promoters of the Applicant Transferee Company as on the date of this notice are as under:

Sr. No.	Name of Director	Address	DIN
1.	Mr. Chintan N. Parikh	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006.	00155225
2.	Dr. Bakul H. Dholakia	6, Asopalav Bunglows, Behind Bhaikakanagar, Thaltej, Ahmedabad - 380059.	00005754
3.	Mrs. Koushlya Melwani	T-2, Kalyani Appartment, 4-A, Sattar Taluka Society, B/H C. U. Shah College, Ashram Road, Ahmedabad - 380009.	01575110
4.	Mr. Neeraj Golas	703/704, Shivalik Tower, 90 Feet Road, Thakur Complex, HDFC Bank, Kandivali East Mumbai - 400101.	06566069
5.	Mr. Sanjay Majmudar	24, Sumadhur Society, Near Nehrunagar Cross Road, S M Road, Ambavadi, Ahmedabad - 380015.	00091305
6.	Mr. Vipul Naik	F/304, Indraprasth-3, Opp. Dhananjay Bunglows, Anandnagar Road, Satellite, Ahmedabad - 380015.	08450305



Sr. No.	Name of Promoter /Members of Promoter Group	Address
1.	Chintan Navnitlal Parikh*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
2.	Shefali Chintan Parikh*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
3.	Krishnachintan Parikh*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
4.	Chintan Navnitlal Parikh – HUF*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
5.	Ashima Dyecot Private Limited*	Texcellence Complex, Khokhara-Mehmedabad Ahmedabad-380021
6.	Chintan Navnitlal Parikh and Shefali Chintan Parikh – Trustee of Navchintan Trust*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006

*Holding shares in ASHIMA LIMITED

22.12 Names and addresses of the Directors and Promoters of the Transferor Company as on the date of this notice are as under:

Sr. No.	Name of Director	Address	DIN
1.	Chintan Navnitlal Parikh	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad-380006	00155225
2.	Bakul Harshadrai Dholakia	6, Asopalav Bunglows, Behind Bhaikakanagar, Thaltej Ahmedabad 380059	00005754
3.	Devan Vipinbhai Parikh	Behind Abhijeet - 3, Near Law Garden, Ellisbridge, Ahmedabad 380006	00179826
4.	Vanita Mathur	C/202, Sanskaar, B/h Shalby Hospital, Opp. Karnavati Club, Satellite, Ahmedabad 380015	02139103
5.	Shrikant Sachidanand Pareek	4, Shalin Bunglows, Corporate Road, Near Suyog Plots, Prahladnagar, Ahmedabad 380051	02139143
6.	Uttara Chintan Parikh	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad-380006	02334342

Sr. No.	Name of Promoter	Address
1.	Chintan Navnitlal Parikh*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
2.	Shefali Chintan Parikh*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
3.	Chintan Navnitlal Parikh and Shefali Chintan Parikh – Trustee of Navchintan Trust*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006

*Holding shares in ASHIMA DYECOT PRIVATE LIMITED

22.13 Details of Directors of the Applicant Transferee Company who voted in favour / against / did not participate on resolution passed at the meeting of the Board of Directors of the Applicant Transferee Company are given below:

Sr. No.	Name of Director	Votes for the Resolution	Votes Against the Resolution	Did not Vote or Participate
1.	Mr. Chintan N. Parikh	✓	-	-
2.	Mr. Krishnachintan Parikh	-	-	Absent at Meeting
3.	Dr. Bakul H. Dholakia	-	-	Absent at Meeting
4.	Mrs. Koushlya Melwani	✓	-	-
5.	Mr. Neeraj Golas	✓	-	-
6.	Mr. Sanjay Majmudar	✓	-	-
7.	Mr. Vipul Naik	✓	-	-

22.14 Details of Directors of the Transferor Company who voted in favour / against / did not participate on resolution passed at the meeting of the Board of Directors of the Transferor Company are given below:

Sr. No.	Name of Director	Votes for the Resolution	Votes Against the Resolution	Did not Vote or Participate
1.	Bakul Harshadrai Dholakia	-	-	Absent at Meeting
2.	Chintan Navnitlal Parikh	✓	-	-
3.	Devan Vipinbhai Parikh	✓	-	-
4.	Vanita Mathur	✓	-	-
5.	Shrikant Sachidanand Pareek	✓	-	-
6.	Uttara Chintan Parikh	✓	-	-

22.15 For the purpose of the amalgamation and arrangement of the Transferor Company with the Applicant Transferee Company, a Share Exchange Valuation Report dated October 19, 2019 has been obtained from N. S. Kumar & Co., Chartered Accountants, and Niranjana Kumar, Registered Valuer describing the methodology adopted by them in arriving at the share exchange ratio. Kunvarji Finstock Pvt. Ltd., a Category I Merchant Banker after having reviewed the Share Exchange Valuation Report of N. S. Kumar & Co Chartered Accountants



and Niranjana Kumar, Registered Valuer and on consideration of all the relevant factors and circumstances, opined that in their view the independent valuer's proposed share exchange ratio is fair.

- 22.16 In compliance with the provisions of Section 232(2)(c) of the Act, the Board of Directors of Transferor Company and the Applicant Transferee Company, in their separate meetings held on October 19, 2019 respectively, have adopted a report, *inter alia*, explaining effect of the Scheme on each class of shareholders, KMP, promoters and non-promoter shareholders among others. The Transferor Company and the Applicant Transferee Company does not have any depositors, deposit trustee and debenture trustee. There will be no adverse effect on account of the Scheme as far as the employees and creditors of the Transferor Company and the Applicant Transferee Company are concerned.
- 22.17 The following documents will be open for inspection by the Equity Shareholders of the Applicant Transferee Company at its registered office at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India during working hours on all working days (except Saturdays, Sundays and public holidays) up to the date of the meeting:
- (i) Copy of the Order passed by NCLT in Company Application No. CA (CAA) No. 18 of 2020 dated 30th January 2020 directing Applicant Transferee Company to, *inter alia*, convene the meeting of its Equity Shareholders, Preference Shareholders, Secured Creditors and Unsecured Creditors;
 - (ii) Copy of Company Application No. CA (CAA) No. 18 of 2020 along with annexures filed by the Applicant Transferee Company before NCLT;
 - (iii) Copy of the Scheme;
 - (iv) Copy of Audit Committee Report dated October 19, 2019 of Applicant Transferee Company;
 - (v) Copy of the Report dated October 19, 2019 adopted by the Board of Directors of the Applicant Transferee Company and Transferor Company, pursuant to the provisions of section 232(2)(c) of the Act;
 - (vi) Copy of the resolutions dated October 19, 2019 passed by the Board of Directors of Applicant Transferee Company and Transferor Company approving the Scheme;
 - (vii) Copy of the Share Exchange Valuation Report dated October 19, 2019 issued by N. S. Kumar & Co., Chartered Accountants, and Niranjana Kumar, Registered Valuer describing the methodology adopted by them in arriving at the share exchange ratio;
 - (viii) Copy of the Fairness Opinion dated October 19, 2019 issued by Kunvarji Finstock Pvt. Ltd.;
 - (ix) Copy of the Statutory Auditors' certificate dated October 17, 2019 issued by Mukesh M. Shah & Co., Chartered Accountants to Applicant Transferee Company, confirming the compliance of the accounting treatment as specified by Central Government in Section 133 of the Companies Act, 2013;
 - (x) Copy of abridged prospectus providing information pertaining to the unlisted entity i.e. Transferor Company, involved in the scheme as per the format specified in Part E of Schedule VI of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 along with a copy of certificate from the Merchant Banker confirming the adequacy and accuracy of the information contained in above document on unlisted company in terms of Para 3(a) of Part I(A) of the SEBI circular dated March 10, 2017;
 - (xi) A copy of Complaints Report dated December 04, 2019 of the Applicant Transferee Company filed with the BSE in terms of Para 6(a) of Part I(A) of the SEBI circular dated March 10, 2017;
 - (xii) A copy of Complaints Report dated December 7, 2019 of the Applicant Transferee Company filed with the NSE in terms of Para 6(a) of Part I(A) of the SEBI circular dated March 10, 2017;
 - (xiii) Copy of the Observation letter dated January 10, 2020 issued by the BSE to Applicant Transferee Company;
 - (xiv) Copy of the Observation letter dated January 10, 2020 issued by the NSE to Applicant Transferee Company;
 - (xv) Copy of Form No. GNL-1 filed by the Applicant Transferee Company with the concerned Registrar of Companies along with challan evidencing filing of the Scheme with the concerned Registrar of Companies;
 - (xvi) List of Equity Shareholders of the Applicant Transferee Company as on 31st January, 2020;
 - (xvii) Copy of the Memorandum and Articles of Association of the Applicant Transferee Company and Transferor Company;
 - (xviii) Copy of the annual reports of Applicant Transferee Company and Transferor Company for the financial years ended March 31, 2017, March 31, 2018 and March 31, 2019;
 - (xix) Copy of Limited Review Report and unaudited financial results of the Applicant Transferee Company for the period ended September 30, 2019;
 - (xx) Copy of unaudited financial statements of the Transferor Company for the period ended September 30, 2019; and
 - (xxi) Copy of the Register of Directors and KMP and shareholding maintained under Section 170 of the Companies Act, 2013, of Applicant Transferee Company.

This statement may be treated as an Explanatory Statement under Sections 230(3), 232(1), 232(2) and 102 and any other applicable provisions of the Companies Act, 2013 read with Rule 6 of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016.

Sd/-
Balubhai Patel
Chairman appointed for the meeting

Dated this 3rd day of February 2020.

Registered office:

Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India.



**SCHEME OF AMALGAMATION AND ARRANGEMENT
BETWEEN
ASHIMA DYECOT PRIVATE LIMITED (CIN: U17110GJ1995PTC025537)
AND
ASHIMA LIMITED (CIN: L99999GJ1982PLC005253)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
(UNDER SECTIONS 230 to 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013)**

PREAMBLE

This Scheme of Amalgamation and Arrangement (as defined hereinafter) is presented pursuant to the provisions of Sections 230 to 232 of the Act (as defined hereinafter), together with Sections 66 and other relevant provisions of the Act, as may be applicable, and also read with Section 2(1B) and other relevant provision of the Income-tax Act, 1961 in relation to amalgamation of Ashima Dyecot Private Limited with Ashima Limited; and for matters consequential, supplemental and/or otherwise integrally connected therewith.

(A) Description of Companies

1. The Transferor Company was incorporated on 20th day of April 1995 as Ashima Dyecot Limited (“ADPL” or “Transferor Company”), a public limited company, with the Registrar of Companies, Gujarat, under the provisions of the Companies Act, 1956. The Transferor Company had thereafter altered its Articles of Association and consequently, the word “Private” had been added before the word “Limited” under section 21, 31(1), 44 of the Companies Act, 1956 with effect from 04th day of April 2002. Thereafter, the word “Private” was deleted with effect from 21st February 2006 in terms of section 31, 44 of the Companies Act, 1956. In the year 2015, the Transferor Company had again altered its Articles of Association and consequently, the word “Private” was again added before the word “Limited” in terms of Section 13 of the Companies Act, 2013 with effect from 21th day of September 2015. The Registered office is currently situated at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat. The Transferor Company is holding 58.61% in the Transferee Company, Ashima Limited. The Transferor Company is engaged in the business of processing textile fabrics and manufacture of readymade garments and offers a range of cotton textile products encompassing Khakis, Readymade garments, Interlining fabrics, Garment washing activities (Laundry), etc. On account of its qualitative supremacy, the products command a base of discerning customers in domestic and international markets.
2. The Transferee Company was incorporated on 17th day of June 1982 as Ashima Syntex Private Limited, a private limited company, with the Registrar of Companies, Gujarat, under the provisions of the Companies Act, 1956. The Transferee Company had thereafter altered its Articles of Association and consequently, the word “Private” had been deleted in terms of section 21, 31(1), 44 of the Companies Act, 1956 with effect from 26th day of August 1988. In the year 1999, The Transferee Company’s name was changed to Ashima Limited with effect from 27th Day of January 1999. Ashima Limited (‘Ashima’ or ‘Transferee Company’); having CIN: L99999GJ1982PLC005253, is listed on BSE Limited (‘BSE’) and National Stock Exchange of India Limited (‘NSE’) and is having its registered office at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat. The Transferee Company is a subsidiary of the Transferor Company. The Transferee Company is one of India’s leading 100% cotton fabric manufacturers. The Transferee Company offers a range of cotton textile products encompassing Denims, Yarn-dyed Shirting fabrics and also operates into ready-to-stitch fabrics. On account of its qualitative supremacy, the products command a base of discerning customers in domestic and international markets.

(B) Rationale and Purpose of the Scheme

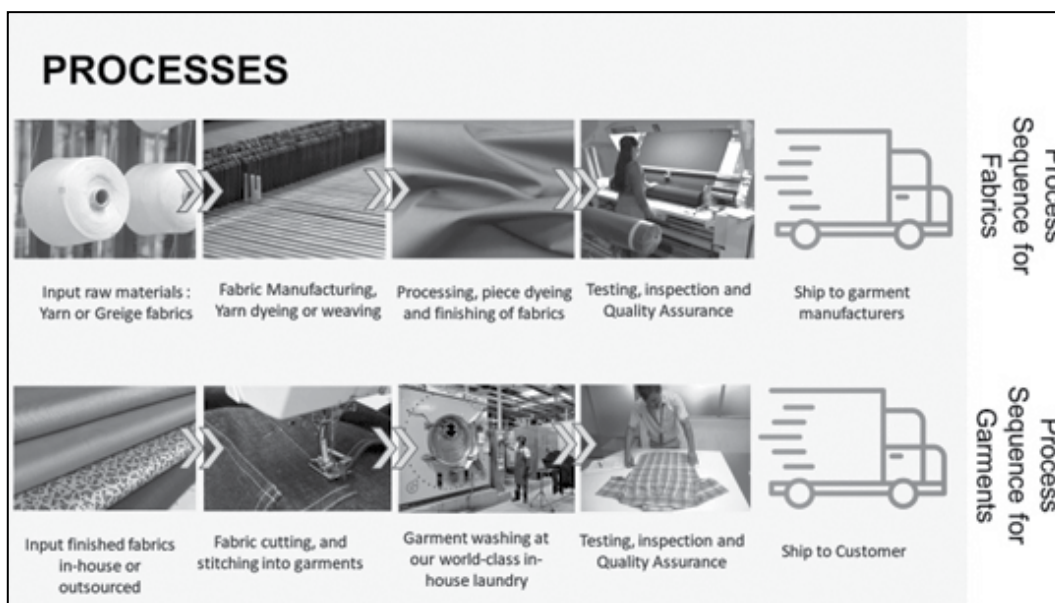
The Transferee Company is engaged in manufacturing of “Cotton Fabric Products” while the Transferor Company is engaged in the business of “processing textile fabrics” and manufacturing of “readymade garments”. Thus, the business of the Transferor and Transferee Company are complementary to each other.

The proposed amalgamation of Transferor Company into Transferee Company shall result into several advantages to both the companies and their stakeholders. Some of them, *inter alia*, are:

- (i) The proposed amalgamation will offer an immense opportunity to consolidate the portfolio of brands and products that are relevant to the “textile sector” under a single roof;
- (ii) The proposed amalgamation will enable the merged entity to cater to the needs of entire value chain from fabrics to garments. This can have a better reach in terms of various customer base and will provide a stronger market position to the company;
- (iii) The proposed amalgamation will result in operational synergies and efficiency for the merged entity. Accordingly, the Scheme would strengthen and complement the businesses of the Companies;
- (iv) The Scheme would help in achieving synergies in business operations and streamlining the business activities for the Companies, combining the following activities which would result in significant growth in business: –
 - a. logistics;
 - b. material procurement and storage;
 - c. FG storage and dispatches;
 - d. Internal movement of materials;
 - e. Sharing of common utilities;
 - f. Re-distribution of marketing portfolios thereby reducing marketing and travelling costs;
 - g. Various administrative costs including courier, stationery, statutory fees, insurance premiums, conveyance expenses, etc.



- (v) The Amalgamation of Transferor Company with the Transferee Company will result into enlarged combined assets base and will also provide an opportunity for the merged entity to leverage on such assets;
- (vi) Greater integration and greater financial strength and flexibility for the Transferee Company, which would result in maximizing overall shareholders value, and will improve the competitive position of the merged entity;
- (vii) The proposed amalgamation would help in enhancing the scale of operations, reduction in overheads, including administrative, statutory compliances, managerial and other expenditure, operational rationalization, organizational efficiency, and optimal utilization of resources by avoiding duplication of efforts;
- (viii) Taking into consideration the above synergies, the merged entity would result in better profitability and EBITDA margins. Accordingly, the stronger financials will provide a better opportunity in terms of better trade credits, financial resources and in negotiations for prices and suppliers credit terms for the merged entity;
- (ix) seamless flow of forward and backward integration of operations, from yarn till garments as depicted by the following chart:



- (x) Both companies have currently limited international presence. The proposed amalgamation would help both the companies consolidate their international business and scale up and diversify presence in various international territories;
- (xi) The proposed merger shall not be prejudicial to the interest of the shareholders and shall not have any adverse impact on creditors and other stakeholders of the Transferor and Transferee Company.

In view of the aforesaid, the Board of Directors of Transferor Company and Transferee Company have considered and proposed the Scheme, in nature of amalgamation for consolidation of operations carried by Transferor Company into Transferee Company, under Sections 232 to 232 read with Section 66 and other relevant provisions of the Companies Act, 2013.

(C) OPERATIONS OF THE SCHEME

This Scheme provides for:

- (i) Amalgamation of the Transferor Company on a going concern basis, with the Transferee Company and the consequent issue of shares by the Transferee Company to the shareholders of Transferor Company in the manner set out in this Scheme (*as defined hereinafter*) and other applicable provisions of Applicable Law;
- (ii) Cancellation of part of share capital of Transferee Company in the manner set out in this Scheme, and in accordance with Sections 230 to 232 read with Section 66, and other applicable provisions of the Act.

(D) Treatment of Scheme for the purpose of the Income Tax Act, 1961

This Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) and other applicable provisions of the Income-tax Act, 1961. If any of the terms or provisions of this Scheme is/are found or interpreted to be inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961 at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the provisions of Section 2(1B) of the Income-tax Act, 1961.

DEFINITION, DATE OF TAKING EFFECT & SHARE CAPITAL

1. DEFINITIONS

In this Scheme (as defined hereinafter), unless inconsistent with the subject, the following expressions shall have the meaning respectively assigned against them below:

- 1.1 **“Act” or “The Act”** means the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions, for time being in force, including any statutory modifications, re-enactments or amendments thereof.



- 1.2 **“Accounting Standards”** means the Indian Accounting Standards as notified under Section 133 of the Act read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India.
- 1.3 **“Applicable Laws”** means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Companies; (b) permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Companies.
- 1.4 **“Appointed Date”** shall mean the opening of business hours on 1st April 2019.
- 1.5 **“Appropriate Authority”** means any government, statutory, departmental or public body or authority in India including NCLT.
- 1.6 **“Board of Directors” or “Board” or “Management”** in relation to Transferor Company and Transferee Company, as the case may be, means the board of directors of such company, and shall include a committee of directors or any person authorized by the board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining of the Scheme.
- 1.7 **“Effective Date”** means the last of the date on which the conditions specified in Clause 20 of this Scheme are fulfilled with respect to the Scheme. References in this Scheme to the date of “coming into effect of this Scheme” or “upon the Scheme being effective” shall mean the Effective Date.
- 1.8 **“National Company Law Tribunal” or “NCLT”** means the National Company Law Tribunal, Ahmedabad Bench at Ahmedabad, Gujarat.
- 1.9 **“Record Date”** means such date after the Effective Date fixed by the Board of the Transferee Company for the purpose of determining the shareholders of the Transferor Company to whom shares of the Transferee Company shall be allotted pursuant to amalgamation under this Scheme.
- 1.10 **“Roc”** means the Registrar of Companies having jurisdiction over the Transferor Company and Transferee Company as the case may be.
- 1.11 **“SAST Regulations”** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;
- 1.12 **“Scheme of Amalgamation” or “this Scheme” or “the Scheme”** means this Scheme of Amalgamation and Arrangement of Ashima Dycot Private Limited with Ashima Limited in its present form or with any modification(s) as approved by the NCLT.
- 1.13 **“SEBI”** means the Securities Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- 1.14 **“Transferor Company”** shall have the meaning assigned to it in paragraph A (1) of the Preamble of the Scheme.
- 1.15 **“Transferee Company”** shall have the meaning assigned to it in paragraph A (2) of the Preamble of the Scheme.
- 1.16 **“Undertaking”** shall mean and include all the businesses, undertakings, properties, investments, liabilities of whatsoever nature, kind and wheresoever situated, of the Transferor Company, on a going concern basis, together with all their assets and liabilities and shall mean and include (without limitation):
- a) All the assets (including intangible assets) and properties of the Transferor Company including, without limitation, offices, plant and machineries, equipment, interest, capital work in progress, installations, appliances, tools, accessories, freehold land, leasehold land and any other title, interests or right in such immovable assets, buildings and structures, offices, furniture, fixtures, office equipment, computers, goodwill and other intangibles assets and all stocks on the Appointed Date;
 - b) All the debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date both present and future, whether provided for or not in the books of accounts or disclosed in the balance sheet, whether secured or unsecured, all guarantees, assurances, commitments and obligations of any kind, nature or description, whether fixed, contingent or absolute, asserted or not asserted, matured or not matured, liquidated or unliquidated, accrued or not accrued, known or unknown, due to become due, whenever or however arising pertaining to the Transferor Company;
 - c) Without prejudice to the generality of sub-clause (a) and (b) above, the Undertaking of the Transferor Company shall include –
 - i. All movable and immovable properties, assets, including leasehold rights, tenancy rights, industrial and other licenses, registrations, permits, authorizations, trademarks, copyrights, patents and other industrial and intellectual properties, electrical connections, telephones, telex, facsimile and other communications facilities and equipment, rights and benefits of all agreements, pending applications and all other interest, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals of the Transferor Company;
 - ii. All current assets including inventories; sundry debtors; receivables; cash and bank accounts (including bank balances), fixed deposits, loans and advances, actionable claims, bills of exchanges and debit notes of the Transferor Company;
 - iii. All agreements, contracts, arrangements, understandings, engagements, deeds and instruments including lease/ license agreements, tenancy rights, equipment purchase agreement and other agreements with the customers, purchase and other agreements / contracts with the supplier/ manufacturer of goods / service provider and all rights, title, interest, claims and benefits there under of the Transferor Company;
 - iv. All application monies, advance monies, earnest monies and security deposits paid or deemed to have been paid and payments against other entitlements of the Transferor Company;
 - v. It is clarified that all debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the date of the Appointed Date shall be debts, loans and liabilities, duties and obligations of the Transferee Company including any encumbrances on the assets of the Transferor Company or any income earned from those assets.



- vi. All intellectual property rights (including applications for registrations of the same and the right to use such intellectual property rights), trade and service names and marks, patents, copyrights, brand names, trademarks and other intellectual property rights of any nature whatsoever, trade secrets, confidential information, domain names, books, records, files, papers, software licenses (whether proprietary or otherwise), data and all other records and documents whether in physical or electronic form relating to the business activities and operations of the Transferor Company;
- vii. all staff, workmen and employees of the Transferor Company engaged in or in relation to the business of the Transferor Company at respective offices and all provisions and benefits made in relation to such employees including but not limited to provident funds, registrations and reserves;
- viii. All books, records, files, papers, engineering and process information, computer programs, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form of the Transferor Company;
- ix. all investments held the Transferor Company whether listed / unlisted company shares, units of mutual funds and rights, privileges and obligations attaching to such investments;
- x. all taxes including (but not limited to) Minimum Alternate Tax (“MAT”) paid under Section 115JAA/ 115JB of the Income-tax Act, duties, cess of whatsoever nature refundable / receivable to the Transferor Company from any statutory / governmental authority. Also, including but not limited to the benefit(s) under Income-tax Act, 1961 (including tax relief under the Income-tax Act, 1961 such as credit for advance tax, TDS, etc.), Goods and Service Tax (GST), service tax (including benefit of any unutilized GST/ CENVAT / service tax credits etc.) permits, approvals, concessions, reliefs, rights to use and avail of assets shall, without any further act, instrument or deed stand transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company, free from all encumbrances, but subject to subsisting charges and pledges, if any.

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 or any statutory modification or re-enactment thereof from time to time.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

3.1 The Share Capital of the Transferor Company as on date is as follows:

Particulars	Amount (INR)
Authorized Capital	
4,39,80,000 equity shares of INR 10/- each	43,98,00,000/-
15,00,000 preference shares of INR 100/- each	15,00,00,000/-
Total	58,98,00,000/-
Issued, Subscribed and Paid-up	
3,97,95,448 equity shares of INR 10/- each as fully paid-up	39,79,54,480/-
Total	39,79,54,480/-

Subsequent to 31st March 2019, the effect of the change in Authorized capital and issued, subscribed and paid-up capital of Transferor Company has already been given and reflected in above table.

3.2 The Share Capital of Transferee Company as on 31st March 2019 is as follows:

Particulars	Amount (INR)
Authorized Capital	
12,95,00,000 equity shares of INR 10/- each	129,50,00,000/-
20,50,000 preference shares of INR 100/- each	20,50,00,000/-
Total	150,00,00,000/-
Issued, Subscribed and Paid-up	
12,84,53,876 equity shares of INR 10/- each fully paid up	128,45,38,760/-
20,50,000 1% redeemable non-cumulative preference shares of INR 100/- each as fully paid-up	20,50,00,000/-
Total	148,95,38,760/-

Subsequent to 31st March 2019, there has been no change in the Authorized capital and issued, subscribed and paid-up capital of Transferee Company.

4. TRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANY

4.1 Upon the coming into effect of this Scheme, and with effect from the Appointed Date, and subject to the provisions of the Scheme in relation to mode of transfer and vesting, the Undertaking of Transferor Company shall without any further act, instrument or deed, be and stand transferred to and vested in and/ or be deemed to have been transferred to and vested in Transferee Company as a going concern so as to become on and from the Appointed Date the estate, assets, rights, title, interests and authorities of Transferee Company, pursuant to the provisions of Section 230 to 232 of the Act.



4.2 Without prejudice to generality of the aforesaid clause 4.1 above –

- (a) All assets (including intangible assets) and properties of Transferor Company as are movable in nature or incorporeal property or otherwise capable of transfer by delivery of possession or by endorsement and / or delivery, the same shall stand so transferred by the Transferor Company upon the coming into effect of the Scheme, to the end and intent that the rights, titles, interest and property therein passes to Transferee Company and shall, become the assets and property of Transferee Company with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act, without requiring any deed or instrument of conveyance for transfer of the same. No additional stamp duty shall be payable on the transfer of such movable properties (including shares and other investments) upon its transfer and vesting in Transferee Company.
 - (b) In respect of other assets pertaining to the Transferor Company including actionable claims, sundry debtors, outstanding loans, advances, recoverable in cash or kind or for value to be received and deposits / bonds with the government, semi-government, local and other authorities and bodies, customers or any other person, the same shall, without any further act, instrument or deed, be transferred and vested in Transferee Company on the Effective Date pursuant to the provisions of Section 230 to Section 232 and all other applicable provisions, if any, of the Act, with effect from the Appointed Date. It is hereby clarified that all the investments made by Transferor Company and all the rights, title and interests of Transferor Company in any leasehold properties in relation to the Undertaking of the Transferor Company shall, pursuant to Section 230 to 232 and all other applicable provisions, if any, of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in Transferee Company.
 - (c) Any and all immovable properties (including land together with the building and structures standing thereon) of Transferor Company, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Transferee Company, without any act or deed done by the Transferor Company or Transferee Company. With effect from the Appointed Date, Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of Transferee Company shall be made and duly recorded upon this Scheme being effective in accordance with the terms hereof without any further act or deed on part of the Transferee Company except the payment of stamp duty, as may be applicable for such Scheme..
 - (d) In respect of such of the assets belonging to Transferor Company other than referred to in clause (a) to (c) above, the same shall be transferred to and vested in and / or deemed to be transferred to and vested in Transferee Company on the Appointed Date pursuant to the provisions of Section 232 of the Act.
 - (e) All debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, loans and liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or any income earned on those assets.
 - (f) It is hereby clarified that if any Assets (freehold or leasehold, fixed or current, tangible or intangible) or any contract, deeds, bond, agreements, schemes, arrangements or other instruments of whatsoever nature in which the Transferor Company owns or the Transferor Company is a party and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such Assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company in so far as it is permissible so to do, till such time as the transfer is effected.
- 4.3 All permits, approvals, consents, quotas, rights, authorizations, entitlements, registrations, no-objection certificates and licenses including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled to use or which may be required to carry on the operations of the Transferor Company, and which is subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party, a beneficiary or an obligee thereto and shall be appropriately mutated by the relevant statutory authorities in favour of the Transferee Company in accordance in law.
- 4.4 The entitlement to various benefits under exemption schemes, incentive schemes, subsidies / grant, tax holiday, any privileges enjoyed / conferred upon/ held/ availed of by the Transferor Company and insurance policies in relation to the Undertaking of Transferor Company shall stand transferred to and be vested in and/ or deemed to have been transferred to and vested in Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include incentives available under Applicable Laws in relation to the Undertaking of Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such incentive schemes and / or policies, subject to continued compliance by the Transferee Company of all the terms and conditions based on which the benefits under such incentive schemes were made available to Transferor Company.
- 4.5 Transferee Company, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds, writings, confirmations or notices with, or in favour of, any other party to any contract or arrangement to which Transferor Company is the party or any writings as may be necessary to be executed in order to give formal effect to the provisions of the Scheme. Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Transferor Company and to implement and carry out all such formalities or compliance referred to above for and on behalf of the Transferor Company.
- 4.6 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities, including, without limitation, all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, contingent liabilities, duties, obligations of every



kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized for their business activities and operations in relation to the Undertaking of the Transferor Company, shall, pursuant to the sanction of this Scheme by the NCLT and under the provisions of Section 230 to Section 232 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing being made, done or executed, be transferred to, and vested in, or be deemed to have been transferred to, and vested in, Transferee Company, and such liabilities shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become, as on and from the Appointed Date, the liabilities, debts, duties and obligations of Transferee Company on the same terms and conditions as were applicable to Transferor Company, and Transferee Company shall meet, discharge and satisfy the liabilities and it shall not be necessary to obtain the consent of any third party or any other person who is a party to any contract or arrangement by virtue of such liabilities have arisen in order to give effect to the provisions of this Clause.

- 4.7 All debts, liabilities along with any charge, encumbrance, lien or security created by the Transferor Company, duties and obligations of Transferor Company shall, as on the Appointed Date, whether or not provided in the books of Transferor Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to Transferor Company on or after the Appointed Date till the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the Transferee Company by virtue of the Scheme. It is hereby clarified that the debt, liabilities along with any charge, encumbrance, lien or security shall be taken over by the Transferee Company at the same terms and conditions as applicable to Transferor Company and there shall no change in the charge/ encumbrances/ security provided to the end and intent that in no case, such charge, lien, encumbrance or security shall extend or be deemed to extend to any assets of the Transferee Company.
- 4.8 Where any such debts, liabilities, duties and obligations of Transferor Company as on the Appointed Date have been discharged by the Transferor Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to be for and on account of the Transferee Company upon coming into effect of this Scheme.
- 4.9 All loans raised and utilized and all liabilities duties and obligations incurred or undertaken by Transferor Company on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed be and shall be transferred to and vested in Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- 4.10 For avoidance of doubt and without prejudice to generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name in the bank accounts of the Transferor Company have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of Transferor Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. The Transferee Company shall be allowed to maintain bank accounts in the name of the Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation of deposition of cheques and pay orders that have been issued in the name of the Transferor Company. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company in relation to the cheques and other negotiable instruments, payments order received or presented for encashment which are in the name of Transferor Company shall be instituted, or as the case may be, continued by or against the Transferee Company after the coming into effect of the Scheme. With effect from the Effective Date and till the time any regulatory registrations of the Transferor Company are expired or suspended and if any regulatory filings are required to be done on such registrations, the Transferee Company shall be entitled to do so to comply with the relevant regulations.
- 4.11 Any amount including refund under the Tax laws due to Transferor Company consequent to the assessment proceedings or otherwise and which may not have been received by the Transferor Company as on the date immediately preceding the Appointed date shall also belong to and be receivable by Transferee Company upon the Scheme being effective.
- 4.12 If and to the extent there are investments, loans, deposits or balances inter-se between Transferor Company, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect from the Effective Date shall be given. There would be no accrual of interest or other charges in respect of any such investments, loans, deposits or balances inter-se between the Transferor Company and Transferee Company from the Appointed Date.
- 4.13 This Scheme shall not, in any manner, affect the rights of any of the Creditors of the Transferor Company.

5. VALIDITY OF EXISTING RESOLUTIONS, ETC.

The resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall be continued to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.

6. CONTRACTS, DEEDS, APPROVALS, EXEMPTIONS, ETC.

6.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, insurance policies, indemnities, guarantees, arrangements and other instruments, whether pertaining to immovable properties or otherwise of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the date of NCLT approval to the Scheme is received, shall continue in full force and



effect on or against or in favor of, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or beneficial owner or obligee thereto or there under.

- 6.2 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, registrations, certificates, clearances, authorities, power of attorney given by, issued to or executed in favour of the Transferor Company shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of Transferee Company and Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall make applications and do all such acts or things which may be necessary to obtain relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.
- 6.3 The Transferee Company, at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances, referred to above, on behalf of the Transferor Company.

7. LEGAL PROCEEDINGS

- 7.1 All legal proceedings of whatsoever nature by or against the Transferor Company pending and/ or arising on or after the Appointed Date and relating to the Transferor Company shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against Transferee Company in the manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company, if this Scheme had not been made.
- 7.2 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in Clause 7.1 above transferred in its name respectively and to have the same continued, prosecuted and enforced by or against Transferee Company to the same extent as would or might have been continued and enforced by or against the Transferor Company, to the exclusion of the Transferor Company.

8. STAFF, WORKMEN & EMPLOYEES

- 8.1 Upon the Scheme becoming effective, all employees of the Transferor Company in service on the date on which NCLT approval to the Scheme is received shall be deemed to have become employees of the Transferee Company with effect from the Appointed Date without any break, discontinuance or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with Transferee Company shall be the same as those applicable to them with reference to the Transferor Company on the date on which NCLT approval to the Scheme is received. The Transferee Company further agrees that for the purpose of payment of any retirement benefit / compensation, such immediate uninterrupted past services with the Transferor Company shall also be taken into account and paid (as and when payable) by Transferee Company.
- 8.2 In so far as the existing provident fund, gratuity fund and pension and/ or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Transferor Company (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which pertains/ relates to the employees of the Transferor Company shall be transferred to the Transferee Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Company or be transferred to and merged with other similar funds, if any, of the Transferee Company. In the event that the Transferee Company does not have its own funds in respect of any of the above, the Transferee Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Transferor Company, until such time that the Transferee Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Company shall be transferred to the funds created by the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous for the purpose of the said fund or funds.
- 8.3 With effect from the first of the dates of filing of this Scheme with the NCLT and up to and including the Effective Date, Transferor Company shall not vary or modify the terms and conditions of employment of any of their said employees, except with the written consent of Transferee Company, unless it is in the ordinary course of business. However, the terms and conditions of their employment with Transferee Company shall be the same as those on which they were engaged in Transferor Company.
- 8.4 In relation to those employees for whom Transferor Company is making contributions to the government provident fund, if any, Transferee Company shall stand substituted for Transferor Company, as the case may be, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees.

9. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

- 9.1 With effect from the Appointed Date and up to and including the Effective Date, Transferor Company shall carry on its business with reasonable diligence and except in the ordinary course of business, Transferor Company shall not, without prior written consent of the Transferee Company or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage, encumber or otherwise deal with, or dispose of, any of the assets of the Undertaking of Transferor Company or any part thereof.
- 9.2 The Transferor Company shall carry on and be deemed to have carried on all business and activities and shall stand possessed of all the assets, rights, title and interest of the Transferor Company for and on account of, and in trust for the Transferee Company.



- 9.3 All profits and cash accruing to or losses arising or incurred (including the effect of all taxes (for instance income tax, customs duty, GST, etc.) if any thereon), by the Transferor Company, respectively, shall for all purposes, be treated as the profits and cash, taxes or losses of the Transferee Company.
- 9.4 Any of the rights, powers, authorities or privileges exercised by Transferor Company shall be deemed have been exercised by the Transferor Company for and on behalf of, and in trust for as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken for and on behalf of and as an agent for Transferee Company.
- 9.5 The Transferee Company shall be entitled to apply to the Central Government and any other Government or statutory or regulatory authorities/ agencies/ body concerned as are necessary under any law for such consents, approvals, licenses, registrations and sanctions which Transferee Company may require to carry on the business of Transferor Company.

10. DECLARATION OF DIVIDEND

For the avoidance of doubt, it is hereby clarified that nothing in this Scheme shall prevent Transferee Company from declaring and paying dividends, whether interim or final, to its equity or preference shareholders as on the Effective Date for the purpose of any such dividend.

11. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations pertaining /relating to the Transferor Company, pursuant to this Scheme, and the continuance of the proceedings by or against the Transferee Company, under Clause 7 hereof shall not affect any transactions or proceedings already completed by the Transferor Company, on and after the Appointed Date to the end and intent that Transferee Company accepts all acts, deeds and things done and executed by and/ or on behalf of the Transferor Company, as acts, deeds and things done and executed by and on behalf of Transferee Company.

12. CONSOLIDATION OF AUTHORIZED CAPITAL AND AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE TRANSFEE COMPANY

12.1 Upon coming into effect of this Scheme, the authorized share capital of the Transferor Company amounting to Rs 58,98,00,000 (Rupees Fifty Eight Crore Ninety Eight Lacs Only) divided into 4,39,80,000 (Four Crore Thirty Nine Lacs Eighty Thousand) equity shares of Rs 10/- each and 15,00,000 (Fifteen Lacs) preference shares of Rs 100/- each, or such amount as may be on the Effective Date, shall be deemed to have been reclassified into 5,89,80,000 (Five Crore Eighty Nine Lacs Eighty Thousand) equity shares of Rs 10/- each and shall be consolidated with the authorized share capital of the Transferee Company, without any further act or deed and without any liability for payment of any additional fees or stamp duty in respect of such increase as the stamp duty and fees have already been paid by the Transferor Company on such authorized capital.

12.2 Pursuant to the Scheme and after the Scheme becomes effective, **Clause V of the Memorandum of Association of the Transferee Company shall be amended as below:**

V. "The authorized share capital of the Transferee Company will be Rs 2,08,98,00,000/- (Rs Two Hundred Eight Crore Ninety-Eight Lacs) divided into 18,84,80,000 (Eighteen Crore Eighty-Four Lacs Eighty Thousand) equity shares of Rs. 10/- (Rs Ten) each and 20,50,000 (Twenty Lacs Fifty Thousand) preference shares of Rs 100/- (Rs Hundred)each with power to increase or reduce the capital of the Company and/ or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the Articles of Association of the company or as may be decided by the Board of Directors or by company in general meeting, as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denomination."

12.3 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent/approval also to the alteration of the Memorandum and Articles of Association of the Transferee Company as may be required under the Act, and Clause V of the Memorandum of Association of the Transferee Company.

13. CONSIDERATION

13.1 Upon the Scheme becoming effective, in consideration of the amalgamation of the Transferor Company with the Transferee Company, the Transferee Company shall, without any further act or deed, issue and allot its shares, at par credited as fully paid up to the extent indicated below, to the members of Transferor Company, whose name is recorded in the register of members of the Transferor Company on the Record Date in the following ratio:

*"348 (Three Hundred Forty Eight) New Equity shares in **Transferee Company** of the face value of Rs.10/- (Rupees Ten Only) each, credited as fully paid-up for every 100 (One Hundred) equity share of Rs.10/- (Rupees Ten Only) each fully paid-up held by such member in the **Transferor Company**"*

13.2 The equity shares issued and allotted pursuant to Scheme of Amalgamation and Arrangement shall be hereinafter referred to as 'New Shares'.

13.3 The existing equity shares of the Transferee Company held by the Transferor Company shall stand cancelled and the Equity Share Capital of the Transferee Company shall stand reduced to that extent. The Details of the same shall be as envisaged in Clause 14 hereinbelow.

13.4 The Share Exchange Valuation Reports dated October 19th 2019 have been obtained from N S Kumar & Co., Independent Chartered Accountant, having Registration No. 139792W and Niranjana Kumar, Registered Valuer, having IBBI Registration No IBBI/RV/06/2018/10137 providing the share exchange ratio for the amalgamation of Transferor Company with the Transferee Company under the Scheme.



- 13.5 A Fairness Opinion dated October 19th October 2019 has been obtained from Kunvarji Finstock Private Limited a SEBI Registered Category I Merchant Banker, having SEBI Registration No INM000012564 providing the fairness opinion on the Share Exchange Ratio recommended by N S Kumar & Co, Independent Chartered Accountants and Niranjana Kumar, Registered Valuer in connection with amalgamation of Transferor Company with the Transferee Company under the Scheme.
- 13.6 The New Equity Shares shall be issued and allotted by the Transferee Company in physical form or demat form, as applicable, to the respective shareholder(s) of Transferor Company.
- 13.7 Upon the Scheme becoming effective and upon the New Shares being issued and allotted as per Clause 13.1 above, the equity shares of Transferor Company in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date.
- 13.8 The Transferee Company in respect of fractional entitlement shall issue no fractional shares, if any, to the shareholders of the Transferor Company and the fractions shall be rounded up to the nearest whole number. Further, each shareholder of the Transferor Company shall get at least one share of the Transferee Company.
- 13.9 The New Shares to be issued and allotted as per Clause 13.1 above shall be subject to the provisions of Memorandum and Articles of Association of the Transferee Company and shall rank pari-passu in all respects with the equity shares of the Transferee Company as on Effective Date, including that any dividend that may be declared by the Transferee Company on or after the Effective Date.
- 13.10 Upon the Scheme being effective, the New Shares to be issued and allotted by the Transferee Company in terms of Clause 13.1 of this Scheme shall be listed and shall be admitted for trading on the Stock Exchanges. The Transferee Company shall make all requisite applications and shall otherwise comply with the provisions of Applicable Laws, including as applicable, the provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March 2017, as amended from time to time. The equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/ trading are provided by the Stock Exchanges.
- 13.11 Transferee Company shall if necessary and to the extent required, increase its authorized capital to facilitate the issue of New Equity Shares under this Scheme subject to payment of requisite fees for the same.
- 13.12 The increase in authorized share capital and issue and allotment of New Shares to the respective shareholders of the Transferor Company as provided in this Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of the Transferee Company or its shareholders and as if the procedure laid down under section 13, 42, 61, 62 of the Act and any other applicable provisions of the Act, and such other statutes and regulations as may be applicable were duly complied with.

14. CANCELLATION OF PART OF THE EXISTING PAID UP EQUITY SHARE CAPITAL OF THE TRANSFEE COMPANY

- 14.1 Upon the Scheme becoming effective, 7,52,81,959 (Seven Crore Fifty Two Lacs Eighty One Thousand Nine Hundred Fifty Nine) equity shares of Transferee Company held by Transferor Company or such other class of shares of Transferee Company held by Transferor Company on the Effective Date shall be cancelled without any further act or deed by operation of law and shall amount to reduction of share capital.
- 14.2 However, considering the issue of New Equity Shares to the shareholders of the Transferor Company, in terms of Clause 13.1 of the Scheme, there will not be any net reduction of Equity Share Capital of the Transferee Company. Since the said proposal forms an integral part of the Scheme, provisions of Section 66 of the Act read with applicable rules made thereunder shall not be attracted pursuant to order issued by the NCLT.
- 14.3 Notwithstanding the reduction of issued, subscribed and paid-up share capital of Transferee Company, it shall not be required to add the words "And Reduced" as suffix to its name.
- 14.4 The consent of the Shareholders of the Transferee Company to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the above reduction, if any, under the provisions of Section 66 of the Act read with applicable rules made thereunder and no further resolution under Section 66 of the Act or any other applicable provisions of the Act, would be required to be separately passed.

15. ACCOUNTING TREATMENT FOR AMALGAMATION

Upon the Scheme becoming effective and with effect from the Appointed Date, the Amalgamation of the Transferor Company with Transferee Company shall be accounted as per the below method:

- 15.1 The Transferee Company shall account for the amalgamation of the Transferor Company on the basis of 'pooling of interest' method as stated in Appendix C of Indian Accounting Standard (IND AS) 103 Business Combinations.
- 15.2 The pooling of interest method is considered to involve the following:
- The assets and liabilities of the combining entities are reflected at their carrying amounts.
 - No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonize accounting policies.
- 15.3 The balance of the retained earnings appearing in the financial statements of the Transferor Company is aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.
- 15.4 The identity of the reserves shall be preserved and shall appear in the financial statements of the Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company. As a result of preserving the identity, reserves which are available for distribution as dividend before the business combination would also be available for distribution as dividend after the business combination.



- 15.5 Upon Scheme becoming effective, the accounts of the Transferee Company, as on the appointed date shall be reconstructed in accordance with the terms of this Scheme.
- 15.6 The difference arising between the carrying value of the assets, liabilities and reserves pertaining to the Transferor Company recorded in terms of Clause 15.2 & 15.3 and the value of shares issued in terms of Clause 13.1 and face value of shares reduced in terms of Clause 14.1 in the books of Transferee Company shall be in case of deficit debited to the Business Reconstruction Reserve/ General Reserve/Retained Earnings and in case of surplus credited to General Reserves of the Transferee Company.

16. TREATMENT OF TAXES / TAX CREDITS

- 16.1 Any tax liabilities under the Income-tax Act, 1961, Wealth-tax Act, 1957, Customs Act, 1962, Central Excise Act, 1944, Central Sales Tax Act, 1956, any other state Sales Tax / Value Added Tax laws, Service Tax, Goods and Service Tax, stamp laws, registration fees or any other applicable laws/ regulations (hereinafter in this Clause referred to as “Tax Laws”) dealing with taxes/ duties/ levies allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the Accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company.
- 16.2 All taxes (including income tax and tax deducted at source, wealth tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business on and from the Appointed Date, shall be on account of the Transferee Company and, insofar as it relates to the tax payment (including without limitation income tax, wealth tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly.
- 16.3 Any refund under the Tax Laws due to the Transferor Company consequent to the assessments made on the Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 16.4 Without prejudice to the generality of the above, all benefits including claim of tax deduction at source, tax collection at source, advance tax and self-assessment tax and any similar credits or balances under the income tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc., to which the Transferor Company are entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company. Similarly, the unabsorbed depreciation and brought forward losses of the Transferor Company as considered for the purposes of Explanation 1 to Section 115JB (2) of the Income-tax Act, 1961 shall stand transferred to the Transferee Company and the Transferee Company shall consolidate the same with its unabsorbed depreciation and brought forward losses for the purpose of Explanation 1 to Section 115JB (2) of the Income-tax Act, 1961.
- 16.5 The Amalgamation as contemplated in this Scheme would be completed in a manner so as to comply with the conditions relating to ‘amalgamation’ as specified under section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at the later date including resulting from a retrospective amendment of law or for any other reason whatsoever, the provisions of the said section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with section 2(1B) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme. Furthermore, all credits or balances eligible for roll-over, set-off or carry forward under the Income-tax Act, 1961 including under Chapter VI of the Income-tax Act, 1961 shall be given effect to in compliance with the applicable provisions of the Income-tax Act, 1961.

17. EXEMPTION UNDER SAST REGULATIONS

For the avoidance of doubt, it is clarified that pursuant to amalgamation of the Transferor Company into and with the Transferee Company, the issuance of equity shares of the Transferee Company to the shareholders of the Transferor Company as consideration for amalgamation of the Transferor Company into and with the Transferee Company in terms of the Scheme, is exempt under the provisions of the Regulation 10(1)(d) (ii) of SAST Regulations, and therefore, the requirement to make an “open offer” shall not be triggered in terms of the provisions of the SAST Regulations.

18. APPLICATION TO THE NCLT

- 18.1 The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make necessary applications to the NCLT Bench at Ahmedabad, where the respective registered offices of the Transferor Company and the Transferee Company are situated, for convening and/or seeking exemption to convene meetings of shareholders/ creditors and for sanctioning this Scheme under Sections 230 – 232 of the Act, for an order thereof, for carrying this Scheme into effect and for dissolution of Transferor Company without winding up.
- 18.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required under any law for such Governmental approvals which the Transferee Company may require to own the undertaking of the Transferor Company and to carry on the business of the Transferor Company.

19. CONDITIONALITY TO THE SCHEME

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

- (i) SEBI and Stock Exchanges approving this Scheme;
- (ii) The scheme is conditional upon scheme being approved by the PUBLIC shareholders through e-voting in terms of para 9 (a) of part I of Annexure I of SEBI circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and the scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.



- (iii) The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and / or creditors of the Transferor Company and Transferee Company as may be directed by the NCLT.
- (iv) The sanction of the NCLT under sections 230 to 232 of the Act and other applicable provisions of the Act, if so required, in favour of Transferor Company and Transferee Company being obtained.
- (v) The requisite consent, approval or permission of the Governmental Authority which by law may be necessary for the implementation of this Scheme; and
- (vi) Certified or authenticated copies of the order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies, Gujarat.

20. MODIFICATIONS/AMENDMENTS TO THE SCHEME

The Transferee Company and the Transferor Company by their respective Board of Directors or such other person or persons as the respective Board of Directors may authorise, including any committee or sub-committee thereof, may make and/or assent to any modifications/amendments to the Scheme or to any conditions or limitations that the NCLT and/or any other authority, as may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors). The Transferee Company and the Transferor Company by their respective Board of Directors 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. The aforesaid powers of the Board shall be exercised with the approval of the NCLT.

21. DISSOLUTION OF TRANSFEROR COMPANY

21.1 Upon the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound up without any further act by the parties.

21.2 Any obligations/ steps which need to be undertaken by the Transferor Company pursuant to the sanction of this Scheme shall be fulfilled by the Transferee Company.

22. SEQUENCING OF EVENTS

22.1 Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred / shall occur and become effective and operative, only in the sequence and in order mentioned as under:

- (i) Amalgamation of the Transferor Company into and with the Transferee Company in accordance with the Scheme;
- (ii) Transfer of the Authorized Share Capital of the Transferor Company to the Transferee Company in accordance with Clause 12 of this Scheme, and consequential increase in the authorized share capital of the Transferee Company;
- (iii) Dissolution of the Transferor Company without winding-up, in accordance with Clause 22 of this Scheme; and
- (iv) Increase in the authorized capital to the extent required, subject to payment of requisite fees for the same and consequent Issue and allotment of equity shares of the Transferee Company to the shareholders of the Transferor Company as on the Record Date, in accordance with Clause 13.1 of this Scheme.

23. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in Clause 20 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. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme unless otherwise mutually agreed.

24. COSTS, CHARGES AND EXPENSES

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

25. NO CAUSE OF ACTION

No third party claiming to have acted or changed his position in anticipation of the Scheme taking effect, shall get any cause of action against the Transferor Company or Transferee Company or their directors or officers, if this Scheme does not take effect or is withdrawn, cancelled, revoked, amended or modified for any reason whatsoever.

26. RESIDUAL PROVISIONS

In order to ensure the smooth transition and sales of products and inventory of the Transferor Company, manufacture and/or branded and/ or labelled and/or packed in the name of the Transferor Company prior to the Effective Date, the Transferee Company shall have the right to own, use, market, sell, exhaust or in any manner deal with any such products and inventory (including packing material) pertaining to the Transferor Company at any manufacturing locations or warehouses or retail stores or elsewhere, without making any modification whatsoever to such products and/or their branding, packing or labelling. All invoices/payment related documents pertaining to such products and inventory (including packing material) shall be raised in the name of the Transferee Company after the Effective Date.



Date: 19 October 2019

To,
The Board of Directors
Ashima Limited
Texcellance Complex,
Khokhara- Mehmedabad,
Ahmedabad- 380021

To,
The Board of Directors
Ashima Dyecot Private Limited
Texcellance Complex,
Khokhara- Mehmedabad,
Ahmedabad- 380021

Subject: Recommendation of fair share exchange ratio for the proposed amalgamation of Ashima Dyecot Private Limited ('ADPL' or 'Transferor Company') with Ashima Limited ('AL' or 'Transferee Company')

Dear Sir/ Madam,

We refer to the engagement letter and discussions held whereby the Management of Ashima Limited ('AL') and Ashima Dyecot Private Limited ('ADPL') had appointed N S KUMAR & CO. ('NSK') to recommend a fair share exchange ratio for the proposed amalgamation of Ashima Dyecot Private Limited ('ADPL' or 'Transferor Company') with Ashima Limited ('AL' or 'Transferee Company') (both transferor and transferee company together referred to as 'Transacting Companies').

Please find enclosed the report (comprising 13 pages) detailing our recommendation of share exchange ratio for the proposed amalgamation, the methodologies employed and the assumptions used in our analysis.

This report sets out our scope of work, background, source of information, procedures performed by us and our recommendation of the share exchange ratio.

SCOPE AND PURPOSE OF THIS REPORT

Ashima Limited ('AL') is one of India's leading cotton fabric manufacturers. It offers a range of cotton textile products encompassing denims, yarn-dyed shirting fabrics and also manufactures ready-to-stitch fabrics. The equity shares of Ashima Limited are listed on the National Stock Exchange ('NSE') and BSE.

Ashima Dyecot Private Limited ('ADPL') was incorporated in the year 1995 and is engaged in the business of processing textile fabrics and manufacture of readymade garments. ADPL is also the holding company of AL and currently holds 58.61% of the outstanding equity shares of AL as at the report date.

We understand that the Management of the Transacting Companies (hereinafter referred to as 'the Management') are contemplating to amalgamate ADPL with AL in accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013 or any statutory modifications, re-enactment or amendments thereof for the time being in force ("the Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("the Rules"), as amended from time to time and all other applicable provisions, if any, of the Act and any other applicable law for the time being in force and in a manner provided in the Scheme of Amalgamation ('the Scheme') (hereinafter referred to as 'proposed transaction').

It is in this regard, the Management has appointed NSK to submit a report recommending a fair share exchange ratio for the proposed transaction. The Management has requested NSK to determine the





fair share exchange ratio as at the Report date ('Valuation Date'). We have undertaken our valuation analysis based on data available and provided upto 18 October 2019.

We understand that the appointed date for the amalgamation would be 01 April 2019 or any other date as approved by the competent authorities.

The scope of our services is to conduct a relative (and not absolute) valuation exercise as at the Valuation Date to determine the fair share exchange ratio using internationally accepted valuation methodologies as may be applicable to the subject case and report on the same in accordance with generally accepted professional standards including in compliance with the Indian Valuation Standards (IVS) notified by the Institute of Chartered Accountants of India (ICAI) and applicable Securities Exchange Board of India ('SEBI') Guidelines as may be applicable to listed entities.

This report is our deliverable for the said engagement and is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality and in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with the valuation exercise, we have used the following information obtained from the Management and/ or gathered from public domain:

A. Company specific information:

Information provided by the Management which includes:

- Audited financial statements for FY19 and FY18 of Transacting Companies
- Limited Review financial statements of AL for the three months period ended 30 June 2019
- Latest Shareholding pattern of Transacting Companies
- Fair valuation report for valuation of immovable properties issued by Parag Sheth, registered valuer for land and building dated 15 October 2019
- Estimated fair market value as at 01 April 2001 for immovable properties provided by the Management
- Financial projections of Transacting Companies for the period from FY20 to FY25 which represents management's best estimate of the future financial performance
- Draft composite scheme of arrangement and amalgamation
- Discussions and correspondence with the Management in connection with business operations, past trends, proposed future business plans and prospects, realizability of assets, etc.; and

We have also considered/ obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the Management. Besides the above listing, there may be other information provided by the Management which may not have been perused by us in detail, if not considered relevant for our defined scope.

PROCEDURES ADOPTED

- Discussion with the management to understand the business and the fundamental factors that affect the business of the entities including their earning generating capability
- Inquiries about the historical financial performance, current state of affairs, business plans and future performance estimates





- Understand the rationale for cashflow projections and the assumptions made by the Management in projecting the future cashflows of the Transacting Companies
- Discussion with respect to realizability of the assets of Transacting Companies and adjustment if any, required to their current carrying values
- Selection of appropriate internationally accepted valuation methodology / (ies) after analysis of business operations
- Arrived at the valuation of the Companies using the method/(s) considered appropriate and determined the value per equity share
- Determined the fair share exchange ratio for the proposed amalgamation of ADPL with AL

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us.

This report, its contents and the results herein are specific and subject to:

- the purpose of the valuation agreed as per the terms of the engagement;
- the date of the report;
- shareholding pattern of Transacting Companies;
- realization of cashflow projections of Transacting Companies as provided by the Management;
- realizability of the immovable properties at their fair values estimated by the Registered Valuer and other assets at the values carried in the books of accounts of Transacting Companies;
- market price reflecting the fair value of the underlying equity shares;
- no additional outflow towards liabilities other than those recorded in the books of accounts of Transacting Companies; and
- data detailed in the section - Sources of Information

We have been informed that the business activities of the Transacting Companies have been carried out in the normal and ordinary course between the latest available financial statement date and the report date and that no material changes have occurred in their respective operations and financial position between the latest available financial statement date and the report date.

A value analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular. It is based on information made available to us as of the date of this report, events occurring after that date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. There will always be several factors e.g. Management capability, present and prospective yield on comparable securities, market sentiment etc., which are not evident on the face of the financial statement, but which will strongly influence the worth of a share.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Companies till the date of this report and other sources, and the said recommendation(s) shall be considered to be in the nature of non-binding advice.



recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of fair share exchange ratio is not a precise science and the conclusions arrived at in many cases, will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single fair value. While we have provided our recommendation of the fair share exchange ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for the determination of the share exchange ratio at which the proposed transaction shall take place will be with the Board of Directors of the entities part of the transaction, who should take into account other factors such as their own assessment of the proposed transaction and input of other advisors.

In the course of our analysis, we were provided with both written and verbal information, including market, technical, financial and operating data including information as detailed in the section – Sources of Information.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification of

- the accuracy of information made available to us by the Management which formed a substantial basis for the report; and
- the accuracy of information that was publicly available

We have not carried out a due diligence or audit or review of the Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided.

We are not legal or regulatory advisors with respect to legal and regulatory matters for the proposed transaction. We do not express any form of assurance that the financial information or other information as prepared and provided by the Companies is accurate. Also, with respect to explanations and information sought from the advisors, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and information given by/ on behalf of the Management. The Management of the Companies have indicated to us that they have understood any omissions, inaccuracies or misstatements may materially affect our recommendation. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Companies. However, nothing has come to our attention to indicate that the information provided was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not recorded in the audited/ provisional financial statements of the Companies.





This report does not look into the business/ commercial reasons behind the proposed transaction nor the likely benefits arising out of the same. Similarly, the report does not address the relative merits of the proposed transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to recommendation of fair share exchange ratio only.

We must emphasize that while valuing the immovable properties held by the Transacting Companies, we have placed complete reliance on the valuation report provided by IBBI approved Registered Valuer for land and Building. We have not independently verified the correctness of the content of this report including the key valuation considerations stated therein.

We must emphasize that we have used different valuation methods for valuing the Transacting Companies and given appropriate weights to value derived under each method after giving due consideration to the various qualitative factors relevant to the Companies and the business dynamics and growth potentials of the respective businesses, having regard to information base, key underlying assumptions and limitations, current business operations, quality of assets held, etc.

We must emphasize that realization of forecasted free cash flow forecast or the realizability of the assets at the values considered in our analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences could be material. To the extent that our conclusions are based on the forecasts, we express no opinion on achievability of those forecasts. The fact that we have considered the projections in this valuation exercise should not be construed or taken as our being associated with or a party to such projections.

The fee for the Engagement is not contingent upon the results reported.

We owe responsibility only to the Management of AL and ADPL who have appointed us, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on the part of the companies, their directors, employees or agents. It is understood that this analysis does not represent a fairness opinion.

This valuation report is subject to the laws of India.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of determining the share exchange ratio for the proposed transaction and relevant filing with regulatory authorities in this regard, without our prior written consent. In addition, this report does not in any manner address the prices at which equity shares of AL shall trade following announcements of the proposed transaction and we express no opinion or recommendation as to how shareholders of the Transacting Companies should vote at any shareholders' meetings. Our report and the opinion/ valuation analysis contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions.





BACKGROUND OF THE COMPANIES

1. Ashima Limited (AL)

Ashima Limited is a public limited company with its shares listed on NSE and BSE. It is one of India's leading 100% cotton fabric manufacturers. It offers a range of cotton textile products encompassing denims, yarn-dyed shirting fabrics and also operates into ready-to-stitch fabrics and has its manufacturing facility located at Ahmedabad, Gujarat. Its products are sold domestically as well as in international markets.

The issued, subscribed and outstanding equity share capital of AL as at the report date consists of 12,84,53,876 equity shares of face value of INR 10 each fully paid up. The equity shareholding pattern of AL as at the report date is as follows:

Shareholder	Number of shares	% of shareholding
Promoter	7,82,51,745	60.9%
Public - Institutions	93,46,774	7.3%
Public - Non-institutions	4,08,55,357	31.8%
Total	12,84,53,876	100.0%

Source: Management of AL

2. Ashima Dyecot Private Limited (ADPL)

Ashima Dyecot Private Limited (ADPL) is a private limited company and is part of the Ashima group. ADPL was incorporated in the year 1995 and is engaged in the business of processing textile fabrics and manufacture of readymade garments and has its manufacturing facility located at Ahmedabad, Gujarat. It offers a range of cotton textile products encompassing khakis, readymade garments, interlining fabrics, garment washing activities (laundry), etc.

ADPL holds 58.61% of the outstanding equity share capital of AL as at the report date.

The issued, subscribed and outstanding equity share capital of ADPL as at the report date consists of 3,97,95,448 equity shares of face value of INR 10 each fully paid up. The equity shareholding pattern of ADPL as at the report date is as follows:

Shareholder	Number of shares	% of shareholding
Navchintan Trust & other promoters	3,96,18,692	99.6%
Others	1,76,756	0.4%
Total	3,97,95,448	100.0%

Source: Management of ADPL





VALUATION APPROACHES

The Scheme contemplates the amalgamation of ADPL into AL. Arriving at the fair share exchange ratio would require determining the value of equity shares of ADPL and value of equity shares of AL. These values are to be determined independently but on a relative basis and without considering the effect of the proposed transaction.

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to the industry performance and general business and economic conditions, many of which are beyond the control of the company. Further, this valuation will fluctuate with lapse of time, changing prevailing market conditions, the prospects, financial and otherwise of the various companies and other factors which generally influence the valuation of shares and companies.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purpose, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The following are commonly used and accepted methods for determining the value of the equity shares of a company:

- Asset Approach – Net Asset Value method
- Market Approach:
 - a) Market Price method
 - b) Comparable Companies/ Transactions Multiple method
- Income Approach – Discounted cash flow method

For the proposed transaction, we have considered the following commonly used and accepted methods for determining the fair share exchange ratio, to the extent relevant and applicable:

1. Asset Approach - Net Asset Value Method ('NAV')

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This methodology is likely to be appropriate for business which derives value mainly from the underlying value of its assets rather than its earnings. This value analysis approach may also be used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominates earning capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

Both ADPL and AL have a significant asset base including immovable properties and investment in equity shares. Since the companies derive significant value from the assets held by them, we have used the net asset value method to value both the companies. For the purpose of this approach, the value of the immovable properties have been considered at its estimated fair value and all other assets have been considered at its realisable value.





2. Market Approach

a) Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the shares as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in case of an amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the equity shares of AL are listed on NSE and BSE and are regularly traded with reasonable volumes. We have therefore used the market price approach to value the equity shares of AL.

For determining price of shares of AL, we have considered the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 issued vide notification No. SEBI/LAD-NRO/GN/2018/31 dated 11 September 2018 and as amended from time to time, which prescribes that:

If the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty-six weeks or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

- a. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or*
- b. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.*

Further, it is clarified that the relevant date for the purpose of computing the price of the equity shares of AL will be the date of the board meeting of AL, approving the Scheme. We have therefore considered the price upto our report date i.e. upto 18 October 2019 for the purpose of our analysis.

Equity shares of ADPL are not listed on any stock exchange and we have therefore not considered the market price method to value their shares.

b) Comparable Companies Multiples ('CCM') / Comparable Transactions Multiples ('CTM') method

Under CCM, the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. CCM applies multiples derived from similar or 'comparable' publicly traded companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.





Under CTM, the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

AL has incurred business losses during FY19 and therefore we have not considered the comparable companies approach to value AL.

In case of ADPL the company is primarily engaged in the business of carrying on processing related activities. There are no listed companies which exclusively operate in this business segment, we have therefore not considered the comparable market approach to value ADPL.

3. Income Approach – Discounted Cash Flow Method ('DCF')

DCF method values a business based upon the available cash flow a prudent investor would expect the subject business to generate over a given period of time. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the perpetuity value at an appropriate discount factor. Free cash flows are the cash flows expected to be generated by the company that are available to equity shareholders of the company. The terminal value represents the total value of the available cash flow for all periods subsequent to the forecast period. The terminal value of the business at the end of the forecast period is estimated and discounted to its equivalent present value and added to the present value of the explicit forecast period cash flow to estimate the value of the business.

The projected free cash flows to capital providers over the explicit forecast period and terminal value are discounted using the weighted average cost of capital ('WACC'). The sum of the discounted value of such free cash flows to firm is the value of the business attributable to capital providers.

Using the DCF analysis involves determining the following:

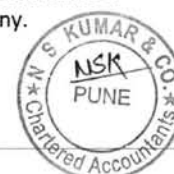
Estimating future cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of capital i.e. both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the weighted average cost of capital ('WACC')

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and lenders), weighted by their relative contribution to the total capital of a company/ business. The opportunity cost to the capital providers equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value attributable to the equity shareholders of the business, value arrived after discounting free cash flows to firm by the DCF method for a company is adjusted for the value of loans, cash, inflow on exercise of options, non-operating assets/liabilities (e.g. fair value of investments, any contingent liabilities, etc.). The total value for equity shareholders is then divided by the total number of equity shares (on fully diluted basis) to arrive at the value per equity share of a company.





Going forward both AL and ADPL are expected to earn profits and generate positive cash flows, we have therefore used DCF method to value the business of both these companies and have then adjusted it for cash and cash equivalents, investments, debt and other matters as considered appropriate to arrive at the equity value.

KEY VALUATION CONSIDERATIONS

Regulation 158 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulation") which specifies that preferential issue of equity shares to shareholders of unlisted entity pursuant to a National Company Law Tribunal approved scheme shall conform the pricing provisions of preferential issue specified under Regulation 164 of the said regulations. Further, it may be noted that Regulation 164 specifies the base price for issue of shares on a preferential basis. In the proposed Transaction, ADPL an unlisted entity is amalgamating with AL, a listed entity. We have therefore, given due cognizance to the base price derived using the formula prescribed under ICDR Regulations after considering the fair value of AL, while determining the share exchange ratio. Further, since, amalgamation of ADPL with AL is not specifically covered by Regulation 158, the ratio for the said amalgamation is guided by the fair values of the two companies arrived as per the methodologies discussed above.

Besides holding shares in AL, ADPL also undertakes independent business activity. Therefore, the per share value of the ADPL includes the value of the business. It may be noted that the value of investment of ADPL in AL is considered at the same fair value as that estimated during the current exercise and considered by us to determine the share exchange ratio.

Pursuant to the scheme, equity shares of AL held by ADPL would get cancelled as a part of the proposed transaction and the shareholders of ADPL would be issued equity shares of AL in the proportion of the share exchange ratio recommended by the board.

RECOMMENDATION OF THE RATIO OF SHARE EXCHANGE FOR THE PROPOSED TRANSACTION

The basis of amalgamation of ADPL into AL would have to be determined after taking into consideration all the factors and methods mentioned above. Though different values have been arrived at under each of the above methods, for recommending the fair share exchange ratio to arrive at a final value of each of the Company's shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches/ methods.

For valuing equity shares of AL, we have used combination of asset approach, market price approach and income approach. Equity shares of AL are listed on the NSE and BSE and its shares are traded frequently and it can be stated that price at which informed buyer and informed seller carries out their transaction can reasonably be considered to be a fair price, we have assigned a higher weightage of 50% to the value derived under market approach and for the remaining 50% equal weightage of 25% each has been assigned to the values derived under asset approach and income approach respectively, to arrive at the final fair value per equity share of AL.

For valuing equity shares of ADPL, we have used combination of asset approach and income approach. We have assigned equal weightage to the value derived under each of the aforesaid methods respectively, to arrive at the final fair value per equity share of ADPL.





The fair exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies for the proposed amalgamation based on the various methodologies mentioned herein earlier.

Suitable rounding off have been carried out wherever necessary to arrive at the fair value/ exchange ratio. Refer Annexure 1 for value under each of the methods and the weightages attributed to the same.

In light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above we recommend the following share exchange ratio:

Fair Share Exchange ratio for the equity shareholders of ADPL on amalgamation with AL

348 (Three Hundred and Forty Eight) equity shares of Ashima Limited (AL) of INR 10 each fully paid up shall be issued for every **100 (One Hundred)** equity shares of Ashima Dyecot Private Limited (ADPL) of INR 10 each fully paid up.

Respectfully submitted,

N S KUMAR & CO.
Chartered Accountants
ICAI Firm Registration No. 139792W

Niranjana S Kumar
Proprietor
Membership No. 121635



Place: Pune
Date: 19 October 2019
UDIN: 19121635AAAACF4501



Annexure 1:

Computation of fair share exchange ratio:

Valuation Approach	AL		ADPL	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset Approach	30.23	25.0%	51.92	50.0%
Income Approach	1.95	25.0%	36.09	50.0%
Market Approach	9.17	50.0%	NA*	NA
Relative value per share	12.63 (A)		44.01 (B)	
Fair Exchange Ratio (Rounded) (B/A)			3.48	

**Equity shares of ADPL are not listed on any stock exchange and we have therefore not considered the market price method to value their shares. Further, ADPL is primarily engaged in the business of carrying on processing related activities. There are no listed companies which exclusively operate in this business segment, we have therefore not considered the comparable market approach to value ADPL.*

Recommended ratio:

348 (Three Hundred and Forty Eight) equity shares of Ashima Limited (AL) of INR 10 each fully paid up shall be issued for every 100 (One Hundred) equity shares of Ashima Dyecot Private Limited (ADPL) of INR 10 each fully paid up.





Annexure 2:

Fair value of equity shares of Ashima Limited as per SEBI ICDR regulations:

Week	From date	To date	VWAP		
			High	Low	Average
1	22-Apr-19	26-Apr-19	11.57	11.47	11.52
2	30-Apr-19	03-May-19	11.36	11.00	11.18
3	06-May-19	10-May-19	11.16	10.70	10.93
4	13-May-19	17-May-19	10.78	9.98	10.38
5	20-May-19	24-May-19	11.05	10.25	10.65
6	27-May-19	31-May-19	11.93	10.97	11.45
7	03-Jun-19	07-Jun-19	11.52	11.10	11.31
8	10-Jun-19	14-Jun-19	11.05	9.65	10.35
9	17-Jun-19	21-Jun-19	9.83	9.00	9.42
10	24-Jun-19	28-Jun-19	10.48	9.96	10.22
11	01-Jul-19	05-Jul-19	10.56	10.31	10.44
12	08-Jul-19	12-Jul-19	9.88	9.46	9.67
13	15-Jul-19	19-Jul-19	9.41	9.05	9.23
14	22-Jul-19	26-Jul-19	8.45	7.85	8.15
15	29-Jul-19	02-Aug-19	7.96	6.92	7.44
16	05-Aug-19	09-Aug-19	7.73	7.14	7.44
17	13-Aug-19	16-Aug-19	7.38	7.12	7.25
18	19-Aug-19	23-Aug-19	7.20	6.63	6.92
19	26-Aug-19	30-Aug-19	7.66	7.03	7.35
20	03-Sep-19	06-Sep-19	7.46	7.13	7.30
21	09-Sep-19	13-Sep-19	8.90	8.42	8.66
22	16-Sep-19	20-Sep-19	8.69	8.19	8.44
23	23-Sep-19	27-Sep-19	9.23	8.63	8.93
24	30-Sep-19	04-Oct-19	8.77	8.09	8.43
25	07-Oct-19	11-Oct-19	7.86	7.19	7.53
26	14-Oct-19	18-Oct-19	8.48	7.18	7.83

Average of weekly high and low of volume weighted average price of equity shares of the entity quoted on NSE during the 26 weeks preceding the relevant date	9.17
Average of weekly high and low of volume weighted average price of equity shares of the entity quoted on NSE during the 2 weeks preceding the relevant date	7.68
Higher of the two considered for the purpose of valuation	9.17





Niranjan Kumar

Registered Valuer- Securities and Financial Assets

Date: 19 October 2019

To,
The Board of Directors
Ashima Limited
Texcellance Complex,
Khokhara- Mehmedabad,
Ahmedabad- 380021

To,
The Board of Directors
Ashima Dyecot Private Limited
Texcellance Complex,
Khokhara- Mehmedabad,
Ahmedabad- 380021

Subject: Recommendation of fair share exchange ratio for the proposed amalgamation of Ashima Dyecot Private Limited ('ADPL' or 'Transferor Company') with Ashima Limited ('AL' or 'Transferee Company')

Dear Sir/ Madam,

We refer to the engagement letter and discussions held whereby the Management of Ashima Limited ('AL') and Ashima Dyecot Private Limited ('ADPL') had appointed Niranjan Kumar, Registered Valuer ('NSK') to recommend a fair share exchange ratio for the proposed amalgamation of Ashima Dyecot Private Limited ('ADPL' or 'Transferor Company') with Ashima Limited ('AL' or 'Transferee Company') (both transferor and transferee company together referred to as 'Transacting Companies').

Please find enclosed the report (comprising 13 pages) detailing our recommendation of share exchange ratio for the proposed amalgamation, the methodologies employed and the assumptions used in our analysis.

This report sets out our scope of work, background, source of information, procedures performed by us and our recommendation of the share exchange ratio.

SCOPE AND PURPOSE OF THIS REPORT

Ashima Limited ('AL') is one of India's leading cotton fabric manufacturers. It offers a range of cotton textile products encompassing denims, yarn-dyed shirting fabrics and also manufactures ready-to-stitch fabrics. The equity shares of Ashima Limited are listed on the National Stock Exchange ('NSE') and BSE.

Ashima Dyecot Private Limited ('ADPL') was incorporated in the year 1995 and is engaged in the business of processing textile fabrics and manufacture of readymade garments. ADPL is also the holding company of AL and currently holds 58.61% of the outstanding equity shares of AL as at the report date.

We understand that the Management of the Transacting Companies (hereinafter referred to as 'the Management') are contemplating to amalgamate ADPL with AL in accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013 or any statutory modifications, re-enactment or amendments thereof for the time being in force ("the Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("the Rules"), as amended from time to time and all other applicable provisions, if any, of the Act and any other applicable law for the time being in force and in a manner provided in the Scheme of Amalgamation ('the Scheme') (hereinafter referred to as 'proposed transaction').

It is in this regard, the Management has appointed Niranjan Kumar, Registered Valuer to submit a report recommending a fair share exchange ratio for the proposed transaction. The Management has





requested NSK to determine the fair share exchange ratio as at the report date ('Valuation Date'). We have undertaken our valuation analysis based on data available and provided upto 18 October 2019.

We understand that the appointed date for the amalgamation would be 01 April 2019 or any other date as approved by the competent authorities.

The scope of our services is to conduct a relative (and not absolute) valuation exercise as at the Valuation Date to determine the fair share exchange ratio using internationally accepted valuation methodologies as may be applicable to the subject case and report on the same in accordance with generally accepted professional standards including in compliance with the Indian Valuation Standards (IVS) notified by the Institute of Chartered Accountants of India (ICAI) and applicable Securities Exchange Board of India ('SEBI') Guidelines as may be applicable to listed entities.

This report is our deliverable for the said engagement and is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality and in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with the valuation exercise, we have used the following information obtained from the Management and/ or gathered from public domain:

A. Company specific information:

Information provided by the Management which includes:

- Audited financial statements for FY19 and FY18 of Transacting Companies
- Limited Review financial statements of AL for the three months period ended 30 June 2019
- Latest Shareholding pattern of Transacting Companies
- Fair valuation report for valuation of immovable properties issued by Parag Sheth, registered valuer for land and building dated 15 October 2019
- Estimated fair market value as at 01 April 2001 for immovable properties provided by the Management
- Financial projections of Transacting Companies for the period from FY20 to FY25 which represents management's best estimate of the future financial performance
- Draft composite scheme of arrangement and amalgamation
- Discussions and correspondence with the Management in connection with business operations, past trends, proposed future business plans and prospects, realizability of assets, etc.; and

We have also considered/ obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the Management. Besides the above listing, there may be other information provided by the Management which may not have been perused by us in detail, if not considered relevant for our defined scope.

PROCEDURES ADOPTED

- Discussion with the management to understand the business and the fundamental factors that affect the business of the entities including their earning generating capability
- Inquiries about the historical financial performance, current state of affairs, business plans and future performance estimates



- Understand the rationale for cashflow projections and the assumptions made by the Management in projecting the future cashflows of the Transacting Companies
- Discussion with respect to realizability of the assets of Transacting Companies and adjustment if any, required to their current carrying values
- Selection of appropriate internationally accepted valuation methodology / (ies) after analysis of business operations
- Arrived at the valuation of the Companies using the method/(s) considered appropriate and determined the value per equity share
- Determined the fair share exchange ratio for the proposed amalgamation of ADPL with AL

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us.

This report, its contents and the results herein are specific and subject to:

- the purpose of the valuation agreed as per the terms of the engagement;
- the date of the report;
- shareholding pattern of Transacting Companies;
- realization of cashflow projections of Transacting Companies as provided by the Management;
- realizability of the immovable properties at their fair values estimated by the Registered Valuer and other assets at the values carried in the books of accounts of Transacting Companies;
- market price reflecting the fair value of the underlying equity shares;
- no additional outflow towards liabilities other than those recorded in the books of accounts of Transacting Companies; and
- data detailed in the section - Sources of Information

We have been informed that the business activities of the Transacting Companies have been carried out in the normal and ordinary course between the latest available financials and the report date and that no material changes have occurred in their respective operations and financial position between the latest available financial statements and the report date.

A value analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular. It is based on information made available to us as of the date of this report, events occurring after that date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. There will always be several factors e.g. Management capability, present and prospective yield on comparable securities, market sentiment etc., which are not evident on the face of the financial statement, but which will strongly influence the worth of a share.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Companies till the date of this report and other sources, and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our



recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of fair share exchange ratio is not a precise science and the conclusions arrived at in many cases, will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single fair value. While we have provided our recommendation of the fair share exchange ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for the determination of the share exchange ratio at which the proposed transaction shall take place will be with the Board of Directors of the entities part of the transaction, who should take into account other factors such as their own assessment of the proposed transaction and input of other advisors.

In the course of our analysis, we were provided with both written and verbal information, including market, technical, financial and operating data including information as detailed in the section – Sources of Information.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification of

- the accuracy of information made available to us by the Management which formed a substantial basis for the report; and
- the accuracy of information that was publicly available

We have not carried out a due diligence or audit or review of the Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided.

We are not legal or regulatory advisors with respect to legal and regulatory matters for the proposed transaction. We do not express any form of assurance that the financial information or other information as prepared and provided by the Companies is accurate. Also, with respect to explanations and information sought from the advisors, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and information given by/ on behalf of the Management. The Management of the Companies have indicated to us that they have understood any omissions, inaccuracies or misstatements may materially affect our recommendation. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Companies. However, nothing has come to our attention to indicate that the information provided was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not recorded in the audited/ provisional financial statements of the Companies.





This report does not look into the business/ commercial reasons behind the proposed transaction nor the likely benefits arising out of the same. Similarly, the report does not address the relative merits of the proposed transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to recommendation of fair share exchange ratio only.

We must emphasize that while valuing the immovable properties held by the Transacting Companies, we have placed complete reliance on the valuation report provided by IBBI approved Registered Valuer for land and Building. We have not independently verified the correctness of the content of this report including the key valuation considerations stated therein.

We must emphasize that we have used different valuation methods for valuing the Transacting Companies and given appropriate weights to value derived under each method after giving due consideration to the various qualitative factors relevant to the Companies and the business dynamics and growth potentials of the respective businesses, having regard to information base, key underlying assumptions and limitations, current business operations, quality of assets held, etc.

We must emphasize that realization of forecasted free cash flow forecast or the realizability of the assets at the values considered in our analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences could be material. To the extent that our conclusions are based on the forecasts, we express no opinion on achievability of those forecasts. The fact that we have considered the projections in this valuation exercise should not be construed or taken as our being associated with or a party to such projections.

The fee for the Engagement is not contingent upon the results reported.

We owe responsibility only to the Management of AL and ADPL who have appointed us, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on the part of the companies, their directors, employees or agents. It is understood that this analysis does not represent a fairness opinion.

This valuation report is subject to the laws of India.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of determining the share exchange ratio for the proposed transaction and relevant filing with regulatory authorities in this regard, without our prior written consent. In addition, this report does not in any manner address the prices at which equity shares of AL shall trade following announcements of the proposed transaction and we express no opinion or recommendation as to how shareholders of the Transacting Companies should vote at any shareholders' meetings. Our report and the opinion/ valuation analysis contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions.



**BACKGROUND OF THE COMPANIES****1. Ashima Limited (AL)**

Ashima Limited is a public limited company with its shares listed on NSE and BSE. It is one of India's leading 100% cotton fabric manufacturers. It offers a range of cotton textile products encompassing denims, yarn-dyed shirting fabrics and also operates into ready-to-stich fabrics and has its manufacturing facility located at Ahmedabad, Gujarat. Its products are sold domestically as well as in international markets.

The issued, subscribed and outstanding equity share capital of AL as at the report date consists of 12,84,53,876 equity shares of face value of INR 10 each fully paid up. The equity shareholding pattern of AL as at the report date is as follows:

Shareholder	Number of shares	% of shareholding
Promoter	7,82,51,745	60.9%
Public - Institutions	93,46,774	7.3%
Public - Non-institutions	4,08,55,357	31.8%
Total	12,84,53,876	100.0%

Source: Management of AL

2. Ashima Dyecot Private Limited (ADPL)

Ashima Dyecot Private Limited (ADPL) is a private limited company and is part of the Ashima group. ADPL was incorporated in the year 1995 and is engaged in the business of processing textile fabrics and manufacture of readymade garments and has its manufacturing facility located at Ahmedabad, Gujarat. It offers a range of cotton textile products encompassing khakis, readymade garments, interlining fabrics, garment washing activities (laundry), etc.

ADPL holds 58.61% of the outstanding equity share capital of AL as at the report date.

The issued, subscribed and outstanding equity share capital of ADPL as at the report date consists of 3,97,95,448 equity shares of face value of INR 10 each fully paid up. The equity shareholding pattern of ADPL as at the report date is as follows:

Shareholder	Number of shares	% of shareholding
Navchintan Trust & other promoters	3,96,18,692	99.6%
Others	1,76,756	0.4%
Total	3,97,95,448	100.0%

Source: Management of ADPL





VALUATION APPROACHES

The Scheme contemplates the amalgamation of ADPL into AL. Arriving at the fair share exchange ratio would require determining the value of equity shares of ADPL and value of equity shares of AL. These values are to be determined independently but on a relative basis and without considering the effect of the proposed transaction.

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to the industry performance and general business and economic conditions, many of which are beyond the control of the company. Further, this valuation will fluctuate with lapse of time, changing prevailing market conditions, the prospects, financial and otherwise of the various companies and other factors which generally influence the valuation of shares and companies.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purpose, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The following are commonly used and accepted methods for determining the value of the equity shares of a company:

- Asset Approach – Net Asset Value method
- Market Approach:
 - a) Market Price method
 - b) Comparable Companies/ Transactions Multiple method
- Income Approach – Discounted cash flow method

For the proposed transaction, we have considered the following commonly used and accepted methods for determining the fair share exchange ratio, to the extent relevant and applicable:

1. Asset Approach - Net Asset Value Method ('NAV')

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This methodology is likely to be appropriate for business which derives value mainly from the underlying value of its assets rather than its earnings. This value analysis approach may also be used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominates earning capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

Both ADPL and AL have a significant asset base including immovable properties and investment in equity shares. Since the companies derive significant value from the assets held by them, we have used the net asset value method to value both the companies. For the purpose of this approach, the value of the immovable properties have been considered at its estimated fair value and all other assets have been considered at its realisable value.



2. Market Approach

a) Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the shares as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in case of an amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the equity shares of AL are listed on NSE and BSE and are regularly traded with reasonable volumes. We have therefore used the market price approach to value the equity shares of AL.

For determining price of shares of AL, we have considered the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 issued vide notification No. SEBI/LAD-NRO/GN/2018/31 dated 11 September 2018 and as amended from time to time, which prescribes that:

If the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty-six weeks or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

- a. *the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or*
- b. *the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.*

Further, it is clarified that the relevant date for the purpose of computing the price of the equity shares of AL will be the date of the board meeting of AL, approving the Scheme. We have therefore considered the price upto our report date i.e. upto 18 October 2019 for the purpose of our analysis.

Equity shares of ADPL are not listed on any stock exchange and we have therefore not considered the market price method to value their shares.

b) Comparable Companies Multiples ('CCM') / Comparable Transactions Multiples ('CTM') method

Under CCM, the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. CCM applies multiples derived from similar or 'comparable' publicly traded companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.





Under CTM, the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

AL has incurred business losses during FY19 and therefore we have not considered the comparable companies approach to value AL.

In case of ADPL the company is primarily engaged in the business of carrying on processing related activities. There are no listed companies which exclusively operate in this business segment, we have therefore not considered the comparable market approach to value ADPL.

3. Income Approach – Discounted Cash Flow Method ('DCF')

DCF method values a business based upon the available cash flow a prudent investor would expect the subject business to generate over a given period of time. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the perpetuity value at an appropriate discount factor. Free cash flows are the cash flows expected to be generated by the company that are available to equity shareholders of the company. The terminal value represents the total value of the available cash flow for all periods subsequent to the forecast period. The terminal value of the business at the end of the forecast period is estimated and discounted to its equivalent present value and added to the present value of the explicit forecast period cash flow to estimate the value of the business.

The projected free cash flows to capital providers over the explicit forecast period and terminal value are discounted using the weighted average cost of capital ('WACC'). The sum of the discounted value of such free cash flows to firm is the value of the business attributable to capital providers.

Using the DCF analysis involves determining the following:

Estimating future cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of capital i.e. both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the weighted average cost of capital ('WACC')

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and lenders), weighted by their relative contribution to the total capital of a company/ business. The opportunity cost to the capital providers equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value attributable to the equity shareholders of the business, value arrived after discounting free cash flows to firm by the DCF method for a company is adjusted for the value of loans, cash, inflow on exercise of options, non-operating assets/liabilities (e.g. fair value of investments, any contingent liabilities, etc.). The total value for equity shareholders is then divided by the total number of equity shares (on fully diluted basis) to arrive at the value per equity share of a company.



Going forward both AL and ADPL are expected to earn profits and generate positive cash flows, we have therefore used DCF method to value the business of both these companies and have then adjusted it for cash and cash equivalents, investments, debt and other matters as considered appropriate to arrive at the equity value.

KEY VALUATION CONSIDERATIONS

Regulation 158 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulation") which specifies that preferential issue of equity shares to shareholders of unlisted entity pursuant to a National Company Law Tribunal approved scheme shall conform the pricing provisions of preferential issue specified under Regulation 164 of the said regulations. Further, it may be noted that Regulation 164 specifies the base price for issue of shares on a preferential basis. In the proposed Transaction, ADPL an unlisted entity is amalgamating with AL, a listed entity. We have therefore, given due cognizance to the base price derived using the formula prescribed under ICDR Regulations after considering the fair value of AL, while determining the share exchange ratio. Further, since, amalgamation of ADPL with AL is not specifically covered by Regulation 158, the ratio for the said amalgamation is guided by the fair values of the two companies arrived as per the methodologies discussed above.

Besides holding shares in AL, ADPL also undertakes independent business activity. Therefore, the per share value of the ADPL includes the value of the business. It may be noted that the value of investment of ADPL in AL is considered at the same fair value as that estimated during the current exercise and considered by us to determine the share exchange ratio.

Pursuant to the scheme, equity shares of AL held by ADPL would get cancelled as a part of the proposed transaction and the shareholders of ADPL would be issued equity shares of AL in the proportion of the share exchange ratio recommended by the board.

RECOMMENDATION OF THE RATIO OF SHARE EXCHANGE FOR THE PROPOSED TRANSACTION

The basis of amalgamation of ADPL into AL would have to be determined after taking into consideration all the factors and methods mentioned above. Though different values have been arrived at under each of the above methods, for recommending the fair share exchange ratio to arrive at a final value of each of the Company's shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches/ methods.

For valuing equity shares of AL, we have used combination of asset approach, market price approach and income approach. Equity shares of AL are listed on the NSE and BSE and its shares are traded frequently and it can be stated that price at which informed buyer and informed seller carries out their transaction can reasonably be considered to be a fair price, we have assigned a higher weightage of 50% to the value derived under market approach and for the remaining 50% equal weightage of 25% each has been assigned to the values derived under asset approach and income approach respectively, to arrive at the final fair value per equity share of AL.

For valuing equity shares of ADPL, we have used combination of asset approach and income approach. We have assigned equal weightage to the value derived under each of the aforesaid methods respectively, to arrive at the final fair value per equity share of ADPL.





The fair exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies for the proposed amalgamation based on the various methodologies mentioned herein earlier.

Suitable rounding off have been carried out wherever necessary to arrive at the fair value/ exchange ratio. Refer Annexure 1 for value under each of the methods and the weightages attributed to the same.

In light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above we recommend the following share exchange ratio:

Fair Share Exchange ratio for the equity shareholders of ADPL on amalgamation with AL

348 (Three Hundred and Forty Eight) equity shares of Ashima Limited (AL) of INR 10 each fully paid up shall be issued for every **100 (One Hundred)** equity shares of ADPL of INR 10 each fully paid up.

Respectfully submitted,



Niranjn Kumar

Registered valuer – Securities and Financial Assets

IBBI Registration Number- IBBI/RV/06/2018/10137

ICAI RVO Regn Number: ICAIRVO/06/RV-P000021/2018-19

UDIN: 19121635AAAACF4501

Date: 19 October 2019

Place: Pune



Annexure 1:

Computation of fair share exchange ratio:

Valuation Approach	AL		ADPL	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset Approach	30.23	25.0%	51.92	50.0%
Income Approach	1.95	25.0%	36.09	50.0%
Market Approach	9.17	50.0%	NA*	NA
Relative value per share	12.63 (A)		44.01 (B)	
Fair Exchange Ratio (Rounded) (B/A)			3.48	

*Equity shares of ADPL are not listed on any stock exchange and we have therefore not considered the market price method to value their shares. Further, ADPL is primarily engaged in the business of carrying on processing related activities. There are no listed companies which exclusively operate in this business segment, we have therefore not considered the comparable market approach to value ADPL.

Recommended ratio:

348 (Three Hundred and Forty Eight) equity shares of Ashima Limited (AL) of INR 10 each fully paid up shall be issued for every 100 (One Hundred) equity shares of Ashima Dyecot Private Limited (ADPL) of INR 10 each fully paid up.





Annexure 2:

Fair value of equity shares of Ashima Limited as per SEBI ICDR regulations:

Week	From date	To date	VWAP		
			High	Low	Average
1	22-Apr-19	26-Apr-19	11.57	11.47	11.52
2	30-Apr-19	03-May-19	11.36	11.00	11.18
3	06-May-19	10-May-19	11.16	10.70	10.93
4	13-May-19	17-May-19	10.78	9.98	10.38
5	20-May-19	24-May-19	11.05	10.25	10.65
6	27-May-19	31-May-19	11.93	10.97	11.45
7	03-Jun-19	07-Jun-19	11.52	11.10	11.31
8	10-Jun-19	14-Jun-19	11.05	9.65	10.35
9	17-Jun-19	21-Jun-19	9.83	9.00	9.42
10	24-Jun-19	28-Jun-19	10.48	9.96	10.22
11	01-Jul-19	05-Jul-19	10.56	10.31	10.44
12	08-Jul-19	12-Jul-19	9.88	9.46	9.67
13	15-Jul-19	19-Jul-19	9.41	9.05	9.23
14	22-Jul-19	26-Jul-19	8.45	7.85	8.15
15	29-Jul-19	02-Aug-19	7.96	6.92	7.44
16	05-Aug-19	09-Aug-19	7.73	7.14	7.44
17	13-Aug-19	16-Aug-19	7.38	7.12	7.25
18	19-Aug-19	23-Aug-19	7.20	6.63	6.92
19	26-Aug-19	30-Aug-19	7.66	7.03	7.35
20	03-Sep-19	06-Sep-19	7.46	7.13	7.30
21	09-Sep-19	13-Sep-19	8.90	8.42	8.66
22	16-Sep-19	20-Sep-19	8.69	8.19	8.44
23	23-Sep-19	27-Sep-19	9.23	8.63	8.93
24	30-Sep-19	04-Oct-19	8.77	8.09	8.43
25	07-Oct-19	11-Oct-19	7.86	7.19	7.53
26	14-Oct-19	18-Oct-19	8.48	7.18	7.83

Average of weekly high and low of volume weighted average price of equity shares of the entity quoted on NSE during the 26 weeks preceding the relevant date	9.17
Average of weekly high and low of volume weighted average price of equity shares of the entity quoted on NSE during the 2 weeks preceding the relevant date	7.68
Higher of the two considered for the purpose of valuation	9.17





KUNVARJI

SINCE 1960

Driven By Knowledge

October 19, 2019

To
The Board of Directors
Ashima Limited
Texcellance Complex,
Khokhara- Mehmedabad,
Ahmedabad- 380021

Dear Sir,

Sub: Fairness Opinion on the recommendation of the fair Share Exchange Ratio for the proposed amalgamation of Ashima Dyecot Private Limited ('ADPL' or the 'Transferor Company') with Ashima Limited ('AL' or the 'Transferee Company' or the 'Company').

We understand that the Board of Directors (the "Board") of Ashima Limited is considering the amalgamation of Ashima Dyecot Private Limited (the "Transferor Company") with Ashima Limited ("AL" or the "Transferee Company" or the "Company") (both transferor and transferee company together referred to as the "Transacting Companies"), through a Scheme of Amalgamation and Arrangement between the Transacting Companies and their respective Shareholders and creditors, under Section 230 to 232 read with Section 66 of the Companies Act, 2013 (the proposed "Amalgamation").

Be advised that while certain provisions of the amalgamation are summarized below, the terms of the amalgamation will be more fully described in the Scheme document to be published in relation to the amalgamation (the "Scheme Document"). As a result, the description of the amalgamation and certain other information contained herein is qualified in its entirety by reference to the Scheme Document.

Pursuant to the amalgamation, the Transferee Company will issue and allot to all the Shareholders of the Transferor Company, 348 fully paid up Equity Shares of AL of INR 10 each for every 100 fully paid up Equity Shares of ADPL of INR 10 each. ("Share Exchange Ratio").

The Share Exchange Ratio is based on the valuation reports dated October 19, 2019 prepared by N S KUMAR & CO, Independent Chartered Accountant (the "Valuer"), being an independent professional valuer and Niranjana Kumar, Registered Valuer appointed by the Board of the AL for recommending a Share Exchange Ratio for the proposed amalgamation (the "Valuation Reports").



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Kunvarji Finstock Pvt. Ltd.

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CIN - U65910GJ1986PTC008979
003091/2019



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The Board has appointed Kunvarji Finstock Private Limited ("**KFPL**" or "**Kunvarji**" or "**We**" or "**us**"), to issue a fairness opinion to the AL in relation to the Share Exchange Ratio proposed by it based on the recommendations set out in the Valuation Reports.

This Opinion is subject to the Scope, limitations and disclaimers detailed herein.

SCOPE OF OUR REVIEW:

In arriving at the opinion set out below, we have, among other things:

1. Reviewed the Valuation Reports and discussed the Valuation Reports with the Valuer;
2. Reviewed the draft Scheme document dated October 19, 2019;
3. Reviewed certain publicly available business information on the Transacting Companies;
4. Reviewed the annual reports for the Transacting Companies for the financial years ending 31 March 2017, 31 March 2018 and 31 March 2019 and the standalone unaudited financial results for the Transferee Company for the period ending 30 June 2019 and audited financial results for the Transferor Company for the period ending 31 March 2019;
5. Reviewed the reported price for the Transacting Companies;
6. Reviewed certain analysts' estimates for the Transacting Companies;
7. Used certain valuation methods commonly used for these types of analyses and taken into account such other matters as we deemed appropriate including our assessment of current conditions and prospects for the industry and general economic and market conditions.

ASSUMPTIONS AND LIMITATIONS:

In giving our opinion:

1. We have relied on the assessment of AL's management on the commercial merits of the amalgamation, including that the amalgamation is in the best interests of the Transferee Company and its shareholders as a whole;
2. We have relied without independent verification, upon the accuracy and completeness of all of the information (including, without limitation, the Valuation Reports) that was made available to us or publicly available or was discussed with or reviewed by us (including the information set out above) and have assumed such accuracy and completeness for the purpose of providing this opinion;



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3. We have not been provided with any financial forecasts or other internal financial analysis relating to the Transferee Company or the Transferor Company or a copy of the Transferee Company's or the Transferor Company's business plans;
4. We have had limited access to the management of the Transferee Company and have had no access to the management of the Transferor Company. We have therefore not discussed with management the past and current business operations or the financial condition of the Transacting Companies;
5. While we have used various assumptions, judgements and estimates in our inquiry, which we consider reasonable and appropriate under the circumstances, no assurances can be given as to the accuracy of any such assumptions, judgements and estimates;
6. We have assumed that all governmental, regulatory, shareholder and other consents and approvals necessary for the amalgamation will be obtained in a timely manner without any adverse effect on the Transferee Company;
7. We have not made any independent evaluation or appraisal of the assets and liabilities of the Transferee Company and its Subsidiaries or the Transferor Company and we have not been furnished with any such evaluation or appraisal, nor have we evaluated the solvency or fair value of the Transacting Companies under any laws relating to the bankruptcy, insolvency or similar matters;
8. We have made no adjustment to the share price of the Transacting Companies for the purpose of our analysis;
9. We have not conducted any independent legal, tax, accounting, or other analysis of the Transferee Company or of the amalgamation and when appropriate we have relied solely upon the judgements of the Transferee Company's legal, tax, accountants and other professionals advisers who may have given such advice to the Transferee Company without knowledge or acceptance that it would be relied upon by us for the purpose of this opinion. We have not included the legal and tax effects of any reorganization or transaction costs that may arise as a result of the amalgamation in our analysis. In addition, we have not performed any independent analysis of the situation of the individual shareholders of the Transferee Company, including with respect to taxation in relation to the amalgamation and express no opinion thereon;
10. We have not undertaken independent analysis of any potential or actual litigation, regulatory action, possible un-asserted claims, or other contingent liabilities to which the Transferee Company or the Transferor Company is or may be a party or is or may be

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subject, or of any government investigation of any possible un-asserted ~~claims or other~~ ^{claims or other} contingent liabilities to which the Transferee Company or the Transferor Company is or may be a party or is or may be subject;

11. We have not conducted any physical inspection of the properties or facilities of the Transacting Companies;
12. We have assumed that the amalgamation will be consummated on the terms set forth in the Scheme Document and that the final version of Scheme Document will not change in any material respect from the draft version we have reviewed for the purpose of this opinion;
13. We have assumed that the management of the Transferee Company are not aware of any facts or circumstances that would make any information necessary for us to provide this opinion inaccurate or misleading and that the management have not omitted to provide us with any information which may be relevant to the delivery of this opinion;

Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect the opinion and that we do not have any obligation to update, revise or reaffirm this opinion.

We are expressing no opinion herein as to the price at which any securities of either the Transferee Company or of the Transferor Company will trade at any time.

RELATIONSHIP WITH KFPL:

KFPL was not requested to, and did not, provide advice concerning the structure, the Share Exchange Ratio or any other aspects of the amalgamation or to provide services other than the delivery of this Fairness opinion. KFPL did not participate in negotiations with respect to the terms of the amalgamation and any related transactions. Consequently, KFPL has assumed that such terms are the most beneficial terms from the AL's perspective that could under the circumstances be negotiated with the ADPL.

We will receive a fee from the AL for rendering this opinion. In addition, the AL has agreed to indemnify us for claims arising out of our engagement for providing the opinion.

In the past, KFPL and its affiliates have not provided any financing and other services to the Transacting Companies.



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CIN - U65910GJ1986PTC008979
003094/2019

**KUNVARJI**

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*Driven By Knowledge***OTHER LIMITATIONS:**

This opinion is addressed to and provided solely for the Board of Directors of the AL exclusively in connection with and for the purposes of its evaluation of the fairness of the Share Exchange Ratio. This letter shall not confer rights or remedies upon, and may not be used or relied on by, and holder of Securities of the AL, any creditor of the AL or by any other person other than the Board of Directors of the AL and the regulatory authorities involved in connection to the proposed Scheme.

KFPL is acting for the Board of Directors of the AL and no one else in connection with the amalgamation and will not be responsible to any person other than the Board of Directors of the AL for providing this opinion. Neither the existence of this letter nor its contents may be copied in whole or in Part, or discussed with any other parties, or published or made public referred to in any way, without our prior written consent in each instance, except that this opinion may be described in and included in its entirety in the Scheme Document. We take no responsibility or liability for any claims arising out of any such disclosure and we specifically disclaim any responsibility to any third party to whom this opinion may be shown or who may acquire a copy of this opinion.

This report shall be governed by the laws of India.

Specifically, this opinion does not address the Commercial merits of the amalgamation nor the underlying decision by the Transferee Company to proceed with the amalgamation nor does it constitute a recommendation to any shareholder or creditor of the Transferee Company as to how such Shareholder or creditor should vote with respect to the amalgamation or any other matter. The ultimate responsibility for the decision to recommend the amalgamation rests solely with the Board of Directors of the AL.

CONCLUSIONS:

Based upon, and subject to, the foregoing we are of the opinion that, as of the date hereof, we believe that the proposed Share Exchange Ratio as recommended by N S KUMAR & CO, Independent Chartered Accountant and Niranjan Kumar, Registered Valuer for the proposed Scheme of Amalgamation and Arrangement is fair, from financial point of view, to the shareholders of the AL.

Yours faithfully,

For, Kunvarji Finstock Private Limited



Mr. Himanjal Brahmhatt
Director (DIN: 00049679)



Date: October 19, 2019

Place: Ahmedabad

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003095/2019



Regd. Office : Texcellence Complex, Near Anupam Cinema, Khokhra, Ahmedabad - 380 021, India.
 Phone : 91-79-67777000 • Fax : 91-79-22773061 • E-mail : texcellence@ashima.in
 CIN No : L99999GJ1982PLC005253

Date: 4th December, 2019

To,
 BSE Limited
 Corporate Relationship Department,
 25th Floor, P J Towers, Dalal Street,
 Fort, Mumbai - 400001
SECURITY CODE NO: 514286

Dear Sir/Madam,

Sub: Submission of Complaint Report as per SEBI Circular No CFD/DIL/CIR/2017/21 dated March 10, 2017 (as amended from time to time) for the proposed Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited and Ashima Limited and their respective shareholders and creditors pursuant to the provisions of Section 230-232 of Companies read with Section 66 of Companies Act, 2013.


This is reference to our Application under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited and Ashima Limited and their respective shareholders and creditors ('the Scheme'). In accordance with the SEBI Circular No CFD/DIL/CIR/2017/21 ('SEBI Circular'), please find the enclosed the Complaints Report in the format prescribed indicating "NIL" complaints received on the Scheme during the period of 21 from the date of uploading of Draft Scheme and related documents on Exchange's website i.e. 11th November, 2019 to 03rd December, 2019.


Also note that that the Complaints Report is being uploaded on the website of the Company at <https://ashima.in/investor-relations/shareholder-information-disclosures/> as required under the SEBI Circular.

We request you to take the same on record.

Thanking You.

Yours Faithfully,
 For Ashima Limited


 Hiren Mahadevia
 Company Secretary



Encl: as above

T E X C E L L E N C E

Visit us at <http://www.ashima.in>



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 Phone : 91-79-67777000 • Fax : 91-79-22773061 • E-mail : texcellence@ashima.in
 CIN No : L99999GJ1982PLC005253

COMPLAINTS REPORT

Period for Complaint Report: 11th November, 2019 to 3rd December, 2019

PART A

Sr. No	Particulars	Number
1	Number of Complaints received directly	Nil
2	Number of Complaint received /forwarded by Stock Exchange /SEBI	Nil
3	Total Number of Complaints received/comments received (1+2)	Nil
4	Number of Complaints resolved	Not Applicable
5	Number of Complaints pending	Not Applicable

PART B

Sr. No	Name of complainant	Date of Complaint	Status (Resolved/Pending)
Not Applicable			

For Ashima Limited

Hiren Mahadevia
 Company Secretary

Date: 4th December, 2019



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 Phone : 91-79-67777000 • Fax : 91-79-22773061 • E-mail : texcellence@ashima.in
 CIN No : L99999GJ1982PLC005253

Date: 7th December, 2019

To,
National Stock Exchange of India Limited
 Manager – Listing Compliance Department,
 Exchange Plaza, Bandra Kurla Complex,
 Bandra (East), Mumbai- 400 051, Maharashtra
NSE Symbol: ASHIMASYN

Dear Sir/Madam,

Sub: Submission of Complaint Report as per SEBI Circular No CFD/DIL/CIR/2017/21 dated March 10, 2017 (as amended from time to time) for the proposed Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited and Ashima Limited and their respective shareholders and creditors pursuant to the provisions of Section 230-232 of Companies read with Section 66 of Companies Act, 2013.

This is reference to our Application under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited and Ashima Limited and their respective shareholders and creditors ('the Scheme'). In accordance with the SEBI Circular No CFD/DIL/CIR/2017/21 ('SEBI Circular'), please find the enclosed the Complaints Report in the format prescribed indicating "NIL" complaints received on the Scheme during the period of 21 from the date of uploading of Draft Scheme and related documents on Exchange's website i.e. 15th November, 2019 to 06th December, 2019.

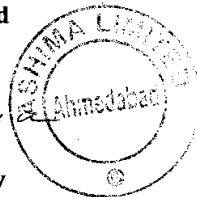
Also note that that the Complaints Report is being uploaded on the website of the Company at <https://ashima.in/investor-relations/shareholder-information-disclosures/> as required under the SEBI Circular.

We request you to take the same on record.

Thanking You.

Yours Faithfully,
For Ashima Limited

Hiren Mahadevia
Hiren Mahadevia
 Company Secretary



Encl: as above

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Phone : 91-79-67777000 • Fax : 91-79-22773061 • E-mail : texcellence@ashima.in
CIN No : L99999GJ1982PLC005253

COMPLAINTS REPORT

Period for Complaint Report: 15th November, 2019 to 06th December, 2019.

PART A

Table with 3 columns: Sr. No, Particulars, Number. Rows include: 1. Number of Complaints received directly (Nil), 2. Number of Complaint received /forwarded by Stock Exchange /SEBI (Nil), 3. Total Number of Complaints received/comments received (1+2) (Nil), 4. Number of Complaints resolved (Not Applicable), 5. Number of Complaints pending (Not Applicable).

PART B

Table with 4 columns: Sr. No, Name of complainant, Date of Complaint, Status (Resolved/Pending). Content: Not Applicable.

For Ashima Limited

Hiren Mahadevia
Company Secretary



Date: 7th December, 2019

T E X C E L L E N C E

Visit us at http://www.ashima.in



DCS/AMAL/JR/R37/1646/2019-20

January 10, 2020

The Company Secretary,
ASHIMA LTD
 Texcellence Complex, Khokhra,
 Ahmedabad, Gujarat, 380021

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement by ASHIMA LTD

We are in receipt of Draft Scheme of Arrangement by ASHIMA LTD and their respective shareholders and creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated January 10, 2020 has inter alia given the following comment(s) on the draft scheme of arrangement:

- “Company shall ensure that Scheme shall be implemented only after seeking approval of the majority of public shareholders through postal ballot and e-voting.”
- “Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges.”
- “Company shall duly comply with various provisions of the Circular.”
- “Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.”
- “It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.”

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for



BSE Limited (Formerly Bombay Stock Exchange Ltd.)
 Registered Office : 25th Floor, R.J. Tower, Dalal Street, Mumbai 400 001 India
 T: +91 22 2272 1233/34 E: corp.comm@bseindia.com www.bseindia.com
 Corporate Identity Number : L67120MH2005PLC155188



any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.


Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,


Nitinkumar Pujari
Senior Manager



National Stock Exchange Of India Limited

Ref: NSE/LIST/22151_II

January 10, 2020

The Company Secretary
Ashima Limited
Texcellence complex,
Khokhara-Mehmedabad,
Ahmedabad-380021

Kind Attn.: Mr. Dipak Thaker

Dear Sir,

Sub: Observation Letter for Draft Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited and Ashima Limited and their respective shareholders and creditors

We are in receipt of the Draft Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited and Ashima Limited and their respective shareholders and creditors vide application dated October 23, 2019.

Based on our letter reference no Ref: NSE/LIST/22151 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated January 10, 2020, has given following comments:

- a. *The Company shall ensure that the scheme shall be implemented only after seeking approval of the majority of public shareholders through postal ballot and e-voting.*
- b. *The Company shall ensure that the additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange and from the date of the receipt of this letter is displayed on the website of the listed company.*
- c. *The Company shall duly comply with various provisions of the Circular.*
- d. *The Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- e. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/ representations.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the Scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

This Document is Digitally Signed



Signer: Rajendra P Bhosale
Date: Fri, Jan 10, 2020 16:11:14 IST
Location: NSE



Continuation Sheet

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No-objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, By-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from January 10, 2020, within which the scheme shall be submitted to NCLT.

Yours faithfully,
For **National Stock Exchange of India Limited**

Rajendra Bhosale
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed



Signer: Rajendra P Bhosale
Date: Fri, Jan 10, 2020 16:11:14 IST
Location: NSE



ashima
DYECOT PVT. LTD.

Regd. Office : Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad - 380 021, India.
Phone No. : 91 - 79 - 67777000 • Fax : 91 - 79 - 22773061 • E.mail : texcellence@ashima.in
CIN : U17110GJ1995PTC025537

REPORT UNDER SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 ADOPTED BY THE BOARD OF DIRECTORS OF ASHIMA DYECOT PRIVATE LIMITED AT ITS MEETING HELD ON 19th OCTOBER 2019 AT THE REGISTERED OFFICE OF THE COMPANY EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION AND ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS, NON-PROMOTER SHAREHOLDERS

The Board of Directors (“Board”) of Ashima Dyecot Private Limited (“Company”) at its Board meeting held on 19th October 2019 has approved the Scheme of Amalgamation and Arrangement (“Scheme”) pursuant to the provisions of Sections 230 - 232 read with Section 66 and other applicable provisions, if any, of the Companies Act, 2013, between Ashima Dyecot Private Limited (“ADPL” or “Transferor Company”) and Ashima Limited (“Transferee Company”). The Scheme is subject to requisite approval(s) of the jurisdictional National Company Law Tribunal, Securities and Exchange Board of India, stock exchanges and other regulatory authorities.

While deliberating on the Scheme, the Board of Directors of the Company had, *inter alia*, considered the following:

- (a) Draft Scheme duly initialled by Company Secretary of the Company for the purpose of identification;
- (b) Share Exchange Valuation Report dated 19th October 2019 issued by N.S. Kumar & Co., Independent Chartered Accountant having Registration No. 139792W and Niranjn Kumar Registered Valuer, having IBBI Registration No IBBI/RV/06/2018/10137 providing the share exchange ratio for the amalgamation of ADPL with the Company under the Scheme;

After considering the documents referred above, the Board of Directors of the Company approved the Scheme.



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As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Board of Directors of the Company explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties is required to be circulated to the members or class of members or creditors or class of creditors, as the case may be, for the meeting of the members or class of members or creditors or class of creditors, as the case may be, along with the notice convening such meeting.

Accordingly, as per Section 232(2)(c) of the Companies Act, 2013, the Board of Directors of the Company in its meeting held on 19th October 2019 took on record the following:

(a) Rationale for the Scheme -

The Transferee Company is engaged in manufacturing of “Cotton Fabric Products” while the Transferor Company is engaged in the business of “processing textile fabrics” and manufacturing of “readymade garments”. Thus, the business of the Transferor and Transferee Company are complementary to each other. The proposed amalgamation of Transferor Company into Transferee Company shall result into several advantages to both the companies and their stakeholders. The detailed rationale has been captured in the Scheme of Amalgamation and Arrangement.

(b) Share Exchange Ratio

“348 (Three Hundred Forty Eight) new equity share of the Transferee Company of the face value of Rs.10/- (Rupees Ten Only) each, credited as fully paid-up for every 100 (One Hundred) equity share of Rs.10/- (Rupees Ten Only) each fully paid-up held by such member in the Transferor Company”



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Regd. Office : Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad - 380 021, India.
 Phone No. : 91 - 79 - 67777000 • Fax : 91 - 79 - 22773061 • E.mail : texcellence@ashima.in
 CIN : U17110GJ1995PTC025537

(c) Share Exchange Report dated 19th October 2019 issued by N. S. Kumar & Co., Chartered Accountant having Registration No. 139792W and Niranjana Kumar, Registered Valuer, having IBBI Registration No IBBI/RV/06/2018/10137 recommending the share exchange ratio for issuance of equity shares by the Company;

(d) The pre-amalgamation shareholding pattern of the Company is as under:

Particulars	Pre-Amalgamation		Post Amalgamation shareholding
	Total No. of Equity Shares held	Shareholding Percentage	
Promoter and Promoter Group (A)	39618692	99.56%	Not Applicable, as the Company would cease to exist after amalgamation
Non Promoter Shareholding (B)	176756	0.44%	
Total (C=A+B)	39795448	100.00%	

There will be no adverse effect of the said Scheme on the equity shareholders, key managerial personnel, promoter and non-promoter shareholders of the Company.

For and on behalf of the Board of Directors of

Ashima Dyecot Private Limited

Vanita Mathur
Vanita Mathur
 Director
 DIN : 02139103



Place: Ahmedabad

Date: 19th October 2019

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Regd. Office : Texcellence Complex, Near Anupam Cinema, Khokhra, Ahmedabad - 380 021, India.
 Phone : 91-79-67777000 • Fax : 91-79-22773061 • E-mail : texcellence@ashima.in
 CIN No : L99999GJ1982PLC005253

REPORT UNDER SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 ADOPTED BY THE BOARD OF DIRECTORS OF ASHIMA LIMITED AT ITS MEETING HELD ON 19TH OCTOBER 2019 AT THE REGISTERED OFFICE OF THE COMPANY EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION AND ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS, NON-PROMOTER SHAREHOLDERS

The Board of Directors (“Board”) of Ashima Limited (“Company”) at its Board meeting held on 19th October 2019 has approved the Scheme of Amalgamation and Arrangement (“Scheme”) pursuant to the provisions of Sections 230 - 232 read with Section 66 and other applicable provisions, if any, of the Companies Act, 2013, between Ashima Dyecot Private Limited (“ADPL” or “Transferor Company”) and Ashima Limited (“Transferee Company”). The Scheme is subject to requisite approval(s) of the jurisdictional National Company Law Tribunal, Securities and Exchange Board of India, stock exchanges and other regulatory authorities.

While deliberating on the Scheme, the Board of Directors of the Company had, *inter alia*, considered the following:

- (a) Draft Scheme duly initialled by Company Secretary of the Company for the purpose of identification;
- (b) Share Exchange Valuation Report dated 19th October 2019 issued by N.S. Kumar & Co., Independent Chartered Accountant having Registration No. 139792W and Niranjan Kumar Registered Valuer, having IBBI Registration No IBBI/RV/06/2018/10137 providing the share exchange ratio for the amalgamation of ADPL with the Company under the Scheme;



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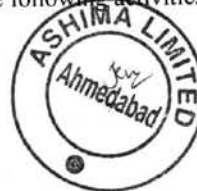
- (c) Fairness Opinion dated 19th October 2019 issued by Kunvarji Finstock Private Limited, a SEBI Registered (Category - I) Merchant Banker, having SEBI Registration No. INM000012564 providing the fairness opinion on the share exchange ratio recommended by N.S. Kumar & Co., Independent Chartered Accountants and Niranjana Kumar, Registered Valuer as referred above, in connection with amalgamation of ADPL with the Company under the Scheme; and
- (d) Report of the Audit Committee dated 19th October 2019, recommending the draft Scheme for favourable consideration by the Board of Directors.

After considering the documents referred above, the Board of Directors of the Company approved the Scheme.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Board of Directors of the Company explaining effect of the Scheme on shareholders, key managerial personnel, promoters and non-promoter shareholders is required to be circulated to the members or class of members or creditors or class of creditors, as the case may be, for the meeting of the members or class of members or creditors or class of creditors, as the case may be, along with the notice convening such meeting.

Accordingly, as per Section 232(2)(c) of the Companies Act, 2013, the Board of Directors of the Company in its meeting held on 19th October 2019 took on record the following:

- (a) Rationale for the Scheme
- (i) The proposed amalgamation will offer an immense opportunity to consolidate the portfolio of brands and products that are relevant to the “textile sector” under a single roof;
- (ii) The proposed amalgamation will enable the merged entity to cater to the needs of entire value chain from fabrics to garments. This can have a better reach in terms of various customer base and will provide a stronger market position to the company;
- (iii) The proposed amalgamation will result in operational synergies and efficiency for the merged entity. Accordingly, the Scheme would strengthen and complement the businesses of the Companies;
- (iv) The Scheme would help in achieving synergies in business operations and streamlining the business activities for the Companies, combining the following activities which would result in significant growth in business: –





- a. logistics;
 - b. material procurement and storage;
 - c. FG storage and dispatches;
 - d. Internal movement of materials;
 - e. Sharing of common utilities;
 - f. Re-distribution of marketing portfolios thereby reducing marketing and travelling costs;
 - g. Various administrative costs including courier, stationery, statutory fees, insurance premiums, conveyance expenses, etc.
- (v) The Amalgamation of Transferor Company with the Transferee Company will result into enlarged combined assets base and will also provide an opportunity for the merged entity to leverage on such assets;
- (vi) Greater integration and greater financial strength and flexibility for the Transferee Company, which would result in maximizing overall shareholders value, and will improve the competitive position of the merged entity;
- (vii) The proposed amalgamation would help in enhancing the scale of operations, reduction in overheads, including administrative, statutory compliances, managerial and other expenditure, operational rationalization, organizational efficiency, and optimal utilization of resources by avoiding duplication of efforts;
- (viii) Taking into consideration the above synergies, the merged entity would result in better profitability and EBITDA margins, Accordingly the stronger financials will provide a better opportunity in terms of better trade credits, financial resources and in negotiations for prices and suppliers credit terms for the merged entity;
- (ix) The merged entity will have a seamless flow of forward and backward integration of operations from yarn till garments as depicted by the following chart;





- (x) Both companies have currently limited international presence. The proposed amalgamation would help both the companies consolidate their international business and scale up and diversify presence in various international territories; and
- (xi) The proposed merger shall not be prejudicial to the interest of the shareholders and shall not have any adverse impact on creditors and other stakeholders of the Transferor and Transferee Company.

(b) Share Exchange Ratio

“348 (Three Hundred Forty Eight) new equity share of the Transferee Company of the face value of Rs.10/- (Rupees Ten Only) each, credited as fully paid-up for every 100 (One Hundred) equity share of Rs.10/- (Rupees Ten Only) each fully paid-up held by such member in the Transferor Company”

- (c) Share Exchange Report dated 19th October 2019 issued by N. S. Kumar & Co., Chartered Accountant having Registration No. 139792W and Niranjana Kumar, Registered Valuer, having IBBI Registration No IBBI/RV/06/2018/10137 recommending the share exchange ratio for issuance of equity shares by the Company;





- (d) The pre-amalgamation and post-amalgamation shareholding pattern of the Company based on the share exchange ratio shall be as under:

Particulars	Pre-Amalgamation		Post-Amalgamation	
	Total No. of Equity Shares held	Shareholding Percentage	Total No. of Equity Shares held	Shareholding Percentage
Promoter and Promoter Group (A)	7,82,51,745	60.92%	14,08,42834	73.49%
Total Public Shareholding (B)	5,02,02,131	39.08%	5,08,17,242	26.51%
Total (C=A+B)	12,84,53,876	100.00%	19,16,60,076	100.00%

- (e) Pursuant to the amalgamation, the following Shareholders shall be issued and allotted shares in the Company as per the Share Exchange Ratio:

Name of the Shareholder	Shareholding Percentage
Chintan Navnitlal Parikh and Shefali Chintan Parikh - Trustee of Navchintan Trust	99.55%
Mr. Chintan N. Parikh	0.01%
Mrs. Shefali C. Parikh	0.00%
Mr. Hiren S. Mahadevia	0.00%
Mr. Atul Kumar Singh	0.00%
Mr. Shrikant S. Pareek	0.00%
Mr. Anish Ambalal Shah	0.00%
Mr. Bhikhabhai J. Shah	0.00%
Mr. Jayesh C. Bhayani	0.00%
Mrs. Vanita Mathur	0.00%
Indocean Fund Co. Investments Ltd.	0.44%
Total	100.00%





Except Mr. Chintan Parikh and Mrs. Shefali Parikh and their relatives, none of the other directors, key managerial personnel or their relatives, except being shareholder of the companies involved in the Scheme, is concerned, or interested financially or otherwise in the Scheme.

There will be no adverse effect of the said Scheme on the equity shareholders, key managerial personnel, promoter and non-promoter shareholders of the Company.

For and on behalf of the Board of Directors of
Ashima Limited

Koushlya Melwani

Koushlya Melwani

Independent Director



Place: Ahmedabad

Date: 19th October 2019



KUNVARJI
SINCE 1960

Driven By Knowledge

Date: January 31, 2020

To
The Board of Directors
Ashima Limited
Texcellence Complex,
Khokhara- Mehmedabad,
Ahmedabad- 380021

Dear Sir,

Sub: Certificate on adequacy and accuracy of disclosure of information pertaining to the Ashima Dyecot Private Limited in the Abridged Prospectus in compliance with SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 for the purpose of proposed Amalgamation of Ashima Dyecot Private Limited ('ADPL' or the 'Transferor Company') with Ashima Limited ('AL' or the 'Transferee Company' or the 'Company'), under the Scheme of Amalgamation and Arrangement ("Scheme") under Sections 230 to 232 read with Section 66 of Companies Act, 2013.

We, M/s Kunvarji Finstock Private Limited ("KFPL" or "Kunvarji" or "We" or "us"), a Category I Merchant Banker registered with SEBI, having registration no. MB/INM000012564 have been appointed by Board of Directors (the "Board") of Ashima Limited for the purpose of certifying the adequacy and accuracy of disclosure of information provided in its Abridged Prospectus in connection with the Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited ('ADPL' or 'Transferor Company') and Ashima Limited ('Ashima', 'AL' or 'Transferee Company', 'Company').

1. Scope and Purpose of the Certificate:

SEBI vide Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular") inter alia prescribed that the listed entity (in the present case "AL") shall include the applicable information pertaining to the unlisted entity involved in the scheme (in the present certificate, "ADPL") in the format specified for abridged prospectus as provided in Part E of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations"), in the explanatory statement or notice or proposal accompanying resolution to be passed, sent to the shareholders while seeking approval of the scheme. SEBI Circular further prescribes that the accuracy and adequacy of such disclosures shall be certified by a SEBI Registered Merchant Banker after following the due diligence process.



1



www.kunvarji.com

Kunvarji Finstock Pvt. Ltd.

Kunvarji, B - Wing, Siddhivinayak Towers, Off. S.G. Road, Makarba, Ahmedabad - 380 051

Phone:+91 79 6666 9000 | Fax : + 91 79 2970 2196 | Email: info@kunvarji.com

CIN - U65910GJ1986PTC008979

003105/2019



This certificate is being issued in compliance of above mentioned requirement under the SEBI Circular.

This certificate is restricted to meet the above mentioned purpose only and may not be used for any other purpose whatsoever or to meet the requirement of any other laws, rules, regulations and statutes.

2. Certification:

We state and confirm as follows:

- 1) We have examined various documents and other materials made available to us by the management of AL and ADPL in connection with finalization of Abridged Prospectus dated January 31, 2020 pertaining to ADPL which will be circulated to the members of the Company at the time of seeking their consent to the Scheme of Amalgamation and Arrangement between ADPL and AL as a part of explanatory statement to the notice.
- 2) On the basis of such examination and the discussion with the management of AL and ADPL, we confirm that:
 - A. The information contained in the Abridged Prospectus is in conformity with the relevant documents, materials and other papers related to ADPL.
 - B. The Abridged Prospectus contains applicable information pertaining to ADPL as required in terms of SEBI Circular which, in our view is fair, adequate and accurate to enable the members to make an informed decision on the Scheme of Amalgamation and Arrangement.

3. Disclaimer:

Our scope of work did not include the following:-

- An audit of the financial statements of ADPL.
- Carrying out a market survey / financial feasibility for the Business of ADPL.
- Financial and Legal due diligence of ADPL.

It may be noted that in carrying out our work we have relied on the integrity of the information provided to us for the purpose, and other than reviewing the consistency of such information, we have not sought to carry out an independent verification, thereof we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the management of AL and ADPL.





We do not assume any obligation to update, revise or reaffirm this certificate because of events or transactions occurring subsequent to the date of this certificate.

We understand that the management of AL and ADPL during our discussions with them would have drawn our attention to all such information and matters, which may have impact on our Certificate.

The fee for our services is not contingent upon the result of the Scheme of Amalgamation and Arrangement.

The management of ADPL, AL or their related parties are prohibited from using this opinion other than for its sole limited purpose and not to make a copy of this certificate available to any party other than those required by statute for carrying out the limited purpose of this certificate.

Our certificate is not, nor should it be constructed as our opinion or certification of the compliance of the Scheme of Amalgamation and Arrangement with the provision of any law including Companies Act, taxation laws, capital market laws and related laws.

We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders/investors should buy, sell or hold any stake in the Company or any of its related parties (holding companies/subsidiaries/associates etc....)

In no event, will KFPL, its Directors and employees be liable to any party for any indirect, incidental, consequential, special or exemplary damages (even if such party has been advised of the possibility of such damages) arising from any provision of this opinion.

Yours faithfully,

For, Kunvarji Finstock Private Limited



Mr. Himanjal Brahmbhatt
Director (DIN: 00049679)

Date: January 31, 2020
Place: Ahmedabad

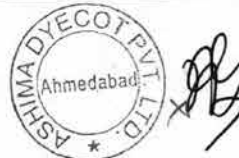


**APPLICABLE INFORMATION IN THE FORMAT SPECIFIED FOR ABRIDGED PROSPECTUS
(AS PROVIDED IN PART E OF SCHEDULE VI OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE
REQUIREMENT) REGULATIONS, 2018)**

This Document contains information pertaining to unlisted entity involved in the proposed Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited ('ADPL' or 'Transferor Company') and Ashima Limited ('Ashima' or 'Transferee Company') and their respective shareholders pursuant to Sections 230-232 read with Section 66 of the Companies Act, 2013 and rules framed thereunder ('Scheme'). This Abridged Prospectus has been prepared in terms of the requirements specified in SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular"). Copies of the documents as mentioned under the title "Any Other Important Information of Ashima" on page 6 shall be available for inspection at Ashima's Registered Office situated at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India during working hours on all working days from the date of this Abridged Prospectus till the amalgamation.

**THIS ABRIDGED PROSPECTUS CONTAINS 6 PAGES
PLEASE MAKE SURE YOU HAVE RECEIVED ALL THE PAGES**

<p>Ashima Dyecot Private Limited Registered Office: Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India Telephone: 91-7967777000; Fax: 91-7922773061; Email: ashimadyecot@yahoo.co.in CIN: U17110GJ1995PTC025537 Contact Person: Dipakkumar Sharadchandra Thaker, Company Secretary</p>
PROMOTERS OF ASHIMA DYECOT PRIVATE LIMITED
The promoters of Ashima Dyecot Private Limited are Navchintan Trust through its Trustees Chintan N Parikh and Shefali Parikh, Chintan Navnitlal Parikh and Shefali Chintan Parikh
SCHEME DETAILS, LISTING AND PROCEDURE
The Scheme of Amalgamation and Arrangement provides for amalgamation of ADPL with Ashima under the provisions of Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and rules framed thereunder. As a consideration for the amalgamation and arrangement, equity shares would be issued by Ashima to the shareholders of ADPL. Such equity shares (issued by the Transferee Company to the relevant equity shareholders of the Transferor Company) will be listed and admitted for trading on the Stock Exchanges.
PROCEDURE
The procedure with respect to public issue/offer would not be applicable as the Scheme does not involve issue of any equity shares to public at large. The issue of equity shares by the Amalgamated Company is only to the shareholders of the Amalgamating Company, in accordance with the Scheme. Hence, the procedure with respect to GID (General Information Document) is Not Applicable.
STATUTORY AUDITORS OF ADPL
<p>Mukesh M. Shah & Co. Chartered Accountants, Firm Registration No. 106625W Address: 7th Floor, Heritage Chambers, Azad Society, Ahmedabad, Gujarat 380015. Phone: 91 – 79264 72000</p>
ELIGIBILITY FOR THE ISSUE
Whether the company is compulsorily required to allot at least 75% of the net public offer to public, to qualified institutional buyers – Not Applicable
INDICATIVE TIMELINE
The Abridged Prospectus is issued pursuant to the Scheme and is not an offer to public at large. The time frame cannot be established with absolute certainty, as the Scheme is subject to approvals from regulatory authorities, including the National Company Law Tribunal, Ahmedabad Bench at Ahmedabad ('NCLT').



**GENERAL RISKS**

Specific Attention of the readers is invited to "Scheme Details" above and "Internal Risk Factors" on page 1 and page 6 respectively, of this document.

PRICE INFORMATION OF ADPL

Not Applicable, since the proposed issue of equity shares by the Transferee Company is only to the shareholders of Transferor Company and does not involve issue of any equity shares to public at large.

Sr. No.	Particulars
1	Promoters of ADPL
2	Business Model/Business Overview and Strategy
3	Board of Directors of ADPL
4	Objects/Rationale of the Scheme
5	Shareholding Pattern of ADPL & Ashima (Pre and Post Amalgamation)
6	Audited Financials of ADPL
7	Internal Risk Factors
8	Summary of Outstanding Litigations, Claims and Regulatory Action
9	Any Other Important Information of ADPL and Ashima
10	Declaration

1. PROMOTERS OF ADPL

The promoters of Ashima Dyecot Private Limited are Navchintan Trust through its Trustees Chintan N Parikh and Shefali Parikh, Chintan Navnitlal Parikh and Shefali Chintan Parikh

Sr. No.	Name	Qualification	Experience including current / past position held in other firms
1.	Mr. Chintan Navnitlal Parikh	B.A. (Economics), MBA (Finance)	Mr. Chintan N. Parikh, Founder and Chairman of Group Ashima, started his career as a first-generation entrepreneur in 1981. Mr. Chintan Navnitlal Parikh is the Chairman and Managing Director of the company as well as the Chairman and Managing Director of Ashima Limited, a listed company. He has about 38 years of experience in the field of textiles. He was also President of Ahmedabad Textiles Mills Association (ATMA) He is an alumnus of Indian Institute of Management, Ahmedabad, where later he was also a member of the Board of Governors for several years. He was also the Chairman of Confederation of Indian Textile Industry (CITI).
2.	Mrs. Shefali Chintan Parikh	B. A.	Mrs. Shefali Chintan Parikh is a businesswoman and her area of business experience includes activities of trading, real estate and agency business.

2. BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

The Transferor company was incorporated on 20th day of April 1995 as Ashima Dyecot Limited (ADPL or "Transferor Company"), a public limited company, with the Registrar of companies, Gujarat, under the provisions of the companies Act, 1956. The Transferor company had thereafter altered its Articles of Association and consequently, the word "Private" had been added before the word "Limited" under section 21, 31(1),44 of the companies Act, 1956 with effect from 04th day of April 2002. Thereafter, the word "Private" was deleted with effect from 21st February 2006 in terms of section 31,44 of the Companies Act, 1956. In Year 2015, the Transferor Company had again altered its Articles of Association and consequently, the word "Private" was again added before the word "Limited" in terms of section 13 of the companies Act, 2013 with effect from 22nd day of September 2015. The Registered office is currently situated at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat.

The Transferor company is engaged in the business of processing textile fabrics and manufacture of readymade garments and offers a range of cotton textile products encompassing Khakis, Readymade garments, Interlining fabrics, Garment washing activities (Laundry), etc. On account of its qualitative supremacy, the products command a base of discerning customers in domestic and international markets.





3. BOARD OF DIRECTORS OF ADPL

Board of Directors of ADPL:

Sr. No.	Name and Designation	Qualification	Experience including current / past position held in other firms
1.	Mr. Chintan Navnital Parikh, Chairman and Managing Director	B.A. (Economics), MBA (Finance)	Mr. Chintan N. Parikh, Founder and Chairman of Group Ashima, started his career as a first-generation entrepreneur in 1981. Mr. Chintan Navnital Parikh is the Chairman and Managing Director of the company as well as the Chairman and Managing Director of Ashima Limited, a listed company. He has about 38 years of experience in the field of textiles. He was also President of Ahmedabad Textiles Mills Association (ATMA) He is an alumnus of Indian Institute of Management, Ahmedabad, where later he was also a member of the Board of Governors for several years. He was also the Chairman of Confederation of Indian Textile Industry (CITI).
2.	Dr. Bakul Harshadrai Dholakia, Director	Ph.D. (Economics), M.A. (Economics)	He has about 50 years of professional experience including 33 years at IIM Ahmedabad. During the course of his long tenure at IIM Ahmedabad, Dr. Bakul Dholakia occupied the Reserve Bank of India chair from 1992 to 1999, served as the Dean from 1998 to 2001 and as the Director of IIMA from 2002 to 2007. Over the last two decades, Dr. Dholakia has worked on numerous government committees. He has also been a member of the jury for various Corporate Excellence Awards and Selection Committees for CEOs.
3.	Mr. Devan Vipinbhai Parikh, Director	B.COM, LL. M (Columbia)	He is a senior advocate by profession and is having more than 29 years of experience in the area of central excise, customs, service tax and GST.
4.	Mr. Shrikant Sachidanand Pareek, Director	B. Tech (Textile Technology), MBA (Marketing)	He has over 28 years of experience in textiles. After working in Arvind and ATIRA, he is working with the Group Ashima since past 25 years. While working in various positions from head of the department to Group CEO, he has managed various assignments in all the divisions and functions of the company. While having responsibilities at corporate level and in strategic management he is responsible as the business head of Yarn dyed Shirting division.
5.	Mrs. Uttara Chintan Parikh, Director	B.Sc. (Hons.) Economics and M.Sc. (Environment and Development) London, M.B.A. , London	She provides strategic inputs for designing of web site and e-commerce related matters and has business experience of over 15 years.
6.	Mrs. Vanita Mathur, Director	MBA (Finance)	She is a finance professional working with Ashima Limited in the capacity of Sr. General Manager (Finance). She has experience of more than 25 years and has handled various portfolios in the field of finance, banking, business controls, treasury, internal and external reporting, statutory matters and accounts.

4. OBJECTS/RATIONALE OF THE SCHEME

The Transferee Company is engaged in manufacturing of "Cotton Fabric Products" while the Transferor Company is engaged in the business of "processing textile fabrics" and manufacturing of "readymade garments". Thus, the business of the Transferor and Transferee Company are complementary to each other.

The proposed amalgamation of Transferor Company into Transferee Company shall result into several advantages to both the companies and their stakeholders. Some of them, *inter alia*, are:

- The proposed amalgamation will offer an immense opportunity to consolidate the portfolio of brands and products that are relevant to the "textile sector" under a single roof;





- (ii) The proposed amalgamation will enable the merged entity to cater to the needs of entire value chain from fabrics to garments. This can have a better reach in terms of various customer base and will provide a stronger market position to the company;
- (iii) The proposed amalgamation will result in operational synergies and efficiency for the merged entity. Accordingly, the Scheme would strengthen and complement the businesses of the Companies;
- (iv) The Scheme would help in achieving synergies in business operations and streamlining the business activities for the Companies, combining the following activities which would result in significant growth in business: –
- logistics;
 - material procurement and storage;
 - FG storage and dispatches;
 - Internal movement of materials;
 - Sharing of common utilities;
 - Re-distribution of marketing portfolios thereby reducing marketing and travelling costs;
 - Various administrative costs including courier, stationery, statutory fees, insurance premiums, conveyance expenses, etc.
- (v) The Amalgamation of Transferor Company with the Transferee Company will result into enlarged combined assets base and will also provide an opportunity for the merged entity to leverage on such assets;
- (vi) Greater integration and greater financial strength and flexibility for the Transferee Company, which would result in maximizing overall shareholders value, and will improve the competitive position of the merged entity;
- (vii) The proposed amalgamation would help in enhancing the scale of operations, reduction in overheads, including administrative, statutory compliances, managerial and other expenditure, operational rationalization, organizational efficiency, and optimal utilization of resources by avoiding duplication of efforts;
- (viii) Taking into consideration the above synergies, the merged entity would result in better profitability and EBITDA margins. Accordingly, the stronger financials will provide a better opportunity in terms of better trade credits, financial resources and in negotiations for prices and suppliers credit terms for the merged entity;
- (ix) The merged entity will have a seamless flow of forward and backward integration of operations, from yarn till garments.
- (x) Both companies have currently limited international presence. The proposed amalgamation would help both the companies consolidate their international business and scale up and diversify presence in various international territories;
- (xi) The proposed merger shall not be prejudicial to the interest of the shareholders and shall not have any adverse impact on creditors and other stakeholders of the Transferor and Transferee Company.

5. SHAREHOLDING PATTERN OF ADPL (Pre - Merger)

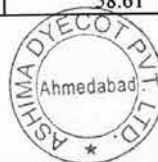
Shareholding pattern of ADPL Pre Merger:

Sr. No.	Particular	Category	Number of Equity Shares Held	% of Holding
1.	Chintan Navnitlal Parikh And Shefali Chintan Parikh - Trustees of Navchintan Trust	Promoter	3,96,16,160	99.55%
2.	Mr. Chintan N. Parikh	Promoter	2520	00.01%
3.	Mrs. Shefali N. Parikh	Promoter	12	00.00%
4.	Indocean Fund Co Investments Limited	FII	1,75,000	00.44%
5.	Mr. Anish A. Shah	Other	822	00.00%
6.	Mr. Hiren Mahadevia	Other	303	00.00%
7.	Mr. Atulkumar Singh	Other	291	00.00%
8.	Mr. Shrikant S. Pareek	Other	291	00.00%
9.	Mr. Jayesh C. Bhayani	Other	25	00.00%
10.	Mr. Bhikhabhai J. Shah	Other	12	00.00%
11.	Mrs. Vanita Mathur	Other	12	00.00%
	Total		3,97,95,448	100.00%

SHAREHOLDING PATTERN OF ASHIMA (Pre and Post Merger)

Shareholding pattern of Ashima Pre and Post Merger:

Sr. No.	Particular	Pre - Merger		Post - Merger (Expected)	
		Number of Equity Shares Held	% of Holding	Number of Equity Shares Held	% of Holding
	<i>Promoter and Promoter Group</i>				
1.	Mr. Chintan N. Parikh	147,900	0.12	156,670	0.08
2.	Krishanachintan Chintan Parikh	31,300	0.02	31,300	0.02
3.	Chintan Navnitlal Parikh – HUF	30,425	0.02	30,425	0.02
4.	Mrs. Shefali C. Parikh	88,720	0.07	88,762	0.05
5.	Ashima Dyecot Private Limited	7,52,81,959	58.61	-	-



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6.	Chintan Navnitlal Parikh And Shefali Chintan Parikh - Trustee Of Navchintan Trust	26,71,441	2.08	14,05,35,678	73.33
	Total Promoter and Promoter Group (A)	7,82,51,745	60.92	14,08,42,835	73.49
	<i>Public Shareholding</i>				
7.	Mutual Fund/UTI	3,300	0.00	3,300	0.00
8.	Financial Institution/Banks	20,074	0.02	20,074	0.01
9.	Insurance Companies	-	-	-	-
10.	Foreign Institutional Investors	-	-	-	-
11.	Any Other	-	-	-	-
12.	Bodies Corporate	-	-	-	-
13.	Individuals	-	-	-	-
	i. Individual shareholders holding nominal share capital up to Rs 2 lakh	1,74,10,780	13.55	1,74,16,892	9.09
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	1,60,25,468	12.48	1,60,25,468	8.36
14.	Any Other Non-Institutional Investor	1,67,42,509	13.03	1,73,51,509	9.05
15.	Shares held by custodians and against which ADRs have been issued	-	-	-	-
	Total Public Shareholding (B)	5,02,02,131	39.08	5,08,17,243	26.51
	Total (A+B)	12,84,53,876	100	19,16,60,078	100

6. AUDITED FINANCIALS OF ADPL

Standalone (Figures in INR Crores)	As on 30 th June 2019	FY2018-19	FY2017-18	FY2016-17	FY2015-16	FY2014-15
Total Income	32.38	112.74	96.53	134.55	140.76	93.33
Profit/(Loss) before Extraordinary Items and Tax	(0.18)	14.96	6.18	45.50	26.16	5.16
Profit/(Loss) after Extraordinary Items and Tax	(0.18)	14.96	6.18	45.50	26.16	5.16
Equity Share Capital	39.80	39.80	13.25	13.25	5.75	22.98
Reserves and Surplus	83.10	83.28	100.65	94.44	48.94	(195.06)
Net Worth	122.89	123.08	113.90	107.68	54.69	(172.08)
Basic Earnings per share (Rs.)	(0.04)	3.76	4.67	34.78	36.29	2.25
Diluted Earnings per Share (Rs.)	(0.04)	3.76	4.67	34.35	19.18	2.25
Return on Net Worth (%)	(0.14)	12.15	5.43	42.25	47.82	(3.00)
Net Asset Value per share	30.88	30.92	85.96	81.27	95.01	(74.88)

7. INTERNAL RISK FACTORS

Implementation of the Scheme completely depends upon the approval of the regulatory authorities. Any modification / revision by the competent authorities may delay the completion of the process.

8. SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against and by ADPL and amount involved are as under –

Type of Cases	Number of cases	Amount involved (Rs Lakhs)
Civil and Economic Matters	a. 1 Case b. 7 Cases	a. Rs.3.32 lacs (case filed by ADPL) b. Rs.393 lacs (cases filed against ADPL)
Criminal Matters		0





Labour Claims, Winding up petitions or closure	0	0
Overseas Litigation matters	0	0
SEBI or other regulatory matters	0	0
Security Matters	0	0
Statutory Obligations	0	0
Total	8	-

9. ANY OTHER IMPORTANT INFORMATION OF ADPL AND ASHIMA

- **Authority for the issue** – The Scheme was approved by the Board of Directors of ADPL and Ashima on October 19, 2019 and also approved by the Stock Exchanges and SEBI on January 10, 2020. The Scheme is subject to approvals from Shareholders, National Company Law Tribunal, Regional Director & Registrar of Companies.
- **Expert Opinion obtained, if any** – Share Exchange Report and Fairness Opinion
- **Material Contracts and Documents for Inspection:**
 1. Memorandum & Articles of Association
 2. Financial Statements & latest Shareholding Pattern
 3. Draft Scheme of Amalgamation and Arrangement
 4. Share Exchange Ratio Report and Fairness Opinion pursuant for the Scheme

10. DECLARATION

We hereby declare that all relevant provisions of the Companies Act, 1956 & Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this abridged prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Abridged Prospectus are true & correct.

For Ashima Dyecot Private Limited

Chintan Parikh


Chintan Parikh
Managing Director
DIN : 00155225

Place: Ahmedabad
Date: 31st January, 2020



ASHIMA DYECOT PRIVATE LIMITED				
Un audited Balance Sheet as at September 30, 2019				
Particulars	Note No.	₹ in Lacs		
		As at		
		Sept. 30, 2019	Mar 31, 2019	Mar 31, 2018
ASSETS:				
Non-Current Assets:				
Property, Plant and Equipment	4 (A)	4,101	3,918	4,143
Capital work-in-progress		217	26	-
Intangible Assets	4 (B)	5	5	3
Financial Assets:				
Investments	5	7,796	7,796	21
Other Financial Assets	6	68	71	61
Other Non-Current Assets	7	30	206	46
Assets for Current tax (Net)	8	350	350	243
		12,568	12,372	4,518
Current Assets:				
Inventories	9	2,541	2,524	1,697
Financial Assets:				
Trade Receivables	10	730	586	376
Cash and Cash Equivalents	11	168	224	154
Bank Balance other than Cash and Cash Equivalents	12	107	106	8
Loans	13	63	49	11,736
Other Current Financial Assets	14	30	13	45
Other Current Assets	15	262	224	226
Non-current Assets classified as held for sale		23	-	1
		3,924	3,726	14,243
Total		16,492	16,098	18,761
EQUITY AND LIABILITIES:				
Equity:				
Equity Share Capital	16	3,980	3,980	1,325
Other Equity	17	8,504	8,328	10,065
		12,483	12,308	11,390
Non-Current Liabilities:				
Financial Liabilities:				
Borrowings	18	249	298	391
Other Non-Current Financial Liabilities	19	13	18	13
Provisions	20	52	52	40
		314	368	445
Current Liabilities:				
Financial Liabilities:				
Borrowings	21	1	34	5,057
Trade Payables	22	-	-	-
Total outstanding dues of micro and small enterprises		-	-	-
Total outstanding dues of creditors other than micro and small enterprises		3,080	2,827	1,452
Other Current Financial Liabilities	23	363	222	319
Other Current Liabilities	24	204	253	6
Provisions	25	46	87	91
		3,694	3,423	6,927
Total		16,492	16,098	18,761
Significant Accounting Policies	2			

For, ASHIMADYECOT PVT. LTD.

Company Secretary



ASHIMA DYECOT PRIVATE LIMITED			
Un audited Statement of Profit and Loss for the period ended September 30, 2019			
Particulars	Note No.	₹ in Lacs	
		Year/Period ended	
		30th Sept. '19	31st Mar. '19
INCOME:			
Revenue from Operations	27	6,449	9,515
Other Income	28	20	1,758
Total Income		6,469	11,274
EXPENSES:			
Cost of Materials Consumed	29	3,506	3,740
Purchases of Stock-in-Trade	30	18	19
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	31	(178)	(765)
Employee Benefits Expense	32	880	1,874
Finance Costs	33	(10)	400
Depreciation, Amortisation and Impairment expense	4	98	191
Other Expenses	34	1,977	4,319
Total Expenses		6,292	9,778
Profit/(Loss) before Exceptional Items and Tax		177	1,496
Exceptional Items		-	-
Profit before Tax		177	1,496
Less: Tax Expense:			
Tax adjustment for earlier years	35	-	-
	35	-	-
Profit for the year		177	1,496
OTHER COMPREHENSIVE INCOME (OCI):			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment Defined benefit plans		-	(29)
Income tax effect		-	-
Other Comprehensive Income for the year [Net of tax]		-	(29)
Total Comprehensive Income for the year [Net of Tax]		177	1,467
Basic & Diluted Earning per Equity Share [EPS] [in ₹]	36	0.44	3.76

For, ASHIMA DYECOT PVT. LTD.


 Company Secretary



Sr.No. (1)		Particulars (2)		Quarter ended			Half Year ended			Year ended	
				30/09/2019 (3)	30/06/2019 (4)	30/09/2018 (5)	30/09/2019 (6)	30/09/2018 (7)	31/03/2019 (8)		
		Unaudited				Audited					
1	Income from Operations	3,817	5,476	6,535	9,293	14,064	28,408				
	(a) Revenue from Operations	125	80	35	205	138	160				
	(b) Other Income	3,942	5,556	6,570	9,488	14,202	28,569				
2	Expenses	1,911	2,317	4,109	4,228	7,662	14,266				
	(a) Cost of materials consumed	234	179	131	413	310	726				
	(b) Purchase of stock-in-trade	(303)	321	(897)	18	(549)	576				
	(c) Changes in inventories of Finished goods, work-in-progress and stock-in-trade										
	(d) Job charges	410	636	985	1,046	2,090	4,065				
	(e) Employee benefits expense	753	648	847	1,401	1,730	3,352				
	(f) Finance costs	73	(56)	84	17	193	394				
	(g) Depreciation and amortization expense	85	88	95	173	187	365				
	(h) Other expenses	1,288	1,435	1,794	2,723	3,341	6,278				
	Total Expenses	4,452	5,568	7,147	10,020	14,963	30,022				
3	Profit/(Loss) before exceptional items and tax	(510)	(12)	(578)	(522)	(761)	(1,453)				
4	Exceptional items			353	-	3,054	3,236				
5	Profit/(Loss) before tax	(510)	(12)	(224)	(522)	2,292	1,782				
6	Tax Expense										
	(a) Current tax										
	(b) Deferred tax										
7	Profit/(Loss) for the period	(510)	(12)	(224)	(522)	2,292	1,782				
8	Other Comprehensive Income										
	Items that will not be reclassified to profit or loss										
	Re-measurement losses on post employment defined benefit plans										(6)
	Income tax effect										
9	Total Comprehensive Income	(510)	(12)	(224)	(522)	2,292	1,776				
10	Earnings per share [EPS] (of Rs. 10/- each) (not annualised)	(0.40)	(0.01)	(0.45)	(0.41)	(0.59)	(1.13)				
	Basic and diluted EPS before Exceptional items [in Rs.]	(0.40)	(0.01)	(0.17)	(0.41)	1.78	1.39				
	Basic and diluted EPS after Exceptional items [in Rs.]										





NOTES:	
1	These financial results have been reviewed by the Audit Committee and have been approved by the Board of Directors at their respective meetings held on 9th November, 2019.
2	The above results for the Quarter and Half Year ended on September 30, 2019 have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS), prescribed under Section 133 of the Companies Act, 2013, and other recognised accounting practices and policies to the extent applicable.
3	The format of the above results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated 30th November, 2015 has been modified to comply with the requirements of SEBI's Circular dated 5th July, 2016, Ind AS and Schedule III [Division II] to the Companies Act, 2013.
4	The Statutory Auditors of the Company have carried out a "Limited Review" of the above results as per Regulation 33 of the SEBI [Listing Obligation and Disclosure Requirements] Regulations, 2015.
5	The company has one segment of activity namely "Textiles".
6	Effective 1st April, 2019, the Company has adopted Ind AS 116 on "Leases", applied to its lease contracts existing on 1st April, 2019, using the modified retrospective method. As a result of such adoption, there is no impact on the financials of the company for the quarter and Half Year ended 30th September, 2019, as the company has availed exemption available in the standard for leases involving low-value assets.
7	Figures of previous periods have been regrouped / rearranged wherever necessary.
8	As regards deferred tax as per Ind AS-12 on "Income Taxes", there is a net deferred tax asset for the past years and for the period up to 30th September, 2019. As a matter of prudence, the company has not recognised the said deferred tax asset.
9	The financial results of the Company are available at the websites of BSE Ltd. at www.bseindia.com , National Stock Exchange of India Ltd. at www.nseindia.com and at www.ashima.in .
10	Figures are rounded off to the nearest Rupees in lacs.



FOR ASHIMA LIMITED

CHINTAN N. PARIKH
CHAIRMAN & MANAGING DIRECTOR

AHMEDABAD
9TH NOVEMBER, 2019



ASHIMA LIMITED
STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH SEPTEMBER 2019

(Rs. in Lacs)

	Particulars	As at 30/09/2019	
		Unaudited	Audited
A	ASSETS		
1	Non-Current Assets		
	Property, Plant and Equipment	9,633	9,706
	Capital work-in-progress	12	5
	Intangible Assets	24	26
	Financial Assets		
	(i) Other Financial Assets	207	212
	Other Non-Current Assets	43	31
	Assets for Current Tax (Net)	287	283
	Total Non-Current Assets	10,206	10,263
2	Current Assets		
	Inventories	4,662	4,810
	Financial Assets		
	(i) Investments	642	1,126
	(ii) Trade Receivables	2,350	2,469
	(iii) Cash and cash equivalents	417	1,109
	(iv) Bank Balance other than Cash and Cash Equivalents	757	270
	(v) Loans	985	475
	(vi) Other Current Financial Assets	2,473	2,992
	Other Current Assets	492	450
	Non-current Assets classified as held for sale	-	20
	Total Current Assets	12,778	13,721
	TOTAL ASSETS	22,984	23,984
B	EQUITY AND LIABILITIES		
1	Equity		
	(i) Equity Share Capital	12,845	12,845
	(ii) Other Equity	4,436	4,958
	Total Equity	17,281	17,803
2	Non-Current Liabilities		
	Financial Liabilities		
	(i) Borrowings	2,050	2,158
	(ii) Other Financial Liabilities	23	21
	Total Non-Current Liabilities	2,073	2,179
3	Current Liabilities		
	Financial Liabilities		
	(i) Trade Payables		
	total outstanding dues of micro enterprises and small enterprises		
	total outstanding dues of creditors other than micro enterprises and small enterprises	2,800	3,142
	(ii) Other Financial Liabilities	698	718
	Other Current Liabilities	57	43
	Provisions	75	99
	Total Current Liabilities	3,630	4,002
	Total EQUITY AND LIABILITIES	22,984	23,984



AHMEDABAD
9TH NOVEMBER, 2019

FOR, ASHIMA LIMITED

CHINTAN N. PARIKH
CHAIRMAN & MANAGING DIRECTOR

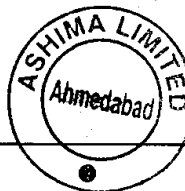


ASHIMA LIMITED

UNAUDITED STATEMENT OF CASH FLOW FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019

Rs. In lacs

PARTICULARS	Half Year Ended September 30, 2019		Half Year Ended September 30, 2018	
	Unaudited		Unaudited	
(A) Cash flow from Operating Activities				
Profit / (Loss) before Exceptional Items and Tax		(522)		(761)
Adjustments for:				
Depreciation and amortization and impairment expenses	173		187	
Interest and finance charges	1		174	
Interest income	(96)		(4)	
(Gain)/Loss on Property, Plant & Equipment sold/ discarded (net)	2		(94)	
(Gain)/Loss on Investment	(37)	43	(18)	245
Operating Profit before Working Capital Changes		(478)		(516)
Adjustments for changes in working capital :				
(Increase)/decrease in trade receivables	120		(472)	
(Increase)/decrease in loans & advances and other assets	1		81	
(Increase)/decrease in inventories	148		(934)	
Increase/(decrease) in trade payables	(342)		446	
Increase/(decrease) in other liabilities and provisions	(29)	(103)	(315)	(1,195)
Cash Generated from Operations		(581)		(1,711)
Income taxes paid	(4)	(4)		(26)
Net Cashflow from Operating Activities		(585)		(1,737)
(B) Cash flow from Investing Activities				
Purchase of Property, Plant & Equipments	(113)		(91)	
Sale/(Purchase) of Investments	521		(590)	
Proceeds from sale of Property, Plant & Equipments	551		3,773	
Proceeds from/(investment in) bank deposits (with original maturity over 3 months)	(487)		(63)	
Interest received	26	498	12	3,040
Net Cashflow from Investing Activities		498		3,040
(C) Cash flow from Financial Activities				
Proceeds from / (Repayment of) long term borrowings	(130)		(65)	
Proceeds from / (Repayment of) short term borrowings	-		(176)	
Interest and finance charges	35		(149)	
Short Term Loans Given	(510)		(310)	
Net Cash Flow from Financial Activities		(605)		(699)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(692)		604
Add: Cash and bank balances at the beginning of the period		1,109		562
Cash and bank balances at the end of the period		417		1,166
Particulars	Half Year Ended September 30, 2019		Half Year Ended September 30, 2018	
Details of Cash & Cash Equivalent				
Balances with banks				
In Current accounts	412		1,160	
Cash on Hand	5		6	
Cash and Cash Equivalents		417		1,166

AHMEDABAD
09TH NOVEMBER 2019

FOR, ASHIMA LIMITED

CHINTAN N. PARIKH
CHAIRMAN & MANAGING DIRECTOR



7th Floor, Heritage Chambers
B/h. Bikanerwala, Off S.M. Road,
Nr. Azad Society, Nehru Nagar, Ahmedabad-380 015.
Phone : (B) 079 - 2647 2000 E mail : contact@mmsco.in
Website : www.mmsco.in

MUKESH M. SHAH & CO.

CHARTERED ACCOUNTANTS
AHMEDABAD • MUMBAI • BANGALORE

Limited Review Report on Quarterly Financial Results of Ashima Limited pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

To,
The Board of Directors,
Ashima Limited,
Ahmedabad

We have reviewed the accompanying statement of unaudited financial results of Ashima Limited [‘the Company’], for the quarter and half year ended on September 30, 2019 [‘the Statement’] attached herewith, being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016 as amended by SEBI Circular No. CIR/CFD/CMD1/44/2019 dated 29th March, 2019. Attention is drawn to the fact that the figures for net cash inflows for the corresponding period from April 01, 2018 to September 30, 2018, as reported in these unaudited standalone financial results have been approved by the Board of Directors of the Company, but have not been subjected to review.

This statement is the responsibility of the Company’s Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Ind-AS 34, “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results, prepared in accordance with applicable Ind-AS prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Ahmedabad

Date: 9th November, 2019

UDIN: 19102651AAAAFT1838



For Mukesh M. Shah & Co
Chartered Accountants
Firm Regn. No. 106625W

Suvrat S. Shah
Partner
Membership No. 102651

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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
C A (CAA) NO.18 OF 2020

In the matter of the Companies Act, 2013;
AND
In the matter of Sections 230 to 232 read with
Section 66 and other applicable provisions of the
Companies Act, 2013;
AND
In the matter of Scheme of Arrangement involving
amalgamation of Ashima Dyecot Private Limited
with Ashima Limited.

ASHIMA LIMITED

CIN: L99999GJ1982PLC005253

Company incorporated under the Companies
Act, 1956, having its registered office at

Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India

.....Applicant Transferee Company

FORM MGT - 11
PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s)	
Registered Address	
E-Mail ID	
Folio No. / Client ID / DP. ID	
No. of Shares	

(A) I/We, being the holder(s) of _____ equity shares of Ashima Limited, hereby appoint :

(B) Name : _____ Address: _____

Email ID: _____ Signature: _____ or Failing him / her:

(C) Name : _____ Address: _____

Email ID: _____ Signature: _____ or Failing him / her:

(D) Name : _____ Address: _____

Email ID: _____ Signature: _____

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Website : www.ashima.in

ATTENDANCE SLIP

**MEETING OF THE EQUITY SHAREHOLDERS OF THE COMPANY CONVENED BY THE HON'BLE NATIONAL
COMPANY LAW TRIBUNAL ON Wednesday, 11th March 2020 at 10.30 am**

Name and Address of the First/ Sole Equity Shareholder _____

Authorized Representative/Proxy Holder _____

Folio No./DP ID& Client ID No. _____

No of Shares _____

I Certify that I am an Equity Shareholder/ proxy/ authorized representative for the Equity Shareholder of the Company



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the meeting of the Equity Shareholders of the Company convened pursuant to an Order dated 30th day of January, 2020 of Hon'ble National Company Law Tribunal Ahmedabad Bench, to be held on **Wednesday, 11th March 2020 at 10.30 am. at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India** and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No	Resolutions	Vote (Optional) (Please put a (✓) mark)	
		For	Against
1.	Approval of the Scheme of Amalgamation and Arrangement between Ashima Dycot Private Limited ('Transferor Company') and Ashima Limited ('Transferor Company') and their respective shareholders and Creditors pursuant to the provisions of Sections 230-232 read with Section 66 and other relevant provisions of the Companies Act, 2013 and rules thereunder.		

Signed this _____ day of _____ 2020

Signature of the Member _____

Signature of the Proxy holder(s) _____



- Note:**
1. Please affix revenue stamp not less than Re.1 before putting signature.
 2. Proxy need not be an Equity Shareholder of the Company.
 3. The Proxy Form in order to be effective shall be duly filled in and signed by the Equity Shareholder(s) across Revenue Stamp and should reach the Company's Registered Office at least 48 hours before the commencement of the meeting (i.e. on Wednesday, 11th March 2020 at 10.30 am).
 4. Corporate Equity Shareholders intending to send their authorised representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
 5. It is optional to indicate your preference. If you leave the for and against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may think appropriate.
 6. In case of multiple proxies, the proxy later in time shall be accepted.
 7. No person shall be appointed as a Proxy who is a minor.

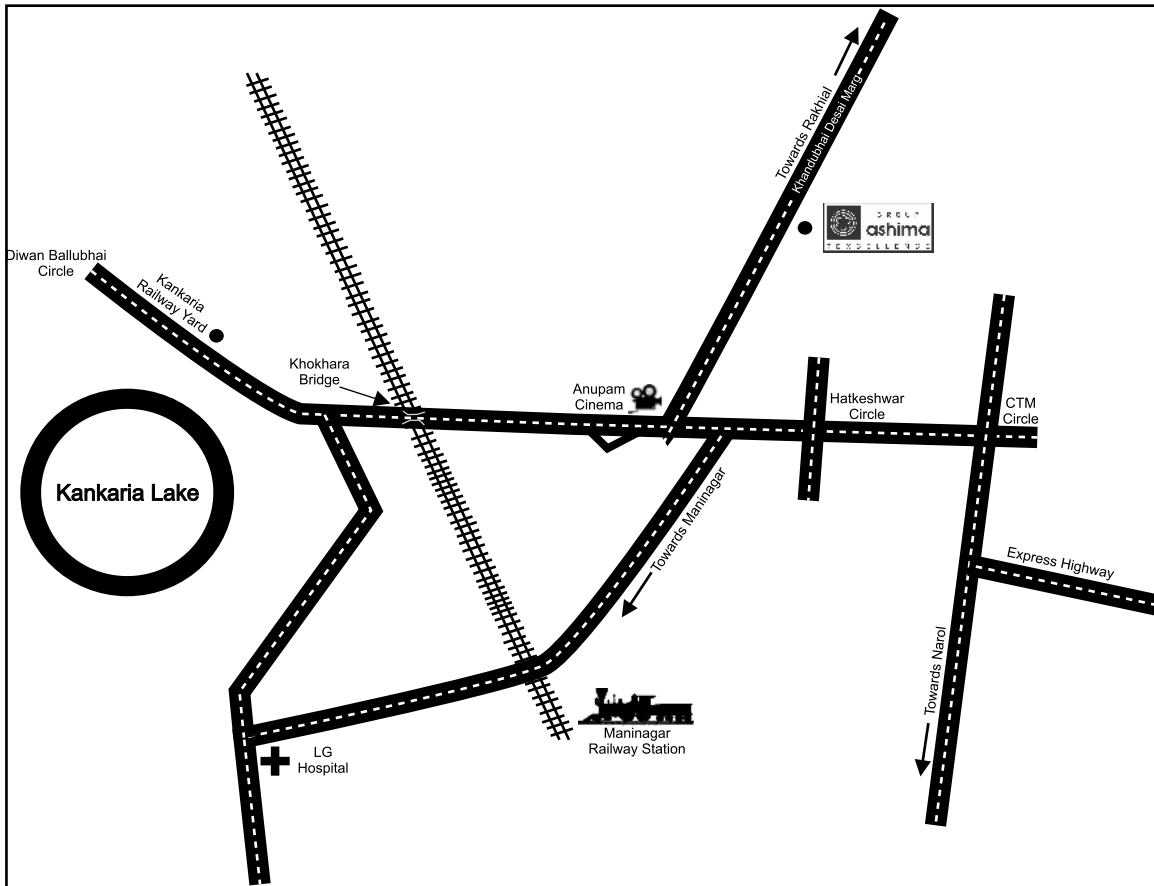
I hereby record my presence at the meeting of the Equity Shareholders of the Company convened pursuant to an Order dated 30th day of January, 2020 of Hon'ble National Company Law Tribunal, Ahmedabad Bench at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India on Wednesday, 11th March 2020 at 10.30 am

Name of Member/Proxy (Block Letters)

Signature of the Member/Proxy

- Notes:**
1. Only Equity Shareholders would be allowed to attend the meeting. No Minors would be allowed at the meeting.
 2. The Equity Shareholders, Proxy Holder or the Authorized Representative attending the meeting must bring this attendance slip to the meeting and hand over at the entrance duly signed for admission to the meeting hall.
 3. The Equity Shareholders, Proxy Holder or the Authorized Representative are requested to bring their copy of notice of reference at the Meeting.
 4. The authorised representative of a body corporate which is an Equity Shareholders of the Company must bring a certified true copy of the Resolution of the board meeting authorizing such representative to attend and vote at the said meeting.

ROUTE MAP TO THE VENUE OF THE MEETING



ASHIMA LIMITED

CIN: L99999GJ1982PLC005253

Company incorporated under the Companies Act, 1956, having its registered office at
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If undelivered, please return to:

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