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CIN No : L99999GJ1982PLC005253

Date: 19<sup>th</sup> October, 2019

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

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

Dear Sir/Madam,

**Sub: Intimation of Scheme of Amalgamation pursuant to Regulation 30 of SEBI (Listing an Obligations and Disclosures Requirements) Regulations, 2015**

In compliance with Regulation 30 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosures Requirements) Regulations 2015 (**LODR Regulations**) this is to inform you that the Board of Directors of Ashima Limited ("the Company" or "Transferee Company") at its meeting held today i.e. 19<sup>th</sup> October, 2019, *inter alia*, approved the Scheme of Amalgamation and Arrangement of Ashima Dyecot Private Limited ("Transferor Company") with Ashima Limited, pursuant to Sections 230 - 232 read with Section 66 and other applicable provisions, if any, of the Companies Act 2013 and the rules framed thereunder.

The Scheme provides for the transfer and vesting of the entire undertaking of the Transferor Company into the Company and the dissolution of the Transferor Company without winding up. The Appointed Date for the Scheme is the opening of business hours on 01<sup>st</sup> April, 2019.

The Scheme will come into effect subject to the approval of Stock Exchanges, Hon'ble National Company Law Tribunal, Ahmedabad Bench and such other statutory authorities as may be required.

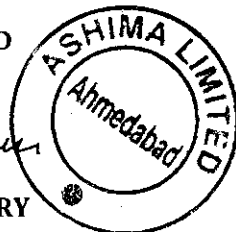
It may be noted that the proposed Scheme has been reviewed and recommended for approval by Audit Committee of the Board of the Company at its meeting held on 19<sup>th</sup> October, 2019.

Enclosed as **Annexure A** is the information pursuant to Regulation 30 of LODR Regulations.

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

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## ANNEXURE A

**Disclosure of information Pursuant to Regulation 30 of SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No CIR/CFD/CMD/4/2015 dated September 9, 2015**

**a. Name of the entity(ies) forming part of the amalgamation, details in brief such as size, turnover etc.**

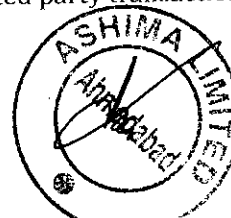
1. Ashima Dyecot Private Limited, ("ADPL" or "Transferor Company") is a private limited company incorporated on 20<sup>th</sup> April, 1995 under the Companies Act, 1956 with CIN no. U17110GJ1995PTC025537 having its registered office address at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad - 380021, Gujarat. The Transferor Company holds 58.61% in the Transferee Company.
2. Ashima Limited, ("Ashima" or "Transferee Company") is a public limited company incorporated on 17<sup>th</sup> June, 1982 under the Companies Act, 1956 with CIN no. L99999GJ1982PLC005253 having its registered office address at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad - 380021, Gujarat.
3. The proposed Scheme of Amalgamation and Arrangement ("Scheme") involves amalgamation of Ashima Dyecot Private Limited with Ashima Limited. The Transferee Company is a public limited company and its equity shares are listed on Bombay Stock Exchange and National Stock Exchange. The Appointed Date for the Scheme if the opening of business hours on 01<sup>st</sup> April, 2019.
4. The paid-up capital, net-worth and turnover of the Transferor Company and Transferee Company as on 31<sup>st</sup> March, 2019 and 30<sup>th</sup> June, 2019 is as follows -

Particulars (INR in Lacs)	Transferee Company		Transferor Company	
	As on 31 <sup>st</sup> March 2019	As on 30 <sup>th</sup> June 2019	As on 31 <sup>st</sup> March 2019	As on 30 <sup>th</sup> June 2019
Paid up Capital	12,845	12,845	3,980	3,980
Net-worth	17,803	17,791	12,308	12,289
Turnover (Revenue from Operations)	28,408	5,476	9,515	3,224

**b. Whether the transaction would fall within related party transactions, if yes, whether he same is done at arms-length**

Under the Companies Act 2013, it has been noted that Ministry of Corporate Affairs vide its Circular No 30/2014 dated July 17, 2014 has clarified that transactions arising out of compromises, arrangements and amalgamations dealt with under specific provisions of the erstwhile Companies Act, 1956 or the Companies Act, 2013 (as the case may be) will not attract the requirements of Section 188 of the Companies Act, 2013 (Related Party Transactions).

In the instant case, wherein the scheme of amalgamation and arrangement between the Company and ADPL and their respective shareholders and creditors as per the provisions of Sections 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013 read with relevant rules framed thereunder, is proposed to be presented before the jurisdictional National Company Law Tribunal under Sections-230 to 232 of the Companies Act 2013 it may be stated that the same may not be required to comply with the requirements specified under Section 188 of the Companies Act, 2013 as a related party transaction.





Further, there are common promoters in the Company and ADPL, ADPL holds 58.61% equity shareholding in the Company, and pursuant to the Scheme, equity shares of the Company are proposed to be issued and allotted to shareholders of ADPL. In- light of-the same, the-present transaction may be deemed to be a related party transaction under the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other related rules and regulations (as amended from time to time).

Thereby the Board of Directors of Ashima Limited has, in its meeting held today, based on the recommendations of the Audit Committee, approved the amalgamation of ADPL with the Company by way of and in accordance with the Scheme basis the following documents in order to maintain fairness and arms-length basis:

- a. Share Exchange Valuation Reports dated October 19<sup>th</sup> October, 2019 as obtained from M/s. N S Kumar & Co., Independent Chartered Accountants, 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 ADPL with the Company under the Scheme; and
- b. Fairness Opinion dated October 19<sup>th</sup> October, 2019 obtained from M/s. 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 M/s. N S Kumar & Co, Independent Chartered Accountants and Registered Valuer in connection with amalgamation of ADPL with the Company under the Scheme.

Further the proposed Scheme is subject to necessary regulatory approvals.

**c. Area of business of the entities**

1. ADPL is currently engaged in the business of processing textile fabrics and manufacture of readymade garments. It 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 Company 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. On account of its qualitative supremacy, the products command a base of discerning customers in domestic and international markets.

**d. Rationale for the Scheme of amalgamation and arrangement**

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

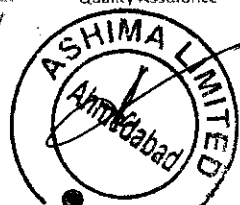
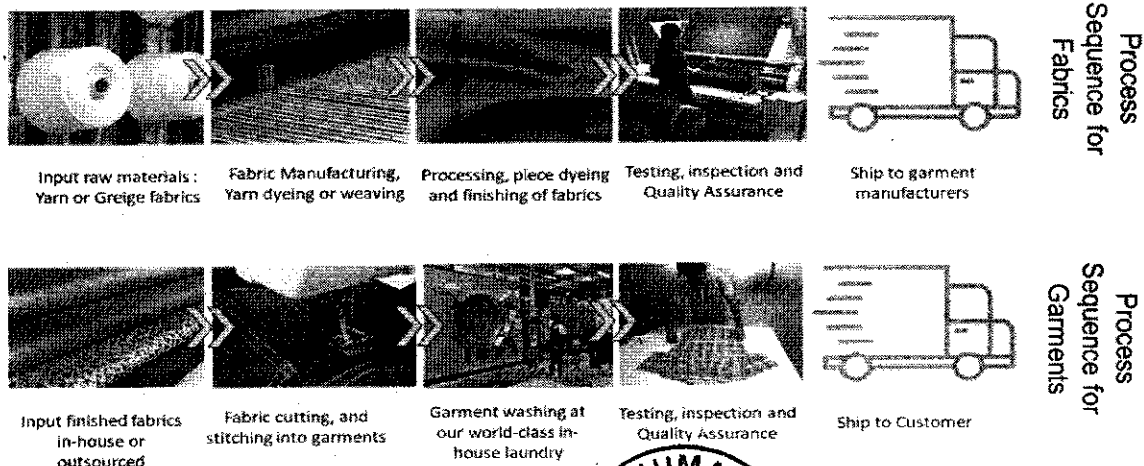
- (i) The proposed amalgamation will offer an immense opportunity to consolidate the portfolio of brands and products that are relevant to the "textile sector" under a single roof;
- (ii) The proposed amalgamation will enable the merged entity to cater to the needs of entire value chain from fabrics 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 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:

## PROCESSES





- (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.

**e. In case of cash consideration, amount or otherwise share exchange ratio**

Based upon the Share Exchange Valuation Reports, the Fairness Opinion and the recommendations received from Audit Committee, the board of directors have approved the following share swap ratio -

“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, 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 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 shares of Rs.10/- (Rupees Ten Only) each fully paid-up held by such member in the Transferor Company”

**f. Brief Details of the Change in shareholding of the Company**

1. There will be a change in the shareholding pattern of the Transferee Company pursuant to the Scheme in accordance with the share swap ratio. The brief details of the shareholding of the Transferee Company and Transferor Company pre and post the Scheme is as follows-

**Transferee Company**

Particulars	Pre-Amalgamation		Post-Amalgamation	
	No of shares	(%)	No of shares	%
Promoter	7,82,51,745	60.92%	14,08,42,834	73.49 %
Public	5,02,02,131	39.08%	5,08,17,242	26.51%
Total	12,84,53,876	100.00%	19,16,60,076	100.00%

**Transferor Company**

Particulars	Pre-Amalgamation		Post-Amalgamation	
	No of shares	(%)	No of shares	(%)
Promoter	3,96,18,692	99.56%	Not Applicable, as the Transferor Company will be wound up	
Public	1,76,756	0.44%		
Total	3,97,95,448	100.00%		

For ASHIMA LIMITED

  
HIREN MAHADEVIA  
COMPANY SECRETARY

