

**Draft Letter of Offer
For Equity Shareholders of the Company**



Our Company was incorporated on June 17, 1982 as Ashima Syntex Private Limited under the Companies Act, 1956. Our Company was subsequently converted into a Public Limited Company and a fresh certificate of incorporation was obtained from Registrar of Companies, Ahmedabad, Gujarat on August 26, 1988. Subsequently, the name was changed to Ashima Limited on January 27, 1999 pursuant to a fresh certificate of incorporation consequent to change of name. The Corporate Identification Number is L99999GJ1982PLC005253. For details of change of name of our Company, please see the chapter "History and Other Corporate Matters" on page 35 of this Draft Letter of Offer.

Registered Office and Corporate Office: Texcellence Complex, Khokhara Mehmedabad, Ahmedabad - 380021, Gujarat, India

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Compliance Officer and Contact Person: Mr. Hiren S. Mahadevia, Company Secretary and Compliance Officer

E-mail: compliance.officer@ashima.in **Website:** www.ashima.in

PROMOTER OF OUR COMPANY: MR. CHINTAN N. PARIKH

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

ISSUE OF 8,00,85,089 EQUITY SHARES WITH A FACE VALUE OF ₹10 EACH FOR CASH AT PAR ("EQUITY SHARES") FOR AN AMOUNT AGGREGATING ₹8008.51 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF ASHIMA LIMITED ("THE COMPANY" OR "THE ISSUER") IN THE RATIO OF 24 (TWENTY FOUR) EQUITY SHARES FOR EVERY 10 (TEN) FULLY PAID-UP EQUITY SHARES (24:10) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [•], 2015 (THE "ISSUE"). THE ISSUE PRICE IS 1 TIME THE FACE VALUE. FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" ON PAGE 114 OF THE LETTER OF OFFER.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by Securities and Exchange Board of India (the "SEBI") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. **Investors are advised to refer to the "Risk Factors" on page 9 of this Letter of Offer before making an investment in this Issue.**

COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Rights Issue, that the information contained in the Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing equity shares are listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). We have received "in-principle" approvals from BSE and NSE for listing the Equity Shares arising from the Issue vide their letters, dated [•] and [•] respectively. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
<p>KEYNOTE</p> <p>KEYNOTE CORPORATE SERVICES LIMITED The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400028 Tel: +91-22- 30266000-3; Fax: +91-22- 3026 6088 E-mail: mbd@keynoteindia.net Website: www.keynoteindia.net Contact Person: Mr. Girish Sharma SEBI Registration No.: INM 000003606 CIN: L67120MH1993PLC72407</p>	<p>LINK INTIME INDIA PVT LTD</p>  <p>LINK INTIME INDIA PVT. LTD. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 Tel: +91-22-61715400; Fax: +91-22-25960329 Email: ashima.rights@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Sachin Achar SEBI Registration No: INR000004058 CIN:U67190MH1999PTC118368</p>

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSSES ON
[•]	[•]	[•]

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SECTION I – GENERAL

DEFINITION AND ABBREVIATION

Definitions

In this Draft Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this section.

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “Ashima Limited”, “Ashima”, the/our “Company”, “we”, “our”, “us” or similar terms are to Ashima Limited or, as the context requires, and references to “you” are to the Equity Shareholders and/ or prospective investors in the Equity Shares.

Conventional/ General Terms

Term	Description
Act/ Companies Act	The Companies Act, 1956, The companies Act, 2013 and amendments thereto.
Depositories Act	The Depositories Act, 1996 and amendments thereto.
EPS	Earnings Per Share.
IT Act	The Income Tax Act, 1961 and amendments thereto.
Indian GAAP	Generally Accepted Accounting Principles In India.
NAV	Net Asset Value
PAT	Profit After Tax
RONW	Return on Net Worth
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI Regulations/ SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto
Takeover Regulations	Code/ SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto

Issue related terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to our Equity Shareholders as on the Record Date with respect to this Issue in accordance with SEBI Regulations
Allotment	Unless the context requires otherwise, the allotment of Equity Shares pursuant to the Issue
Allottees	Persons to whom Equity Shares are issued pursuant to the Issue
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
Applicant(s)/Investor(s)	Equity Shareholders as on Record Date and/or Renounees applying in this Issue.
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate amount in relation to an application by an ASBA Investor
ASBA Investor	An investor (either Equity Shareholder or Renounee) who intends to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs.

All QIBs and Non-Institutional Investors, complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process



Term	Description
Banker to the Issue	[●]
Composite Application Form / CAF/ Application Form/ Application	The form used by an Investor to make an application for the Allotment of Equity Shares in this Issue.
Consolidated Certificate	In case of holding of equity shares in physical form, the certificate that our Company would issue for the Equity Shares allotted to one folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html
Designated Stock Exchange	BSE Limited.
Draft Letter of Offer	The Draft Letter of Offer dated June 19, 2015 filed with SEBI for its observations
Equity Shareholder / Shareholder	Means a holder of equity shares of our Company, as on Record date i.e. [●]
Financial Year/ Fiscal/ Fiscal Year/ FY	Any period of twelve months ended March 31 of that particular year, unless otherwise stated.
Issue/ Rights Issue	Issue of 8,00,85,089 equity shares of face value of ₹10 each for cash at par (“equity shares”) for an amount aggregating ₹8008.51 lacs on a rights basis to the existing equity shareholders of Ashima Limited (“the company” or “the issuer”) in the ratio of 24 (twenty four) equity shares for every 10 (ten) fully paid-up equity shares (i.e. 24:10) held by the existing equity shareholders on the record date, that is on [●], 2015 (the “issue”). The issue price is 1 time the face value.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹10/- per Equity Share
Issue Proceeds	The proceeds of the Issue that are available to our Company
Issue Size	₹8008.51 lacs
Lead Manager	Keynote Corporate Services Limited
Letter of Offer	This Letter of Offer dated [●] filed with the Stock Exchanges after incorporating the observations received from the SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges
MICR	Magnetic Ink Character Recognition.
NECS	National Electronic Clearing Services
Non Institutional Investors	All investor other than a retail individual investor and qualified institutional buyer.
Offer Document	means Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer
Promoter/Promoter Group	Unless the context requires otherwise, the Promoter/Promoter Group is in accordance with the SEBI Regulations and which are disclosed by our Company to the Stock Exchanges from time to time.
QFIs	Non-resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet “know your client” requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission’s Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI. Provided that such non-resident investor shall not be resident in a country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering / combating the financing of



Term	Description
	terrorism deficiencies to which counter measures apply; and (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.
QIBs or Qualified Institutional Buyers	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual fund registered with SEBI, FIs and subaccount registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹2,500 lacs, pension fund with minimum corpus of ₹2,500 lacs, National Investment Fund set up by the Government of India and insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India
Record Date	[●]
Refund through electronic transfer of funds	Refunds through ECS, Direct Credit, RTGS or NEFT, as applicable.
Registrar of Companies/ RoC	The Registrar of Companies, Gujarat located at ROC Bhavan, Opp Rupal Park, Near Ankul Bus-Stand, Naranpura, Ahmedabad-380 013, Gujarat
Registrar to the Issue	Link Intime India Pvt. Ltd.
Renounees	Any persons who have acquired Rights Entitlements from the Equity Shareholders.
Retail Individual Investors/Shareholder	Individual Investors who have applied for Equity Shares for an amount not more than ₹2 lacs (including HUFs applying through their Karta)
Rights Entitlement	The number of Equity Shares that an Investor is entitled to in proportion to the number of equity shares held by the Investor on the Record Date
RTGS	Real Time Gross Settlement.
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html
Share Certificate	The certificate representing Equity Shares allotted.
Stock Exchange(s)	BSE and NSE where the equity shares are presently listed and traded.

Company Related Terms

Term	Description
Our Company/the Company/ the Issuer/ AL	Ashima Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at Texcellence Complex, Khokhara Mehmedabad, Ahmedabad – 380021, Gujarat, India
Articles/ Articles of Association/ AoA	The Articles of Association of our Company, as amended
Auditor/Independent Auditor	Dhirubhai Shah & Doshi, Chartered Accountants, Ahmedabad
ARCIL	Asset Reconstruction Company (India) Limited
Audit Committee	The audit committee of our Board
Board/ Board of Directors	Board of Directors of our Company including any committees thereof.
Directors	Directors of our Company



Equity Shares	Equity Shares of our Company of a face value of ₹10/- each
Financial Results	Standalone financial results of our Company for F.Y.2013-14 & F.Y.2012-13. The financial results for the nine month period ended December 31, 2014 were subjected to limited review by our Auditors
Financial Statements	Audited standalone financial statements of our Company
Memorandum/ Memorandum of Association/ MOA/ MoA	The Memorandum of Association of our Company, as amended
Promoter	Promoter of our Company is Mr. Chintan Parikh
Preference Shares	Preference shares of face value of ₹100 each
Registered Office	Registered office of our Company is located at Texcellence Complex, Khokhara Mehmedabad, Ahmedabad – 380021, Gujarat, India
Reliance ARC	Reliance Asset Reconstruction Company Limited
Scheme/Scheme Arrangement	of Draft Scheme of arrangement for reconstruction and compromise with the equity shareholders, preference shareholders and secured creditors of the Company under Section 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 as filed with Stock Exchange

Abbreviations

Term	Description
AGM	Annual General Meeting.
AS	Notified Accounting Standard by Companies (Accounting Standards) Rules, 2006 (as amended)
BSE	BSE Limited.
CDSL	Central Depository Services (India) Limited.
CEPS	Cash Earnings Per Share.
DIN	Director Identification Number
DP	Depository Participant.
EGM	Extraordinary General Meeting
FDI	Foreign Direct Investment.
FEMA	Foreign Exchange Management Act, 1999
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FIPB	Foreign Investment Promotion Board.
HUF	Hindu Undivided Family
ICD	Inter Corporate Deposits
ICL	Inter Corporate Loans
ISIN	International Securities Identification Number
IT	Information Technology
Ltd/ Ltd.	Limited
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body.
PAN	Permanent Account Number.
PBT	Profit Before Tax
PVT/ Pvt.	Private
RBI	Reserve Bank of India.



Term	Description
Re./₹/Rupees/INR	Indian Rupee(s)
SEBI	Securities and Exchange Board of India.
STT	Securities Transaction Tax
TP Act	The Transfer of Property Act, 1882



NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this Letter of Offer and the Issue to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons who come into possession of this Letter of Offer are required to inform themselves about such requirements and observe such restrictions. The Rights Entitlement and the Equity Shares offered in this Issue have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "United States" or "U.S."), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in the Letter of Offer are being offered in India, but not in the United States. The offering to which the Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Letter of Offer or Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making the issue of Equity Shares on a rights basis to Equity Shareholders of our Company on the Record Date and the Letter of Offer/Abridged Letter of Offer and CAF will be dispatched only to Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it does not have a registered address (and is not otherwise located) in the United States, and (iii) it is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.



PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial data in this Letter of Offer is derived from the audited financial statements which have been prepared in accordance with Indian GAAP as presented in the section titled “Financial Information” beginning on page 60. Our financial year commences on April 1 and ends on March 31.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

All references in the Letter of Offer to “Rupees”, “Rs.”, “₹”, “Indian Rupees” and “INR” are to Indian Rupees, the official currency of the Republic of India.

Unless stated otherwise, industry data used throughout this Letter of Offer, if any, has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Letter of Offer is reliable, it has not been independently verified.



FORWARD LOOKING STATEMENTS

We have included statements in this Letter of Offer which contain words or phrases such as “will”, “may”, “believe”, “expect”, “continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “project”, “should”, “pursue” and similar expressions or variations of such expressions, that are “forward looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to:

- General economic conditions
- Changes in political and social conditions in India
- The outcome of legal or regulatory proceedings that we are or might become involved in
- Contingent liabilities, environmental problems and uninsured losses
- Developments affecting the Indian economy
- Uncertainty in global financial markets

For a further discussion of factors that could cause our actual results to differ, please refer to the section titled “Risk Factors” on page 9 of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither We nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and Stock Exchanges’ requirements, we and Lead Manager shall ensure that Investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.



SECTION II – RISK FACTORS

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. We have numbered the risk factors to facilitate ease of reading and reference. To obtain an understanding, you should read this section in conjunction with the sections titled “History and Other Corporate Matters” and “Financial Information” on page 35 and 60 respectively as well as the other financial and statistical information contained in this Letter of Offer.

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the merits and risks involved. The Equity Shares have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. The occurrence of any of the following events could have a material adverse effect on our business, results of operations, financial condition and prospects and cause the market price of the Equity Shares to fall significantly, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in the chapter entitled "Forward Looking Statements" on page 8

INTERNAL RISK FACTORS

- 1. Our Company is involved in a number of legal proceedings which, if determined against us, could adversely affect our business and financial condition.**

Our Company is party to certain legal proceedings. No assurances can be given as to whether these matters will be settled in our favour or against us. A summary of the material outstanding legal proceedings is set forth below:

Litigations filed against our Company

Type of cases	Number of Cases	Nature of dispute	Approximate Amount Ascertainable (in ₹ lacs)
Criminal Case	1	Use of weigh bridge without renewal and official seal	Not Applicable
Tax Proceedings	5	Tax Demands (Income Tax and VAT)	2,632.52
Civil Matter	5	Non payment of dues	36,290.10
DGFT matters	2	Excess utilization of Import License	56.54
Labour Laws	1	ESI Contribution on wages	77.82
Outstanding Decrees	2	Decrees Awarded	14.16
Trademark	1	Use of Trade Mark	Not Applicable



Litigations filed by our Company

Type of cases	Number of Cases	Nature of dispute	Approximate Amount Ascertainable (in ₹ lacs)
Trademark	1	Use of Trade Mark	Not Applicable
Civil Suit	2	Restraining recovery of dues	750.00
		Disputing debit entry & appropriation of funds	750.00
Customs	2	Denial of Duty Exemption	10.30

For further details of litigations involving our Company, please see section “Outstanding Litigations and Defaults” beginning from page 98 of this Draft Letter of Offer.

2. *The Issue Proceeds would be utilised for repayment of loans and hence would not be available for any other use in our Company’s business.*

The use of entire issue proceeds of ₹8008.51 lacs is towards repayment of a portion of the outstanding principal secured debt with secured creditors. Since the Issue Proceeds are proposed to be used to discharge the loan, the amount of money raised through this Issue will not be available for any other use in our Company’s business. For further details on loans see ‘Annexure 1 of Scheme of Arrangement’ on page 51 and for use of the Issue proceeds, see the section “Objects of the Issue” on page 31 of this Letter of Offer

3. *Our Company has substantial outstanding debt to its secured creditors and the same has been affecting the performance of company over a period of time. In order to settle the Outstanding Principal Secured Debt, our Company has proposed a scheme of arrangement. The Company has also proposed present rights issue to part finance the said arrangement. The settlement of secured debt shall enable the company to seek fresh funding for capex and working capital facilities in future. Further, our company cannot assure that the funding for capex and working capital shall be at favourable terms and conditions and at competitive interest rates. Although these steps are taken to revive the Company, we cannot assure you that our Company shall be able to turnaround the operations post implementation of scheme.*

During F.Y.1998-99 and F.Y.1999-00, our Company borrowed significant funds through different debt instruments to fund the expansion of manufacturing facilities with an expectation to achieve higher growth. Until F.Y.1999-00, our Company was making reasonable profits from the operations. However, in the year F.Y.2000-01 the changes in supply and demand structure in the industry intensified price competition thereby resulting in steep fall in the realization value of our products. During 1997-98, our Company also entered into collaboration with Cone Mills, USA, the then largest denim manufacturing company worldwide, who was to market the products of our company globally. In the year 2000, Cone Mills, USA went for liquidation affecting the marketing capabilities of our Company. This was coupled with unfavorable macro economic factors severely impacting the operations of our Company resulting into first ever loss. Our Company could not overcome the aforesaid problems and could not make payment of interest and repayment of principal amounts to various lenders from F.Y.2001-02 onwards.

Our Company made extensive efforts to identify long term solution to improve the health of the Company and appointed consultancy firms and specialized firms between the 2001 and 2006. These steps could not reap desired results and subsequently our Company submitted number of alternative debt settlement proposals to the creditors in order to reach a solution. During this period many of the secured creditors transferred their loan portfolio to Asset Reconstruction Companies (ARCs). Our Company submitted number of proposals that included conventional re-scheduling of loan repayments. However, over a period of time with ageing plant and machinery, a onetime settlement option is considered an appropriate method to repay the debt rather than a debt restructuring exercise stretched over a longer period of time.



Our secured creditors have shown inclination to accept the one time settlement option. The Company has proposed a scheme of Financial Reconstruction of the Company through re-structuring of preference capital and a compromise and arrangement with its Secured Creditors for settlement of their Outstanding Secured Debts and / or variation of the terms and conditions applicable to their dues. The details of scheme are appearing on page no.37. The Company requires funds of about ₹20000 lacs for the restructuring proposal. The Company has proposed the present rights issue to part finance the said requirement. The Outstanding Principal Secured Debt comprises of principal component of Outstanding Secured Debts plus that portion of accrued interest on such principal component which has converted into term loan (i.e. Funded Interest Term Loan), with the consent of the respective lenders payable by the Company to its Secured Creditor(s), as per the books of accounts of the Company stands at ₹44170.64 lacs

Though the underlying objective of proposed scheme is to settle the debt and revive the structural health of company, we cannot assure you that the post implementation of scheme our Company would be able to improve its performance. Our company may face challenges to receive funds for its capex and working capital facilities at acceptable terms and conditions. Further, our management may be compelled to accept the unfavorable terms and conditions, if any, in order to receive the funds and keep the operations afloat. Our company cannot assure you that all the steps taken or envisaged by the management shall enable the company to turnaround its operations.

4. Our Company's structural health continues to be edgy with ageing plant and machinery and operational bottlenecks.

Our Company has been facing major structural handicap with the old plant and machineries and operational bottlenecks. The ageing of machinery has affected the operations and cannot be upgraded due to financial constraints. It has also led to lower efficiency and affected the quality of fabrics. This has also restricted the product innovation that is essential to cater the changing needs of customers.

The spinning capacity of denim division is not fully operated due to its product limitations, since it cannot manufacture finer and specialty yarn varieties required for high value added denim fabric varieties. The weaving capacity of Denim and Spinfab division is constrained due to capacity bottlenecks at various stages. The company has not been able to invest for the purpose of debottlenecking due to financial constraints. The limitation in fabric processing capacity and inadequacy to meet changing customer preferences has affected the operations of company. In the event our Company is unable to replace the ageing plant & machinery and remove operational bottlenecks, it may continue to have substantial impact on financials.

5. Our contingent liabilities and commitments, not provided for, could adversely affect our business, results of operation, financial position and prospects.

Our Company has not provided for certain contingent liabilities which if materialised could adversely affect our business, results of operation, financial position and prospects. The details of contingent liabilities and commitments are as under:

Particulars of contingent liabilities	(₹ in lacs)	
	As at	March 31, 2014
Claims against the Company not acknowledged as debt	2691.44	
Guarantees*	24625.14	
Other money for which the Company is contingently liable	40.73	
Total	27357.31	

For further information on our contingent liabilities, see "Financial Information on page 82.

***Management Proposal:** Our Company has issued corporate guarantee to secured creditors of Ashima Dyecot Limited, a group company. Recently, Ashima Dyecot Limited has settled secured debt with all its secured creditors under a



Scheme of Arrangement under section 391 of Companies Act, 1956, duly approved by Honourable High Court of Gujarat and has already paid the entire settlement amount to all secured creditors. Since the debt underlying the Corporate Guarantee has been repaid, the element of contingent liability no longer exists. The Corporate Guarantee would get formally extinguished by following due process.

6. We have entered into, and may enter into, related party transactions.

We have, in the course of our business, entered into transactions with related parties including entities forming part of our group companies, key managerial personnel and their relatives. The details of the related party transactions are as under:

(₹ in lacs)

Nature of transactions	Related Parties - Year Ended March 31, 2014	
	Key Management Personnel	Other parties where control exists
Purchases	-	40.63
Sales	-	1,480.78
Expenses	-	2,781.83
Directors' remuneration	74.98	-
Income	-	36.41
Other receipts	-	9.69
Outstanding		
Payables	-	2.35

Such related party transactions may give rise to potential conflicts of interest with respect to dealings between us and the related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For details of related party transactions entered into by us, please refer to disclosure as per AS 18 in "Financial Information" on page 86.

7. Our Company has been incurring net losses and has negative net worth for more than five years. Our Company has made net losses in the nine month period ended December 31, 2014. Further, Our Company also had net negative cash flow in F.Y.2012-13. We cannot assure you that our company shall not incur any losses in future or our networth shall turn positive in near future.

Our Company has been making net losses for more than five years. The continuous losses have eroded the net worth of our company and have resulted in financial imbalance. During nine month period ended on December 31, 2014, our Company incurred net loss of ₹1309.52 lacs as compared to loss of ₹1284.41 lacs for the financial year F.Y.2013-14. Our networth as on December 31, 2014 is negative and stands at ₹(26558.79) lacs. Further, our company had net negative cash flow in the F.Y.2012-13. Our Company has been facing losses primarily on account of technical limitations affecting product innovation capabilities, which acts as a major constraint in meeting changing customer requirements. The ageing and obsolete plant & machinery and liquidity constraints have further deteriorated the financial health as our Company is unable to be cost competitive. These reasons have placed our company at disadvantage against the other market players. Apart from internal challenges, the sluggish demand in the industry and over supply by the existing and new players has been other factors affecting the overall operations of Company.

We cannot assure you that our Company will not incur any losses in future or there may not be any adverse impact on the operational results or cash flow. In the event our company continues to make losses in future it shall have adverse impact on all of the stakeholders including shareholders, suppliers, lenders, customers, etc.

8. Our operations are substantially dependent on the availability of raw material. We do not enter into long-term contracts for the supply of our raw materials and obtain nearly all of our raw materials on a spot delivery basis. Any fluctuations in the prices of raw materials may adversely affect our business, results of operations and financial condition.



Our operations are substantially dependent on timely availability of the raw material used in the production process. The primary raw material required for our operation is cotton and yarn. The dependency of cotton production on the climatic conditions makes it vulnerable to price fluctuations. The prices of cotton and yarn are even impacted due to government policies, duty structure, taxes, subsidies, import and export restrictions on agricultural commodities, availability of substitute products, etc. Presently, our Company sources its major portion of raw material from various domestic suppliers. Apart from domestic consumption our company has been sourcing raw material from other countries on need basis.

While we have not experienced any disruptions in the manufacturing process due to non availability of raw material or shortage of raw material, our Company cannot assure you that the same may not happen in future. Our Company is vulnerable to price fluctuations as the raw materials are purchased on spot basis. Due to financial constraints our company is not able to adopt any hedging strategy to safeguard itself from the price fluctuation risk. In the event there is wide movement in the prices of cotton and yarn, it may impact our realization value and margins consequently affecting our cash flows.

9. *Our company does not have any long term contracts with customers and the same may have adverse impact on the sales and operations.*

Our Company does not enter into long term contracts with customers and hence the sale to each customer is dependent on our ability to manufacture quality products that meet their specification and delivery schedule. We believe that absence of any long term contract is beneficial to the business as we retain the ability to take advantage of fluctuation in demand and price of our product. However, it also affects the revenue of Company on account of lower realization value to continue the relationship with customers. Though we have long term relation with our customers and have been supplying fabrics for many years, we cannot assure you that our customers shall continue to purchase our products. In the event we are unable to meet their requirements or expectations for reasons beyond our control it may lead to loss of orders from these customers and affect the revenues and profitability of the Company.

10. *Fluctuation in the value of Indian currency against the foreign currencies may expose us to currency fluctuation risk and may have adverse effect on operational income and financial condition of Company*

Our Company is exposed to change in currency rates. Our export sales comprises about 18% of total sales for F.Y.2013-14 whereas our import of raw material, spares, dyes and chemicals, etc is not substantial. During F.Y.2013-14, our Company used forward exchange contracts to limited extent to hedge its foreign currency exposures relating to the underlying transactions and firm commitments. Any wide fluctuation in the exchange rate of Indian currency may have an adverse affect on the operational income and financial position of Company.

11. *We may require certain approvals, licenses, registrations and permits for our business and the failure to renew or obtain them in a timely manner may adversely affect our operations.*

Our Company requires approvals and/or license from various statutory/regulatory authorities for carrying out operations. In future our company would require renewal of existing licenses and approvals to continue our business operations and also apply for new licenses and approvals as required under the applicable laws from time to time. While we believe that we shall be able to obtain the required licenses and approvals as and when required, there can be no assurance that the relevant authority shall renew the same on timely basis.

Further, any delay in issuance of approvals or any non issuance of certain approvals could interrupt our operations and may have an adverse material effect on our business and financial position. For details of licenses and approvals please refer chapter on 'Government Approvals' appearing on page 104.



12. *We are dependent on our management team for success whose loss could seriously impair our ability to continue to manage and expand business efficiently. The loss of service of the senior management could impair the ability to continue to manage and expand the business efficiently.*

Our success depends on our ability to retain our senior executives and key management personnel. Our continued success will depend on our ability to attract, recruit and retain a large group of experienced professionals and staff. If any senior executives or key employees were to leave, they may not be easily and quickly replaced. Furthermore, we do not maintain “key man” insurance with respect to any of our personnel. Certain members of our key personnel are, and we expect will continue to be, employed by other Group Companies and there can be no assurance that they will continue to devote a sufficient amount of their time to us and our business. In addition, certain members of our key personnel have joined us, or have been transferred to us from other Group Companies, in the recent past and so have been associated with our Company only for a brief period. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

13. *Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business.*

Operating and managing a business involves many risks that may adversely affect our Company’s operations, and the availability of insurance is therefore important to our operations. Our Company believes that our insurance coverage is generally consistent with industry practice. However, to the extent that any uninsured risks materialize or if it fails to effectively cover it for any risks, we could be exposed to substantial costs and losses that would adversely affect financial condition. In addition, our Company cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims, or that our insurers will not disclaim coverage as to any claims. A successful assertion of one or more large claims against our Company that exceeds our available insurance coverage or that leads to adverse changes in our insurance policies, including premium increases or the imposition of a large deductible or coinsurance requirement, could adversely affect our financial condition and results of operations

14. *There is no guarantee that the Equity Shares will be listed on BSE and the NSE in a timely manner, or at all*

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuance of shares to be submitted before the exchanges. There could be a failure or delay in listing the Equity Shares on BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of Equity Shares allotted to you.

EXTERNAL RISK FACTORS

RISKS ASSOCIATED WITH INDIA AND INVESTMENTS IN INDIAN COMPANIES

15. *Our business is substantially affected by prevailing economic conditions in India and abroad.*

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India’s principal Stock Exchanges;
- changes in India’s tax, trade, fiscal or monetary policies;



- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or textile industry.

The company also exports its goods to various countries across the globe. Hence, there are several factors that may affect the demand of our products to such countries. The factors may include economic slowdown, government restriction for import of goods, political instability, fluctuation in exchange rate, etc.

All the factors as mentioned above relating to Indian economy or overseas economy, could adversely impact our business and financial performance and the price of the Equity Shares.

16. Any downgrading of India's sovereign debt rating or a decline in India's foreign exchange reserves may adversely affect our ability to raise debt financing

Any adverse revisions by international rating agencies to the credit ratings of the Indian national government's sovereign domestic and international debt may adversely affect our ability to raise additional financing by resulting in a change in the interest rates and other commercial terms at which we may obtain additional financing. This could have a material adverse effect on our capital expenditure plans, business and financial performance. A downgrading of the Indian national government's debt rating may occur, for example, upon a change of government tax or fiscal policy outside our control.

21. A significant change in the Government of India's economic liberalization and deregulation policies could disrupt our business and cause the price of the Equity Shares to decline.

Our assets and customers are located in India. The government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. Any significant change in the government's policies could adversely affect business and economic conditions in India and could also adversely affect our business, our financial performance and the price of the Equity Shares.

RISKS ASSOCIATED WITH THE EQUITY SHARES AND THIS ISSUE

22. Future issues or sales of Equity Shares by our Company may significantly affect the trading price of the Equity Shares.

The future issue of Equity Shares or the disposal of Equity Shares by any of our major Equity Shareholders or the perception that such issues or sale may occur may significantly affect the trading price of the Equity Shares. There is no restriction on our ability to issue Equity Shares or the relevant Equity Shareholders' ability to dispose of their Equity Shares, and there can be no assurance that we will not issue Equity Shares or that any such Equity Shareholder will not dispose of, encumber, or pledge, its Equity Shares.

23. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect your ability to sell, or the price at which you can sell, Equity Shares at a particular point in time.

We are subject to a daily "circuit breaker" imposed by all Stock Exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian Stock Exchanges. The percentage limit on our circuit breakers is set by the Stock Exchanges based on the historical volatility in the price and trading volume of our Equity Shares.



PROMINENT NOTES

1. This is an Issue of 8,00,85,089 Equity Shares at par for an amount aggregating to ₹8008.51 lacs on a rights basis to the existing equity shareholders of our Company in the ratio of 24 Equity Shares for every 10 fully paid-up equity shares held by the existing Equity Shareholders on the Record Date [●], 2015.
2. The net worth of our Company as on March 31, 2014 was negative i.e. ₹(25704.59) lacs and as on December 31, 2014 was negative ₹ (26558.79) lacs.
3. We have, in the course of our business, entered into transactions with various related parties including key managerial personnel and their relatives. The details of related party transaction is as under:

(₹ in lacs)

Nature of Transactions	Related parties – March 31, 2014	
	Key Management Personnel	Other parties where control exists
Purchases	-	40.63
Sales	-	1,480.78
Expenses	-	2,781.83
Director's Remuneration	74.98	-
Income	-	36.41
Other Receipts	-	9.69
Outstanding		
Payables	-	2.35

4. There has been no financing arrangement whereby the Promoter Group, the Directors of our Company who are our Promoters and our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.
5. **Our Company is eligible to make reduced disclosures in the Letter of Offer as per Part E of Schedule VIII of the SEBI ICDR Regulations as we are in compliance with the following:**
 - a. our Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Letter of Offer with SEBI;
 - b. the reports, statements and information referred to in sub-clause (a) above are available on the website of recognised stock exchange with nationwide trading terminals (i.e. BSE & NSE) or on a common e-filing platform specified by SEBI;
 - c. our Company has investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee (erstwhile Shareholders' or Investors' Grievance Committee) at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.
6. All information shall be made available by the Lead Manager and our Company to the public and investors at large and no selective or additional information would be available only to a section of investors in any manner whatsoever.
7. As on date there are no outstanding investor complaints.
8. Investors may contact the Lead Manager for complaints, information or clarifications pertaining to the Issue.



SECTION III – INTRODUCTION

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “Terms of the Issue” on page 114 of this Draft Letter of Offer.

Equity Shares offered through the Issue	8,00,85,089 Equity Shares
Equity Shares outstanding prior to the Issue	3,33,68,787 equity shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	11,34,53,876 Equity Shares
Rights Entitlement	24 (Twenty Four) Equity Shares for every 10 (ten) fully paid-up Equity Shares held on the Record Date (i.e. 24:10)
Record Date	[●]
Face Value per Equity Share	₹10 each
Issue Price per Equity Share	At Par
Terms of the Issue	For more information, please see “Terms of the Issue” on page 114 of this Draft Letter of Offer.
Use of Issue Proceeds	For further information, please see “Objects of the Issue” on page 31 of this Draft Letter of Offer.

Terms of Payment

The full amount is payable on application.

Other details

Record Date	[●]
Purpose	Rights Entitlement
Ratio	24:10
Ex-Right	[●]

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for split forms:	[●]
Issue Closing Date:	[●]



SUMMARY OF FINANCIAL INFORMATION

The following tables set forth, the summary financial information derived from the section titled “Financial Information” on page 60 of this Draft Letter of Offer.

SUMMARY STATEMENT OF BALANCE SHEET AS AT MARCH 31, 2014

(₹ in lacs)

Sr. No.	Particulars	As at March 31,2014	As at March 31, 2013
I.	EQUITIES AND LIABILITIES		
	1. Shareholder’s funds		
	(a) Share capital	5,386.88	5,386.88
	(b) Reserves and Surplus	(31,091.47)	(29,798.60)
	2. Non-current liabilities		
	(a) Long- term borrowings	46,809.23	46,810.89
	(b) Other Long term liabilities	516.62	540.37
	(c) Long- term provisions	221.35	223.38
	3. Current Liabilities		
	(a) Trade Payables	3,033.26	2,827.14
	(b) Other current liabilities	614.31	580.65
	(c) Short- term provisions	41.99	55.83
	TOTAL	25,532.17	26,626.54
II.	ASSETS		
	1. Non-current assets		
	(a) Fixed Assets		
	(i) Tangible Assets	16,107.92	17,297.94
	(ii) Intangible Assets	55.81	70.81
	(b) Long term loans and advances	254.13	431.56
	(c) Other non- current Assets	111.47	152.93
	2. Current Assets		
	(a) Inventories	5,659.49	5,752.19
	(b) Trade receivables	2,348.98	2,194.62
	(c) Cash and Cash equivalents	619.63	499.28
	(d) Short- term loans and advances	173.65	40.30
	(e) Other Current Assets	201.10	186.91
	TOTAL	25,532.17	26,626.54

Note: The above statement should be read with the Significant accounting policies.

**SUMMARY STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**

(₹ in lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
I.	Revenue from operation	26,792.90	26,810.43
II.	Other income	119.51	62.79
III.	Total Revenue (I+II)	26,912.41	26,873.22
IV.	Expenses:		
	Cost of materials consumed	12,932.91	13,958.79
	Purchase of stock-in-trade	1,160.34	1,556.34
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(231.56)	(1,185.99)
	Employee benefit expenses	3,459.92	3,238.85
	Finance Cost	191.80	166.33
	Depreciation and amortization expenses	1,234.17	1,326.93
	Other expenditure	9,448.85	9,206.77
	Total Expenses	28,196.43	28,268.02
V.	Loss before tax (III-IV)	1,284.02	1,394.80
VI.	Tax expense – Current tax	0.39	0.35
VII.	Loss for the period from continuing operations (V-VI)	1,284.41	1,395.15
VIII.	Loss for the period	1,284.41	1,395.15
IX.	Earnings per equity share:		
	(1) Basic	(4.55)	(4.88)
	(2) Diluted	(4.55)	(4.88)

Note: The above statement should be read with the Significant accounting policies.



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

Sr. No.	Particulars	For the year ended Mar. 31,2014		For the year ended Mar. 31, 2013	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	LOSS BEFORE TAX, EXCEPTIONAL ITEMS AND EXTRAORDINARY ITEM (NET)		(1,284.02)		(1,394.80)
	Add:				
	Depreciation	1,219.98		1,312.74	
	Amortization of expenditure	14.19		14.19	
	Interest expenses (Net)	191.80		166.33	
	(Excess)/Short provision of Income Tax/ Current tax written back	1.23		0.08	
	Provision for doubtful debts	192.00		-	
	(Profit)/Loss on sale of fixed assets and investments (Net)	23.75	1,642.93	3.82	1,497.15
			358.91		102.35
	Deduct:				
	Sundry balances written off/(back)	(76.49)		(12.65)	
	Excess provision written back	(1.68)		(0.27)	
	Rent income	(40.36)	(118.53)	(44.79)	(57.71)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		240.38		44.64
	Add/(Less): Decrease/(Increase) in inventories	92.70		(1,497.98)	
	Add/(Less): Decrease/(Increase) in sundry debtors	(155.94)		145.18	
	Add/(Less): Decrease/(Increase) in other trade receivables	(123.39)		(82.19)	
	Add/(Less): Increase/(Decrease) in current liabilities	277.61	90.98	1,691.90	256.91
	CASH GENERATED FROM OPERATIONS		331.36		301.55
	Less:				
	Interest paid (Net)	(196.48)		(168.44)	
	Tax paid	(4.99)	(201.47)	(3.04)	(171.48)
	NET CASH FLOW FROM OPERATING ACTIVITIES		129.88		130.07
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of fixed assets	(54.36)		(107.43)	
	Sale of fixed assets and investments	3.88		8.15	
	Decrease/(Increase) in bank FDR	(16.40)		(15.27)	
	Rent received	40.36	(26.53)	44.79	(69.73)
	NET CASH FLOW FROM INVESTING ACTIVITIES		(26.53)		(69.73)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	(Decrease)/increase in other borrowings	0.59	0.59	(249.81)	(249.81)
	NET CASH FLOW FROM FINANCING ACTIVITIES		0.59		(249.81)



Sr. No.	Particulars	For the year ended Mar. 31,2014		For the year ended Mar. 31, 2013	
	TOTAL CASH INFLOW (A + B + C)		103.94		(189.47)
	CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		149.36		45.42
	OPENING BALANCE OF CASH AND CASH EQUIVALENTS	45.42	103.94	234.89	(189.47)



GENERAL INFORMATION

Dear Shareholder(s),

The present Issue has been authorized by our Board of Directors pursuant to the resolution dated March 07, 2015 vide which it has been decided to make the following offer to our Equity Shareholders, with a right to renounce:

ISSUE OF 8,00,85,089 EQUITY SHARES OF FACE VALUE OF ₹10 EACH FOR CASH AT PAR (“EQUITY SHARES”) FOR AN AMOUNT AGGREGATING ₹8008.51 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF ASHIMA LIMITED (“THE COMPANY” OR “THE ISSUER”) IN THE RATIO OF 24 (TWENTY FOUR) EQUITY SHARES FOR EVERY 10 (TEN) FULLY PAID-UP EQUITY SHARES (i.e. 24:10) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●], 2015 (THE “ISSUE”). THE ISSUE PRICE IS 1 TIME THE FACE VALUE. FOR FURTHER DETAILS, PLEASE SEE “TERMS OF THE ISSUE” ON PAGE 114 OF THE LETTER OF OFFER.

Registered & Corporate Office of our Company

Ashima Limited

Texcellence Complex,
Khokhara Mehmedabad,
Ahmedabad - 380021 Gujarat, India
Tel: +91-79-6777 7000 **Fax:** +91-79-2277 3061
Website: www.ashima.in
Email: compliance.officer@ashima.in
Corporate Identification No.: L99999GJ1982PLC005253

Address of the Registrar of Companies, Gujarat

ROC Bhavan,
Opp Rupal Park, Behind Ankur Bus Stop,
Naranpura, Ahmedabad - 380 013, Gujarat, India

Company Secretary and Compliance Officer

Mr. Hiren S. Mahadevia

Texcellence Complex,
Khokhara Mehmedabad,
Ahmedabad – 380021, Gujarat, India
Tel: +91-79-6777 7000 **Fax:** +91-79-2277 3061
E-mail: compliance.officer@ashima.in

Lead Manager to the Issue

Keynote Corporate Services Limited

The Ruby, 9th Floor,
Senapati Bapat Marg,
Dadar (West), Mumbai – 400028
Tel: +91–22– 30266000-3 **Fax:** +91–22– 3026 6088
E-mail: mbd@keynoteindia.net
Website: www.keynoteindia.net
Contact Person: Mr. Girish Sharma
SEBI Registration No.: INM 000003606



Statutory Auditor of Our Company

Dhirubhai Shah & Doshi, Chartered Accountants,

4th Floor, Aditya Building,
Near Sardar Patel Seva Samaj,
Mithakhali Six Roads, Ellisbridge,
Ahmedabad – 380 006

Tel: +91-79-2640 3325 **Fax:** +91-79-2640 3326

Email: info@dbsgroup.in

Partner: Mr. Kaushik D Shah

ICAI Firm Registration No: 102511W

Peer Review No: 005806

Legal Counsel to the Issue

Navin K. Pahwa, Advocate

71, New York Tower-A,
Opp. Muktidham Derasar,
Thaltej Chowkdi, Thaltej,
Ahmedabad – 380 059

Tel: + 91-79-26855101-104 **Fax:** + 91-79-26855105

Email: nkpahwa2001@yahoo.com

Contact Person: Mr. Navin K. Pahwa

Banker to the Issue

[•]

Registrar to the Issue

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078

Tel: +91-22-61715400 **Fax:** +91-22-25960329

Email: ashima.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sachin Achar

SEBI Registration No: INR000004058

Self Certified Syndicate Banks

All equity shareholders may apply in this Issue through the ASBA process. The ASBA Investors are required to fill the ASBA Form and submit the same to their Self Certified Syndicate Banks (“SCSB”) which in turn will block the amount as per the authority contained in the ASBA Form and undertake other tasks as per the specified procedure. The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on SEBI’s website http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html. Details relating to designated branches of SCSBs collecting the ASBA forms are available at the above mentioned link. On allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Equity Shares allotted.

For further details on the ASBA process, please refer to details given in ASBA form and also see “Terms of the Issue” on page 114 of this Letter of Offer.



Investors may please contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-issue /post-issue related matter such as non-receipt of Abridged Letter of Offer / CAF / letter of allotment / share certificate(s) / credit of allotted shares in the respective beneficiary account / refund orders etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

Credit rating

This being an issue of equity shares, no credit rating is required.

Inter-se allocation of responsibilities

Keynote Corporate Services Limited is the sole Lead Manager to this Issue, however the list of major responsibilities of Keynote Corporate Services Limited inter alia, is as follows:

SI No.	Activity
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments.
2.	Drafting and design of the offer document and of advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the offer document. To ensure compliance with the SEBI Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.
3.	Retail/Non-institutional marketing strategy which will cover, inter alia, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) banker to the issue, (iii) collection centres (iv) distribution of publicity and issue material including composite application form and the Abridged Letter of Offer and the Letter of Offer to the extent applicable.
4.	Institutional marketing strategy to the extent applicable.
5.	Selection of various agencies connected with the issue, namely Registrar to the Issue, printers, and advertisement agencies.
6.	Follow-up with banker to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
7.	The post-issue activities will involve essential follow-up steps, which must include finalisation of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as registrars to the issue, Banker to the Issue, and bank handling refund business. Even if many of these post-issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the Issuer.

Debenture trustee

This being an issue of equity shares, debenture trustee is not appointed.



Monitoring Agency

The Company is not required to appoint a monitoring agency pursuant to Regulation 16 of the SEBI Regulations.

Appraising Agency

The objects of this Issue have not been appraised by any bank or any other independent financial institution.

Principal Terms of Loan and Assets charged as security

For details of list of secured creditors and their outstanding principal secured debt please refer 'Annexure 1' of Scheme of arrangement appearing on page no51.

Underwriting

The Issue has not been underwritten.



CAPITAL STRUCTURE

The capital structure of our Company and related information as on date of this Letter of Offer is set forth below:

	(₹ in lacs)	
	Aggregate Nominal Value	Aggregate Value at Issue Price
A. Authorised share capital:		
12,50,00,000 equity shares of ₹10 each	12500.00	NA
25,00,000 Preference Shares of ₹100 each	2500.00	NA
Total	15000.00	NA
B. Issued Share Capital		
3,40,73,360 equity shares of ₹10 each fully paid-up	3407.34	NA
4,50,000 13% redeemable cumulative preference shares of ₹100/- each fully paid	450.00	NA
16,00,000 11% redeemable cumulative preference shares of ₹100/- each fully paid	1600.00	NA
Total	5457.34	NA
C. Subscribed and Paid Up Capital		
3,33,68,787 equity shares of ₹10 each fully paid-up	3336.88	NA
4,50,000 13% redeemable cumulative preference shares of ₹100/- each fully paid	450.00	NA
16,00,000 11% redeemable cumulative preference shares of ₹100/- each fully paid	1600.00	NA
Total	5386.88	NA
D. Present Issue in terms of this Letter of Offer		
8,00,85,089 equity shares of ₹10 each at par ⁽¹⁾	8008.51	8008.51
E. Paid up capital after the Issue		
11,34,53,876 equity shares of ₹10 each fully paid-up	11345.39	11345.39
4,50,000 13% redeemable cumulative preference shares of ₹100/- each fully paid	450.00	450.00
16,00,000 11% redeemable cumulative preference shares of ₹100/- each fully paid	1600.00	1600.00
Total	13395.39	13395.39
F. Securities premium account		
Before the Issue	12,388.07	NA
After the Issue ⁽²⁾	12,388.07	NA

1) The Issue has been authorised by our Board pursuant to its resolution dated March 07, 2015

2) Since the equity shares are issued at Par there is no change in the securities premium account

Outstanding Instruments

Our Company doesn't have any outstanding instruments which are convertible into equity.



Notes to the Capital Structure

1. (a) The shareholding pattern of our Company as on June 12, 2015:

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	7	265201	265201	0.79	0.79	0	0.00
Bodies Corporate	2	10872092	10872092	32.58	32.58	1000000	9.20
Sub Total	9	11137293	11137293	33.38	33.38	1000000	8.98
(2) Foreign							
	-	-	-	-	-	-	-
Total shareholding of Promoter and Promoter Group (A)	9	11137293	11137293	33.38	33.38	1000000	8.98
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	2	3300	0	0.01	0.01	0	0.00
Financial Institutions / Banks	7	23074	22985	0.07	0.07	0	0.00
Sub Total	9	26374	22985	0.08	0.08	0	0.00
(2) Non-Institutions							
Bodies Corporate	298	4724404	4709882	14.16	14.16	426141	9.02
Individuals							
Individual shareholders holding nominal share capital up to ₹ 1 lac	18926	8939485	8272690	26.79	26.79	2573	0.03
Individual shareholders holding nominal share capital in excess of ₹ 1 lac	181	7224139	7224139	21.65	21.65	10514	0.15
Any Others (Specify)							
Overseas Corporate Bodies	3	1092465	600000	3.27	3.27	0	0.00
Non Resident Indians	132	224627	179625	0.67	0.67	0	0.00
Sub Total	19540	22205120	20986336	66.54	66.54	439228	1.98
Total Public shareholding (B)	19549	22231494	21009321	66.62	66.62	439228	1.98
Total (A)+(B)	19558	33368787	32146614	100.00	100.00	1439228	4.31
(C) Shares held by Custodians and against which Depository Receipts have been issued							
(1) Promoter and Promoter Group							
	0	0	0	0.00	0.00	0	0.00
(2) Public							
	0	0	0	0.00	0.00	0	0.00
Sub Total (C)	0	0	0	0.00	0.00	0	0.00
Total (A)+(B)+(C)	19558	33368787	32146614	100.00	100.00	1439228	4.31

**Notes:**

1. Apus Investments Pvt. Ltd. & Albus Investments Pvt. Ltd. have acquired 10,00,000 share in aggregate from Elephant Enterprises Ltd. and Lahar Trading & Investments Ltd. in November, 2014.
2. It is an economic / commercial transfer of pledged shares.
3. The sellers continue to be the owners in the records of the depository.
4. The acquirers will be registered as the owners in the records of the depository when the shares are released from pledge.
5. The shareholding records presented herein have taken effect of the transaction for appropriate presentation
6. The Company hasn't issued any warrants or convertible securities and hence the data is not provided for the same
7. There are no outstanding warrants or convertible securities

(I) (b) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group" as on June 12, 2015

Sr. No.	Name of the shareholders	Details of shares held		Encumbered shares (*)			Total as % of diluted share capital
		No. of shares held	As a % of grand total(A)+(B)+(C)	No.	As a %	As a % of grand total (A)+(B)+(C) of sub-clause (I) (a)	
1	Apus Investments Pvt Ltd	8734221	26.17	500000	5.72	1.50	26.17
2	Albus Investments Pvt Ltd	2137871	6.41	500000	23.39	1.50	6.41
3	Ayesha C. Parikh & Chintan N. Parikh	27913	0.08	0	0.00	0.00	0.08
4	Chintan N. Parikh HUF	30425	0.09	0	0.00	0.00	0.09
5	Chintan N. Parikh & Shefali C. Parikh	43500	0.13	0	0.00	0.00	0.13
6	Krishnachintan C. Parikh	31300	0.09	0	0.00	0.00	0.09
7	Shefali C. Parikh	23800	0.07	0	0.00	0.00	0.07
8	Uttara C. Parikh & Chintan N. Parikh	100463	0.30	0	0.00	0.00	0.30
9	Shefali C. Parikh & Chintan N. Parikh	7800	0.02	0	0.00	0.00	0.02
	Total	11137293	33.38	1000000	8.98	3.00	33.38

(*) The term "encumbrance" has same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

(I) (c) (i) Shareholding of securities (including shares, warrants, convertible securities) of persons belonging to the category Public and holding more than 1% of the total number of shares as on June 12, 2015

Sr. No.	Name of the shareholders	No. of shares held	As a % of grand total (A)+(B)+(C)	Total as a % of diluted share capital
1	Geek Technologies Pvt Ltd	2194200	6.58	6.58
2	M.P. Investments India Ltd	1077465	3.23	3.23
3	Aditya H Patel	494635	1.48	1.48
4	Mentor Capital Ltd	426141	1.28	1.28
5	Patel Hemang Sukhdevprasad	413069	1.24	1.24
6	Nehaben Hemangbhai Patel	391272	1.17	1.17
7	Malay Jayendra Dalal	334404	1.00	1.00
	Total	5331186	15.98	15.98



(I) (c) (ii) Shareholding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category “Public” and holding more than 5% of the total number of shares of the company as on June 12, 2015

Sr. No.	Name of the shareholder(s) and Persons Acting in Concert (PAC) with them	No. of shares held	As a % of grand total (A)+(B)+(C)	Total as a % of diluted share capital
1	Geek Technologies Pvt Ltd	2194200	6.58	6.58
2	Malay Jayendra Dalal (PAC with No.1)	334404	1.00	1.00
Total		2528604	7.58	7.58

(I) (d) Statement showing details of locked-in shares

There are no locked- in shares

(I) (e) Statement showing details of Depository Receipts (DRs)

There are no Depository Receipts

- Our promoter and promoter group have not acquired any equity shares in the last one year immediately preceding this draft letter of offer except as below:

Sl. No	Name of Seller	Name of Buyer	Nature of transaction	Date	No. of Shares	Average Rate (₹)
1.	Elephant Enterprises Limited	Apus Investments Pvt. Ltd.	Inter se transfer of equity shares	November 27, 2014	5,00,000	10.00
		Albus Investments pvt. Ltd.			3,65,000	
2.	Lahar Trading and Investments Limited	Albus Investments pvt. Ltd.	Inter se transfer of equity shares	November 27, 2014	1,35,000	10.00
3.	Parikh Virbala Navnit	Shefali Chintan Parikh jointly with Chintan Navnitlal Parikh	Transmission of shares on death of holder of equity shares	February 17, 2015	7,800	Not Applicable
4.	Albus Investments Pvt. Ltd.	Apus investments Pvt. Ltd.	Inter se transfer of equity shares	June 10, 2015	33,00,000	10.00

3. Minimum Subscription

If our Company does not receive the minimum subscription of ninety per cent. of the issue, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the issue. If there is delay in the refund of subscription by more than 8 days after the issuer becomes liable to pay the subscription amount (i.e.



fifteen days after closure of the issue), our Company will pay interest for the delayed period, at rates prescribed under Companies Act.

Our Promoter/ Promoter Group, either jointly or severally, intend to subscribe to their Rights Entitlement in this Issue, in full, subject to the terms of this Letter of Offer and applicable laws. Subject to compliance with applicable laws including the Takeover Code, the Promoter/ Promoter Group, either jointly or severally, reserve the right to subscribe for (1) additional Equity Shares of our Company and/or (2) the unsubscribed portion if any, to the extent that the holding of Promoter/Promoter Group does not exceed requirement for minimum public shareholding criteria. The Promoter/Promoter Group entities have sent communications vide letter dated June 11, 2015 to this effect.

The promoter group entities viz Apus Investments Pvt Ltd. and Albus Investments Pvt Ltd have brought in amount of ₹5350.00 lacs and ₹2550.00 lacs respectively, as unsecured loans, out of which the Company has paid amount of ₹7700.00 lacs to a secured creditor. The monies brought in by Apus Investments Pvt Ltd. and Albus Investments Pvt Ltd as above by way of unsecured loans shall be adjusted towards the amounts payable by them for acquiring equity shares under the Rights Issue of the Company against their entitlement and also towards the additional subscription by them. These entities have sent a communication vide letter dated June 11, 2015 to this effect.

As a result of the subscription, our Promoter/Promoter Group may acquire Equity Shares over and above their respective entitlements in this Issue, which may result in an increase of their shareholding above the current shareholding along with the Rights Entitlement. Such subscription and acquisition of additional Equity Shares by our Promoter / Promoter Group through the Issue, if any, shall be made in accordance with applicable laws. Further, such acquisition is exempted from the obligation to make an open offer as the conditions prescribed in Regulation 10(4)(b) of the Takeover Code are duly complied with.

4. The Company is in compliance with clause 40(A) of the listing agreement and is required to maintain public shareholding of atleast 25% of the total number of its listed equity shares.
5. The present Issue being a rights issue, as per Regulation 34(c) of the SEBI ICDR Regulations, the requirements of promoters' contribution are not applicable. Further, none of the equity shares held by promoter and promoter group are subject to lock-in.
6. As on date of this Letter of Offer, no Equity Shares are subject to lock-in. The total number of equity shares pledged as on June 12, 2015 is 14,39,228 equity shares of which 10,00,000 equity shares have been pledged by promoter group entities.
7. The ex-rights price of the equity shares as per Regulation 10(4) (b) of the Takeover Regulations is ₹10.05 per Equity Share.;



OBJECTS OF THE ISSUE

Our Company intends to deploy entire Issue Proceeds towards part repayment of outstanding principal secured debt as per proposed scheme of arrangement.

The objects clause of our Memorandum of Association enables us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

The entire Issue Proceeds amounting to ₹8008.51 lacs would be utilized towards part repayment of outstanding principal secured debt as per proposed scheme of arrangement. The issue expenses would be borne by the Company from internal sources.

The entire requirements of the objects of the issue are intended to be funded from the issue proceeds. Accordingly, our Company confirms that there is no requirement for it to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

The promoter group entities viz Apus Investments Pvt Ltd. and Albus Investments Pvt Ltd have brought in amount of ₹5350.00 lacs and ₹2550.00 lacs respectively, as unsecured loans, out of which the Company has paid amount of ₹7700.00 lacs to a secured creditor. The monies brought in by Apus Investments Pvt Ltd. and Albus Investments Pvt Ltd as above by way of unsecured loans shall be adjusted towards the amounts payable by them for acquiring equity shares under the Rights Issue of the Company against their entitlement and also towards the additional subscription by them. These entities have sent a communication vide letter dated June 11, 2015 to this effect.

Details of the Objects of the Rights Issue

Our Company has a total outstanding principal secured debt of ₹44170.64 lacs from different lenders including asset reconstruction companies. Presently, our Company is at a crucial juncture where it needs substantial funds (i) to settle the debt with lenders (ii) for capital expenditure to carry out vital replacement of old plant and machineries and (iii) towards the working capital requirements in order to keep the operations afloat (*For details of list of secured creditors and their outstanding principal secured debt please refer 'Annexure 1' of Scheme of arrangement appearing on page no51*).

Our Company has proposed a scheme of arrangement for reconstruction and compromise with its equity shareholders, preference shareholders and secured creditors under section 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 (the Proposed Scheme). This scheme shall primarily assist our Company to settle the debt with its secured creditors and also restructure the preference capital. The debt settlement shall assist us to avail fresh funding for capex and working capital in future resulting in revival of Company. These steps shall ultimately benefit all the stakeholders including shareholders, employees and suppliers. As a part of debt settlement under the proposed scheme, our Company has proposed a rights issue to the extent of ₹8008.51 lacs to part repayment of outstanding principal secured debt.

For details of the proposed scheme of arrangement for reconstruction and compromise with its equity shareholders, preference shareholders and secured creditors please refer page no.37



Background and rationale

During F.Y.1998-99 and F.Y.1999-00, our Company borrowed significant monies through different debt instruments to fund the expansion of manufacturing facilities with an expectation to achieve higher growth. Until F.Y.1999-00, our Company was reasonably making profits from the operations. However, in the year F.Y.2000-01 the changes in supply and demand structure in the industry intensified price competition thereby resulting in steep fall in the realization value of our products. During 1997-98, our Company also entered into collaboration with Cone Mills, USA, the then largest denim manufacturing company worldwide, who was to market the products of our company globally. In the year 2000, Cone Mills, USA went for liquidation affecting the marketing capabilities of our Company. This was coupled with unfavorable macro economic factors severely impacting the operations of our Company resulting into first ever loss. Our Company could not emerge from the aforesaid problems leading to default in payment of interest and repayment of principal amounts to various lenders from F.Y.2001-02 onwards.

Our Company made extensive efforts to identify long term solution to improve the health of the Company and appointed consultancy firms and specialized firms between the year 2001 and 2006. These steps could not reap desired results and subsequently our Company submitted number of alternative debt settlement proposals to the creditors in order to reach a solution. During this period the secured creditors transferred their loan portfolio to asset reconstruction companies. Our Company submitted number of proposals that included conventional re-schedulement of loan repayments. However, over a period of time with ageing plant and machinery, a onetime settlement option is considered an appropriate method to repay the debt rather than a debt restructuring exercise stretched over a longer period of time. Our secured creditors have also shown willingness to accept the one time settlement option under the scheme.

Schedule of Implementation and Deployment of Funds

Our Company proposes to utilize funds collected in rights issue after finalization of the basis of allotment.

Issue Related Expenses

The company proposes to meet the Issue related expenses from internal sources. The details of estimated issue expenses are appearing on page no.112

Sources and deployment of funds

As per the certificate dated June 15, 2015 issued by Dhirubhai Shah & Doshi, Chartered Accountants, our Company has received loans from two promoter group entities viz, Apus Investments Pvt Ltd. and Albus Investments Pvt Ltd amounting to ₹5350.00 lacs and ₹2550.00 lacs respectively aggregating to ₹7900.00 lacs of which ₹7700 lacs has been deployed till June 12, 2015 by way of on account payment towards debt settlement to Asset Reconstruction Company (India) Limited.

Appraisal Report

The object of rights issue is to part-finance the repayment of outstanding principal secured debt as per proposed scheme of arrangement and hence there is no requirement of appraisal.

Interim use of funds

Our Company doesn't propose any interim use of funds.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution or entity as on the date of this Letter of Offer, which are proposed to be repaid from the Issue Proceeds.



Monitoring of the utilization of funds

Our Board of Directors will monitor the utilisation of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head in our financial statements clearly specifying the purposes for which such proceeds have been utilized. We, in our balance sheet will provide details, if any, in relation to all such proceeds of the Issue that have not been utilized.



STATEMENT OF TAX BENEFITS

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

Dear Sirs,

Sub: Tax Benefits

We confirm that there are no special tax benefits available to Ashima Limited (the “Company”) and its shareholders under the existing Income Tax Act, 1961.

This certificate may be relied upon by the Lead Manager appointed in connection with the Issue.

The contents of this certificate may be included in the offer document in connection with the proposed issue of Shares of the Company as per the SEBI Regulations.

For Dhirubhai Shah & Doshi, Chartered Accountants

Sd/-

**Kaushik D. Shah
Partner**

**Membership No.: 016502
Firm Registration No. with ICAI: 102511W
Peer Review Certificate No. 005806**

Date: April 24, 2015



SECTION IV – ABOUT US

HISTORY AND OTHER CORPORATE MATTERS

Our Company was incorporated on June 17, 1982 as Ashima Syntex Private Limited under the Companies Act, 1956. Our Company was subsequently converted into a Public Limited Company and a fresh certificate of incorporation was obtained from Registrar of Companies, Ahmedabad, Gujarat on August 26, 1988. Subsequently, the name was changed to Ashima Limited on January 27, 1999 and received fresh certificate of incorporation consequent to change of name. The equity shares of our Company were listed on BSE, Ahmedabad Stock Exchange, Delhi Stock Exchange, Calcutta Stock Exchange, Madras Stock Exchange and National Stock Exchange of India Limited. Presently, our equity shares are listed on BSE and NSE.

Our Company started its operations with a Polyester Division for the texturing of semi dull partially oriented yarn (POY) in the year 1982 and subsequently in the year 1989 installed facilities for draw twisting of bright POY. Our Company ventured into manufacturing of cotton fabrics in the year 1993 by setting up manufacturing unit at Kadi. Thereafter, our Company acquired manufacturing facilities of a textile unit and moved to Texcellence Complex in Ahmedabad and commenced its manufacturing of denim products. Presently, our product portfolio comprises of denims, shirting and ready-to-stitch product under the brand 'ICON'.

Major events in the history of our Company

Sr	Year	Major Event
1.	1993	Public issue of 17,00,000 14% FCDs of ₹75 each for cash at par aggregating ₹1299.75 lacs to set up 100% EOU to manufacture Grey Cotton Fabrics and attended listing.
2.	1993	The Company ventured into 100% cotton textiles manufacturing and commenced production of Grey Cotton Fabrics at Kadi, Gujarat
3.	1994	Acquired manufacturing facilities of a textile unit and moved into the Texcellence Complex in Ahmedabad
4.	1994	Public issue of 65,51,500 Equity Shares of ₹10 each for cash at a premium of ₹40 per share aggregating ₹3275.75 lacs for diversification project for Composite Textile Unit to manufacture 100% Cotton Denim Fabrics
5.	1994	Rights issue of 18,60,613 Equity Shares of ₹10 each for cash at a premium of ₹30 per share aggregating ₹744.25 lacs for diversification project for Composite Textile Unit to manufacture 100% Cotton Denim Fabrics
6.	1995	Commencement of Denim production facilities
7.	1996	Rights issue of 77,76,797 Equity Shares of ₹10 each for cash at a premium of ₹48 per share aggregating ₹4522.14 lacs for expansion project for doubling capacity for manufacture of 100% Cotton Denim Fabrics
8.	1996	Commencement of Yarn-dyed production facilities
9.	1998	Collaboration with Cone Mills USA
10.	1999	Name of the company changed to Ashima Limited
11.	1999	Expansion of various manufacturing facilities at Denim and Yarn-dyed plants
12.	2000	Cone Mills USA went into liquidation, severely impacting the marketing capabilities of the Company
13.	2001	Started facing financial problems on account of various macro-economic problems and reported first-ever loss
14.	2004	Offered a restructuring proposal to the lenders through Corporate Debt Restructuring (CDR) mechanism. However, in spite of best intentions of the company and most of the lenders, the matter could not move forward on technical grounds
15.		Many of the secured creditors started transferring their debt portfolio in favor of Asset Reconstruction Company (India) Limited ("ARCIL")
16.	2005	Company was in discussion with secured creditors for a proposed settlement through a Scheme of



Sr	Year	Major Event
		Arrangement. However the same did not move forward.
17.	2007	Change in registered office from 310 Ashima House, Kavi Nanalal Marg, Ellisbridge, Ahmedabad to Texellence Complex, Khokhara Mehmedabad, Ahmedabad
18.	2014	Company received positive response to its debt settlement process and signed a term sheet in July 2014 for settlement of secured debt with one of its secured creditors
19.	2014	Company filed draft Scheme of Arrangement for Reconstruction and Compromise between the Company and its Equity Shareholders, Preference Shareholders and Secured Creditors under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 with stock exchanges in December 2014. Subsequently, the scheme has been modified and filed with stock exchanges in April 2015.

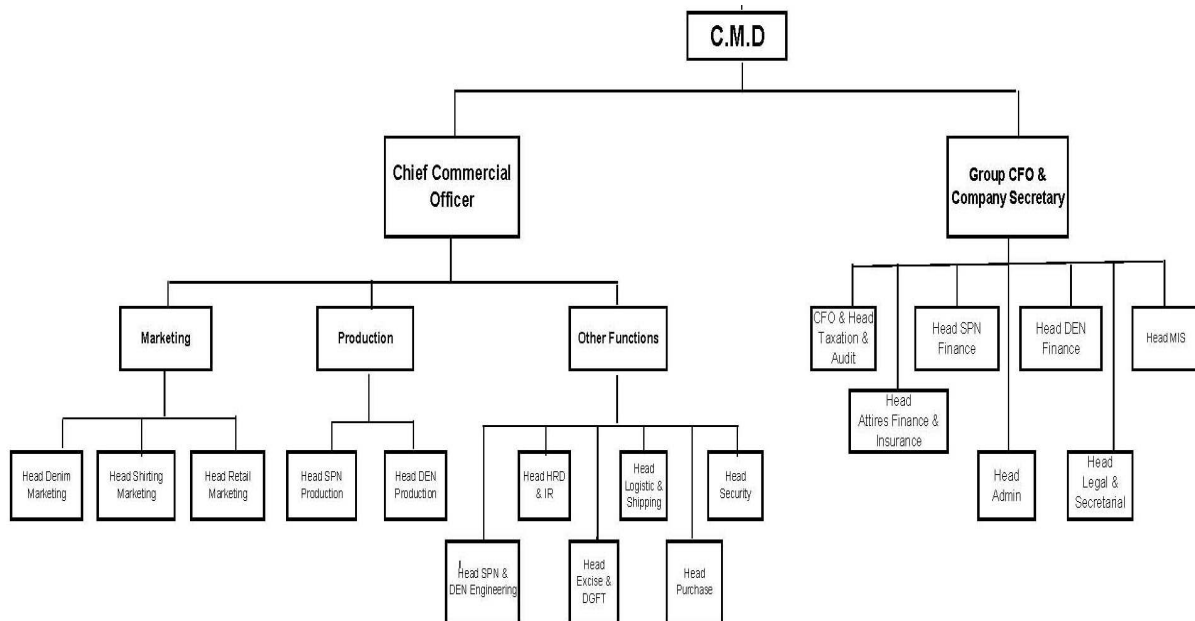
Our Main Objects

The main objects of our Company as contained in the Memorandum of Association are as set forth below:

- 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 there from.*
- 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.*



Corporate Structure of our Company



Agreement with shareholders

As on date of this Letter of Offer there are no agreements entered into between our Company and our shareholders.

Scheme of Arrangement

Draft Scheme of Arrangement For Reconstruction And Compromise with Equity Shareholders, Preference Shareholders and Secured Creditors Under Section 391 To 394 Read with Sections 100 To 103 of The Companies Act, 1956 and Section 52 of The Companies Act, 2013

The draft of the Scheme of Arrangement has been filed with BSE and NSE for obtaining requisite observation letter from them in terms of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 read with SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. Our Company has received an observation letter no. DCS/AMAL/FR/24(f)/354/2015-16 dated June 19, 2015 from BSE Limited regarding aforesaid draft scheme of arrangement enabling us to file the scheme with Hon'ble High Court. It has advised the Company to disclose the details related with waiver of interest by various lenders in the scheme of arrangement suitably and to duly comply with various provisions of circulars.

A. Preamble to the Scheme of Arrangement for Reconstruction and Compromise

- i. This Scheme of Arrangement for Reconstruction and Compromise ("the Scheme") is presented under Sections 391 to 394 read with Section 100 to Section 103 and other applicable provisions of the Companies Act, 1956 as amended and Section 52 of the Companies Act, 2013 and other applicable corresponding provisions of the Companies Act, 2013 upon their notification (including any statutory modifications(s) or re-enactment(s) thereof for the time being in force).
- ii. This Scheme of Arrangement is proposed as financial reconstruction of the Company pursuant to:
 - Re-organisation of preference share capital and
 - settlement of Outstanding Secured Debts of the Secured Creditors (as defined hereinafter) of the Company in order to provide a fair opportunity to them to receive their long outstanding dues and to bring about long term financial stability to the Company



- iii. This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.
- iv. The sanction of this Scheme by the Court would have effect of modifying the existing arrangements with the Secured Creditors and would be binding on all the parties to Scheme by the provisions thereof.

B. Rationale for the Scheme of Arrangement for Reconstruction and Compromise:

- i. Ashima Limited (hereinafter referred to as “Ashima” or “the Company” or “the Borrower”) is the flagship company of Ashima Group. It is engaged in the business of cotton fabric manufacturing. The Company’s equity shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
- ii. The Company ventured into 100% cotton textiles manufacturing during the year 1992 when it started production at its Kadi factory. Later on, it acquired manufacturing facilities of a textile unit and moved into the Texcellence Complex in Ahmedabad where it started manufacturing of Denim products from the year 1994-95 and Yarn-dyed shirting products from the year 1996-97.
- iii. In the year 1998-99, the company decided to expand its manufacturing facilities. Considering its low debt: equity ratio and overall interest of shareholders, the Company raised significant amount of funds through various debt instruments / borrowings.
- iv. The Company was doing well till the year 1999-2000, however it started facing financial problems from the year 2000-01 when it reported first-ever loss. The Company was confronted with falling prices and increasing manufacturing costs. The changed supply and demand structure in the industry worldwide intensified price competition and as a result there was steep fall in company’s realization. During this period, the Company had entered into collaboration with Cone Mills, USA, the largest Denim manufacturing company worldwide at that time, who was to market the products of the company globally. However, Cone Mills later on went into liquidation which severely impacted the marketing capabilities of the Company. There were many other macro-economic factors that went against it during this period and continued to hamper the operations thereafter.
- v. The Company could not come out of these problems thereafter and hence could not make payment of interest and repayment of principal amounts to various lenders from the year 2001-02.
- vi. Since the year 2001 till date, the company made extensive efforts to solve the problems which are briefly mentioned below:
 - a. The company appointed KSA Technopak in the year 2001 for improving Ashima’s competitiveness and evaluating options for group restructuring.
 - b. In the year 2002, the company appointed KPMG for carrying out Operations Review and suggesting measures for improvement in operational performance.
 - c. In the year 2003, the company appointed KSA Technopak to carry out Market Research and Due Diligence and suggesting modifications and/or amendments to maximize the profitability.
 - d. In the year 2004, the company offered a restructuring proposal to the lenders through Corporate Debt Restructuring (CDR) mechanism. However, in spite of best intentions of the company and most other lenders, CDR did not take up the restructuring proposal of the Company on board on account of some technical reasons. Hence the matter could not move forward.
At this juncture, many of the secured lenders transferred their debt portfolio in favor of Asset Reconstruction Company (India) Limited (“ARCIL”).
 - e. Thereafter, as an alternative solution, the Company decided to move forward by way of a Scheme of Arrangement u/s 391 of the Companies Act, a draft of which was circulated to the lenders and agreed upon. The Company, therefore, prepared a Scheme of Compromise and Arrangement containing similar terms and conditions as were agreed for the CDR mechanism and submitted the same u/s 391 of the Companies Act, 1956 with the Honorable High Court of Gujarat in 2005. However, at that point of time, the working capital lenders who had already agreed



for such a scheme under the CDR mechanism decided not to support the scheme put up before the High Court of Gujarat. As a result, the restructuring process could not move forward. Immediately thereafter, many of the working capital lenders transferred their financial assistance in favor of ARCIL.

- f. Since the matter was not getting resolved in any manner, the Company decided to avail services of some specialized agencies in this field for the said purpose. Accordingly, in the year 2006 the company appointed Kotak Mahindra Bank – Corporate Advisory Group to assist the company in the restructuring process, to advise upon comprehensive scheme and also to search for a financial and/or strategic partner in order to bring about resolution. Kotak Bank worked on the assignment vigorously for more than 2 years, worked closely with ARCIL who is one of the major lenders and also initiated dialogues with many prospective investors. However their efforts also could not bring about any positive developments.
 - g. During these years, the company also approached various strategic and financial investors through various sources. However, the responses from these investors were lackluster on account of overall market situation, outlook of textile industry and the status of the plant and machinery of the company which were ageing.
 - h. The company also put very sincere efforts to get the resolution of the problem on its own by trying to work with the lenders for debt restructuring. It worked very closely with its Secured Creditors since 2006 and submitted a number of alternative debt settlement proposals in order to reach a solution. Initial proposals were in the nature of traditional re-schedulement of loan repayments. However, over a period of time with ageing plant and machinery, it became obvious that a debt restructuring stretched over a longer period of time cannot be sustainable and hence a One-Time-Settlement of the debt was the only feasible option.
- vii. Accordingly, the company started discussing with most of its Secured Creditors for a settlement and recently majority of lenders of the Company have also shown their willingness to settle their Outstanding Secured Debts. However, the Company needs to arrange for substantial funds for the debt settlement to be closed with the Secured Creditors.
- viii. The financial snapshot of the Company for the last 5 years is given below:

	(Rs.in lacs)				
Particulars	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14
Share Capital	5,387	5,387	5,387	5,387	5,387
Reserves and Surplus	21,343	20,792	(28,403)	(29,799)	(31,091)
Profit and Loss account	(47,972)	(48,001)	-	-	-
Loan funds	47,074	47,070	47,057	46,811	46,809
Current Liabilities and Provisions	2,940	2,953	2,552	4,227	4,428
LIABILITIES	28,771	28,200	26,592	26,627	25,532
Fixed Assets	21,345	19,867	18,586	17,369	16,164
Investments	0	-	-	-	-
Inventories	3,541	5,144	4,254	5,752	5,659
Trade Receivables	2,050	1,780	2,340	2,195	2,349
Cash and cash equivalents	774	642	673	499	620
Other assets	838	646	739	812	740
Miscellaneous Expenditure	223	120	-	-	-
ASSETS	28,771	28,200	26,592	26,627	25,532
Net-worth	(21,466)	(21,943)	(23,017)	(24,412)	(25,705)

- ix. As can be seen from the above table, the company is in a very delicate financial health on account of huge losses for last many years. The Company had lost its entire net worth in the year 2004 and continues to be a Sick Industrial Company as defined under section 3(1)(o) of The Sick Industrial Companies (Special Provisions) Act, 1985 (“SICA”) till date. However, with the advent of the The Securitisation And Reconstruction of Financial Assets And Enforcement of Security Interest Act, 2002 (“SARFAESI Act”) and action by certain secured lenders by transferring the financial assistance in favour of an asset reconstruction company, the Company was prohibited from filing reference under section 15 of SICA to Board for Industrial and Financial Reconstruction (BIFR) in view of second proviso to section 15(1) of SICA which says that “...no reference shall be made to the BIFR after the commencement of SARFAESI Act, 2002, where financial assets have been acquired by any securitization company or reconstruction company under sub-section (1) of section 5 of that Act”. The Company is saddled with aged and obsolete plant & machinery and a very large



workforce of more than 2700 people including those of a closely-interlinked group company Ashima Dyecot Limited. Company does not have any working capital facilities from any bank and hence faces severe limitations in terms of maintaining required level of inventory or extending normal credit facilities demanded by the customers. Still, the company's management is making best efforts on the operational front in all the directions by working in a highly disciplined fashion. It is fulfilling all its obligations towards the workers, employees, vendors and the customers without defaulting on any of its statutory liabilities and also contributes to the exchequer in terms of indirect taxes like service tax, VAT, excise/custom duties and such other levies. A huge number of small and medium enterprises as well as the families of 2700+ workforce get supported by an operational enterprise like Ashima.

- x. The Company is at a crucial juncture currently where it needs huge funds to settle the lenders, for capital expenditure to carry out urgent replacement of old plant and machinery and working capital requirements in order to keep the operations afloat. With the current financial position of the Company where the capital is already eroded long back and the net worth is highly negative, there is very little scope of any institutional, public or private funding. Company's plant and machinery are quite old and obsolete and is not capable of generating resources to service any new debts. The current requirement of funds is for the purpose of debt settlement which will then facilitate fresh bank / institutional funding for capex and working capital requirements. At the same time, if the Company is not able to settle the debt with its secured creditors, its consequences would be far damaging for all the stakeholders of the Company.
- xi. Accordingly, the Company is proposing this scheme of Financial Reconstruction of the Company through re-structuring of preference capital and a compromise and arrangement with its Secured Creditors (as defined hereinafter) for settlement of their Outstanding Secured Debts and / or variation of the terms and conditions applicable to their dues. Against a part of the Outstanding Principal Secured Debts, the Company proposes to issue and allot its fully paid up equity shares of ₹10 each at par by way of conversion of secured debt to the Secured Creditors as per settlement options mentioned in Clause 4. The Company will also come up with a Rights Issue for its equity shareholders to raise funds for repaying the debts of Secured Creditors. The Scheme will enable the business of the Company to be carried on effectively by providing for the settlement of outstanding dues to its secured creditors in a just, fair and equitable manner, which would otherwise not be possible without the sanction of this Scheme.
- xii. The Company requires funds of about ₹200 crores for the restructuring proposal and the same shall be raised in the following manner:
 - a. The Promoters have been meeting funding requirements since the Cut-Off Date by bringing in loans which shall be for an aggregate amount of about ₹85 Crores.
 - b. About ₹80 crores to be raised by way of issue and allotment of fresh equity shares to the shareholders by way of a Rights Issue, to be made separately, in compliance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - c. About ₹35 crores to be raised by Ashima through realization of its current and fixed assets, subject to no-objection received from Secured Creditors in case of disposal of any fixed asset which is charged/ mortgaged.
 - d. The balance amount, if any, will be raised by the Company by way of borrowings.

C. Parts of the Scheme

Part I – Definitions and Share Capital

Part II – Proposed Arrangement for Compromise with Secured Creditors

Part III – Re-organisation of Preference Share Capital

Part IV – General Terms and Conditions of Settlement

PART – I DEFINITIONS AND SHARE CAPITAL

1. Definitions

In the Scheme, unless inconsistent with the meaning or context, the following expressions shall have the following meaning:



- 1.1 **“Act”** means the Companies Act, 1956 and the Companies Act, 2013, as applicable, and rules and regulations made there under and shall include any statutory modifications, amendments or re-enactment thereof for the time being in force. It is being clarified that as on the date of approval of this Scheme by the Board of Directors of Ashima, provisions of Sections 391 to 394 read with provisions of Sections 100 to 103 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified and provisions of Section 52 of the Companies Act, 2013. Accordingly, references in this Scheme to provisions of the Act are reference to the particular provisions of the Companies Act, 1956. Upon such provisions standing re-enacted by enforcement of provisions of the Companies Act, 2013, such reference shall, unless a different intention appears, be construed as reference to the provisions so re-enacted;
- 1.2 **“Ashima” or “the Company” or “the Borrower”** means Ashima Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at Texcellence Complex, Khokhara, Mehmedabad, Ahmedabad – 380 021;
- 1.3 **“Board of Directors”** means the Board of Directors of Ashima as in existence from time to time and as the context may require and includes a committee thereof;
- 1.4 **“Cut-Off Date”** means April 1, 2014, the date as on which the amount of Outstanding Secured Debts or the Outstanding Principal Secured Debts, as per the books of the Company, of Secured Creditors is being settled pursuant to this Scheme;
- 1.5 **“Effective Date”** means the date on which the certified copy of the Order of the High Court of Gujarat at Ahmedabad, or any other appropriate authority under Sections 391 to 394 read with Sections 100 to 103 of the Act and Section 52 of the Companies Act, 2013 sanctioning the Scheme, is filed with the Registrar of Companies, Gujarat;
- 1.6 **“High Court” or “Court”** means the High Court of Gujarat at Ahmedabad and shall include National Company Law Tribunal, if and when made operational;
- 1.7 **“Outstanding Secured Debts”** means the aggregate of the amounts payable by the Company to its Secured Creditor(s) on account of Outstanding Principal Secured Debts, interest, penal interest, liquidated damages, penalties, costs, charges, expenses, whether accrued or due, and any other form of debits in the books of Secured Creditor against the Company;
- 1.8 **“Outstanding Principal Secured Debts”** means the aggregate of the principal component of the Outstanding Secured Debts plus that portion of accrued interest on such principal component which has been converted into term loan (i.e. Funded Interest Term Loan), if any with the consent of the respective lenders payable by the Company to its Secured Creditor(s), as per the books of accounts of the Company;
- 1.9 **“Secured Creditor(s)”** specifically listed in Annexure I to this Scheme means the financial institutions / bodies, banks, asset reconstruction companies and other entities and their assigns, which have provided financial assistance to the Company from time to time by way of secured loans, either by way of term loans, working capital loans or subscription to debentures, and holding charge / mortgage on current assets, movable and / or immovable properties of the Company and include the assignees of such banks / institutions or entities, whether such assignment has taken place prior or subsequent to the Cut Off Date, and includes Successor Secured Creditors as defined hereinafter;
- 1.10 **“Successor Secured Creditor(s)”** means an entity or entities, which pursuant to any restructuring like merger, demerger or reconstruction carried out or in any other manner become Secured Creditor in Ashima, such entity shall be termed as a Successor Secured Creditor and in that case the name and other details of such Successor Secured Creditor shall be deemed to be added or substituted, as the case may be, in Annexure I of this Scheme;
- 1.11 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement involving Compromise and Reconstruction in its present form submitted to the High Court or any other appropriate authority or with any modification(s) made under Clause 9.12 of this Scheme.



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 and bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

Reference to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme.

The singular shall include the plural and vice versa.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 2.1 The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court or any other appropriate authority shall be operative and effective from the Effective Date.
- 2.2 Any reference in this Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon the coming into effect of the Scheme” shall mean the Effective Date.

3. SHARE CAPITAL

- 3.1 The share capital of the Company as on October 31, 2014 is as under:

Particulars	Amount (₹ in crs)
Authorized Capital	
125,000,000 Equity shares of ₹10/-	125
2,500,000 Preference shares of ₹100/-	25
Total	150
Issued Capital	
34,073,360 Equity shares of ₹10/-	34.07
450,000 13% Redeemable Cumulative Preference Shares of ₹ 100 each fully paid	4.50
1,600,000 11% Redeemable Cumulative Preference Shares of ₹100 each fully paid	16.00
Total	54.57
Subscribed and Paid-up Capital	
33,368,787 Equity shares of ₹10/-	33.37
450,000 13% Redeemable Cumulative Preference Shares of ₹100 each fully paid	4.50
1,600,000 11% Redeemable Cumulative Preference Shares of ₹100 each fully paid	16.00
Total	53.87

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of the Company, there is no change in authorized, issued, subscribed and paid-up equity capital of the Company.

PART – II PROPOSED ARRANGEMENT FOR COMPROMISE WITH SECURED CREDITORS



4. SETTLEMENT OPTIONS

4.1 The arrangement and compromise proposed by the Company under this Scheme is with its Secured Creditors only. This Scheme provides for full and final settlement of the entire Outstanding Secured Debts of the Secured Creditors by way of payment towards the Outstanding Principal Secured Debts as per the provisions of the Scheme. As part of the Scheme, the Company will offer three different options as specified hereinafter to settle the Outstanding Secured Debts of the Secured Creditors. The Secured Creditors can select any one of the said three options, failing which their Outstanding Secured Debts will be settled first as per Option III subject to the limit of ₹5 crores (Rupees five crores only) and balance Outstanding Secured Debts, if any, as per Option II.

4.2 OPTION I – CASH, DEFERRED PAYMENT AND EQUITY SHARES

The Secured Creditors exercising Option I shall be entitled to the following:

4.2.1 A one-time settlement amount equivalent to 42.584% (Forty Two point Five Hundred Eighty Four per cent) of the Outstanding Principal Secured Debts of the Secured Creditors as per Annexure I as on Cut-off Date i.e. 1st April 2014 shall be settled in the following manner:

- **Cash** – Against 32.905% of Outstanding Principal Secured Debts, the Company shall make payment by way of cash on Scheme becoming effective or before 30th September 2015, whichever is earlier;
- **Deferred Payment** – Against 3.872% of the Outstanding Principal Secured Debts, the Company shall make payment by way of cash on or before 31st March 2017;
- **Issue of Equity Shares** – Against 5.807% of the Outstanding Principal Secured Debts, the Company shall issue and allot its fully paid up equity shares of ₹10 each at par, within a period of 90 days of Scheme becoming effective, to the Secured Creditors, by way of conversion of secured debt.

Assuming all the Secured Creditors opt for settlement under Option 1 as above, the equity shares to be issued under the said option would be approximately ₹25.65 crores (Rupees Twenty five crores sixty five lacs).

The balance of Outstanding Secured Debts together with outstanding interest, penalty and other charges, etc. whether provided or not in the books of the Company shall be regarded as waived.

4.2.2 The Secured Creditors may transfer/dispose off said shares allotted to them as per Clause 4.2.1 in part/s or in full to any person at any point of time. If the Secured Creditors transfer / dispose off the shares at the end of 2 (two) years from the date of allotment or within a period of 6 (six) months thereafter, the Company shall be liable to pay to the Secured Creditors the 'Shortfall Amount' computed as the sum of Outstanding Principal Secured Debts so converted into equity shares (as per Clause 4.2.1) and an amount equivalent to compounded quarterly return of 15% (fifteen percent) per annum on said Outstanding Principal Secured Debts starting from date of issue of the shares or September 30, 2015 whichever is earlier, as reduced by the sale proceeds realized by the Secured Creditors on disposal of the said shares. It is clarified that the price at which the Secured Creditors sell the shares shall not be less than the prevailing market price at the time of sale of such shares on the stock exchanges.

4.2.3 The cash and the deferred payments as per Clause 4.2.1 and the Shortfall Amount as per Clause 4.2.2 above shall be paid by the Company to the Secured Creditors subject to applicable taxes, if any, in accordance with the provisions of law as in force on the date of payment of each such installment.

4.2.4 In case there is a delay in payment of cash component as per Clause 4.2.1 above beyond 1st April 2015, the Company shall be liable to pay quarterly interest at the rate of 15% (fifteen per cent) per annum from the first day following 1st April 2015 till the final due date of payment i.e. September 30, 2015.



- 4.2.5 In case of deferred payment as per Clause 4.2.1 above, the Company shall also be liable to pay quarterly interest at the rate of 15% (fifteen per cent) per annum from the first day following 1st April 2015 till the date of actual payment.
- 4.2.6 The equity shares to be issued to the Secured Creditors as above shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* with the equity shares of the Company in all respects including dividends (subject to the provisions of Section 123 of the Companies Act, 2013 and applicable Rules and Regulations framed there under) for the purpose of any dividend declared after the Scheme becomes effective.
- 4.2.7 The Company shall take necessary steps to increase or alter or re-classify, (if necessary), its Authorized Share Capital suitably to enable it to issue and allot the equity shares required to be issued and allotted by it under Clause 4.2.1 of this Scheme.
- 4.2.8 The Board of Directors of Ashima shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities and undertake necessary compliance for the issue and allotment of equity shares to the shareholders of Ashima pursuant to Clause 4.2.1 of the Scheme.
- 4.2.9 Approval of this Scheme by the shareholders of the Company shall be deemed to be the due compliance of the provisions of Section 62 of the Companies Act, 2013 and Rules and Regulations framed there under, and the other relevant and applicable provisions of the Act or other applicable regulations for the issue and allotment of equity shares by the Company, as provided in this Scheme.
- 4.2.10 The approval of this Scheme by the shareholders of the Company under Sections 391 to 394 read with Sections 100 to 103 of the Act and Section 52 of the Companies Act, 2013 shall be deemed to have the approval under the applicable provisions including Sections 13 and 14 of the Companies Act, 2013 and the relevant provisions in the Articles of Association of the Company and any other consents and approvals required in this regard. The equity shares shall be issued in dematerialized form in to the demat account, particulars of which are to be intimated by the Secured Creditors to Ashima and / or its Registrar. The Secured Creditors who fail to provide such details shall be issued the equity shares in physical form.
- 4.2.11 The equity shares to be issued to the Secured Creditors pursuant to Clause 4.2.1 of this Scheme will be listed and/or admitted to trading on all the Stock Exchanges on which shares of Ashima are listed on the Effective Date. The Company shall enter into such arrangements and give such confirmations and / or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges. All equity shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange(s).
- 4.2.12 The equity shares to be issued to the Secured Creditors pursuant to Clause 4.2.1 of this Scheme shall not be subject to write down until their disposal by the Secured Creditors.

4.3 **OPTION II – CASH AND DEFERRED PAYMENTS**

The Secured Creditors exercising Option II shall be entitled to the following:

- 4.3.1 A one-time settlement amount equivalent to 56.504% (Fifty Six point Five Hundred Four percent) of the Outstanding Principal Secured Debts of the Secured Creditors as per Annexure I as on the Cut-off Date i.e. 1st April 2014 shall be settled in the following manner: :
- **Cash** – Against 14.004% of Outstanding Principal Secured Debts, the Company shall make payment by way of cash on the Scheme becoming effective or before September 30, 2015, whichever is earlier;
 - **Deferred Payment** – Against 42.5% of the Outstanding Principal Secured Debts, the Company shall make payment by way of cash over a period of five years in 5 (Five) installments as under:



Date of Deferred Payments (DP) on or before	% of Outstanding Principal Secured Debts
March 31, 2016	7.5%
March 31, 2017	7.5%
March 31, 2018	7.5%
March 31, 2019	10.0%
March 31, 2020	10.0%
Total DP	42.5%

The balance of Outstanding Secured Debts together with outstanding interest, penalty and other charges, etc. whether provided or not in the books of the Company shall be regarded as waived.

4.3.2 The cash and the deferred payments made as per Clause 4.3.1 above shall be paid by the Company to the Secured Creditors subject to applicable taxes, if any in accordance with the provisions of law as in force on the date of payment of each such installment.

4.4 OPTION III – UPFRONT PAYMENT OF CASH

The Secured Creditors exercising Option III shall be entitled to the following:

4.4.1 A one-time settlement amount equivalent to 40% (Forty per cent) of the Outstanding Principal Secured Debts of the Secured Creditors as per Annexure I as on the Cut-Off Date i.e. 1st April 2014 shall be paid by the Company to the Secured Creditors on the Scheme becoming effective or before September 30, 2015, whichever is earlier.

4.4.2 The total funds available under this Option would be limited to ₹5 crores (Rupees Five crores only). However, if more debts are tendered under this option, the Company may attempt to raise more funds. Meanwhile, if total amount opted for under this option exceeds the funds available, each Secured Creditor will be paid on pro-rata basis and the balance Outstanding Principal Secured Debts as per Annexure I of such Secured Creditors will be settled as per Option II.

4.4.3 The balance of Outstanding Secured Debts together with outstanding interest, penalty and other charges, etc. whether provided or not in the books of the Company shall be regarded as waived.

4.4.4 The cash payments made as per Clause 4.4.1 above shall be paid by the Company to the Secured Creditors subject to applicable taxes, if any in accordance with the provisions of law as in force on the date of payment of each such installment.

4.5 MODIFICATION / SATISFACTION OF CHARGE

4.5.1 Upon the Scheme becoming effective and consequent to payments being made by the Company as per the settlement Options mentioned above by way of cash as stipulated in Clause 4.2.1, 4.3.1 and 4.4.1, but excluding the deferred payments and Shortfall Amount to be paid as per Option I and Option II, as the case may be, the charge or security held by the Secured Creditors on the assets (movable and immovable) of the Company, more specifically described in Annexure II of this Scheme and other collateral security (including pledge of shares, if any), shall be deemed to be released, without any act or deed by the Secured Creditors, subject to the following:

- i. The Company shall make available an exclusive charge on assets worth 150% of the amount of deferred payment for Option I and 133% of the amount of deferred payment for Option II, in favor of the Secured Creditors.



- ii. The value of the assets on which the charge is to be made available as provided above, shall be assessed by a Registered Valuer, to be appointed by the Company with the approval of the Secured Creditors.

On making available of an exclusive charge as stated above, the Secured Creditors shall release and return original documents, if any, and instruct the relevant institution holding the original title deeds to return the same to the Company for and on behalf of the Secured Creditors. Further, the Company shall execute adequate documents to create mortgage by way of deposit of title deeds to secure the amount of deferred payment as specified in sub clause (i) hereinabove.

- 4.5.2 Upon payments being made by the Company by way of cash (but excluding the Deferred Payments and Shortfall Amount to be paid as per Option I and Option II, as the case may be) as stipulated in Clause 4.2.1, 4.3.1 and 4.4.1 and issuance of equity shares as stipulated in Clause 4.2.1,
- the amount of personal guarantee given by the promoter of the Company in respect of Outstanding Secured Debts shall be reduced and shall be available only to the extent of deferred payment and the face value of equity shares allotted to the Secured Creditors (including interest thereon) and the corporate guarantee given by the Company will continue; and
 - the Secured Creditors shall take necessary and effective steps to remove the name of the Company and/or Guarantor and any of its directors from the list of Willful Defaulters, if any.
- 4.5.3 In addition to the above, the payment by the Company of the Deferred Payments and Shortfall Amount, if any, as per Option I and II shall be in full and final settlement of Outstanding Secured Debts of the Secured Creditors and the Secured Creditors shall:
- no longer have claim over the assets on which they have an exclusive charge as specified in para 4.5.1 and shall file satisfaction of charge in respect of the said assets;
 - Issue a “No Dues” certificate; and
 - Release and return original documents, if any, and instruct the relevant institution holding the original title deeds to return the same to the Company for and on behalf of the Secured Creditors.
- 4.5.4 Upon full payment of the Deferred Payments and Shortfall Amount, if any, by the Company as per Option I and II, as the case may be, the obligation of the Company / Guarantor shall be considered to be fulfilled and discharged and the personal guarantee given by the Promoter of the Company shall stand entirely terminated.
- 4.5.5 The Company shall execute such writings or confirmations as may be necessary, to the satisfaction of the Secured Creditors, and file such forms and documents as may be required with regulatory authorities to give effect to part release of charge as mentioned in Clause 4.5.1 and 4.5.3 above. If any information, documents, writing or confirmations from Secured Creditors are required to give effect to the said clause, the Secured Creditors shall extend full cooperation to the Company.
- 4.5.6 For the purpose of settlement of the Outstanding Secured Debts of all the Secured Creditors and release of their charge on the movable and immovable assets of the Company as mentioned aforesaid, consent of Secured Creditors having more than 75% (seventy five percent) majority in value terms shall be considered as the consent of all the Secured Creditors.

PART – III

RE-ORGANISATION OF PREFERENCE SHARE CAPITAL

5. Re-organisation of Preference Share Capital

- 5.1 Upon coming into effect of the Scheme, without any further application or deed, the Company shall issue and allot fully paid up new redeemable preference shares to the existing preference shareholders of the Company or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, whose names appear in the register of members of the Company as on the Effective Date in the following proportion:



Redeemable Preference shares

“1 (One) 1% Redeemable Non Cumulative Preference Share of the face value of ₹100/- each of the Company, credited as fully paid-up, shall be issued and allotted for every 1 (One) 13% Redeemable Cumulative Preference Share of the face value of ₹100/- each; and

“1 (One) 1% Redeemable Non Cumulative Preference Share of the face value of ₹100/- each of the Company, credited as fully paid-up, shall be issued and allotted for every 1 (One) 11% Redeemable Cumulative Preference Share of the face value of ₹100/- each

The Terms and Conditions of Redeemable Preference Shares are given in Annexure ‘III’.

- 5.2 Upon the Redeemable Preference Shares being issued and allotted to the preference shareholders of the Company, the old preference shares held by the shareholders of the Company, whether in the physical form or in the dematerialized form, shall be deemed to have been automatically cancelled and be of no effect, and arrears of dividend shall be considered as waived in full, without any further act, deed or instrument.
- 5.3 The Redeemable Preference Shares to be issued to the shareholders of the Company as above shall be subject to the Memorandum and Articles of Association of the Company.
- 5.4 The Company shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment of Redeemable Preference Shares to the shareholders of the Company under Clause 5.1 of the Scheme.
- 5.5 The Redeemable Preference Shares shall be issued by the Company in physical form to the preference shareholders of the Company. One redeemable preference share certificate shall be issued by the Company in respect of all the Preference Shares, to be allotted by the Company to such eligible shareholder.
- 5.6 The Company shall take necessary steps to increase or alter or re-classify, (if necessary), its Authorized Share Capital suitably to enable it to issue and allot the Preference Shares required to be issued and allotted by it under Clause 5.1 of this Scheme.
- 5.7 Approval of this Scheme by the shareholders of the Company shall be deemed to be the due compliance of the provisions of Section 62, Section 55 of the Companies Act, 2013 and the other relevant and applicable provisions of the Act or other applicable guidelines for the issue and allotment of preference shares by the Company to its shareholders, as provided in this Scheme.
- 5.8 The approval of this Scheme by the shareholders of the Company under Sections 391 to 394 read with Sections 100 to 103 of the Act and Section 52 of the Companies Act, 2013 shall be deemed to have the approval under the applicable provisions including Sections 13 and 14 of the Companies Act, 2013 and the relevant provisions in the Articles of Association of the Company and any other consents and approvals required in this regard.

PART – IV GENERAL TERMS AND CONDITIONS OF SETTLEMENT

6. Accounting Treatment in the books of the Company:

- 6.1 Upon the Scheme becoming effective, the surplus, being the difference between the amount of Outstanding Principal Secured Debts as per books of the Company and the amount for which the Outstanding Principal Secured Debts being settled as per the provisions of the Scheme, shall be transferred to Business Reconstruction Reserve Account.
- 6.2 The credit balances in the Business Reconstruction Reserve Account created as above, Securities Premium Account, Debenture Redemption Reserve Account (to the extent the same corresponds to the debenture liability which is



redeemed or settled prior or pursuant to the Scheme), Capital Reserve Account and Reconstruction Reserve Account of the Company will be utilized to adjust the net difference arising on account of restatement of certain assets and liabilities of the Company in order to reflect their fair values, as may be decided by the Board of Directors of the Company, and balance in the said reserves, if any, shall be adjusted to set-off the accumulated debit balance in the Profit and Loss account of the Company as on the last day of the calendar quarter immediately preceding the Effective Date.

- 6.3 In an event the Company is required to pay the Shortfall Amount as per Clause 4.2.2, the said amount shall be debited to the Business Reconstruction Reserve Account, to the extent the same is available and the balance, if any, shall be debited to the profit and loss account of the Company.
- 6.4 To the extent the balance in Securities Premium Account, Debenture Redemption Reserve Account, Capital Reserve Account and Reconstruction Reserve Account are utilized as per Clause 6.2 and 6.3 above, there shall be reduction of Securities Premium Account, Debenture Redemption Reserve Account, Capital Reserve Account and Reconstruction Reserve Account, which shall be effected as an integral part of the Scheme itself in accordance with the provisions of Sections 100 to 103 of the Act and Sections 52 and 55 of the Companies Act, 2013. However, as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Act are not applicable. Therefore any order under Section 102 of the Act confirming the reduction shall not be required and the Company will not be required to add the words “And Reduced” as suffix to its name.
- 6.5 In an event the Outstanding Secured Debts of the Company are to be re-instated in case of an Event of Default as stipulated in Clause 7 of the Scheme, then the difference between the amount of Outstanding Principal Secured Debts as of the Cut-off Date as per books of the Company and the amount for which the Outstanding Principal Secured Debts are being settled as per the provisions of the Scheme, after making adjustments for repayment of Outstanding Principal Secured Debts as per the provisions of the Scheme, shall be debited to Business Reconstruction Reserve account created as above to the extent the same is available and the excess, if any, shall be debited to the profit and loss account.

7. Event of Default

Subject to “force-majeure” events such as war, flood, earthquake, and/ or any such act of God, etc., the following are the Events of Default:

- 7.1 Non-payment of any amounts under any Option mentioned in this Scheme within a period of 21 (twenty one) days from its respective due date;
- 7.2 Any default in issuance of equity shares to Secured Creditors under the applicable Option;
- 7.3 Non-payment of Shortfall Amount, if any, as per Clause 4.2.2;
- 7.4 Any impairment to the secured assets including the additional security created to secure Deferred Payment as discussed in Option I and II; and
- 7.5 Failure to insure the secured assets.

8. Rights and Remedies

In the Event of Default committed by the Company, the following are the Rights and Remedies that would be available to the Secured Creditors:

- a. Cancel, suspend, reduce or modify, including withdrawal with retrospective effect, all or any of the relief and concessions and / or amend or vary the terms and conditions hereof;



- b. Subject to applicable law, taking over the management control of the business and possession of the assets of the Borrower;
- c. Subject to applicable law, enforcement of security interest including personal guarantees; and
- d. Forfeit all monies paid till then, if any, towards the outstanding dues of the Borrower; and
- e. Any other reliefs as provided by law.

In case of occurrence of any of the Event of Default as specified in Clause 7, the settlement terms as envisaged herein would stand revoked and the original liabilities relating of the Company shall stand reinstated and the monies received by Secured Creditors from the Company would be appropriated against the outstanding dues of the respective Secured Creditors and all reliefs and concessions stipulated herein will stand revoked with retrospective effect.

Further, the Secured Creditors would be at liberty to recover balance debt together with accrued interest and other charges as per the terms contemplated in the original loan agreements executed between the Company and Secured Creditors.

However, the Secured Creditors in their sole discretion reserve the right to condone any delay and in such case, the Secured Creditors shall have the right to recover additional amount calculated at the rate of 25% (twenty five percent) per annum on the amount of default for the period of delay. For avoidance of doubt, it is clarified that this default interest of 25% (twenty five percent) p.a. shall be applicable on the unpaid amounts from the day of expiry of the grace period of 21 (twenty one) days until the date of actual payment

9. General Terms and Conditions

The arrangement and compromise being proposed by the Company under this Scheme is subject to the following terms of settlement:

- 9.1 The settlement of dues of Secured Creditors by the Company in accordance with the provisions of this Scheme shall be deemed to be full and final settlement of the entire Outstanding Secured Debts of all the Secured Creditors.
- 9.2 The Secured Creditors would be required to consider this Scheme at the Court Convened Meeting. At such meeting, all the Secured Creditors would also be required to select one of the Options being offered under this Scheme to settle their Outstanding Secured Debts unless a written consent exercising any of the aforesaid Option is provided by the Secured Creditor prior to the Court Convened Meeting. Once the Secured Creditors have selected the Option, they shall not be entitled to change or seek any revision in their Option selected.
- 9.3 Any cash payment made by the Company to any of the Secured Creditor after the Cut Off Date or during the pendency of this Scheme, if any, such cash paid shall be deemed to be paid as per the provisions of this Scheme towards the settlement of the Outstanding Secured Debts and accordingly shall be adjusted against settlement dues of the Secured Creditors.
- 9.4 The monies brought in by the promoters of the Company by way of loans on or after the Cut-off Date shall be adjusted against the amounts payable by the promoters for acquiring equity shares under the Rights Issue of the Company against their rights entitlement and also towards the unsubscribed non-promoter portion of the Rights Issue subscribed by them.
- 9.5 The monies brought in by the equity shareholders of the Company pursuant to the Rights Issue, shall be first used to repay the cash component of the Outstanding Principal Secured Debts as per Clause 4.2.1, 4.3.1 and 4.4.1 (excluding the Deferred Payments) and thereafter be used to discharge the debts taken by the Company from the promoter group companies and / or other lenders after the Cut Off Date or during the pendency of this Scheme to repay the debts of Secured Creditors.
- 9.6 Upon fulfillment of its obligations by the Company as envisaged in this Scheme, the Secured Creditors will release all their securities and collaterals including but not limited to any charge and /or mortgage over current assets, movable /



immovable assets or other assets and properties of the Company, personal guarantees, corporate guarantees and any other collaterals held by them in respect of the Outstanding Secured Debts.

- 9.7 It is expressly provided that upon the Scheme becoming effective, the Secured Creditors shall not be entitled to seek any payment and / or compensation save and except in accordance with the provisions of this Scheme.
- 9.8 All terms and conditions in respective loan agreements and other documents including security documents shall continue to remain in full force and effect as if those terms and conditions are incorporated herein, except as specifically modified herein. However, in case of any inconsistency or repugnancy, the terms and conditions contained herein shall prevail subject to clauses hereof.
- 9.9 Upon the coming into effect of this Scheme, all legal or other proceedings, whether civil or criminal, including before any statutory or quasi-judicial authority or tribunal, by or against the Company, its directors, guarantors, officers or any other person arising due to, directly or indirectly, non-payment of dues by the Company relating to any of the Secured Creditors, shall be terminated and the rights, obligations and liabilities of the parties shall be governed by the terms of the Scheme. Secured Creditors will take necessary and effective steps for the purpose.
- 9.10 The Company and Secured Creditors shall, if required to give formal effect to any clause of this Scheme, enter into such agreements and / or documents as may be necessary.
- 9.11 The Company shall make necessary application before the Hon'ble High Court of Gujarat at Ahmedabad for sanctioning this Scheme under Sections 391 to 394 read with Sections 100 to 103 of the Act and other applicable provisions of the Act and Section 52 of the Companies Act, 2013. All disputes and differences arising out of the Scheme shall be subject to the jurisdiction of the Hon'ble High Court of Gujarat at Ahmedabad only.
- 9.12 The Board of Directors of the Company, with the consent of the Secured Creditors, Equity Shareholders and Preference Shareholders, as the case may be, may assent from time to time on behalf of all persons concerned to any modifications/ amendments /additions to the Scheme, or which the High Court and/or any other authorities under law may deem fit to approve of or impose and to resolve any doubts, difficulties or questions that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect.
- 9.13 The Scheme is and shall be conditional upon and subject to:
- i) The Scheme being approved by the requisite majority in number and seventy five percent in value by Secured Creditors, Equity Shareholders and Preference Shareholders present and voting at their respective court convened meetings, as required under section 391 of the Act.
 - ii) The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme
 - iii) The sanction of the High Court under Sections 391 to 394 read with Sections 100 to 103 of the Act and Section 52 of the Companies Act, 2013 to the Scheme.
 - iv) Certified copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Gujarat.
- 9.14 In the event of any of the said sanctions and approvals referred to in sub-clause 9.13 not being obtained and/ or the Scheme not being sanctioned by the High Court of Gujarat at Ahmedabad or such other competent authority , 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.
- 9.15 All costs, charges, taxes including duties, levies and all other expenses arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the Company.



Annexure I

List of Secured Creditors and their Outstanding Principal Secured Debt

	Principal and FITL Amount Rs. Lacs	%age
ARCIL		
Arcil-Ashima Ltd Trust (IDBI)	13,734	
Arcil-CPS-002-I Trust (ICICI)	2,083	
Arcil-AL Trust (SBI)	4,070	
Arcil-SBPS-013-I Trust (SBS)	1,424	
Arcil-AL II Trust (EXIM bank)	2,218	
Arcil-CPS-015-I Trust (UBI)	1,559	
Arcil-AL III Trust (BOB)	744	
Sub-total ARCIL	25,832	58.48%
RARC		
Reliance ARC-AL Trust (IFCI)	11,875	
Reliance ARC - ALPLUS Trust (IIBI)	3,213	
Sub-total RARC	15,088	34.15%
Norfolk Business Private Limited	3,229	7.31%
Arihant Sales	9	0.02%
Clotton Trading And Finance Private Limited	8	0.02%
Mizza Yarn And Investment Private Limited	11	0.02%
Total	44,175	100.00%

Note: Outstanding amounts shown above are as per the books of the Company and may differ with those as per the Secured Creditors. In case of occurrence of any of the Event of Default, the Secured Creditors will have the right to recover outstanding amounts as per their records.

Annexure II – List of assets charged or mortgaged

1. Details of Immovable Properties

(i) Description of Immovable Properties situated at Texcellence Complex, Nr. Anupam Cinema, Khokhara Mehmedabad, Ahmedabad 380 008

- A. All those pieces or parcels of leasehold non-agricultural land situate, lying and being at Mithipur, Ahmedabad bearing Survey Nos.9 (part), 10 (part) and 11 (part) and 13 (part) of Mouje Mithipur of City Taluka in the Registration District and Sub District of Ahmedabad and part of Final plot No.29 of Town Planning Scheme no.VII admeasuring 31,484.77 Square Metres or thereabouts together with buildings and structures standing thereon admeasuring 15445 sq. mtrs. or thereabouts of Phase-ii and bounded as follows:
- | | |
|----------------------------|--|
| On or towards the North by | : Property of Ahmedabad New Cotton Mills Ltd. |
| On or towards the South by | : Land bearing Survey No. 11 (Part) & 13 (Part) |
| On or towards the East by | : Land bearing Survey No. 8, Nalia Road and property of Bihari Mills |
| On or towards the West by | : Land bearing Survey No. 28 & Corporation Road |

together with all buildings and structures, erections and godowns thereon and the plant and machinery attached to the earth or permanently fastened to anything attached to the earth, both present and future.



- B. All those pieces or parcels of leasehold non-agricultural land situate, lying and being at Mithipur, Ahmedabad bearing Survey Nos.9 (part), 10 (part) and 11 (part) and 13 (part) of Mouje Mithipur of City Taluka in the Registration District and Sub District of Ahmedabad and part of Final plot No.29 of Town Planning Scheme no.VII admeasuring 10,628 Square Metres or thereabouts together with buildings and structures standing thereon admeasuring 5431 sq. Mtrs. or thereabouts of Phase-I and bounded as follows:

On or towards the North by : Property of Ahmedabad New Cotton Mills Ltd.
On or towards the South by : Land bearing Survey No. 11 (Part) & 13 (Part)
On or towards the East by : Land bearing Survey No. 8, Nalia Road and property of Bihari Mills
On or towards the West by : Land bearing Survey No. 28 & Corporation Road

together with all buildings and structures, erections and godowns thereon and the plant and machinery attached to the earth or permanently fastened to any thing attached to the earth, both present and future.

- C. All those pieces or parcels of leasehold non-agricultural land situate, lying and being at Mithipur, Ahmedabad bearing Survey Nos.8 (part), 9 (part), 10 (part), 11 (part), 12, 13 (part), 24 (part), 25 (part), 26 (part), 27 (Part) and 28 (part) of Mouje Mithipur of City Taluka in the Registration District and Sub District (Odhav) of Ahmedabad and Final plot No.29 of Town Planning Scheme no.VII admeasuring collectively 84,770 Square Mtrs. or thereabouts, and bounded as follows:

On or towards the North by : Land and Property of New Cotton Mills Ltd.
On or towards the South by : Municipal Road and Land of Nachmo Knitex Limited
On or towards the East by : Nalia Road and Property of Ashima Dyecot
On or towards the West by : Corporation Road

together with all buildings and structures, erections and godowns thereon and the plant and machinery attached to the earth or permanently fastened to any thing attached to the earth, both present and future.

- D. All those pieces or parcels of leasehold non-agricultural land situate, lying and being at Mithipur, Ahmedabad bearing Survey Nos.10 (part), 11 (part), and 28 (part) of Mouje Mithipur of City Taluka in the Registration District and Sub District (Odhav) of Ahmedabad and Final plot No.29 of Town Planning Scheme no.VII admeasuring collectively 12,031.50 Square Metres or thereabouts and bounded as follows :

On or towards the North by : Land and Property of New Cotton Mills Ltd.
On or towards the South by : Municipal Road and Land of Nachmo Knitex Limited
On or towards the East by : Property of Spinfab Div. .
On or towards the West by : Corporation Road

together with all buildings and structures, erections and godowns thereon and the plant and machinery attached to the earth or permanently fastened to any thing attached to the earth, both present and future.

(ii) Description of Immovable Properties situated at Ashima Complex, Kalol – Kadi Highway, Village karannagar, Taluka Kadi, District, Mehsana, North Gujarat

- A. All those pieces or parcels of freehold non-agricultural land situate, lying and being at village Karannagar forming part of Survey Nos. 168 /Part of Mouje Karannagar of Kadi Taluka in the Registration District Mehsana and Sub–District Kadi admeasuring 4515.25 Sq. Mtrs or thereabouts or thereabouts and bounded as follows:

On or towards the East by : Road and Land bearing Survey No.168/P
On or towards the West by : Land bearing Survey No.166
On or towards the North by : Land bearing Survey No.168/P
On or towards the South by : Land bearing Survey No.168/P and 12.20 M. Road

together with buildings and structures, erections and godowns thereon and the plant and machinery attached to the earth or permanently fastened to any thing attached to the earth, both present and future.



- B. All that piece or parcel of freehold non-agricultural land situate, lying and being at village Karannagar bearing private plot no. A forming part of consolidated survey No. 176 of Mouje Karannagar of Kadi Taluka in the Registration District Mehsana and Sub – District Kadi admeasuring 22,258.89 Sq. Mtrs. or thereabouts together with buildings and structures thereon having unflattered access and bounded as follows:
- On or towards the East by : Land bearing Survey No.181 and 182 and 18 M. Road
On or towards the West by : Land bearing Survey No.176 P, 179 and 170
On or towards the North by : Sim of Village Budasan
On or towards the South by : Land bearing Survey No.176 P and 12.20 M. Road
- C. All that piece or parcel of freehold non-agricultural land situate, lying and being at village Karannagar forming part of Survey No.168 of Mouje Karannagar of Kadi Taluka in the Registration District Mehsana and Sub–District Kadi admeasuring 5576.19 Sq. Mtrs or thereabouts and bounded as follows:
- On or towards the East by : Land bearing Survey No.168 Part
On or towards the West by : Land bearing Survey No.166
On or towards the North by : Land bearing Survey No.168/P
On or towards the South by : Land bearing Survey No.157
- D. All that piece or parcel of freehold non-agricultural land situate, lying and being at village Karannagar forming part of Survey No.168 Part II of Mouje Karannagar of Kadi Taluka in the Registration District Mehsana and Sub–District Kadi admeasuring 8522 Sq. Mtrs or thereabouts and bounded as follows :
- On or towards the East by : Road and Land bearing Survey No.168 Part
On or towards the West by : Land bearing Survey No.168 part
On or towards the North by : Land bearing Survey No.169 part
On or towards the South by : Land bearing Survey No.171 and 168 part
- together with all buildings and structures, erections and godowns thereon and the plant and machinery attached to the earth or permanently fastened to any thing attached to the earth, both present and future.
- E. In respect of vacant land situated at Village Karannagar, Kadi Taluka, District Mehsana and Sub–District Kadi bearing survey no. 155 admeasuring 15098 Sq. Mtrs., survey no. 156 admeasuring 13524 Sq. Mtrs., survey no. 157 admeasuring 4963 Sq. Mtrs. together with buildings and structures erections and godowns thereon and the plant and machinery attached to the earth or permanently fastened to any thing attached to the earth, both present and future.

2. Details of Immovable Property (Mumbai)

All that pieces and parcels of Office Premises, bearing no. 201, along with parking space in Tulsiani Chambers, 212, Nariman Point, Mumbai - 400021 in the State of Maharashtra.

3. Details of Movable Properties

The whole of the movable properties of the Company including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future (save and except book debts) whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about all the Company's factories, premises and go-downs or wherever else the same may be or be held by any party to the order or disposition of the Company or in the course of transit or on high seas or on order, or delivery, howsoever and wheresoever in the possession of the Company and either by way of substitution or addition.

4. Details of Current Assets

The whole of the current assets of the company namely, stocks of raw materials, stock in process, semi finished goods, stores and spares not relating to plant and machinery (consumables store and spares), Bills Receivables and books



debts and all other movables, both present and future whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought in or be stored or be in or about of the Ashima's factory, premises and godowns situated at Ashima Limited, Texcellence Complex, Khokhara – Mehemdabad, Nr. Anupam Cinema, Ahmedabad :- 380008, Nachmo Company Premises, Kalidas Mill Compound, Gomtipur, Ahmedabad and 1/B, Ashima Complex, Karnanagar, Tal. Kadi, Dist. Mehsana (North Gujarat) in the state of Gujarat or wherever else the same may be or be held by any party to the borrower or in the course of transit or on high seas or on wheresover in the possession of the Ashima and either by way of substitutions or addition provided that the security as stated above will rank pari-passu amongst the said banks jointly and to each of them severally for their facility sanctioned.

Annexure III – Key Terms and Conditions for Issue of Preference Shares

Issuer	Ashima Limited
Instrument	1% Non Convertible, Non Cumulative Redeemable Preference Shares
Face value	₹100 per Preference Share issued
Redemption	To be redeemed at par at the end of 20 years from the date of allotment
Early Redemption Option	<p>Ashima Limited will have an option to redeem the Preference Shares at any time after the end of 12 months from the date of allotment (“Early Redemption Option”). If Ashima Limited exercises its Early Redemption Option, it will be liable to pay the amount of the face value of the Preference Shares along with dividend declared and unpaid, if any, up to the date on which it exercises the Early Redemption Option (“Redemption Amount”).</p> <p>In case Ashima Limited exercises the Early Redemption Option, its liability to the Preference Shareholders shall stand extinguished from the date of dispatch of the cheques / pay order for the Redemption Amount.</p>

Other Matters relating to Scheme

Our company has received communication dated June 18, 2015 from Norfolk Business Private Limited, one of the secured creditor that it has acquired the debt from Reliance ARC (secured creditor). The name of Reliance ARC has been substituted with Norfolk Business Private Limited in our records.



MANAGEMENT

As per our Articles of Association, our Company cannot have less than three or more than twelve Directors on our Board. We currently have six Directors on our Board.

The following table sets forth details regarding the Board of Directors as on the date of this Letter of Offer:

Sr. No.	Name, Father's Name, Designation, Address, Occupation, Date of Appointment/Reappointment, Tenure and DIN	Date of Birth	Other Directorships/Partnerships/Proprietorships/Trusteeships
1.	<p>Mr. Chintan N. Parikh (S/o Mr. Navnitlal Parikh)</p> <p><i>Chairman and Managing Director</i></p> <p>Address: Chitrakut, B/h. Cargo Ford Motors,, Off. C. G. Road, Ellisbridge, Ahmedabad, 380006, Gujarat</p> <p>Occupation: Industrialist</p> <p>Nationality: Indian</p> <p>Date of reappointment: September 29, 2014</p> <p>Tenure: Liable to retire by rotation</p> <p>DIN: 00155225</p>	May 25, 1957	<ul style="list-style-type: none">▪ Lahar Trading and Investments Ltd.,▪ Ashima Dyecot Ltd.,▪ Atrium Exports Pvt. Ltd.▪ Freshtex India Ltd.,▪ Elephants Enterprises Ltd.▪ Texcellence Pvt. Ltd,▪ Apus Investments Pvt. Ltd.,▪ Albus Investments Pvt. Ltd.,▪ Textile Sector Skill Council
2.	<p>Dr. Bakul H. Dholakia (S/o Mr. Harshadrai Dholakia)</p> <p><i>Independent Director</i></p> <p>Address: 6, Asopalav Bungalow, B/h Sandipani Society, Thaltej, Ahmedabad, 380059, Gujarat</p> <p>Occupation: Professional</p> <p>Nationality: Indian</p> <p>Date of reappointment: September 29, 2014</p> <p>Tenure: 5 years</p> <p>DIN: 00005754</p>	July 15, 1947	<ul style="list-style-type: none">▪ Ashima Dyecot Ltd.,▪ Arvind Ltd.,▪ Arvind Brands & Retail Limited▪ Arvind Lifestyle Brands Limited▪ Gujarat State Petronet Ltd.▪ International Management Institute (Director – General)
3.	<p>Mr. Bihari B. Shah (S/o Mr. Bhogilal Shah)</p> <p><i>Independent Director</i></p>	January 29, 1939	<ul style="list-style-type: none">▪ Partner in M/s. Bihari Shah & Company, Chartered Accountants



Sr. No.	Name, Father's Name, Designation, Address, Occupation, Date of Appointment/Reappointment, Tenure and DIN	Date of Birth	Other Directorships/Partnerships/Proprietorships/Trusteeships
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Address: 10, Gurusandipani Co-Op. Hsg. Society,
Near Vijay Char Rasta, Drive-in-road,
Ahmedabad, 380015, Gujarat

Occupation: Practising Chartered Accountant

Nationality: Indian

Date of reappointment: September 29, 2014

Tenure: 5 years

DIN: 00155461

4. Mr. Jaykant R. Baxi
(S/o Mr. Ramprasad Baxi)

Independent Director

Address: F-5, Sulabh Apartment, Rang Nilam
Co-Op. Hsg. Soc., Nr. Ankur Society, Naranpura,
Ahmedabad, 380013, Gujarat

Occupation: Labour Consultant
Nationality: Indian

January 22, 1939

Nil

Date of reappointment: September 29, 2014

Tenure: 5 years

DIN: 00155658

5. Mr. Neeraj Golas
(S/o Mr. Devendra Kumar Gupta)

Nominee Director

Address: 703/704 Shivalik Tower, 90 Feet Road,
Thakur Complex, Kandivali East, Mumbai,
400101, Maharashtra

Occupation: Practising Chartered Accountant

December 02,
1968

- Ashima Dyecot Ltd
- R. Devendra Kumar & Associate,
Chartered Accountants (Partner)

Nationality: Indian

Date of appointment: May 30, 2014

Tenure: Not Applicable



Sr. No.	Name, Father's Name, Designation, Address, Occupation, Date of Appointment/Reappointment, Tenure and DIN	Date of Birth	Other Directorships/Partnerships/Proprietorships/Trusteeships
	DIN: 06566069		
6.	Ms. Koushlya Vijay Melwani (Mr. Naraindas Keswani) <i>Additional Director - Non Executive and Non Independent Director</i> Address: T/2, Kalyani Apt., 4/A, Sattar Taluka Society, Ahmedabad, 380014 Occupation: Practising Cost Accountant Nationality: Indian Date of appointment: December 15, 2014 Tenure: Until next AGM DIN: 01575110	April 20, 1961	<ul style="list-style-type: none">▪ Melwani Finsoft Pvt. Ltd.▪ K. V. Melwani & Associates (Proprietor)▪ KVM & Co., (Partner)

Further, Directors of our Company do not hold current and past directorship(s) for a period of five years in listed companies whose shares have been or were suspended from being traded on the BSE Limited or the National Stock Exchange of India Limited or in listed companies who have been / were delisted from stock exchanges.

Relationship between Directors inter-se

None of the directors are related to each other.

Brief biography of our Directors

Mr. Chintan N. Parikh aged 58, is the Chairman and Managing Director of the company. Mr. Chintan N. Parikh is a management graduate in the areas of finance and accounts from India's leading and premier management institute viz. Indian Institute of Management, Ahmedabad. He has about 33 years of experience in the field of textiles. He is also Chairman & Managing Director of Ashima Dyecot Limited (ADL). He is on the Board of Governors of Indian Institute of Management (IIM), Ahmedabad and also President of Ahmedabad Textiles Mills Association (ATMA). He is responsible for day to day management and affairs of the company, subject to overall superintendence, control and directions of the board of directors of the company.

Dr. Bakul Dholakia, aged 68 is Independent director in our Company. He is a Gold Medalist in M.A. Economics and also has completed Ph.D. (Economics) from, MS University Baroda. He has 46 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. Dr. Dholakia was the Chairman of the National Board of Accreditation for Technical Education in India from 2005 to 2008. In 2007, Dr. Dholakia was awarded Padma Shri by the Government of India in recognition of his distinguished services in the field of education. In 2008, Dr. Dholakia was conferred the coveted Bharat Asmita National Award by the Honorable Chief Justice of India. 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.

Mr. Bihari B. Shah, aged 76 is Independent director in our Company. He is a Fellow Chartered Accountant and one of the leading Practising Chartered Accountant based in Ahmedabad. He has rich experience of 49 years in field of finance, taxation, audit and corporate laws. He is currently the partner of Bihari Shah & Company, Chartered Accountants.

Mr. Jaykant R. Baxi, aged 76 is Independent director in our Company. He holds B.Sc (Hons.), LLB and Diploma in Labour Welfare. He is having rich experience of more than 49 years in the field of labour laws in textile industry.

Mr. Neeraj Golas, aged 47 years is Nominee Director of Asset Reconstruction Company (India) Limited. He holds B.Sc. and LL.B degree and he is also Associate Member of Institute of Cost Accountants of India and Fellow Member of Institute of Chartered Accountants of India. He has completed courses of DISA and CISA. He has total experience of 24 years.

Ms. Koushlya Vijay Melwani, aged 54 years is appointed as Additional director. She is Non-Executive and Non-Independent director in our Company. She is Fellow Member of Institute of Cost Accountants of India and has experience of 27 years in the field of Cost Accounting.

As of date of this Letter of Offer, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of our Directors were selected as a director or member of senior management except for Mr. Neeraj Golas who has been appointed on the board of our Company as nominee director of Asset Reconstruction Company (India) Limited.

There is no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment.

Interest of our Promoters and Directors

Our promoters do not have any interest in the objects of the issue except as detailed in the chapter of objects of the issue appearing on page no.31. Further, our directors do not have interest in any matters relating to objects of the issue except for Mr. Neeraj Golas who has been representing ARCIL as nominee director on the board of our company

All our Company's Directors, including Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration, if any, and reimbursement of expenses payable to them under our Company's Articles of Association. All our Company's Non-Executive Directors are entitled to sitting fees of ₹10,000 per meeting of the Board, ₹5,000 for Audit Committee meetings and ₹3,000 for meetings of other committees. Our Company's Managing Director is interested to the extent of remuneration paid to him for services rendered as an officer or employee of our Company.

All our Company's Directors, including the independent Directors, may also be deemed to be interested to the extent of Shares, if any, held by them and also to the extent of any dividend payable to them and other distributions in respect of the said Shares. Our Company's Directors, including the independent Directors, may also be regarded as interested in the Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

All our Company's Directors may be deemed to be interested in the contracts, agreements or arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations.



KEY INDUSTRY REGULATIONS

Our Company has proposed to deploy the Issue Proceeds towards part repayment of outstanding principal secured debt as per proposed scheme of arrangement. There are no regulations applicable for undertaking the proposed objects.



SECTION V – FINANCIAL INFORMATION

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AUDITOR'S REPORT

INDEPENDENT AUDITORS' OPINION

To
The Members of
Ashima Limited
Ahmedabad

Report on the Financial Statements

We have audited the attached Balance Sheet of Ashima Limited as at March 31, 2014 and the related Profit and Loss Account and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Attention is required to following notes forming parts of accounts-

1. Note no. 39 relating to non provision of interest amounting to ₹32,213.63 lacs on secured/ unsecured debt.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



- (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;
- (ii) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Emphasis Matter

We draw **attention to Note No 42 relating to preparation of accounts on a going concern basis**. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion **subject to note no. 39 of notes forming part of the accounts regarding non provisions of interest and reconciliation of outstanding dues of the lenders**, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
 - e. On the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Dhirubhai Shah & Doshi**
Chartered Accountants
[Firm Registration No. 102511W]

Date : May 30, 2014
Place : Ahmedabad

Kaushik D. Shah
Partner
Membership No. 016502



ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF THE AUDITORS

1. The nature of the company's business/activities during the year is such that the requirements of clauses (xii),(xiii) and (xiv) of paragraph 4 of the Order are not applicable to the company.
2. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals. In our opinion, the programme of verification is reasonable having regard to the size of the company and the nature of its assets. We have been informed that no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
3. (a) As explained to us, the inventories have been physically verified during the year by the management except inventories lying with third parties (other than stock lying with Ashima Dyecot Limited) which have been confirmed and stock in transit which have been subsequently received. In our opinion, the frequency of verification is reasonable.

(b) As explained to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) On the basis of our examination of the inventory records, we are of the opinion that, the company is maintaining proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to book records were not material and the same have been properly dealt with in the books of account.
4. (a) As explained to us, the company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) Not applicable in view of (a) above.

(c) Not applicable in view of (a) above.

(d) Not applicable in view of (a) above.

(e) As explained to us, the company has not taken any loans, secured or unsecured from the parties covered in the register maintained under section 301 of the Companies Act, 1956.

(f) Not applicable in view of (e) above.

(g) Not applicable in view of (e) above.
5. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
6. (a) We have been informed that particulars of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanation given to us, all the transactions made in



pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

7. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public. Further, no order has been passed by the Company Law Board or any other court or tribunal.
8. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
9. According to the information and explanations given to us, the company has maintained proper cost records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however made a detailed examination of the same.
10. (a) According to the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, municipal tax, sales tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it were in arrears, as at March 31, 2014 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, the details of disputed statutory dues are as follows:

Sr. No.	Nature of statute	Nature of dues	Amount Rupees in lacs	Period to which the amount relates	Forum where dispute is pending
1	Foreign Trade (Dev. & Regu. Act), 1992	Custom Duty and Interest	56.55	1997	Gujarat High Court
2	The Income Tax Act, 1961	Income tax	41.04	A.Y. 1994-95	Gujarat High Court
3	The Income Tax Act, 1961	Income tax	676.66	A.Y. 1996-97	Assessment Officer (matter remanded by ITAT)
4	The Income Tax Act, 1961	Income tax	0.87	A.Y. 2001-02	Assessment Officer
5	Gujarat Sales Tax Act, 1969	Sales Tax	1906.01	A.Y. 1999- 2000 and 2000-2001	Joint Commissioner (Appeals) of Commercial Tax

11. In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. Further, the company has incurred cash losses during the financial year covered by our audit.
12. According to the information and explanations given to us, the company has defaulted in repayment of dues to banks, financial institutions and debenture holders. This amount relates to dues to such specified lenders and does not cover entire debt of the company. The details of which are as follows:



(₹ in lacs)			
Year of default	Principal	Interest	Total
Within the year under review	-	5,527.93	5,527.93
Since prior to the year under review	4,060.54	25,344.66	29,405.20
Total	4,060.54	30,872.59	34,933.13

Apart from the above the amount of ₹ 750 lacs in suspense account also remains unsettled. Refer note no. 40 of notes forming parts of accounts.

13. According to the information and explanations given to us, in respect of guarantees given by the company for loans taken by others from banks, the terms and conditions of such guarantee are not prejudicial to the interest of the company.
14. According to the information and explanations given to us, the company has not taken term loans during the year. However, in respect of term loans availed in past the same were applied for the purpose for which the loans were obtained.
15. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
16. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
17. According to the information and explanations given to us, proper securities or charge have been created in respect of debentures issued by the company.
18. According to the information and explanations given to us, the company has not raised any money by way of public issue during the year under audit.
19. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Dhirubhai Shah & Doshi
Chartered Accountants
[Firm Registration No. 102511W]

Kaushik D. Shah
Partner

Date : May 30, 2014
Place : Ahmedabad

Membership No. 016502

**BALANCE SHEET AS AT MARCH 31, 2014**

(₹ in lacs)

Sr. No.	Particulars	Note Number	As at March 31,2014	As at March 31, 2013
I.	EQUITIES AND LIABILITIES			
	1. Shareholder's funds			
	(a) Share capital	2	5,386.88	5,386.88
	(b) Reserves and Surplus	3	(31,091.47)	(29,798.60)
	2. Non-current liabilities			
	(a) Long- term borrowings	4	46,809.23	46,810.89
	(b) Other Long term liabilities	5	516.62	540.37
	(c) Long- term provisions	6	221.35	223.38
	3. Current Liabilities			
	(a) Trade Payables	7	3,033.26	2,827.14
	(b) Other current liabilities	8	614.31	580.65
	(c) Short- term provisions	9	41.99	55.83
	TOTAL		25,532.17	26,626.54
II.	ASSETS			
	3. Non-current assets			
	(a) Fixed Assets	10		
	(i) Tangible Assets		16,107.92	17,297.94
	(ii) Intangible Assets		55.81	70.81
	(b) Long term loans and advances	11	254.13	431.56
	(c) Other non- current Assets	12	111.47	152.93
	4. Current Assets			
	(a) Inventories	13	5,659.49	5,752.19
	(b) Trade receivables	14	2,348.98	2,194.62
	(c) Cash and Cash equivalents	15	619.63	499.28
	(d) Short- term loans and advances	16	173.65	40.30
	(e) Other Current Assets	17	201.10	186.91
	TOTAL		25,532.17	26,626.54
	Significant Accounting Policies	1		

As per our report of even date attached

For Dhirubhai Shah & Doshi

Chartered Accountants

Kaushik D. Shah

Partner

Ahmedabad

May 30, 2014

Chintan N. Parikh

Chairman & Managing Director

Hiren S. MahadeviaChief Financial Officer
and Company Secretary**Atul Kumar Singh**

Director

Ahmedabad

May 30, 2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**

(₹ in lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
I.	Revenue from operation	26,792.90	26,810.43
II.	Other income	119.51	62.79
III.	Total Revenue (I+II)	26,912.41	26,873.22
IV.	Expenses:		
	Cost of materials consumed	12,932.91	13,958.79
	Purchase of stock-in-trade	1,160.34	1,556.34
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(231.56)	(1,185.99)
	Employee benefit expenses	3,459.92	3,238.85
	Finance Cost	191.80	166.33
	Depreciation and amortization expenses	1,234.17	1,326.93
	Other expenditure	9,448.85	9,206.77
	Total Expenses	28,196.43	28,268.02
V.	Loss before tax (III-IV)	1,284.02	1,394.80
VI.	Tax expense – Current tax	0.39	0.35
VII.	Loss for the period from continuing operations (V-VI)	1,284.41	1,395.15
VIII.	Loss for the period	1,284.41	1,395.15
IX.	Earnings per equity share:		
	(1) Basic	(4.55)	(4.88)
	(2) Diluted	(4.55)	(4.88)

Note: The above statement should be read with the Significant accounting policies.

As per our report of even date attached

For Dhirubhai Shah & Doshi

Chartered Accountants

Kaushik D. Shah

Partner

Ahmedabad

May 30, 2014

Chintan N. Parikh

Chairman & Managing Director

Hiren S. Mahadevia

Chief Financial Officer
and Company Secretary

Atul Kumar Singh

Director

Ahmedabad

May 30, 2014



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

Sr. No.	Particulars	For the year ended Mar. 31,2014		For the year ended Mar. 31, 2013	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	LOSS BEFORE TAX, EXCEPTIONAL AND EXTRAORDINARY ITEMS (NET)		(1,284.02)		(1,394.80)
	Add:				
	Depreciation	1,219.98		1,312.74	
	Amortization of expenditure	14.19		14.19	
	Interest expenses (Net)	191.80		166.33	
	(Excess)/Short provision of Income Tax/ Current tax written back	1.23		0.08	
	Provision for doubtful debts	192.00		-	
	(Profit)/Loss on sale of fixed assets and investments (Net)	23.75	1,642.93	3.82	1,497.15
			358.91		102.35
	Deduct:				
	Sundry balances written off/(back)	(76.49)		(12.65)	
	Excess provision written back	(1.68)		(0.27)	
	Rent income	(40.36)	(118.53)	(44.79)	(57.71)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		240.38		44.64
	Add/(Less): Decrease/(Increase) in inventories	92.70		(1,497.98)	
	Add/(Less): Decrease/(Increase) in sundry debtors	(155.94)		145.18	
	Add/(Less): Decrease/(Increase) in other trade receivables	(123.39)		(82.19)	
	Add/(Less): Increase/(Decrease) in current liabilities	277.61	90.98	1,691.90	256.91
	CASH GENERATED FROM OPERATIONS		331.36		301.55
	Less:				
	Interest paid (Net)	(196.48)		(168.44)	
	Tax paid	(4.99)	(201.47)	(3.04)	(171.48)
	NET CASH FLOW FROM OPERATING ACTIVITIES		129.88		130.07
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of fixed assets	(54.36)		(107.43)	
	Sale of fixed assets and investments	3.88		8.15	
	Decrease/(Increase) in bank FDR	(16.40)		(15.27)	
	Rent received	40.36	(26.53)	44.79	(69.73)
	NET CASH FLOW FROM INVESTING ACTIVITIES		(26.53)		(69.73)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	(Decrease)/increase in other borrowings	0.59	0.59	(249.81)	(249.81)
	NET CASH FLOW FROM FINANCING ACTIVITIES		0.59		(249.81)



Sr. No.	Particulars	For the year ended Mar. 31,2014		For the year ended Mar. 31, 2013	
	TOTAL CASH INFLOW (A + B + C)		103.94		(189.47)
	CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		149.36		45.42
	OPENING BALANCE OF CASH AND CASH EQUIVALENTS	45.42	103.94	234.89	(189.47)

As per our report of even date attached

For Dhirubhai Shah & Doshi

Chartered Accountants

Kaushik D. Shah
Partner

Ahmedabad
May 30, 2014

Chintan N. Parikh

Chairman & Managing Director

Hiren S. Mahadevia
Chief Financial Officer
and Company Secretary

Atul Kumar Singh

Director

Ahmedabad
May 30, 2014



NOTES FORMING PART OF THE ACCOUNTS

1. ACCOUNTING POLICIES

- a. The financial statements have been prepared on the historical cost convention basis (except for revaluation of fixed assets and provision for depreciation on revalued amounts) and as a going concern with revenues considered and expenses accounted for wherever possible on their accrual, including provisions/adjustments for committed obligations.

b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision of accounting estimates is recognized prospectively in current and future periods.

c. Fixed Assets

Fixed assets have been shown at revalued figures as on January 1, 2005. Subsequent additions to fixed assets are accounted for at the cost of acquisition or construction.

d. Capital Work-In-Progress

These are stated at cost relating to items of project incurred during construction/pre-operative period.

e. Expenditure During Construction Period

In case of new project/expansion of existing projects, expenditure incurred during construction period, including interest and finance cost, prior to commencement of commercial production is capitalised.

f. Depreciation

The company has provided depreciation under straight-line method on all assets at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, as amended by notification no. GSR 756 (E) dated December 16, 1993 together with circular no. 14 dated December 20, 1993, issued by the Department of Company Affairs.

g. Insurance

The company has accounted for insurance claims for damage of goods/machinery on the basis of claims filed with the insurance company.

h. Investments

Investments of the company are valued at the cost of acquisition. Dividend on investments is accounted for as and when received.

i. Inventories

Inventories are valued at cost except;



- (i) finished goods and trading stock which are valued at lower of cost or net realisable value;
- (ii) waste and export incentives, which are valued at net realisable value; Cost is ascertained on the following basis:
 - (i) Raw materials : Specific identification
 - (ii) Dyes, chemicals, stores and spares : First-in, First-out (FIFO)
 - (iii) Semi-finished and finished goods : Weighted average
 - (iv) Trading stock : Specific identification

j. Inter-divisional Transactions

Inter-divisional transactions are eliminated as contra items. Any unrealised profit on unsold stock on account of inter-divisional transactions is eliminated while valuing the inventory.

k. Employees Benefits

The company accounts for retirement benefits in compliance with the revised AS-15 as per following details:

- (i) Gratuity
Liability on account of gratuity, which is a defined benefit plan, is provided for on the basis of actuarial valuation carried out by an independent actuary as at the balance sheet date. The contribution towards gratuity liability is funded to an approved gratuity fund.
- (ii) Provident fund
Contribution to provident fund, which is a defined contribution plan, is made as per the provisions of Provident Fund Act, 1952 and charged to revenue account.
- (iii) Superannuation
Liability on account of superannuation, which is a defined contribution plan, is accounted for on accrual basis and funded to an approved superannuation fund.
- (iv) Leave encashment
Provision for leave encashment is made on undiscounted basis for accumulated leave that employees can encash in future.

l. Foreign Currency Transactions

- (i) Transactions covered under forward contracts are accounted for at the contracted rate.
- (ii) All export proceeds have been accounted for at a fixed rate of exchange at the time of raising invoices. Foreign exchange fluctuations as a result of the export sales have been adjusted in the profit and loss account and export proceeds not realised at the balance sheet date are restated at the rate prevailing as at the balance sheet date.
- (iii) Balance of foreign currency loans as at the balance sheet date if any is restated at the exchange rate prevailing as at the balance sheet date and difference arising thereon is adjusted in the cost of fixed assets acquired out of the said loans.

m. Premium on Redemption of Debentures

Premium payable on redemption of debentures is evenly recognised in annual accounts.



n. Sales

The company recognises sales of goods on transferring property of underlying goods to customers. Sales include all charges and duties collected. However, for waste sales, value added tax collected is credited to VAT collected on sales account. Export sales of "F O R Destination" contracts are recognised on goods having reached the destination or on the basis of the estimated average time taken to reach the destination of the respective customers.

Export benefits in respect of exports made under the duty entitlement passbook scheme as per EXIM policy have been accounted on accrual basis.

o. Excise Duty

Liability for excise duty on finished goods is accounted for on accrual basis as per the provisions of Central Excise Laws.

p. Deferred Revenue Expenditure

- (i) Compensation and gratuity paid on account of Voluntary Retirement Scheme (VRS) is treated as revenue expenditure and charged to profit & loss account. Also the amount of compensation relating to employees who have yet not opted for VRS is treated as contingent liability and disclosed appropriately.
- (ii) Premium on account of reduction in rate of interest in respect of term loans and non-convertible debentures has been deferred and is written off over a period of ten years.

q. Recognition of Income and Expenditure

Income and expenditure are recognised on accrual basis.

r. Contingent Liabilities

Contingent liabilities are not provided for in the books of accounts. The same are separately disclosed in the notes forming part of accounts.

s. Taxes on Income

Income tax provision comprises current tax provision and deferred tax provision. Current tax provision is made annually based on the tax liability computed after considering tax allowances and deductions.

Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

t. Impairment Loss



Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in the arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

u. Provisions and Contingencies

Provisions are recognised when the company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognised nor disclosed.

Notes in compliance of Schedule VI to the Companies Act, 1956

2 SHARE CAPITAL

2.1 The Company has two classes of shares referred to as equity shares and preference shares. The details thereof are as under:

(₹ in lacs)		
Particulars	As at March 31, 2014	As at March 31, 2013
AUTHORISED SHARE CAPITAL		
6,00,00,000 Equity shares of ₹10/- each (Previous year 6,00,00,000)	6,000.00	6,000.00
40,00,000 Preference shares of ₹100/- each (Previous year 40,00,000)	4,000.00	4,000.00
TOTAL	10,000.00	10,000.00
ISSUED SHARE CAPITAL		
3,40,73,360 Equity shares of ₹10/- each (Previous year 3,40,73,360)	3,407.34	3,407.34
4,50,000 13% redeemable cumulative preference shares of ₹100/- each fully paid (Previous year 4,50,000)	450.00	450.00
16,00,000 11% redeemable cumulative preference shares of ₹ 100/- each fully paid (Previous year 16,00,000)	1,600.00	1,600.00
	5,457.34	5,457.34
SUBSCRIBED AND PAID UP CAPITAL		
3,33,68,787 Equity shares of ₹10/- each fully paid (Previous year 3,33,68,787)	3,336.88	3,336.88
4,50,000 13% redeemable cumulative preference shares of ₹100/- each fully paid (Previous year 4,50,000) to be redeemed in three equal instalments at the end of 3rd, 4th and 5th year from the date of allotment	450.00	450.00
16,00,000 11% redeemable cumulative preference shares of ₹ 100/- each fully paid (Previous year 16,00,000) to be redeemed at the end of 24 months from the date of allotment	1,600.00	1,600.00
TOTAL	5,386.88	5,386.88



2.2 Reconciliation of number of shares outstanding:

The company has not issued or bought back any equity or preference shares during the year under review.

2.3 Shares Held by holding/ultimate holding company and/or their subsidiaries/associates

Out of issued, subscribed and paid up capital:

Nil (Previous Year Nil) Equity Shares are held by holding company

Nil (Previous Year Nil) Equity Shares are held by ultimate holding company

Nil (Previous Year Nil) Equity Shares are held by subsidiary of holding company

Nil (Previous Year Nil) Equity Shares are held by associates of holding or ultimate holding company.

2.4 The details of shareholders holding more than 5 % of issued share capital:

Name of shareholder	As at March 31, 2014		As at March 31, 2013	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Albus Investments Pvt. Ltd.	4,937,871	14.80	4,937,871	14.80
Apus Investments Pvt. Ltd.	4,934,221	14.79	4,934,221	14.79
Geek Technologies Pvt. Ltd.	2,194,200	6.58	2,194,200	6.58

2.5 The details of bonus shares issued, shares issued for consideration otherwise than in cash and shares bought back in preceding five years:

The company has not issued any bonus shares, shares for consideration otherwise than in cash and has not bought back any shares in year under review and preceding five years.

2.6 Details of Unpaid calls due from Directors or officers

There were no unpaid calls due from Directors/Officers of the Company.

2.7 Rights of Shareholders, Dividend and Repayment of Capital:

Rights of Equity Share holders

- Holder of equity shares is entitled to one vote per share.
- The Company declares and pays dividends in Indian Rupees. The Companies Act, 1956 provides that any dividend be declared out of accumulated distributable profits only after the transfer to a general reserve of a specified percentage of net profit computed in accordance with current regulations.
- In the event of liquidation of the Company, the holders of shares shall be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

Rights of Preference Share holders

- Preference shareholders shall have right to vote only on resolutions placed before company which directly affect their rights attached to preference shares. As per explanation to Sec. 87 (2)(a) any resolution for winding up the company or for repayment or reduction of share capital shall be deemed directly to affect their rights.



b. The holders of preference Shares (whether cumulative or non cumulative) have a right to vote on any resolutions of the company where dividends are in arrears –

1. In case of cumulative preference shares, on all resolutions of the company at any meeting if dividends are in arrears for aggregate period of not less than 2 years on the date of meeting.
2. In case of non cumulative preference shares, if arrears of 2 financial years immediately preceding date of such meeting or any 3 years arrears out of 6 years preceding date of meeting.
3. Such voting right is proportionate to preference paid up capital bears to total paid up equity capital.

3 Reserves and Surplus

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
3.1 The Reserves and Surplus Includes		
(A) Capital Reserve (Created on account of reissue of shares/debentures forfeited)	38.05	38.05
(B) Capital Redemption Reserve – I	1.50	1.50
(C) Capital Redemption Reserve – II	37.50	37.50
(D) Securities Premium Account	12,388.07	12,388.07
(E) Debenture Redemption Reserve	2,900.50	2,900.50
(F) Reconstruction Reserve	526.10	526.10
(G) Revaluation Reserve		
Balance As per last Balance Sheet	4,900.41	4,900.41
Less: Adjusted upon sale of scrapped assets	8.46	-
Sub Total	4,891.95	4,900.41
(H) Surplus (being balance of Profit & Loss Account)		
Debit Balance As per last Balance Sheet	(50,590.73)	(49,195.58)
Add: Net Profit/(Net Loss) For the current year	(1,284.41)	(1,395.15)
Closing Debit Balance	(51,875.15)	(50,590.73)
TOTAL	(31,091.47)	(29,798.60)

3.2 Appropriations out of Balance in Profit and Loss Account:

There is no appropriation out of Profit and Loss Account for the year / previous year.

4 Long Term Borrowing

(₹ in lacs)

Particulars	Notes	As at March 31, 2014	As at March 31, 2013
4.1 SECURED BORROWINGS			
(A) NON CONVERTIBLE DEBENTURES	1	4,060.53	4,060.53
(B) TERM LOANS			
[1] From Parties other than Banks	1	32,410.36	32,413.62
[2] Interest accrued and due on borrowings (from parties other than Banks)		104.14	104.14
Subtotal		32,514.50	32,517.76
(C) WORKING CAPITAL FACILITIES (from parties other than Banks)	2	8,508.94	8,508.94
Subtotal		45,083.97	45,087.23
4.2 UNSECURED LOANS			



Particulars	Notes	As at March 31, 2014	As at March 31, 2013
(A) TERM LOANS from companies and others		1,543.64	1,543.64
(B) DEPOSITS		181.63	180.02
Subtotal		1,725.26	1,723.66
TOTAL		46,809.23	46,810.89

Notes:

- All the debentures and loans are secured/ to be secured by charge on plant and machinery and land and building of the company situated at Mouje Karannagar, Taluka Kadi, District Mehsana, North Gujarat; and at Mithipur, Ahmedabad in the State of Gujarat and the land and building situated at Mouje Rajpur-Hirpur, District Ahmedabad and 201, Tulsiani Chambers situated at Nariman Point, Mumbai - 400 021. The details of debentures in terms of respective debenture trust deeds and/or memorandum of entry signed and executed by the company are as per details given below.
- Secured by current assets including stock of raw materials, stock-in-process, finished goods, stores, spares, colour chemicals and book debts and second charge on movable and immovable assets of the company.

4.3 Terms of Repayment of Debentures and Loans

Nature of Borrowing	Rate of Interest	Repayment Schedule
Non convertible debenture	Interest rates ranges from 14.00% p.a. to 19.79% p.a.	Total 1 to 24 quarterly / yearly installments. First installment due date ranges from 02.01.1999 to 03.03.2005
Term Loans	Interest rates ranges from 6.04% p.a. to 19.90% p.a.	Total 3 to 32 quarterly/ half- yearly/yearly installments. First installments due date ranges from 31.03.1998 to 01.01.2008
Working Capital Loans	Interest rates ranges from 8.00% p.a. to 14.50% p.a.	Subject to renewal annually

4.4 Period and Amount of Default

(₹ in lacs)				
Nature of Borrowing	Period Of Default	Principal	Interest	Total
Non convertible debenture	Various Years Starting From 1998-99	4,060.53	-	4,060.53
Term Loans	Various Years Starting From 2001 - 02	32,410.35	-	32,410.35
Working Capital Loans	Various Years Starting From 2005 - 06	9,292.05	104.14	9,396.19
Total		45,762.93	104.14	45,867.07

5 Other Long – Term Liabilities

(₹ in lacs)			
Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Bills Payable	462.65	462.65
B	Trade Payables	53.97	77.72
	Total	516.62	540.37



6 Long – Term Provisions

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Provisions for employee benefits		
	- For Gratuity	75.33	74.05
	- For Leave Encashment	90.64	82.84
B	Others (For wealth tax, service tax & for premium on redemption of debentures)	55.37	66.49
	Total	221.35	223.38

7 Trade Payables

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Micro, Small and Medium Scale industries	-	6.43
B	Others	3,033.26	2,820.71
	Total	3,033.26	2,827.14

8 Other Current Liabilities

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Unclaimed matured deposits and interest accrued thereon	0.15	1.16
B	Interest accrued on Unclaimed matured debentures	-	13.32
C	Other payables		
	[1] Statutory Authorities	118.67	75.17
	[2] Other Liabilities	495.48	491.01
	Total	614.31	580.65

9 Short – Term Provisions

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Provision for gratuity	41.99	55.83
	Total	41.99	55.83



10 Fixed Assets

(₹ in lacs)

Sr. No.	Name of Asset	GROSS BLOCK				DEPRECIATION				Impairment Loss	NET BLOCK	
		As at April 1, 2013	Addition during year	Disposals during the year	As at March 31, 2014	Upto March 31, 2013	For the year	On Disposals during the year	Upto March 31, 2014		As at March 31, 2014	As at March 31, 2013
A	Tangible											
	Land											
	Freehold	98.32	-	-	98.32	-	-	-	-	-	98.32	98.32
	Leasehold	9,380.14	-	-	9,380.14	-	-	-	-	834.10	8,546.04	8,546.04
	Buildings #	6,383.58	2.20	-	6,385.78	1,588.16	188.28	-	1,776.44	333.73	4,275.61	4,461.69
	Plant and equipment	13,879.32	29.09	108.15	13,800.25	9,079.70	986.72	74.60	9,991.82	807.79	3,000.64	3,991.83
	Furniture and fixtures	147.79	3.31	-	151.10	76.26	9.37	-	85.63	-	65.47	71.53
	Vehicles	74.25	0.32	4.37	70.20	21.80	6.72	2.20	26.32	-	43.88	52.45
	Office equipment	192.89	14.23	3.82	203.30	116.79	8.67	0.12	125.34	-	77.96	76.10
	(A)	30,156.29	49.15	116.35	30,089.10	10,882.71	1,199.77	76.92	12,005.55	1,975.62	16,107.92	17,297.94
B	Intangible											
	Computer Software	145.73	5.21	-	150.94	74.92	20.22	-	95.13	-	55.81	70.81
	(B)	145.73	5.21	-	150.94	74.92	20.22	-	95.13	-	55.81	70.81
	TOTAL (A+B)	30,302.01	54.36	116.35	30,240.04	10,957.64	1,219.98	76.92	12,100.68	1,975.62	16,163.73	17,368.75
	Previous year	30,221.56	107.43	26.97	30,302.01	9,659.90	1,312.74	15.00	10,957.64	1,975.62	17,368.75	18,586.05

Cost of building includes cost of share of the face value of ₹450/- received under the bye-laws of the societies.

10.1 None of the fixed assets have been written off on account of reduction of capital during preceding last five years.

10.2 The Company has not revalued any fixed assets during the preceding last five years.

**11 Long – Term Loans and advances**

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Security Deposits		
	Unsecured, considered good	181.43	181.30
	Balance with Excise Authorities	0.08	0.08
B	Advance Tax	63.32	59.90
C	Loans and advances to parties other than related parties (Advance receivable in cash or kind)		
	Unsecured, considered good	9.30	190.28
	Considered Doubtful	178.39	7.72
	Less: Provision for Doubtful Advances	178.39	7.72
	Subtotal	9.30	190.28
	Total	254.13	431.56

12 Other Non – Current assets

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Deferred Revenue Expenditure	39.02	53.24
B	Claims and other receivables	78.03	105.26
	Less: Provision for doubtful receivables	5.57	5.57
	Total	111.47	152.93

13 Inventories

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Raw Materials and components	826.41	1,068.78
	Add: Goods-in transit	153.56	131.32
	Subtotal	979.97	1,200.10
B	Work-in-progress	1,293.01	1,284.81
C	Finished goods	2,534.08	2,439.38
D	Stock-in-trade	414.33	286.63
E	Stores and spares	384.57	497.36
	Add: Goods-in transit	10.72	14.47
	Subtotal	395.30	511.83
F	Others (Waste and stock of DEPB/FPS)	42.80	29.44
	Total	5659.49	5752.19

14 Trade receivables

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Trade receivables outstanding for a period less than six months		
	Unsecured, Considered good	2,334.74	2,177.99
B	Trade receivables outstanding for a period exceeding six months		
	Unsecured, considered good	14.25	16.63



Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
	Unsecured, considered doubtful	51.64	30.31
	Less: Provision for doubtful debts	51.64	30.31
	Subtotal	14.25	16.63
	Total	2,348.98	2,194.62

15 Cash and Cash equivalents

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Balances with banks		
	In Current Accounts	146.11	41.92
B	Bank deposits maturing within 12 months*	470.26	453.86
C	Cash on hand	3.25	3.50
	Total	619.63	499.28

*The Bank Deposits include amount of ₹459.03 Lacs which is subject to repatriation restrictions.

16 Short – Term Loans and Advances

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Advance receivable in cash or kind from parties other than related parties		
	Unsecured, considered good	173.65	40.30
	Total	173.65	40.30

17 Other current assets

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Interest receivable	27.70	23.02
B	Assets held for sale	6.85	3.50
C	Claims and other receivables	140.04	109.78
D	Prepaid Expenses	12.31	36.45
E	Deferred Revenue Expenditure	14.19	14.16
	Total	201.10	186.91

18 Revenue From Operation

(₹ in lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A	Sale of products	26,563.84	26,494.21
B	Other operating revenues	229.07	316.22
	Total	26,792.90	26,810.43



19 Details of Raw Materials Consumed

(₹ in lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A	Cotton/Yarn	10,997.75	11,633.88
B	Fabrics	1,935.16	2,324.91
	Total	12,932.91	13,958.79

20 Details of stock in trade purchased

(₹ in lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A	Fabrics	1,160.34	1,556.34
	Total	1,160.34	1,556.34

21 Changes in Inventories of Finished goods, work-in-progress and stock-in-trade

(₹ in lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Closing Stock	4,251.00	4,019.44
	Less: Opening stock	4,019.44	2,833.45
	Net	231.56	1,185.99

22 Employee benefit expenses

(₹ in lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A	Salaries and Wages	3,021.48	2,870.79
B	Contribution to Provident and Other Funds	318.57	275.02
C	Staff welfare expenses	119.87	93.04
	Total	3,459.92	3,238.85

23 Finance Cost

(₹ in lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A	Interest expense (Net)	139.68	127.11
B	Other borrowing costs	52.12	39.22
	Total	191.80	166.33

24 Depreciation and amortization expenses

(₹ in lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Depreciation	1,219.98	1,312.74
	Amortization	14.19	14.19
	Total	1,234.17	1,326.93

**25 Other Expenditure**

(₹ in lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A	Payment to the auditor		
	As auditor	9.55	9.55
	For taxation matters	1.26	1.28
	Sub total	10.81	10.83
B	Consumption of Stores, Spares, Dyes and Chemicals	2,045.98	2,209.74
C	Power & Fuel	2,565.98	2,930.34
D	Rent	8.78	11.19
E	Repairs to Buildings	10.28	8.99
F	Repairs to Machinery	138.94	119.45
G	Insurance	69.36	71.31
H	Rate and Taxes	124.97	54.46
I	Job Charges	2,928.11	2,563.34
J	Selling and Distribution Expenses	503.74	443.50
K	Travelling & Conveyance	155.35	134.38
L	Provision for doubtful debts & advances	192.00	-
M	Miscellaneous Expenses	694.56	649.24
	Total	9,448.85	9,206.77

26 Contingent liabilities and commitments (To the extent not provided for)

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Claims against the company not acknowledged as debt	2,691.44	2,689.89
B	Guarantees	24,625.14	24,625.14
C	Other money for which the company is contingently liable	40.73	37.92
	Total	27,357.31	27,352.95

27 Dividend

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
	Arrears of fixed cumulative dividend (including Dividend Tax) on cumulative preference shares for the following period.		
-	11% cumulative preference shares for the period from March 26, 2001 to March 31, 2014	2,681.92	2,476.01
-	13% cumulative preference shares for the period from July 1, 2000 to March 31, 2014	941.69	873.25
	Total	3,623.61	3,349.26

**28 Details of Work-in -progress**

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Up to Yarn Stage	763.39	754.26
B	Fabrics	529.62	530.55
	Total	1,293.01	1,284.81

29 Value of import on CIF Basis

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Raw Materials	85.65	100.77
B	Components, Stores, Spares, Dyes and Chemicals	217.63	456.86
	Total	303.28	557.64

30 Details of Expenditure in Foreign Currency

(₹ in lacs)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
A	Travelling Expenses	23.98	24.92
B	Fees & Services	11.71	14.82
C	Sales and Distribution exp.	0.22	4.32
D	Others	10.81	12.61
	Total	46.72	56.67

31 Value Of Raw Material, Stores, Spares, Dyes And Chemicals Consumed

Particulars	Raw Materials		Stores, Spares, Dyes and Chemicals	
	In %	₹ in lacs	In %	₹ in lacs
Imported	0.82	106.43	20.19	413.04
	(0.73)	(101.95)	(22.61)	(499.52)
Indigenous	99.18	12,826.48	79.81	1,632.94
	(99.27)	(13,856.84)	(77.39)	(1,710.22)
TOTAL	100.00	12,932.91	100.00	2,045.98
	(100.00)	(13,958.79)	(100.00)	(2,209.74)

32 Foreign Currency Transaction:

The Company used forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company did not enter into any contract for derivative instruments for trading or speculative purposes. The foreign currency exposure not hedged as at March 31, 2014 are as under:

Particulars	As at March 31, 14		As at March 31, 13	
	Amount in US \$	INR Equivalent	Amount in US \$	INR Equivalent
Export of Goods and services.	3.11	186.36	2.74	148.93
Total		186.36		148.93



33. Loans and advances to staff include ₹0.63 lacs (Previous year ₹2.71 lacs) due from officers of the company.
34. The Sales Tax authorities have issued notices for demand of Sales Tax of ₹747.93 lacs, penalty of ₹619.58 lacs and interest of ₹538.51 lacs, aggregating to ₹1906.01 lacs for various assessment years. The company disputes the said demand. The company has filed appeals against these notices and got stay orders against the same.
35. During the year under review due to loss the company has not provided for Income-tax for the Assessment Year (A.Y.) 2014-15 (Previous year ₹ NIL). Provision for wealth-tax is made of ₹0.39 lacs (Previous year ₹0.35 lacs). As regards deferred tax as per Accounting Standard - 22 (AS-22) on "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, there is a net deferred tax asset for the past years and for the current year after adjusting unabsorbed depreciation and carry forward losses of the past years. Considering the provisions of the AS-22 and as a matter of prudence, the company has not recognised the said deferred tax asset while preparing the accounts for the year under review. The Income-tax assessments of the company are completed up to A.Y. 2011-12. In respect of assessment for A.Y. 1996-97, income-tax department had disputed some of the claims and raised demand of ₹676.66 lacs for tax and interest. The company had preferred an appeal against the said assessment and had succeeded before Commissioner of Income-tax (Appeal) and demand has been deleted. However, Income-tax department has preferred further appeal before the Income tax Appellate Tribunal for which Tribunal has sent back file to Assessing Officer with certain directions for which appeal effect order is yet to be received from the Assessing Officer.
36. The cost of purchase is arrived at after considering effect of any settlement reached with the suppliers during the year.
37. Export benefits/incentives in respect of duty draw back and purchase of raw material from local suppliers (against advance released orders under duty exemption scheme) are accounted on accrual basis in order to follow the system of accounting which is mandatory as per the provisions of section 209 of the Companies Act, 1956.
38. There are no amounts outstanding for more than 30 days in respect of small scale industrial undertakings. The company has provided for interest of ₹0.07 lacs (Previous year ₹0.19 lacs) on outstanding for more than 45 days payable to Micro, Small and Medium enterprises. The total amount due to these parties is ₹NIL (Previous year ₹6.43 lacs) as at the balance sheet date. This information has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.
39. In view of ongoing comprehensive debt restructuring, the company has not made provision of ₹32,213.63 lacs for unpaid interest (Previous year ₹27,409.57 lacs). The loss for the year is understated by ₹32,213.63 lacs (Previous year ₹27,409.57 lacs). This amount and the amount due to the lenders is disclosed based on information available with the management. As a result, outstanding dues of lenders are subject to reconciliation.
40. The unsecured loans include ₹750.00 lacs in the suspense account representing amount of a cheque drawn on HDFC Bank given by the company to Bank of Bahrain & Kuwait (BBK) and paid to BBK by clearing house because of the delay by HDFC Bank in returning the cheque to BBK. The dispute is the subject matter of notice correspondence between HDFC Bank and BBK and under dispute between the company, BBK and HDFC Bank in various courts.
41. The expenditure incurred in respect of assets damaged for which insurance claim has been received has been debited under respective heads.
42. The net worth of the company has eroded. However, the company expects to revive its financial position in view of the ongoing debt restructuring and good prospects of improvement in its operational performance in future. Considering these facts, the accounts of the company are prepared on going concern basis.



43. Retirement Benefits (Accounting Standard – 15):

Provision for Gratuity

The following table sets out the status of the gratuity plan as required under AS 15 on “Employee Benefits”.

Reconciliation of opening and closing balances of the present value of the defined benefit and fair value of the plan assets.

(₹ in lacs)			
Sr. No.	Particulars	For the year ended March 31, 14	For the year ended March 31, 13
1	Assumptions:		
	Interest rate	9.10%	8.10%
	Estimated rate of return on plan assets	9.00%	8.60%
	Rate of growth in salary levels	3.00%	3.00%
2	Changes in present value of obligation		
	Present value of obligation as at beginning of the year	815.93	715.76
	Add: Service cost	45.87	45.08
	Add: Interest cost	63.59	58.30
	Add: Actuarial loss	(17.43)	56.45
	Less: Benefits paid	31.32	59.66
	Net being present value of obligation as at end of the year	876.64	815.93
3	Changes in the fair value of plan assets		
	Fair value of plan assets at beginning of the year	686.06	608.85
	Add: Expected return on plan assets	65.63	53.01
	Add /(Less) : Actuarial gain / (loss)	(2.28)	6.31
	Add: Contributions	116.55	77.55
	Less: Benefits paid	31.32	59.66
	Net being fair value of plan assets at end of the year	834.64	686.06
4	Actuarial Loss recognised		
	Actuarial Loss for the year – Obligation	(17.43)	56.45
	Less/ (Add) : Actuarial Gain / (Loss) for the year - plan assets	(2.28)	6.31
	Net being Actuarial loss / (gain) recognised in the year	(15.16)	50.14
5	The amounts to be recognised in Balance Sheet		
	Present value of obligations as at the end of the year	876.64	815.93
	Less: Fair value of plan assets as at the end of the year	834.64	686.06
	Net being liability recognised in the balance sheet as at the end of the year	42.00	129.88



Sr. No.	Particulars	For the year ended March 31, 14	For the year ended March 31, 13
6	Expenses Recognised in statement of profit and loss		
	Current Service cost	45.87	45.08
	Add: Interest cost	63.59	58.30
	Less: Expected return on plan assets	65.63	53.01
	Add: Acturial loss recognised in the year	(15.16)	50.14
	Net being expenses recognised in statement of Profit and Loss – Note	28.67	100.52
7	Estimated amount of contribution to be paid to the plan within the next year	41.99	55.83

Note: The Company has not recognised positive impact of ₹75.33 lacs (P.Y. ₹Nil) in the Profit & Loss Account for the year ended March 31, 2014 as a measure of prudence.

44. Segment reporting (Accounting Standard - 17):

The company's operations relate only to manufacture and sale of textile and related products and hence primary reporting disclosure is not applicable.

The company sells goods in domestic market and also exports them to various countries. Accordingly, secondary segment reporting is based on sales in India and exports outside India.

Disclosure has been made relating to debtors only, as other assets and liabilities are used interchangeably between the segments and hence cannot be allocated to segments.

(₹ in lacs)

Secondary segment reporting:			
Particulars	In India	Outside India	Total
Sales	22,037.98	4,754.92	26,792.90
	(23,180.55)	(3,629.88)	(26,810.43)
Debtors	2,162.62	186.36	2,348.98
	(2,045.69)	(148.93)	(2,194.62)

45. Related parties disclosures (Accounting Standard – 18)

(I) Relationships

(a) Key management personnel:

Mr. Chintan N. Parikh - Chairman & Managing Director

(b) Other related parties where control exists:

Ashima Dyecot Limited	Atrium Exports Private Limited
Elephants Enterprises Limited	Lahar Trading and Investments Limited
Apus Investments Private Limited	Albus Investments Private Limited



(II) Transactions carried out with related parties referred to in (I) above are in ordinary course of business

(₹ in lacs)

Nature of transactions	Related parties	
	Key Management Personnel	Other parties where control exists
Purchases	-	40.63
	(-)	(62.14)
Sales	-	1,480.78
	(-)	(1,200.26)
Expenses	-	2,781.83
	(-)	(2,376.02)
Directors' remuneration	74.98	-
	(66.44)	(-)
Income	-	36.41
	(-)	(36.41)
Other receipts	-	9.69
	(-)	(7.67)
Outstanding		
Payables	-	2.35
	(-)	(91.25)
Receivables	-	-
	(-)	(0.02)

46. Earnings per share (Account Standard – 20)

(₹ in lacs)

Particulars	2013-14	2012-13
Loss for the year	(1284.41)	(1395.15)
Add : Preference dividend		
13% Redeemable	58.50	58.50
11% Redeemable	176.00	176.00
Loss for the year including preference dividend	(1518.91)	(1629.65)
No. of equity shares outstanding during the year	3,33,68,787	3,33,68,787
Nominal value of ordinary shares	₹10	₹10
Basic and diluted earning per share (₹)	(4.55)	(4.88)

Note: Preference shares being cumulative in nature, its dividend has been added to loss for the year in the above calculation, though the appropriation for the same has not been done.

47. Based on review carried out as on March 31, 2014, no impairment loss is required to be provided for as per Accounting Standard 28 on "Impairment of Assets".
48. Previous year figures have been regrouped / rearranged wherever necessary to confirm to this year's figures.
49. Remittances in foreign currency on account of dividend: NIL



50. Earnings in foreign currency

(₹ in lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Total export sales	4,754.92	3,629.88
Of which F.O.B. value of exports	4,644.53	3,551.20

51. Figures less than ₹500/- which are required to be shown separately have been shown as actual in brackets.



LIMITED REVIEW REPORT
(For Nine Months Period Ended on December 31, 2014)

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

1. We have reviewed the accompanying statement of unaudited Balance Sheet as at December 31, 2014 and Profit & Loss Account for nine month period ended on that date, of Ashima Limited (the “**Company**”) annexed thereto (all of which are hereinafter referred to as “**Financial Statement**”), for the purpose of its inclusion in the letter of offer in connection with its proposed rights issue. The Financial Statement is responsibility of the Company’s Management and has been approved by Board of Directors of the Company. Our responsibility is to issue a report on these Financial Statement based on our review of the Financial Statement, which has been prepared by the Company’s Management pursuant to the requirements of applicable sub clause in Clause X(A) of Part E of Schedule VIII and other applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended issued by SEBI (“**SEBI (ICDR) Regulations 2009**”), in accordance with Accounting Standard 25 (“**AS 25**”) on Interim Financial Reporting, and other applicable accounting standards, notified under the Companies (Accounting Standards) Rules, 2006.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Engagements to Review Financial Statements*, issued by 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 from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedure applied to financial data and thus provides less assurance than audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We have reviewed the financial statements for the period ended December 31, 2014 and observed as under:

Matter of Emphasis

- 1) **The Company has prepared financial statements based on going concern concept.**
- 2) **The Company has not provided for unpaid interest on loan amounting to ₹27,710.93 lacs. The loss for the 9 months period would have been higher by the said amount, had the company provided for the same. Further, outstanding dues of lenders are subject to reconciliation.**

Our opinion is not qualified in respect of both the above matters.

4. Based on our review conducted as above, except what is stated in the previous paragraph, nothing has come to our notice that causes us to believe that the accompanying statement of unaudited financial statements, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement. Further, we state that there is no change in accounting policy during the period under said limited review report.
5. This report is intended solely for the use of the Company for filing of letter of offer with Securities and Exchange Board of India in connection with the proposed rights issue of Equity Shares of the Company under SEBI (ICDR) Regulations 2009 and the same should not be used, referred to or distributed for any other purpose, without our prior written consent.



For Dhirubhai Shah & Doshi, Chartered Accountants

Sd/-
Kaushik D. Shah
Partner

Membership No.: 016502
Firm Registration No. with ICAI: 102511W
Peer Review Certificate No. 005806

Place: Ahmedabad
Date: April 18, 2015



Annexure – Statement of Assets and Liabilities for Nine Months Period Ended on December 31, 2014

(₹ in lacs)

		As at 31-12-2014
A	EQUITY AND LIABILITIES	
1	Shareholders' Funds	
	a. Share Capital	5,386.88
	b. Reserves and surplus	(31,945.66)
	Sub-total Shareholders' funds	(26,558.79)
2	Share application money pending allotment	
3	Non-current liabilities	
	a. Long-term borrowings	45,788.48
	b. Other long-term liabilities	511.25
	c. Long-term provisions	199.93
	Sub-total Non - Current Liabilities	46,499.67
4	Current liabilities	
	a. Short-term borrowings	5,103.45
	b. Trade payables	3,746.33
	c. Other current liabilities	955.10
	d. Short-term provisions	41.99
	Sub-total - Current Liabilities	9,846.88
	TOTAL - EQUITY AND LIABILITIES	29,787.75
B	ASSETS	
1	Non-current assets	
	a. Fixed assets	14,586.49
	b. Long-term loans and advances	260.71
	c. Other non-current assets	105.09
	Sub-total - Non-current assets	14,952.29
2	Current assets	
	a. Inventories	4,807.81
	b. Trade receivable	3,285.90
	c. Cash and cash equivalents	896.90
	d. Short-term loans and advances	5,507.44
	e. Other current assets	337.42
	Sub-total - Current assets	14,835.46
	TOTAL - ASSETS	29,787.75



Annexure – Statement of Profit and Loss Account for Nine Months Period Ended on December 31, 2014

(₹ in lacs)

Particulars	
Income from operations	
Net Sales / Income from Operations (Net of excise duty)	21567.14
Total Income from operations (net)	21567.14
Expenses	
(a) Cost of material consumed	9888.49
(b) Purchases of stock-in-trade	698.56
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	568.55
(d) Job charges	2424.57
(e) Employee benefits expenses	2677.26
(f) Depreciation and amortisation expense	366.69
(g) Other expenses	6018.85
Total expenses	22642.97
Profit (+) / Loss (-) from operations before other income, finance costs & exceptional items (1-2)	(1075.83)
Other income	38.49
Profit (+) / Loss (-) from ordinary activities before finance costs & exceptional items (3+4)	(1037.34)
Finance costs	272.18
Profit (+) / Loss (-) from ordinary activities after finance costs but before exceptional items (5-6)	(1309.52)
Exceptional items (Income) / Expenditure (Net)	----
Profit (+) / Loss (-) from Ordinary Activities before tax (7+8)	(1309.52)
Tax Expenses - Current Tax	----
Net Profit (+) / Loss (-) from Ordinary Activities after tax (9-10)	(1309.52)
Extraordinary items (Income) / Expenditure (Net) (net of tax expense ₹NIL)	----
Net profit (+) / Loss (-) for the period (11-12)	(1309.52)
Paid-up equity share capital (Face value of ₹10/- per share)	3336.88
Reserves excluding revaluation reserve (as per balance sheet of previous accounting year)	----
Earnings Per Share (EPS) (₹)	
Basic and diluted EPS before Extraordinary items (not annualised)	(4.45)
Basic and diluted EPS after Extraordinary items (not annualised)	(4.45)



WORKING RESULTS

In accordance with circular no. F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977 and in accordance with sub-item (B) of item X of Part E of the SEBI Regulations, the information required to be disclosed for the period between the last date of financial statements provided to the shareholders and the date preceding one month from the date of Letter of Offer is provided below:

a. Working Results of our Company for the period from 1 January 2015 to March 31, 2015

Particulars	Amount (₹ in Lacs)
Sales / turnover	5540.73
Other income	15.70
Total Income	5556.42
PBIDT	(6.26)
Interest & Finance Charges	215.50
Provision for Depreciation/Amortisation	88.71
Provision for Tax	0.32
Profit /(Loss) after Tax	(310.80)

Material changes and commitments, if any, affecting the financial position of our Company

In the opinion of our Board, there have not arisen since the date of the last financial statements disclosed in this Letter of Offer, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months otherwise than as disclosed in this Letter of Offer which will impact our performance and prospects and as appearing on page no. 105



ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following table presents statement of accounting ratios as under derived from the financial statements (limited review) for the nine month period ended on December 31, 2014 and from the audited financial statements for the twelve month period ended on March 31, 2014 and March 31, 2013, included in the section titled “**Financial Information**” beginning on page no.60 of this Draft Letter of Offer. Further, the Earnings Per Share (EPS) calculation has been done in accordance with AS-20 as issued by ICAI. The accounting ratios have been certified by Dhirubhai Shah & Doshi, Chartered Accountants vide its certificate dated April 24, 2015.

Sl. No	Particulars	As at and for the nine months ended December 31, 2014*	As at and for the accounting year ended March 31, 2014	As at and for the accounting year ended March 31, 2013
1	Basic Earnings Per Share #	(4.45)	(4.55)	(4.88)
2	Diluted Earnings Per Share #	(4.45)	(4.55)	(4.88)
3	Return on Net Worth #	-4.12%	-4.65%	-5.20%
4	Net Asset Value per share	(107.98)	(97.84)	(93.99)

Not Annualised *Based on the Limited Review Report;

The above ratios have been computed as below:

Basic EPS: Net profit attributable to Equity Shareholders (excluding extraordinary items, if any) / Number of Equity Shares outstanding at the end of the year

Diluted EPS: Net profit attributable to Equity Shareholders (excluding extraordinary items, if any) / Number of diluted Equity Shares outstanding at the end of the year

Return on Networth: Net profit attributable to Equity Shareholders (excluding extraordinary items, if any) / Net Worth at the end of the year (excluding revaluation reserves)

NAV per Share: Net worth at the end of the year (excluding revaluation reserves) / Number of Equity Shares outstanding at the end of the year

Statement of Capitalisation as adjusted for issue:

₹ in Lacs

Particulars	Pre Rights Issue as at December 31, 2014	As adjusted for Rights Issue
Borrowings:		
Short Term	5,103.45	2,430.50
Long Term (Refer Note)	40,888.48	35,552.92
Total Debt	45,991.93	37,983.42
Shareholders Funds:		
Share Capital - Equity	3,336.88	11,345.39
Share Capital - Preference	2,050.00	2,050.00
Reserves and Surplus (Net of Revaluation Reserve)	(39,369.00)	(39,369.00)
Total Shareholders Funds	(33,982.12)	(25,973.61)
Long Term Debt/Equity	(-1.35):1.00	(-1.46):1.00

Refer Note:

- Total amount of long term borrowings is ₹45788.48 lacs. The company has paid ₹4900.00 lacs to one of its secured creditors, namely Asset Reconstruction Company (India) Limited as on account payment against debt



settlement under proposed scheme of arrangement, which will be appropriated against loan dues upon approval of the scheme. The amount appears as part of short term loans and advances in the books of the company, which has been netted off from loan liability and hence a net amount of ₹40888.48 lacs is considered herein

2. Long Term Borrowings include ₹ 750.00 lacs in the suspense account representing amount of a cheque drawn on HDFC Bank given by the company to Bank of Bahrain & Kuwait (BBK) and paid to BBK by clearing house because of the delay by HDFC Bank in returning the cheque to BBK. The dispute is the subject matter of notice correspondence between HDFC Bank and BBK and under dispute between the company, BBK and HDFC Bank in various courts



MARKET PRICE INFORMATION

The equity shares of our Company are listed on BSE and NSE. The stock price information on BSE and NSE is as under:

The high, low and average market prices of the equity shares during the preceding three years were recorded, as stated below:

BSE							
Calendar Year	Date of High	High (₹)	Volume on date of High (No. of Shares)	Date of Low	Low (₹)	Volume on Date of low (No. of Shares)	Average (₹)
2012	October 12, 2012	7.35	19363	May 16, 2012	3.11	3667	4.42
2013	January 08, 2013	5.40	28073	June 11, 2013	2.21	3000	3.41
2014	September 10, 2014	11.62	130512	March 03, 2014	2.69	22935	6.37

(Source: www.bseindia.com)

NSE							
Calendar Year	Date of High	High (₹)	Volume on date of High (No. of Shares)	Date of Low	Low (₹)	Volume on Date of low (No. of Shares)	Average (₹)
2012	October 12, 2012	7.20	8555	May 23, 2012	3.10	1	4.40
2013	January 09, 2013	5.30	1155	May 03, 2013	2.35	700	3.41
2014	September 10, 2014	11.85	54231	March 07, 2014	2.65	3150	6.50

(Source: www.nseindia.com)

Notes:

- Average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of the Letter of Offer is as stated below:

BSE							
Month	Date	High (₹)	Volume (No. of Shares)	Date	Low (₹)	Volume (No. of Shares)	Average (₹)
May 2015	May 27, 2015	10.03	16,459	May 25, 2015	8.55	12,430	8.97
April 2015	April 07, 2015	11.20	65,472	April 01, 2015	8.05	2,052	9.51
March 2015	March 09, 2015	11.00	66195	March 30, 2015	7.31	7424	8.80
February 2015	February 13, 2015	10.77	22427	February 26, 2015	8.05	24508	9.19
January 2015	January 02, 2015	12.65	147244	January 30, 2015	8.51	16081	10.38
December 2014	December 31, 2014	10.03	127649	December 17, 2014	6.58	22010	8.27

(Source: www.bseindia.com)



NSE							
Month	Date	High (₹)	Volume (No. of Shares)	Date	Low (₹)	Volume (No. of Shares)	Average (₹)
May 2015	May 07, 2015	9.80	9,158	May 27, 2015	8.50	16,025	8.98
April 2015	April 07, 2015	11.40	1,39,850	April 01, 2015	8.05	3,253	9.46
March 2015	March 10, 2015	11.35	9800	March 26, 2015	6.95	16695	8.77
February 2015	February 16, 2015	10.75	11759	February 09, 2015	8.00	9652	9.20
January 2015	January 02, 2015	12.80	145573	January 30, 2015	8.30	21691	10.35
December 2014	December 31, 2014	9.70	34087	December 15, 2014	6.20	12941	8.23

(Source: www.nseindia.com)

Notes

- Average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

The closing prices of equity shares as on March 09, 2015 (the trading day immediately following the day on which the resolution of the Board of Directors was passed approving the Rights Issue) on BSE and the NSE were ₹ 10.07 and ₹ 10.15 respectively.

- a. The week end closing prices of the equity shares for last four weeks on BSE and NSE are provided in the table below:

Week ended on	Closing Price (In ₹)	
	BSE*	NSE**
June 12, 2015	8.45	8.40
June 05, 2015	8.77	8.65
May 29, 2015	9.24	9.05
May 22, 2015	8.86	9.00

*Source: www.bseindia.com ** Source: www.nseindia.com

- b. The highest and lowest prices of the equity shares on BSE and NSE for last four weeks are provided in the table below:

Name of the stock exchange	Highest (In ₹)	Date	Lowest (In ₹)	Date
BSE	10.03	May 27, 2015	8.05	June 11, 2015
NSE	9.70	June 01, 2015	8.00	June 04, 2015

Notes

- In case of two days with the same closing price, the date with higher volume has been considered.
- c. The closing current market price as of June 18, 2015 on BSE was ₹8.71 per share and NSE was ₹9.00 per share.

The Issue Price of ₹ 10/- has been arrived at by our Company in consultation with the Lead Manager.



SECTION VI – LEGAL INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as described below there are no outstanding litigation, suits or criminal or civil proceedings or tax liabilities against our Company, our Promoter, Directors or any other person, whose outcome would have a material adverse effect on our business. Except as stated below or otherwise in the Letter of Offer, there are no defaults, non-payment or overdues of statutory dues, institutional or bank dues or dues payable to instrument holders such as holders of any debentures, bonds and fixed deposits and arrears on preference shares that could have a material adverse effect on our business as of the date of this Draft Letter of Offer.

Except as described below, there are no proceedings initiated for economic offences or any disciplinary action taken by SEBI or any stock exchange, penalties imposed by any authorities against our Company and Directors and no adverse findings in respect of our Company, as regards compliance with securities laws. Further, except as described below, there are no instances where our Company or Directors have been found guilty in suits or criminal or civil prosecutions, or proceedings initiated for economic or civil offences or tax liabilities.

Except as disclosed below there are no (i) litigation against the Directors involving violation of statutory regulations or alleging criminal offence; (ii) past cases in which penalties were imposed by the relevant authorities on the Company and the Directors; (iii) outstanding litigation or defaults relating to matters likely to affect the operations and finances of our Company, including disputed tax liabilities and prosecution under any enactment in respect of Schedule V to the Companies Act, 2013; and (iv) any creditors to whom our Company owes a sum exceeding ₹ 0.1 million which is outstanding more than 30 days and dues to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Act, 2006.

Except as stated below, there are no litigations against any other person whose outcome may have a material adverse effect on the position of our Company. Unless stated to the contrary, the information provided below is as of the date of this Draft Letter of Offer.

I. Proceedings against our Company:

a. Criminal Case

1. Mr. J. I. Vaghela, Junior Inspector, Legal Metrology and Consumer Affairs Dept., Govt. of Gujarat has filed a Criminal Case 1555/2009 (Sept. 2009) at Metropolitan Magistrate Court, Ahmedabad against the Company, Mr. Chintan Parikh and other three directors under Standards of Weights & Measures Act. The case is under Sections 24(2) read with Rule 14(1) and Section 37(1) (v) of Standards of Weights and Measures (Enforcement) Act, 1985 and The Gujarat Standards of Weights and Measures (Enforcement) amendment Rules 2000 alleging use of weigh bridge without renewal in time limit and removal of official seal. The Company has filed a Criminal Misc. Application No. 5108 of 2010 in the High Court of Gujarat praying for quashing and setting aside the said Criminal Complaint no. 1555/2009 and process issued therein.

The Hon'ble Gujarat High Court vide order dated May 13, 2010 stayed the proceedings, which order is operative. The petition is pending for final hearing.

b. Tax related cases

1. Income-Tax department had made disallowance of expenses of ₹77.27 lacs and raised demand of ₹ 41.04 lacs for tax and interest for A.Y. 1994-95. Our Company had preferred an appeal against the said assessment before Commissioner of Income Tax (Appeal) and vide order dated February 23, 1998 Commissioner of Income Tax (Appeal) had confirmed the said addition. Our Company had then preferred an appeal before Income Tax



Appellate Tribunal against the said order of Commissioner of Income-tax (Appeal) and vide order dated March 24, 2006, Income Tax Appellate Tribunal had also confirmed the said addition. Our company has now preferred appeal being Tax Appeal No. 1133 of 2006 before Hon'ble High Court, Gujarat against the order of Income Tax Appellate Tribunal. The matter is currently pending before Hon'ble High Court, Gujarat.

2. Income Tax department had made disallowance of interest and finance charges of ₹965.17 lacs and raised demand of ₹676.66 lacs for tax and interest for A.Y. 1996-97. Our company had preferred an appeal against the said assessment and had succeeded before Commissioner of Income Tax (Appeal) and the demand was deleted. However, Income Tax department has preferred further appeal before the Income-tax Appellate Tribunal, for which Tribunal has sent back file to Assessing Officer with certain directions after which the Company is yet to receive orders from the Assessing Officer.
3. Our Company has disputed a demand of ₹0.87 lacs for A.Y. 2001-02. Even though no addition was made, the assessing officer has raised the demand. We have filed application for rectification which is pending for disposal.
4. Our Company had purchased Furnace Oil and other materials (packing materials, etc.) at concessional VAT rate under exemption limit as per incentive scheme of Government of Gujarat for new industrial unit. As per the scheme, a unit was eligible for purchases of raw materials, processing materials, consumable stores and packing materials at concessional VAT for use in the manufacture of goods in the unit's eligible plant. The department raised demand, upon reassessment of A.Y. 1999-2000 and 2000-01, mainly on the ground that Furnace Oil purchased by the company at concessional VAT was used as fuel for generating power and not as stipulated, thus not eligible for concession. It raised notices for demand for the amount of concession availed along with interest and penalty. The amount of demand was for Sales Tax of ₹747.93 lacs, penalty of ₹619.58 lacs and interest of ₹538.51 lacs, aggregating to ₹1906.02 lacs. The company disputes the said demand on various legal grounds, including the matter being time-barred, retrospective changes in provisions, favourable judicial rulings in similar cases and calculation errors (by which the demand is overstated by ₹745.15 lacs). The company has filed appeals before Dy. Commissioner (Appeals for VAT) against these demands and got stay orders against the same.
5. Our Company is a manufacturer of cotton fabrics, which is exempt from VAT on sale as per entry 32 of Sch.II of the GVAT Act. It had claimed proportionate Input Tax Credit (ITC) on the local purchases of cotton, yarn, dyes and chemicals, etc. against VAT payable on sale of cotton waste and yarn waste which were taxable items and generated during manufacturing of fabrics. The department, in its orders dated March 31, 2015, for re-assessment for F.Y. 2009-10 and assessment for F.Y. 2010-11, partially disallowed ITC in VAT on the ground that ITC cannot be allowed on the local purchase of cotton, yarn, dyes and chemicals, stores & spares etc. as these were used in the manufacture of cotton fabrics which is exempted from tax. It stated that there is no provision in the GVAT Act to allow ITC on taxable by-product/waste etc. It raised demand of ₹1.45 lacs for FY 2009-10 and ₹6.48 lacs for FY 2010-11 including interest and penalty. The Company has filed an appeal against the said demand with Deputy Commissioner (Appeals) of Commercial Tax for F.Y. 2009-10 and Joint Commissioner (Appeals) of Commercial Tax for F.Y. 2010-11.

c. Cases related to Directorate General of Foreign Trade (DGFT)

1. Our Company had obtained Advance Licence for duty free imports of cotton yarn & dyes and chemicals. The licence was issued with further condition of Gen. Note No.4 for textile, according to which imports of dyes should not exceed 14% of FOB value within overall CIF value of Licence. Our company had imported dyes under licence. Our Company submitted document for "fulfillment of export obligation" to DGFT which issued export obligation discharge certificate on July 07, 2000. However, a query was raised during the AG audit of DGFT Department that the company had utilized licence in excess to the extent of US \$ 42346.10 without complying with the condition of General Note No.4 for textile. DGFT therefore issued Show Cause Notice dated January 25, 2005 under Sec.14 of FT (D&R) Act, 1992 for action under Section 11(2) thereof, to which our company filed reply on April 12, 2005. Jt. DGFT, Ahmedabad issued Order-in-Original (OIO) on May 30, 2008, directing our Company to pay custom duty of ₹9.23 lacs on account of excess import. The interest amount w.e.f. June 16, 1997, till March 31, 2014 works out to



₹23.26 lacs. Our Company has filed an appeal before Addl. DGFT, New Delhi against the order, which directed the company on August 27, 2008 to deposit penalty of ₹6.85 lacs for admission of the appeal. The Company replied to this notice vide letter dated September 20, 2008, seeking unconditional waiver of pre-deposit under second proviso to Section 15 (1) and similar provision under Sec.35 of C. Excise Act. The Addl. DGFT issued Order-in-Appeal dated April 16, 2009, wherein the OIO dtd. May 30, 2008, passed by Jt. DGFT, Ahmedabad was upheld and the appeal was dismissed.

The company has filed Special Civil Application No. 4518 of 2009 with Hon'ble Gujarat High Court against aforesaid Order-in-Appeal which is pending. The matter is pending.

2. Our company had obtained Advance Licence for duty free imports of cotton yarn & dyes and chemicals. The licence was issued with further condition of Gen. Note No.4 for textile, according to which imports of dyes should not exceed 14% of FOB value within overall CIF value of Licence. Our company had imported dyes under licence. The company submitted document for "fulfillment of export obligation" to DGFT which issued export obligation discharge certificate on August 21, 2000. However, a query was raised during the AG audit of DGFT Department that our company had utilised licence in excess to the extent of US \$ 27883 without complying with the condition of General Note No.4 for textile. DGFT therefore issued Show Cause Notice dated January 25, 2005, under Sec.14 of FT (D&R) Act, 1992 for action under Section 11(2) thereof, to which our Company filed its reply on April 12, 2005, Jt. DGFT, Ahmedabad issued Order-in-original (OIO) on May 30, 2008, directing the company to pay custom duty of ₹6.85 lacs on account of excess import. The amount of interest w.e.f. July 04, 1997 till March 31, 2014, works out to ₹17.20 lacs. Our Company has filed an appeal before Addl. DGFT, New Delhi against the said order on July 14, 2008, which issued Order in Appeal dtd. April 16, 2009, wherein the OIO dated May 30, 2008, passed by Jt. DGFT, Ahmedabad was upheld and the appeal was dismissed.

The company has filed Special Civil Application No. 4519 of 2009 before Hon'ble Gujarat High Court against aforesaid Order-in-Appeal which is pending. The matter is pending.

d. Other Cases

1. Logo Apparels, Secunderabad has filed a Civil Suit No. 1632/2003 against our Company for an order of injunction to restrain the use of Trademark "LOGO APPARELS" at City Civil Court Ahmedabad. Notice of Motion of the plaintiff was allowed on April 20, 2007 restraining the Company from using the Plaintiff's trade mark /trade name. The suit is pending.
2. Mynah Industries Ltd., Hosur (Tamil Nadu) filed a suit being O.S. 19/2011 in the Court of Principal Dist. Judge at Krishnagiri (Tamil Nadu) for recovery of dues against fabric supplied by them. Later on the suit was transferred to Court at Hosur. The Company has adjusted the amounts due on account of losses/damages suffered by it due to delayed supplies and inferior quality of fabrics supplied by the Plaintiff. The Plaintiff has not accepted this and filed suit for full amounts with interest for past period amounting to ₹44.46 lacs. The suit is for submission of evidence by the Plaintiff.
3. Shantilal Nathalal Patel, Proprietor of Punit Packers, Ahmedabad filed Summary Suit No. 683/2006 on March 16, 2006 at City Civil Court, Ahmedabad for recovery of dues against supply of goods claiming ₹2.97 lacs (including interest). The Company filed leave to defend application on July 12, 2007 and was permitted by the court vide order dated August 09, 2007, to defend the suit on deposit of ₹0.31 lacs. The said amount has been deposited into Civil Court vide cheque dated September 09, 2007. The suit is pending.
4. Bank of Bahrain and Kuwait BSC., Mumbai (BBK) had filed a Recovery Application being O.A 278/2003 on August 19, 2003, at Debt Recovery Tribunal-II, Mumbai (DRT) for recovery of interest amounting to ₹17.92 lacs on the working capital granted to the Company. On an application preferred by the Company, the Hon'ble DRT has passed an order dated January 13, 2006, directing the Company to deposit the said amount and stayed the said case till the decision of other two connected cases being Suit No. 1360 of 2003 in Ahmedabad City Civil Court by the



Company and OA No.110 of 2005 filed by HDFC Bank Ltd., against BBK & the Company at DRT-II, Mumbai. The said amount together with an interest amount of ₹6.89 lacs thereon has been deposited by the Company with DRT and matter is stayed until outcome of connected cases.

5. HDFC Bank filed a Recovery Application being O.A. 110/2005 on March 07, 2005, against one Bank of Bahrain & Kuwait BSC, Mumbai (BBK) and the Company as respondent no. 2 at Debt Recovery Tribunal-II, Mumbai (DRT) for recovery of ₹914.23 lacs (including interest) claiming that it has paid debt of the Company. The Company has filed written statement stating that HDFC Bank negligently failed to return cheque (as there was no sufficient balance in account) in prescribed time limit for clearing of cheque in the clearing house and cheque was cleared through negative clearance and BBK, the payee of the cheque, thus received the amount in whose favour the cheque was drawn. HDFC is primarily claiming the amounts from BBK, the 1st Respondent and from the Company as 2nd Respondent. The matter is at the stage of Applicant's evidence and will be heard thereafter.
6. IFCI Ltd., Ahmedabad has filed a Recovery Application being O.A. 25/2009 at Debt Recovery Tribunal-I, Ahmedabad (DRT) on March 16, 2009 for recovery of their dues (loans and NCDs) amounting to ₹35310.52 lacs. IFCI later on assigned the debts to Reliance Asset Reconstruction Co. Ltd. (Reliance ARC) Mumbai and was substituted in place of IFCI. The same is pending before DRT. Recently, Reliance ARC has assigned the said debt to Norfolk Business Private Limited.
7. In Suit No. O.S. 268/2006 dated June 01, 2006 filed by Trident Textiles, Madurai for recovery of an amount of ₹1.55 lacs (inclusive of interest) on account of claim for rejected goods in the Court of Subordinate Judge, Madurai. The concerned Court has passed a decree against the Company for ₹0.63 lacs with interest @12% p.a. from due date till date of judgement i.e. November 19, 2009, and after that interest @ 6% p.a. till payment. There is no development since the decree nor has any execution application been filed/transferred at Ahmedabad.
8. In a Special Civil Suit No. 49 of 1996 filed by M/s. Gokaldas Pragji, Morbi at Civil Court, Morbi for recovery amounts against raw material supplied claiming ₹21.49 lacs with interest, the Court passed a decree for ₹13.53 lacs with interest @ 7% against all 19 (Nineteen) defendants (including the Company) jointly and severally. It is the case of the Company that the Company made payments to parties from whom the material was purchased and that, there was no privity of contract between the Company and the Plaintiff. The Company has therefore filed First Appeal No. 1217/ 2010 in Gujarat High Court against the said judgement and decree. The First Appeal is admitted and on the application for interim stay, the Hon'ble High Court is pleased to grant an interim order. The Appeal is pending for hearing.
9. Order of the Recovery Officer, ESIC claiming ₹73.15 lacs being the amount of contribution on wages due for payment by the erstwhile Ahmedabad New Cotton Mills Company Limited (ANC), which had merged into The Company w.e.f. July 01, 2001 and penal interest is under challenge by the company at the ESI Court vide Application No. 30/13 on June 19, 2013. The said ANC was closed on February 10, 1995. The wages to the employees were not payable as per BIFR Order dated October 16, 1996 and Industrial Court Award in Reference No.1/97. However ESIC invoked the order made against ANC and BIFR Minutes dated April 21, 2003, and ordered recovery of ₹21.56 lacs as principal Amt and ₹51.59 lacs by way of penal interest aggregating to ₹73.15 lacs vide notice dated June 12, 2013. The order provides for additional interest of ₹708.96 per day. The total amount involved including interest upto March 31, 2015, works out to ₹77.82 lacs. The Company has paid ₹6.50 lacs by way of deposit for challenging the impugned order. The matter is pending.

II. Proceedings filed by our Company:

a. Cases under Customs Act

1. Our company had imported Dystar Indigo (4B SFX01/VAT-40%) on which countervailing duties (CVD) is exempted under General Exemption No.50 (Sr. No.133) issued under Notification No.12/2012 dated March 17, 2012. As the aforesaid exemption was not updated/ implemented under the Customs EDI system, the company had to pay the



CVD under protest for clearance of the material which was required urgently. After clearance of the goods, our company requested the Customs Department to give SCN for denial of the exemption and pass an appealable order, so that the company can avail remedy available under the law or can claim refund of duty paid under protest. On denial of Asst. Commissioner of Customs, the Company has preferred an appeal before Commissioner of Customs (A-II), JNCH on August 27, 2012 and also filed refund claim on September 09, 2012 for the amount paid under protest.

Upon rejection of appeal of Company by Commissioner (Appeal) Customs vide OIA No.687 to 689 (GR.IIC)/2012/JNCH, IMP-582 to 584 dated November 22, 2012, the Company has filed 3 separate appeals before CESTAT (WZB), Mumbai bearing appeal no. (1) C/85499/13-MUM99 dated February 04, 2013, for refund of ₹0.71 lacs; (2) C/85500/13-MUM99 dated February 04, 2013, for refund of ₹0.32 lacs and (3) C/85511/13-MUM99 dated November 22, 2012, for refund of ₹5.77 lacs. All these 3 (three) appeals are pending before CESTAT, Mumbai. Till date there is no hearing

2. Our Company imported grey yarn on which countervailing duties (CVD) is exempted under Notification No.30/2004-CE dated July 09, 2004, Sr. No.03. As the aforesaid exemption is not updated/implemented under the Customs EDI system, the company had to pay the CVD under protest for clearance of the materials which was required urgently. After clearance of the goods the company requested to the Customs department to give SCN for denial of the exemption and pass an appealable order so that the company can avail remedy available under the law or can claim refund of duty paid under protest. Upon the receipt of the denial by the Asstt. Commr. of Customs, our company filed appeal before the Commr. Of Customs (A-II), JNCH on November 02, 2012. However, the Commr. (Appeals) has remanded the matter back to the Original Authority i.e. Asstt./Dy. Commr. Of Customs vide OIA No. 1059 & 1060 (GRIII)/2013 (JNCH)/IMP820-821 dated October 28, 2013 with direction to pass suitable order in accordance with the law. The amount of refund involved is ₹1.75 lacs each in two separate appeals. The matter is pending with Asst. Commr. of Custom at JNCH.

b. Other cases

1. The Company has filed a Civil Suit No. 1205/2003 on May 02, 2003 against Logo Apparels, Secunderabad at City Civil Court- Ahmedabad praying for injunction against the defendant for infringement and passing off of trade mark of the Company viz. "LOGO". The Notice of motion was dismissed. The suit is now posted for trial.
2. The Company had filed a Civil Suit No. 1360/2003 on May 27, 2003 at City Civil Court, Ahmedabad against Bank of Bahrain and Kuwait BSC., Mumbai seeking to restrain the defendants from recovery of debts from the company and also for not enforcing security or use of any negotiable instruments including a cheque for amounting to ₹750.00 lacs. Interim stay was granted by the Court, but cheque was encashed by the defendants. The contempt application was filed which is pending in the court.
3. The Company has filed a Civil Suit No. 3213/2004 at City Civil Court, Ahmedabad on December 29, 2004 against HDFC Bank Ltd., Mumbai seeking interim mandatory order for reversal of a debit entry dated December 24, 2004 for ₹750.00 lacs made by the defendant in account of Company with their Tulsiani Branch at Mumbai and also reversal of debit entries aggregating to ₹112.00 lacs made in six accounts of Company at their Navrangpura branch at Ahmedabad. Vide Order dtd. April 13, 2005, Notice of Motion was allowed. The Bank preferred Appeal being Appeal from Order No. 128 of 2005 in Hon'ble High Court against the said order and Hon'ble High Court vide its order dtd. April 13, 2005 stayed the operation and implementation of civil court order with a direction to the Bank to deposit the amount of ₹112.00 lacs appropriated by the Bank as a deposit in the name of the Company. The said appeal was heard and disposed off by the Hon'ble High Court vide its order dated February 28, 2014 and was partly allowed. However, the Hon'ble High Court continued its earlier direction to keep the deposit in the name of the Company till the disposal of the civil suit and further directed civil court to expedite the suit.



III. Proceedings involving our Promoter

a. Proceedings against/ by our Promoter

IFCI Ltd., Ahmedabad has filed a Recovery Application being O.A. 25/2009 at Debt Recovery Tribunal-I, Ahmedabad (DRT) on March 16, 2009 for recovery of their dues (loans and NCDs) amounting to ₹35310.52 lacs wherein Mr. Chintan N. Parikh is also a party to the proceedings. IFCI later on assigned the debts to Reliance Asset Reconstruction Co. Ltd. (Reliance ARC) Mumbai and was substituted in place of IFCI.. The same is pending before DRT. Recently, Reliance ARC has assigned the said debt to Norfolk Business Private Limited.

b. Notices against/ issued by our Promoter - NIL

IV. Proceedings involving our Directors

a. Proceedings against/ by our Directors

Mr. J. I. Vaghela, Junior Inspector, Legal Metrology and Consumer Affairs Dept., Govt. of Gujarat has filed a Criminal Case 1555/2009 (Sept. 2009) at Metropolitan Magistrate Court, Ahmedabad against the Company, Mr. Chintan Parikh and other three directors under Standards of Weights & Measures Act. The case is under Sections 24(2) read with Rule14(1) and Section 37(1) (v) of Standards of Weights and Measures (Enforcement) Act, 1985 and The Gujarat Standards of Weights and Measures (Enforcement) amendment Rules 2000 alleging use of weigh bridge without renewal in time limit and removal of official seal. The Company has filed a Criminal Misc. Application No. 5108 of 2010 in the High Court of Gujarat praying for quashing and setting aside the said Criminal Complaint no. 1555/2009 and process issued therein.

The Hon'ble Gujarat High Court vide order dated May 13, 2010 stayed the proceedings, which order is operative. The petition is pending for final hearing.

b. Notices against/ issued by our Directors – NIL



GOVERNMENT APPROVALS

Our Company is required to comply with various provisions under applicable laws and regulations and obtain registrations/approvals to carry out the operations. These include boiler license, factory license, pollution control board license and other applicable consents and licenses.

Our Company has received the necessary consents, licenses, permissions and approvals from the Governments and various Governmental agencies required for our present business and no further materials approvals are required for our present business. In the event, some of the approvals and licenses that are required for our business operations expire in the ordinary course of business, we shall apply for their renewal.



MATERIAL DEVELOPMENTS

The material developments after the date of the latest balance sheet are as under:

- Our Company has filed with the Stock Exchanges a draft scheme of arrangement for reconstruction and compromise between the Company and its equity shareholders, preference shareholders and secured creditors under sections 391 to 394 read with sections 100 to 103 of Companies Act, 1956 and section 52 of the Companies Act, 2013. The details of scheme are appearing on page no. 37
- Our Company has not published audited financial result for quarter ending March 31, 2015 and for the financial year ended March 31, 2015 within the specified period as required under listing agreement. The Company had received letter dated April 27, 2015 from SEBI requiring our company to restate the financial results in connection with the audit qualification of F.Y. 2012-13 and F.Y. 2013-14 and also give effect of restatement in annual account of F.Y.2014-15. Our Company approached Hon'ble SAT in this regard. During the hearing it was stated that Qualified Audit Review Committee (QARC) of SEBI would reconsider the said matter and pass an appropriate order within 4 weeks. Accordingly Hon'ble SAT passed an order extending the time for publishing the audited financial statements for F.Y. 2014-15 by our Company upto June 30, 2015. Subsequently, SEBI vide its letter dated June 12, 2015 have informed our Company that QARC has advised to do the following with regard to audit qualifications appearing in F.Y.2012-13 and F.Y.2013-14..
 - a. Company shall furnish a certificate from statutory auditor certifying the amount and details of interest liabilities waived off by the Company's lenders till the end of F.Y.2014-15
 - b. Company shall submit proforma financial results giving effect to the provision of accrued interest as qualified by the auditor for both F.Y.2012-13 and F.Y.2013-14 to the stock exchanges
 - c. Company shall create provision to the extent of requisite interest payable as at the end of F.Y.2014-15 after taking into account the interest waived off by the lenders at the end of said financial year.

With regard to qualification pertaining to ongoing concern assumption the company is not required to make any restatement for F.Y.2012-13.

The above has to be complied by June 30, 2015.

The Hon'ble SAT has taken on record above submissions and have disposed off the matter. Accordingly we are in the process of complying with all the requirements.



OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

This Issue of Equity Shares to the Equity Shareholders of our Company as on the Record Date is being made in accordance with the resolution passed by our Board of Directors under Section 62 of the Companies Act, 2013 at its meeting held on March 07, 2015. The issue price of ₹ 10 per equity share has been arrived in consultation with the Lead Manager

Prohibition by SEBI and various agencies/ other regulatory bodies

Our Company, the Promoters, members of the Promoter Group, or the person(s) in control of the our Company, have not been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Presently neither our Company nor any of our associates, Promoters or the members of the Promoter Group have been declared willful defaulters by the RBI or any Government authority. No violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

None of our Directors are associated in any manner with any entity which is engaged in securities market related business and is registered with SEBI for the same.

None of our Directors hold current or have held directorship(s) in the last five years in a listed company whose shares have been or were suspended from trading on BSE or the NSE or in a listed company which has been / was delisted from any stock exchange.

We confirm that there are no proceedings initiated by SEBI, Stock Exchanges or ROC, etc on our Company/Promoters/Directors/Group Companies.

Eligibility for the Issue

Our Company is an existing listed company registered under the Companies Act whose equity shares are listed on BSE and NSE. It is eligible to make this Rights Issue in terms of Chapter IV of the SEBI Regulations.

Our Company is eligible to make disclosures in the Letter of Offer as per clause 5 under Part E of Schedule VIII of the SEBI ICDR Regulations as it is in compliance with Clause (1) of Part E of Schedule VIII of the SEBI Regulations as explained below:

- (a) our Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing the Draft Letter of Offer with SEBI;
- (b) the reports, statements and information referred to in sub-clause (a) above are available on the website of any recognised stock exchange with nationwide trading terminals, i.e., BSE and the NSE or on a common e-filing platform specified by SEBI;
- (c) our Company has investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.



Compliance with Regulation 4(2) of the SEBI Regulations

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI Regulations, to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Securities to be issued pursuant to this Issue. Our Company has chosen BSE as the Designated Stock Exchange

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE OFFER DOCUMENT HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED / CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS OFFER DOCUMENT. THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JUNE 19, 2015 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - a) THE OFFER DOCUMENT FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b) ALL THE LEGAL REQUIREMENTS TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c) THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**



4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE AS THE ISSUE IS NOT UNDERWRITTEN.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE OFFER DOCUMENT WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE OFFER DOCUMENT. – NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUES OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE OFFER DOCUMENT – NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FORM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE OFFER DOCUMENT THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN THE ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE OFFER DOCUMENT:



- a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE ISSUER AND
- b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO THE ADVERTISEMENT IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE OFFER DOCUMENT WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY KEYNOTE CORPORATE SERVICES LIMITED' AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR. - NOT APPLICABLE.
17. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTION REPORTED, IN ACCORDANCE WITH AS-18 IN THE FINANCIAL STATEMENTS AND DISCLOSURES INCLUDING DRAFT LETTER OF OFFER.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

THE PROMOTER/ DIRECTORS OF OUR COMPANY CONFIRM THAT NO INFORMATION/ MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THE OFFER DOCUMENT HAS BEEN SUPPRESSED WITHHELD AND/ OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/ MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPIRING AT ANY POINT IN TIME TILL ALLOTMENT/ REFUND AS THE CASE MAY BE, THAT ANY INFORMATION/ MATERIAL HAS BEEN SUPPRESSED/ WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION, THE PROMOTERS/ DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 34 OF THE COMPANIES ACT, 2013.

Caution

Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares in the Issue.



Disclaimer clauses from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and our Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer with SEBI.

Investors who invest in this Issue will be deemed to have represented to our Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be BSE.

Disclaimer Clause of BSE

BSE has given vide its letter no. [●] dated [●] permission to our Company to use BSE's name in this Draft Letter of Offer as one of the Stock Exchanges on which the Equity Shares are proposed to be listed. BSE has scrutinized the Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. BSE does not in any manner: (i) warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or (ii) warrant that this Company's securities will be listed or will continue to be listed on BSE; or (iii) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this Draft Letter of Offer has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

The NSE has given vide its letter no. [●] dated [●] permission to our Company to use NSE's name in this Draft Letter of Offer as one of the Stock Exchanges on which the Equity Shares are proposed to be listed. The NSE has scrutinized the Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Letter of Offer has been cleared or approved by NSE, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of our Company, the Promoters, its management or any scheme or project of our Company.



Every person who desires to apply for or otherwise acquire any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

The Draft Letter of Offer is filed with the Corporation Finance Department of the SEBI, located at SEBI Western Regional Office, Unit No: 002, Ground Floor, SAKAR I, Near Gandhigram Railway Station, Opposite Nehru Bridge, Ashram Road, Ahmedabad – 380 009, India for its observations.

Selling Restrictions

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue to the shareholders of our Company and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to shareholders who have provided an Indian address. The Abridged Letter of Offer, along with CAF, shall be dispatched through registered post or speed post to all the existing shareholders at least three days before the date of opening of the issue; Provided that, the Letter of Offer shall be given by our Company or Lead Manager to any existing shareholder who has made a specific request in this regard.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

For further details, please see "Notice to Overseas Shareholders" on page 6 of this Letter of Offer.

Listing

The existing equity shares are listed on BSE and NSE. We have received the in-principle approvals in respect of the Equity Shares to be offered in terms of the Letter of Offer from BSE and NSE. We will apply to BSE and NSE for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to this Issue. If the listing and trading approvals for the Equity Shares to be issued pursuant to this Issue is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer.

We will issue and dispatch Allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.



If such allotment is not made or money is not repaid within eight days from the day we become liable to repay it, we and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 40 of the Companies Act, 2013.

Issue Expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Approximate Amount (₹ in lacs)	As percentage of total expenses	As a percentage of Issue size
Fees of the Intermediaries, Legal Fees, Statutory Auditor Fees	26.50	33.13	0.33
Advertising, Printing and stationery expenses (including courier and distribution charges)	25.50	31.88	0.32
Others (SEBI, BSE & NSE Processing Fees, listing fees, depositories' fees, out of pocket expenses, etc)	28.00	35.00	0.35
Total	80.00	100	1.00

Fees Payable to the Lead Manager to the Issue

The fees payable to the Lead Manager to the Issue are set out in the engagement letter issued by our Company to the Lead Manager entered into by our Company with the Lead Manager, copies of which are available for inspection at the registered office of our Company.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue are set out in the engagement letter issued by our Company to the Registrar.

Investor Grievances and Redressal System

We have adequate arrangements for redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement as well as a well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for our Company is being handled by the Registrar and Share Transfer Agent, Link Intime India Pvt. Ltd. Letters are filed category wise after being attended to. The Redressal norm for response time for all correspondence including shareholders complaints is within 7 (seven) to 10 (ten) days.

The Stakeholders' Relationship Committee consists of Mr. Bihari B. Shah – Chairman, Mr. Jaykant R. Baxi – Member and Mrs. Koushlya Melwani - Member. All investor grievances received by our Company have been handled by the Registrar and Share Transfer agent in consultation with the compliance officer.

The contact details of the Registrar and Share Transfer agent to the company are as follows:

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai – 400 078

Tel: +91-22-61715400

Fax: +91-22-25960329

Email: ashima.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sachin Achar

SEBI Registration No: INR000004058



Investor grievances arising out of this Issue

Our Company's investor grievances arising out of the Issue will be handled by Link Intime India Pvt. Ltd., who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ share certificate / refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7-10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the compliance officer at the below mentioned address and/ or Registrar to the Issue at the above mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/share certificates/ demat credit/refund orders etc.

Additionally, we have been registered with the SEBI Complaints Redress System ("SCORES") as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website www.scores.gov.in.

Mr. Hiren S. Mahadevia

Company Secretary and Compliance Officer

Texcellence Complex, Khokhara Mehmedabad,
Ahmedabad – 380021, Gujarat, India

Tel: +91-79 6777 7000

Fax: +91-79 2277 3061

E-mail: compliance.officer@ashima.in

Status of Complaints

- a. Total number of complaints received during Fiscal 2013: 4
- b. Total number of complaints received during Fiscal 2014: 3
- c. Total number of complaints received during Fiscal 2015: Nil
- d. Average Time normally taken for disposal of various types of investor complaints: 7-10 days from the date of receipt of complaints.

Status of outstanding investor complaints

As on date, there are no outstanding investor complaints.



SECTION VII – OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer the CAF, the SAF, the MoA and AoA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, as amended, applicable guidelines and regulations issued by SEBI, or other statutory authorities and bodies from time to time, the Listing Agreements entered into by our Company, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time. **All rights/obligations of Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.**

Please note that equity shareholders being QIBs and Non-Institutional Investors, can participate in this Issue only through ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.

All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities / centers where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please refer to “Procedure for Application through the Applications Supported by Blocked Amount Process” on page 125 .

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues / rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Rights Issue in respect of the equity shares held in the electronic form and on the register of members of our Company in respect of the equity shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the equity shares held in the electronic form or appears in the register of members as an Equity Shareholder of our Company as on the Record Date, i.e. [●], you are entitled to the number of Equity Shares as set out in Part A of the enclosed CAFs.



The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. The Company is making the issue of Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

Principal Terms of this Issue

Face Value

Each Equity Share will have the face value of ₹ 10.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ 10 per Equity Share.

Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of 24 Equity Shares for every 10 equity shares held on the Record Date i.e., [●].

Terms of Payment

The full amount of ₹10 per Equity Share is payable on application.

Fractional Entitlements

Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from promoter's entitlement in the rights issue.

Ranking

The Equity Shares being issued in terms of this letter of offer shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares shall rank *pari passu*, in all respects including dividend, with our existing equity shares.

Mode of payment of dividend

In the event of declaration of dividends, we shall pay dividends to equity shareholders as per the provisions of the Companies Act and the provisions of our Articles of Association.

Listing and trading of Equity Shares proposed to be issued

Our Company's existing equity shares are currently listed and traded on BSE (Scrip Code: 514286) and NSE (Scrip Code – ASHIMASYN) under the ISIN INE440A01010. The Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular (no. CIR/MRD/DP/21/2012) by SEBI dated August 2, 2012, be Allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchanges. Upon receipt of such listing and trading approval, the Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN of our Company and be available for trading..



We have received “in-principle” approvals for the listing of the Equity Shares to be issued pursuant to the Issue in accordance with Clause 24(a) of the Listing Agreement from BSE and NSE pursuant to letters, both, dated [●] & [●] respectively. We will apply to BSE and NSE for final approval for the listing and trading of the Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares to be allotted pursuant to the Issue shall be taken as per the regulatory requirement.

If permissions to list, deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges on the expiry of 15 days from the issue closing date, our Company will forthwith repay, without interest, all application moneys received from the Applicants in pursuance of this Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment, the Equity Shares shall be traded on Stock Exchanges in the demat segment only.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

Arrangements for Disposal of Odd Lots

Our Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Issue. The Company will issue certificates of denomination equal to the number of Equity Shares being allotted to the Equity Shareholder.

Restrictions on transfer and transmission of shares and on their consolidation/ splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

General Terms of the Issue for ASBA and Non ASBA applicants

Market Lot

The equity shares of our Company are tradable only in dematerialized form. The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds equity shares in physical form, our Company would issue to the allottees one certificate for the Equity Shares allotted to each folio (“**Consolidated Certificate**”) and in case an Equity Shareholder seeks allotment in demat form (whether existing equity shares being held in demat or physical form) and provides all relevant and correct details we would allot him in demat form. In respect of Consolidated Certificates, we will upon receipt of a request from the respective Equity Shareholders, split



such Consolidated Certificates into smaller denominations within one week's time from the receipt of the request in respect thereof, subject to a maximum of five denominations. We shall not charge a fee for splitting any of the Consolidated Certificates.

Joint Holders

Where two or more persons are registered as the holders of any equity shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

In terms of Section 72 of the Companies Act, 2013 nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of the Company or such other person at such addresses as may be notified by the Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant ("DP") of the investor would prevail. Any investor desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in Gujarati daily and/or, will be sent by ordinary post/registered post/speed post to the registered holders of the equity shares from time to time.



Additional Subscription by the Promoters

Our Promoter/ Promoter Group, either jointly or severally, intend to subscribe to their Rights Entitlement in this Issue, in full, subject to the terms of this Letter of Offer and applicable laws. Subject to compliance with applicable laws including the Takeover Code, the Promoter/ Promoter Group, either jointly or severally, reserve the right to subscribe to (1) additional Equity Shares of our Company and/or (2) the unsubscribed portion if any, to the extent that the holding of Promoter/Promoter Group does not exceed requirement for minimum public shareholding criteria. The Promoter/Promoter Group entities have sent communication vide letter dated June 11, 2015 to this effect.

Procedure for Application

The CAF along with the Abridged Letter of Offer for the Equity Shares offered as part of the Issue would be printed for all Eligible Equity Shareholders. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither the Company nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit.

Please also note that by virtue of Circular No. 14, dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Any Equity Shareholders being an OCB is required to obtain prior approval from RBI for applying in this Issue.

The CAF consists of four parts:

- Part A: Form for accepting the Rights Equity Shares and for applying for additional Rights Equity Shares;
- Part B: Form for renunciation;
- Part C: Form for application by renouncee(s);
- Part D: Form for request for Split Application Forms.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the enclosed CAFs and submit the same along with the application money payable to the Banker to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard. Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Mumbai/ demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see “Mode of Payment for Resident Equity Shareholders/Investors” and “Mode of Payment for Non-Resident Equity Shareholders/Investors” on page 139 of this Letter of Offer.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;



- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares (by requesting for split forms);
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page 124 of this Letter of Offer.

Further, under the Foreign Exchange Regulations currently in force in India, transfers of shares between non- residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required.

Due to the aforementioned factors FPIs, FVCIs, multilateral and bilateral institutes intending to apply for additional Rights Equity Shares or intending to apply for Rights Equity Shares renounced in their favour shall be required to obtain prior approval from the appropriate regulatory authority.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register any Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favor of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation (i) from a resident shareholder to a non-resident, or (ii) from a nonresident shareholder to a resident, or (iii) from a non-resident Eligible Equity Shareholder to a non-resident is subject to the renouncer / renouncee obtaining the necessary approvals, including from the RBI, and such approvals should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).



The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such renounee obtains a prior approval from the RBI. On submission of such approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF, without which the CAF shall be rejected on technical grounds. For further details please refer to “Grounds for Technical Rejection under ASBA Investors” and “Grounds for Technical Rejection for non- ASBA Investors” on page 130 and on page 137 respectively.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for our Company of the person(s) applying for Equity Shares in Part ‘C’ of the CAF to receive Allotment of such Equity Shares. The Renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part ‘A’ of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no further right to renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Equity Shareholder in favour of one Renounee

If you wish to renounce the offer indicated in Part ‘A’, in whole, please complete Part ‘B’ of the CAF. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF. The person in whose favour renunciation has been made should complete and sign Part ‘C’ of the CAF. In case of joint Renounees, all joint Renounees must sign this part of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part ‘D’ of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with our Company, the application is liable to be rejected.



Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Banker to the Issue on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

Change and/or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors of our Company shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (<i>All joint holders must sign</i>)
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>)
3. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (<i>all joint holders must sign</i>) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. <ul style="list-style-type: none"> ▪ For the Equity Shares you wish to accept, if any, fill in and sign Part A. ▪ For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncees should fill in and sign Part C for the Equity Shares accepted by them.
4. Renounce your Rights Entitlement in full to one person (<i>Joint Renouncees are considered as one</i>).	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (<i>All joint Renouncees must sign</i>)
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that the options 3 and 4 mentioned in the above table will not be available to the shareholders applying through ASBA process.



In case of equity shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of equity shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom this Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for Split Application Forms/SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before [●].
- Only the Equity Shareholder to whom this Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor (s) by post at the applicant's risk.
- Equity Shareholders may not renounce in favour of persons or entities in the United States, who are not Qualified Institutional Buyers (as defined the US Securities Act), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Equity Shares in Part 'C' of the CAF to receive Allotment of such Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares allotted as a part of this Issue shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- Applicants must write their CAF number at the back of the cheque / demand draft.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he / she shall face the risk of rejection of both the applications.

Neither the Registrar nor the Lead Managers or us, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper – non ASBA

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft, net of bank and postal charges payable at Mumbai which should be drawn in favour of the "[●]" in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favor of "[●]" in case of the non-resident shareholders applying on repatriable basis and send the same by registered/ speed post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date.



Furthermore, Equity Shareholders have an option to print application on plain paper from the website of the Registrar to the Issue, i.e. www.linkintime.co.in, by providing his/ her folio. no. / DP ID/ Client ID in order to enable the Equity Shareholder to apply for the Issue. Further, they also can make an application on plain paper giving necessary details as given below.

The envelope should be superscribed “[●]” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “[●]” in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Ashima Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹10 per Equity Share;
- Particulars of cheque/draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Share certificate numbers and distinctive numbers of equity shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records or the Depositories records
- In case of Non Resident Equity Shareholders, NRE/ FCNR/ NRO A/c No. name and address of the bank and branch;
- If payment is made by a draft purchased from an NRE/ FCNR/ NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/ NRO A/c; and
- Additionally, all such applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States.



I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

Last date for Application

The last date for submission of the duly filled in CAF is [●].

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ "Rights Issue Committee", the invitation to offer contained in the Letter of Offer/ Abridged Letter of Offer shall be deemed to have been declined and the Board/ "Rights Issue Committee" shall be at liberty to dispose off the Equity Shares hereby offered, as provided in the Basis of Allotment" referred below.

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Equity Shares in the following order of priority:

- a) Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- b) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of equity shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) above. The Allotment of such Equity Shares will be at the sole discretion of the Board / "Rights Issue Committee" in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment. Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from one of the promoter's entitlement.
- c) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour and have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a) and (b) above.



The Allotment of such Equity Shares will be at the sole discretion of the Board/"Rights Issue Committee" in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.

- d) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full Allotment under (a), (b) and (c) above and the decision of the Board in this regard will be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Underwriting

This Issue is not underwritten and our Company has not entered into any underwriting arrangements.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS

Please note in accordance with the provisions of SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process. For further details please refer to "Grounds for Technical Rejection for ASBA Investors" on page 130.

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up, specifying the number of the bank account maintained with the Self Certified Syndicate Bank ("SCSB") in which the Application Money will be blocked by the SCSB.

The Lead Manager, the Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

The list of banks who have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html. For details on designated branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

In terms of SEBI circulars dated September 13, 2012 and January 2, 2013, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

ASBA Investors who are eligible to apply under the ASBA Process

An ASBA Investor is an investor (either Equity Shareholder or Renounee) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs.

All QIBs and Non-Institutional Investors and investors making an application for an value of more than ₹ 2,00,000 and complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process.



CAF

The Registrar will despatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A and Part C of the CAF respectively. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

Mode of payment

The ASBA Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Company as per the provisions of section 40(3) of the Companies Act, 2013. The balance amount remaining after the finalisation of the basis of Allotment shall be either unblocked by the SCSBs or refunded to the Investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Options available to the ASBA Investors applying under the ASBA Process

The summary of options available to the ASBA Investors is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement	Fill in and sign Part A of the CAF (<i>All joint holders must sign</i>)
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to



Option Available	Action Required
3. If you are a 'Renouncee' and accept whole or part of your entitlement and/or apply for additional equity shares	additional Equity Shares <i>(All joint holders must sign)</i> Fill in and sign Part C of the CAF including Block VIII relating to acceptance and Block IX relating to additional Equity Shares <i>(All joint holders must sign)</i>

The ASBA Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Equity Shareholder have selected to apply through the ASBA process option.

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "Terms of the Issue - Basis of Allotment" on page 124.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Renunciation under the ASBA Process

Renouncees are eligible to participate in this Issue through the ASBA Process.

Application on Plain Paper - ASBA

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper.

Furthermore, Equity Shareholders have an option to print application on plain paper from the website of the Registrar to the Issue, i.e. www.linkintime.co.in by providing his/ her folio. no. / DP ID/ Client ID in order to enable the Equity Shareholder to apply for the Issue. Further, they also can make an application on plain paper giving necessary details as given below.

The envelope should be superscribed "[●]" and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with our Company, must reach the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer being Ashima Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of equity shares held as on Record Date;
- Number of Equity Shares entitled to;



- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount to be blocked at the rate of ₹ 10/- per Equity Share; and
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Additionally, all such applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. I/we understand that none of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States or other restricted jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Option to receive Equity Shares in Dematerialized Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD OR THE DETAILS OF THE DEPOSITORY ACCOUNT AS MENTIONED BY RENOUNCEE(S) IN THE APPLICATION FORM.

Issuance of Intimation Letters

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in this Issue, along with:



- The number of Equity Shares to be allotted against each successful ASBA Application;
- The amount to be transferred from the ASBA Account to the separate bank account opened by the Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

General instructions for Equity Shareholders applying under the ASBA Process

- (a) Please read the instructions printed on the CAF carefully.
- (b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF must be filled in English.
- (c) The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- (d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended credit" and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.**
- (e) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.
- (g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (h) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- (i) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
- (j) ASBA Investors who intend to subscribe the Equity Shares of our Company under this Issue shall be eligible to participate under the ASBA Process.
- (k) All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities / centres where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.
- (l) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading "Application on Plain Paper - ASBA" on page 127.
- (m) **In terms of SEBI circulars dated September 13, 2012 and January 2, 2013, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.**



Do's:

- a. Ensure that the ASBA Process option is selected in the CAF and necessary details are filled in.
- b. Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- c. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- d. Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- e. Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- f. Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- g. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- h. Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- i. Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- j. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- k. Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts:

- a. Do not apply if you are not eligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- b. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- c. Do not pay the amount payable on application in cash, by money order or by postal order.
- d. Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- e. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- f. Do not apply if the ASBA account has been used for five applicants.
- g. Do not apply through the ASBA Process if you are not an ASBA Investor.
- h. Do not instruct your respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection for ASBA Investors

In addition to the grounds listed under “Grounds for Technical Rejection for non-ASBA Investors” on page 137 of this Letter of Offer, applications under the ABSA Process are liable to be rejected on the following grounds:

- a) Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialized form).
- b) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- c) Sending CAF to a Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- d) Insufficient funds are available with the SCSB for blocking the amount.



- e) Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- f) Account holder not signing the CAF or declaration mentioned therein.
- g) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- h) CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- i) Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- j) Submission of more than five CAFs per ASBA Account.
- k) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- l) Submitting the GIR instead of the PAN.
- m) An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- n) Applications by SCSBs not complying with the SEBI circulars dated September 13, 2012 and January 2, 2013, whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Depository account and bank details for Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account linked to the DP ID. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the



address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for SAFs:	[●]
Issue Closing Date:	[●]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service (“NECS”) except where Investors have not provided the details required to send electronic refunds or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement (“RTGS”).

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted and are entitled to receive their Rights Entitlement in physical form, our Company will issue share certificates under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post/ speed post to the sole/ first Investors registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked ‘Account Payee only’ and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:



1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to our Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
3. Direct Credit – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS – If the refund amount exceeds ₹ 2 lacs, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and are permitted by the SEBI from time to time.

Refund payment to Non- resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian Rupees based on the U.S. dollars equivalent which ought to be refunded. Indian Rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the relative share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.



Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. The Company has signed a tripartite agreement with NSDL and CDSL in March 2000 which enables the Investors to hold and trade equity shares in a dematerialized form, instead of holding the equity shares in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*
- For Equity Shareholders already holding equity shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original equity shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete/ incorrect beneficiary account details are given in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by the Company as specified in the SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.
- The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.
- Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Rights Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.



General instructions for non-ASBA Investors

- (a) Please read the instructions printed on the enclosed CAF carefully.
- (b) Application should be made on the printed CAF, provided by our Company except as mentioned under the head “Application on Plain Paper – non ASBA” on page 122 of this Letter of Offer and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father’s / husband’s name must be filled in block letters.

The CAF together with the cheque/demand draft should be sent to the Banker to the Issue/Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.

- (c) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the I.T. Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- (d) Investors, holding equity shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- (e) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.
- (g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.



- (h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renounees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- (i) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- (j) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of equity shares held in physical form and to the respective depository participant, in case of equity shares held in dematerialized form.
- (k) SAFs cannot be re-split.
- (l) Only the Equity Shareholder(s) and not Renounee(s) shall be entitled to obtain SAFs.
- (m) Investors must write their CAF number at the back of the cheque /demand draft.
- (n) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- (o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected.
- (p) No receipt will be issued for application money received. The Banker to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- (q) The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

Do's for non-ASBA Investors:

- a. Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- b. Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
- c. In the event you hold equity shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;



- d. Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- e. Ensure that the CAFs are submitted at the collection centres of the Banker to the Issue only on prescribed forms;
- f. Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;
- g. Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;
- h. Ensure that you mention your PAN allotted under the I.T. Act with the Application Form, except for Application on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- i. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- j. Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

- a. Do not apply if you are not eligible to participate in this Issue in terms of the securities laws applicable to your jurisdiction;
- b. Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;
- c. Do not pay the amount payable on application in cash, by money order or by postal order;
- d. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- e. Do not submit Application accompanied with Stock invest;

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications may be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or with the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renounees);
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialized form).
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renounee(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs without specific RBI approval;
- CAFs accompanied by outstation cheques / post-dated cheques / money order / postal order / outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;



- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws);
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renounees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- QIBs and other Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold equity shares in dematerialised form, applying through the non-ASBA process.
- Equity Shareholders not being individuals or HUFs applying for Equity Shares in this Issue for a value not exceeding ₹ 2,00,000, who hold equity shares in dematerialised form, applying through the non-ASBA process.

Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.

Investment by FPIs, FIIs and QFIs

In terms of the SEBI (FPI) Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of the Company's post-Issue equity share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of the Company and the total holdings of all FPIs put together shall not exceed 24% of the paidup equity share capital of the Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Equity Shareholders of the Company. However, as on the date of this Letter of Offer, the Company has not increased the FII limit.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three (3) years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Further, in terms of the SEBI (FPI) Regulations, a QFI may continue to buy, sell or otherwise deal in securities, subject to the provisions of the SEBI (FPI) Regulations, until January 6, 2015 (or such other date as may be specified by SEBI) or until the QFI obtains a certificate of registration as FPI, whichever is earlier.

The existing individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid-up capital of an Indian company, respectively. In terms of the FEMA Regulations, a QFI shall not be eligible to



invest as a QFI upon obtaining registration as an FPI. However, all investments made by a QFI in accordance with the regulations, prior to registration as an FPI shall continue to be valid and taken into account for computation of the aggregate limit.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from NRIs in restricted jurisdictions.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Mode of payment for Resident Equity Shareholders/ Investors

All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked "[●]";

Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Banker to the Issue, crossed 'A/c Payee only' and marked "[●]" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Equity Shareholders/ Investors

As regards the application by non-resident Equity Shareholders, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

Link Intime India Pvt. Ltd.

C-13, Panalal Silk Mills Compound,

L.B.S Marg, Bhandup (West),

Mumbai – 400 078,

Fax: +91-22-25960329

Email: ashima.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sachin Achar

SEBI Registration No: INR000004058

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.



- All non-resident Investors should draw the cheques/ demand drafts in favour of “[●]”, crossed “A/c Payee only” for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/ collection centres or to the Registrar to the Issue.
- Non-resident Investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges drawn in favour of Banker to the Issue, crossed “A/c Payee only” and marked “[●]” payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque/draft on a Non-Resident External Account (NRE) or FCNR Account maintained in India; or
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai; or FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of “[●]” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges.
- FPIs/FIIs registered with SEBI must remit funds from special non-resident rupee deposit account; or
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- In the case of NRI Investors who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any, shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRI Investors who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any, will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor’s bankers.
- Payments through NRO accounts will not be permitted.

Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- As far as non-residents holding equity shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of “[●]” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges. The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank



indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

***“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing its securities; or otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or any other person in a fictitious name, shall be liable for action under Section 447.*”**

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Banker to the Issue / Registrar to the Issue / SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date.

If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under applicable laws.



For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- i. All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 40 of the Companies Act;
- ii. Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- iii. Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- iv. The Company may utilize the funds collected in this Issue only after finalization of Basis of Allotment and the listing and trading approvals are received for the Rights Equity Shares.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within seven working days of finalization of basis of Allotment.
3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by our Company.
4. The Company undertakes that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the basis of Allotment.
6. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
7. No further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through the Letter of Offer Issue are listed or till the application monies are refunded on account of non-listing, under-subscription etc. except as maybe required in the process of implementation of provisions of scheme of arrangement and as maybe approved by the competent authority(ies).
8. At any given time there shall be only one denomination of equity shares of our Company.
9. Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
10. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
11. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

(A) If our Company does not receive the minimum subscription of ninety per cent of the issue, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the issue.



(B) If there is delay in the refund of subscription by more than 8 days after the issuer becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), our Company will pay interest for the delayed period, at rates prescribed under Companies Act.

The promoter group entities viz Apus Investments Pvt Ltd. and Albus Investments Pvt Ltd have brought in amount of ₹5350.00 lacs and ₹2550.00 lacs respectively , as unsecured loans, out of which the Company has paid amount of ₹7700.00 lacs to a secured creditor. The monies brought in by Apus Investments Pvt Ltd. and Albus Investments Pvt Ltd as above by way of unsecured loans shall be adjusted towards the amounts payable by them for acquiring equity shares under the Rights Issue of the Company against their entitlement and also towards the additional subscription by them. These entities have sent a communication vide letter dated June 11, 2015 to this effect..

Important

- Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed '[●]' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West),

Mumbai – 400 078

Tel: +91-22-61715400

Fax: +91-22-25960329

Email: ashima.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sachin Achar

SEBI Registration No: INR000004058

The Issue will remain open for minimum 15 days However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.



SECTION VIII – STATUTORY AND OTHER INFORMATION

Option to subscribe

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. The Company has signed a tripartite agreement with NSDL and CDSL in March 2000 which enables the Investors to hold and trade in equity shares in a dematerialized form, instead of holding the equity shares in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made.

The Equity Shareholders of the Company who are holding the equity shares in the physical form have an option to subscribe to this Issue in either the dematerialized form or in the physical form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.



SECTION IX – MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by the company) which are or may be deemed material have been entered into by our Company.

The contracts together with the documents referred to in para (B) below may be inspected at the registered office of our company between 11.00 a.m. to 2.00 p.m. on any working day from the date of this Letter of Offer until the date of the closure of the Issue.

(A) MATERIAL CONTRACTS

1. Issue Agreement dated May 05, 2015 between the Company and Keynote Corporate Services Ltd., Lead Manager to the issue.
2. MOU dated April 30, 2015 between Company and Link Intime India Pvt. Ltd., Registrar to the Issue.
3. Tripartite Agreement dated August 10, 2004 between the Company, National Securities Depository Ltd. (NSDL) and Link Intime India Pvt. Ltd. pursuant to change in registrar and transfer agent
4. Tripartite Agreement dated July 21, 2004 between the Company, Central Depository Services (India) Limited (CDSL) and Link Intime India Pvt. Ltd. pursuant to change in registrar and transfer agent
5. Banker's to the Issue Agreement dated [●] between the Company, Keynote Corporate Services Limited, Link Intime India Pvt. Ltd. and [●].

(B) DOCUMENTS FOR INSPECTION

1. Memorandum & Articles of Association of our Company;
2. Resolution of the Board of Directors under Section 62 of Companies Act, 2013 passed in its meeting dated March 07, 2015 authorising the Issue;
3. Board Resolution passed on May 23, 2015 and Resolution of Rights Issue Committee dated June 19, 2015 approving Draft Letter of Offer
4. Annual report of our Company for F.Y.2013-14, F.Y.2012-13, F.Y.2011-12, F.Y.2010-11, F.Y.2009-10
5. Limited Review Report dated April 18, 2015 for the nine month period ended December 31, 2014 by Dhirubhai Shah & Doshi, Chartered Accountants & Statutory Auditors of our Company;
6. A statement on special tax benefits dated April 24, 2015 received from Dhirubhai Shah & Doshi, Chartered Accountants & Statutory Auditors of our Company regarding special tax benefits available to our Company and its shareholders;
7. Certificate dated June 15, 2015 from Dhirubhai Shah & Doshi, Chartered Accountants & Statutory Auditors of our Company regarding "sources & deployment of funds";
8. Proposed Scheme of arrangement for reconstruction and compromise with its equity shareholders, preference shareholders and secured creditors under section 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 as filed with Stock Exchange and BSE Observation letter No. DCS/AMAL/FR/24(f)/354/2015-16 dated June 19, 2015 in connection with the said scheme;



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9. Consents of the Directors, Company Secretary & Compliance Officer, Lead Manager to the Issue, Legal Advisor to the Issue, Statutory Auditors, Banker to the Issue and Registrar to the Issue to include their names in the Letter of Offer to act in their respective capacities;
 10. Certificate dated March 23, 2015 from CS Anish Shah, practicing Company Secretary as regards compliance with conditions enumerated in Clause 1 of Part E of Schedule VIII of SEBI ICDR Regulations;
 11. Letter of Offer dated June 04, 1996 in respect of preceding rights issue made by our Company.
 12. Legal Report issued by Navin K. Pahwa, LL.B, F.C.S, Advocate dated May 28, 2015
 13. Due Diligence Certificate dated June 19, 2015 by Keynote Corporate Services Ltd., Lead Manager to the Issue;
 14. In-principle listing approval(s) dated [●] from BSE and NSE respectively;
 15. Observation letter no. [●] dated [●] received from SEBI, Ahmedabad;



SECTION X - DECLARATION

We hereby certify that all relevant provisions of the Companies Act and the guidelines/ regulations issued by the Government of India or the guidelines/ regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Offer Document is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made thereunder or guidelines or regulations issued, as the case may be. We further certify that all the disclosures and statements in this Offer Document are true and correct.

Name	Signature
Mr. Chintan N. Parikh <i>Chairman and Managing Director</i>	Sd/-
Dr. Bakul H. Dholakia <i>Independent Director</i>	Sd/-
Mr. Bihari B. Shah <i>Independent Director</i>	Sd/-
Mr. Jayakant R. Baxi <i>Independent Director</i>	Sd/-
Mr. Neeraj Golas <i>Nominee Director of ARCIL</i>	Sd/-
Mrs. Koushlya Melwani <i>Non Executive and Non Independent Director</i>	Sd/-

Sd/-
Mr. Jayesh Bhayani
Chief Financial Officer

Sd/-
Mr. Hiren S. Mahadevia
Company Secretary & Compliance Officer

Place: Ahmedabad

Date: June 19, 2015