Annex-"B" (Modified)

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SCHEME OF ARRANGEMENT FOR RECONSTRUCTION AND COMPROMISE
BETWEEN
ASHIMA LIMITED
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

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.

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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.

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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*

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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 Rs.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 Rs. 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 Rs. 85 Crores.
b. About Rs. 80 crores to be raised by way of issue and allotment of fresh equity shares to the shareholders by way of a Rights Issue.
c. About Rs. 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.

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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;

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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.

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3. SHARE CAPITAL

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

Particulars	Amount (Rs. in Crs.)
Authorized Capital	
125,000,000 Equity shares of Rs. 10/-	125.00
2,500,000 Preference shares of Rs. 100/-	25.00
Total	**150.00**
Issued Capital	
34,073,360 Equity shares of Rs. 10/-	34.07
450,000 13% Redeemable Cumulative Preference Shares of Rs. 100 each fully paid	4.50
1,600,000 11% Redeemable Cumulative Preference Shares of Rs. 100 each fully paid	16.00
Total	**54.57**
Subscribed and Paid-up Capital	
33,368,787 Equity shares of Rs. 10/-	33.37
450,000 13% Redeemable Cumulative Preference Shares of Rs. 100 each fully paid	4.50
1,600,000 11% Redeemable Cumulative Preference Shares of Rs. 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 Rs. 5 crores (Rupees five crores only) and balance Outstanding Secured Debts, if any, as per Option II.

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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 Rs.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 Rs.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.

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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.

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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 Rs. 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.

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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:

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- 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 Rs.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 Rs.100/- each; and

"1 (One) 1% Redeemable Non Cumulative Preference Share of the face value of Rs.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 Rs.100/- each

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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.

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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 Clasue 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.

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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

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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.

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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.

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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.

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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.

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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 unflatered 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

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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 Complexs, Khokhara – Mehemdabad, Nr. Anupam Cinema, Ahmedabad :- 380008, Nachmo Company Premises, Kalidas Mill Compound, Gomtipur, Ahmedabad and 1/B, Ashima Complex, Karnanagar, Tal. Kadi, Dist. Mensana (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.

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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	Rs. 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	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"). 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.

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