



**ASHIMA LIMITED**  
**Transcript of the 39<sup>th</sup> Annual General Meeting**  
**25<sup>th</sup> August, 2022**  
**11.30 A.M. TO 11.56 A.M.**

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**Mr. Chintan Parikh – Chairman and Managing Director:**

Good Morning Ladies and Gentlemen,

I, Chintan Parikh, Chairman & Managing Director, welcome you all at this 39<sup>th</sup> virtual Annual General Meeting of the Company.

In view of the COVID-19 pandemic and in accordance with the circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India, this AGM is being conducted through Video Conferencing / Other Audio Visual Means (**VC/OAVM**) facility, without physical presence of the members at the common venue.

Accordingly, the Company had taken all requisite steps to enable members to participate and vote on the items being considered in the AGM. The basic instructions relating to E-voting and attending the AGM through VC / OAVM, form part of Notice of the AGM.

Quorum is present as required numbers of shareholders have already joined the AGM and so I call the meeting in order.

Now I am recording the attendance of Directors, KMPs and Auditors, who are present in this meeting.

**Mr. Chintan Parikh**, Chairman and Managing Director, **Mr. Krishnachintan Parikh**, Executive Director, **Mr. Shrikant Pareek**, Director (Operations), **Dr. Bakul Dholakia** - Independent Director, **Mr. Sanjay Majmudar**, Independent Director and Chairman of Audit Committee, **Mr. Neeraj Golas**, Independent Director, **Mrs. Koushlya Melwani** - Independent Director & Chairman of Nomination and Remuneration Committee and Stakeholder Relationship Committee, and **Ms. Shweta Sultania**, Company Secretary – all are present and attending this meeting.



**Mr. Suvrat Shah**, the Statutory Auditors and **Mr. Tapan Shah**, Secretarial Auditor and the Scrutinizer are also present at this virtual Annual General Meeting of the Company.”

Further,

This being the virtual AGM, I would like to draw your attention to certain statutory and other relevant aspects of the meeting:

- a) In line with the MCA circulars and SEBI Circulars, the Notice of AGM along with Annual Report for the year 2021-22 was sent only through electronic mode. The copy of Annual Report is also available on the Company's website as well as at web sites of Stock Exchanges (BSE and NSE) where the company's shares are listed.
- b) Members attending the AGM through VC are counted as present for the purpose of quorum.
- c) Since AGM is held through VC/OAVM, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members is not available for this Meeting.
- d) As stated in the Notice of AGM, Statutory Registers and relevant documents are available for inspection in electronic mode for the members on the company's website.
- e) All Members who have joined the meeting are placed on mute mode to ensure an orderly conduct of the meeting.
- f) There will be a question answer session. Kindly note that only those Members who have previously registered as Speakers will be allowed to speak and raise questions or express their views during the AGM, as intimated in the Notice. For this purpose, I will announce the name of such member and that Member will be unmuted by the moderator to allow him to speak. Please note that there is a restriction of 3 minutes per Member to speak to ensure an orderly conduct of the meeting. Members are requested not to ask repeated questions and be clear and concise while raising their question.

Queries /questions raised by Members will be answered once all the registered speakers complete their questions.

- g) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, Login method for e-Voting and for joining virtual meetings for Individual shareholders holding securities in Demat mode is specifically provided in the notice of AGM.



- h) Further, the Company has tied up with Central Depository Services India Limited (CDSL) to provide facility for voting through remote e-voting, e-voting during the AGM and participation in the AGM through VC/OAVM facility.
- i) The e-voting period commenced at 9:00 a.m. (IST) on Monday, 22<sup>nd</sup> August, 2022 and ended at 5:00 p.m. (IST) on Wednesday, 24<sup>th</sup> August, 2022.
- j) Members who have not cast their votes through remote e-voting facility and who are attending this meeting have an additional opportunity to cast their vote during the proceedings of the AGM. Members may follow the process for e-voting as provided in the Notice of AGM.
- k) Pursuant to Section 108 of the Companies Act, 2013, the Company has appointed Mr. Tapan Shah, Practicing Company Secretary as Scrutinizer to conduct the e-voting process in a fair and transparent manner.
- l) As per the Secretarial Standard for General Meeting, the company has provided remote e-voting facility for voting on all the resolutions as set out in the notice of AGM. Hence, there is no need to propose and second the Resolution by the members.

**Chairman's Speech:**

1. At the outset, I would like to share my views on the current state of the economy:
  - a. The ongoing Russia-Ukraine conflict has affected economies across the world due to disruption of supplies and resultant rise in cost of energy and inputs like metals and other materials, affecting economic activities and giving rise to unprecedented levels of inflation in US as well as emerging economies. Indian economy and business activity has also suffered due to these factors, with rising costs affecting volumes and margins.
  - b. The Covid pandemic has subsided to a great extent, though its second wave had affected businesses in the first quarter of the year under review.

Now I would move to the Financial Performance of the Company.



## 2. Financial performance:

- a. The Company has been able to achieve a remarkable growth in its operational revenue, which has almost doubled, driven by volume growth across all its textile divisions. The Company recorded sales of 119.75 lac metres of fabrics and 10.26 lac pcs of garments during the year.

Majority of the revenue growth has come from the domestic segment. The textile operation has reported increased overall contribution. It has been able to increase product prices, thereby partially offsetting the adverse impact of inflationary pressure. The Company supported operational volume growth by timely infusion of funds in operating cycle.

- b. However, the bottom line has been adversely affected due to a few major challenges beyond the control of the company.
  - (i) The second wave of Covid pandemic during the first quarter of the year had affected operational performance due to disruption of business activities.
  - (ii) The company had to stop production across various divisions from end-November, 2021 due to disconnection of effluent discharge facility by the Ahmedabad Municipal Corporation at the behest of Hon'ble Gujarat High Court order, in spite of the Company being fully compliant and holding all requisite permissions.

As a result, the wet processes of the Company were discontinued. The Company took effective steps to contain the impact of the situation. The Company continued to operate dry operations and put in place outsourcing arrangement for wet processes.

The Company put in place a robust arrangement for outsourcing which includes identification of competent vendors, laying down stringent quality parameters and ensuring adequate quality checks including frequent in-process checks by the Company's own technical team, emphasis on timely completion of processing work and like. As a result, the Company managed to sustain volumes without compromising on



quality, fulfil its delivery commitments, retained its customers and ensured continuity of business.

(iii) Prices of raw materials and dyes and chemicals went up during the year. The Company increased the prices of its products to partly offset the impact of inflation.

- c. During the year under review, the Company reported profit of Rs. 1,792 lacs compared to loss of Rs. 1,176 lacs during the preceding year.

The Company sold surplus land during the year and generated funds of Rs. 39.43 Crs. These funds will be deployed in operations of the Company for improving its performance and also for essential capital expenditure.

The Company decided to close down the non-profitable Spinfab Division upon careful consideration of various technical and commercial factors. This decision would help the company conserve its resources and improve its capital allocation and thus create shareholder value.

- d. The Company management strived to optimize its operational performance by working on several fronts. This includes the following:
- strengthening product development capabilities,
  - focusing on a few key customers where volume and consistency have been quite favourable.
  - Using outsourcing for enhancing its product portfolio and volume growth.
  - effective cost management and focus on efficient, well-monitored operational planning and control to contain the adverse impact of increasing costs and sustain and enhance competitive strength.
- e. The “Swan Lake” week-end home project of the Real Estate Division is progressing satisfactorily.
- f. This is the first year of operation of the Investment Division of the Company. We are pursuing a value investing approach, where we buy long term securities using fundamental analysis in companies with high entry barriers and ability to reinvest retained earnings at above average returns for long periods of time. This approach is not only highly tax efficient, but also has the advantages of patient capital, as



the Company can invest for long term without pressure to show periodic returns like commercial fund managers. The Division has reported profit of Rs. 66 lacs for the year.

Now, I would like to touch upon the salient aspects in terms of Company's strategies for future and going forward.

### 3. Going Forward:

- a. The Company is planning to install Zero Liquid Discharge (ZLD) System in order to revive the operations of its wet manufacturing process which are currently suspended due to disconnection of its drainage lines by Ahmedabad Municipal Corporation (AMC) pursuant to the order of Hon'ble Gujarat High Court. The ZLD process makes effective use of waste water recycling and its reuse, thereby contributing to water conservation by reducing fresh water intake. With this, the entire textile activity of the Company will be operational again, which would positively reflect in its top line and operational performance.
- b. The company is considering capacity enhancement for its fabric processing and garmenting facilities as well as garment processing capabilities. The enhanced setup will enable the company to further enrich its product profile and widen its customer base.
- c. Company has been able to successfully establish an outsourcing arrangement for various products and processes during the year and it is now contemplating wider usage of this arrangement for further business development and growth.

Further,

- I will now take up the formal business of the Meeting.
- I am interested in Business at Item No. 2 and 5 of the AGM Notice and therefore, for these items of business with the consent of the members present, I request Mr. Sanjay Majmudar, Chairman of Audit Committee, to preside over as Chairman when Item no. 2 and 5 will be placed before the meeting.
- With the permission of members, I take the notice convening this AGM and Board's Report as read.



- The Independent Auditors' Report on Standalone and Consolidated Financial Statements and Secretarial Audit Report which are circulated as part of the Annual Report, do not contain any qualification or adverse remark and therefore the same is not required to be read.
- I now place the following businesses mentioned in the Notice before the meeting.

**Ordinary Business:**

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company for the financial year ended March 31, 2022 and the Reports of the Board of Directors and the Auditors thereon.

(This business item is proposed to be passed as an Ordinary Resolution)

2. To appoint a Director in place of Mr. Chintan Parikh, Director (DIN: 00155225), who retires by rotation and being eligible, offers himself for re-appointment.

(This business item is proposed to be passed as an Ordinary Resolution)

3. To re-appoint Statutory Auditors

(This business item is proposed to be passed as an Ordinary Resolution)

**Special Business:**

4. Revision in Remuneration of Mr. Shrikant Pareek (DIN: 02139143), Director (Operations) of the Company.

(This business item is proposed to be passed as a Special Resolution)

5. Revision in Remuneration of Mr. Krishnachintan Parikh, Executive Director (DIN: 07208067).

(This business item is proposed to be passed as an Ordinary Resolution)

6. Ratification of remuneration of Cost Auditor.

(This business item is proposed to be passed as an Ordinary Resolution)

7. Alteration of Object Clause of Memorandum of Association of the Company.

(This business item is proposed to be passed as a Special Resolution)



- All the items of Special Business are explained in detail in the Explanatory Statement attached to the Notice of the meeting.

The Company will disclose the voting results of all the resolutions on the basis of scrutinizer's report within two working days of conclusion of AGM and shall place the same on its website and also on the web site of Stock Exchanges and CDSL.

Now, I handover to Chief Financial Officer, to proceed with the question and answer session.

**Mr. Hiren Mahadevia- Chief Financial Officer:**

We will now proceed to the Question and Answer session. I will announce the name of the members who have registered as Speakers and thereafter the respective speaker will be unmuted to enable him to speak, one by one.

The First Speaker- Mr. Bimal Kumar Agarwal: He has not joined the meeting.

The Second Speaker - Mr. Jatinbhai Popatlal Parikh: Good Morning everyone, we are meeting after one year. At first I congratulate the management for the good performance of the Company. (1) What is the impact on Company business due to increase in dollar rate? (2) The cotton price has also increased by 8%, will it have any effect on the Company's business? (3) Are you planning to enter into the business of Technical Textiles in future? Wish you all the best!

Mr. Hiren Mahadevia- Chief Financial Officer: We will answer these questions once we take all the questions.

The Third Speaker - Mr. Narendra Kumar Ambalal: Thank you for giving me an opportunity to speak in this AGM. (4) Your company has shown good results. Is our Company a debt free Company now? (5) There was an Order of Gujarat High Court pursuant to which Ahmedabad Municipal Corporation disconnected effluent discharge connection of all the units discharging water effluent in the sewage line of AMC. So could we implement the Zero Liquid Discharge System in our Company and what is the cost of this on the Company? When we will be able to start the operations of our wet manufacturing activities again? (6) Are we planning to modernize our Plant and relocate the same at some other location? Thank you!

Hiren Mahadevia- Group Chief Financial Officer: Thank you, we will now answer each questions. (1) The First question was on impact of dollar which has reached 80 rupees recently. The Company is not much into imports. However, the export constitutes 10% to 15% of its turnover so any change or upward revision in dollar will have a positive impact on the revenue of the





Company. (2) The cotton prices have strengthened substantially in last one year. It will definitely have an impact on raw material prices. We are not into the manufacturing of Yarn but we buy lot of Yarn from the market and definitely higher cotton prices will have an impact on yarn prices and we have been able to pass on part of the cost to the market and going forward we will be able to pass on the increase in the raw material cost. (3) As far as Technical Textiles are concerned we have taken this time in our Object Clause of the Memorandum of Association to take up the business of Technical Textiles which is also one of the business item in this AGM so down the line company is looking into various prospects and this is one of the area the company is looking into. (4) Thanks for your observation on our results. Our company is a debt free company. There are hardly any debts on the Company's Balance Sheet. (5) This year we are planning to install Zero Liquid Discharge System and it will require some Capital Expenditure which is very proprietary to the company and once implemented all the wet manufacturing operations which is not operating currently will start operating and this will definitely have a positive impact on the Company. (6) As far as relocation of Plant is concerned, presently we have no plans to shift out of Ahmedabad and set up any manufacturing facility outside Ahmedabad.

**Mr. Chintan Parikh – Chairman and Managing Director:**

There being no other business, I now formally conclude the meeting.

I thank all the members, directors and auditors for attending and participating in the AGM through video conferencing. I wish all of you a safe and healthy future.

Thank you.

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Disclaimer:

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