

**TWENTY-SECOND  
ANNUAL REPORT  
2004**

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**ashima**  
LIMITED

## ASHIMA LIMITED TWENTY-SECOND ANNUAL REPORT 2004

### **BANKERS**

State Bank of India  
Bank of Baroda  
UTI Bank Ltd.  
State Bank of Saurashtra  
Citibank N.A.  
United Bank of India

### **BOARD OF DIRECTORS**

Mr. Chintan N. Parikh	- Chairman & Managing Director
Mr. Saurabh V. Shah	- Director
Dr. Bakul H. Dholakia	- Director
Mr. J. R. Baxi	- Director
Mr. S. K. Tandon	- Nominee Director
Mr. J. John	- Nominee Director
Mr. Nitin D. Parekh	- Executive Director

### **AUDITORS**

M/s Dhirubhai Shah & Co.  
Chartered Accountants,  
Ahmedabad

### **VICE PRESIDENT (CORPORATE FINANCE) AND COMPANY SECRETARY**

Mr. B. Ravi

### **SHARES LISTED ON STOCK EXCHANGES AT :**

Ahmedabad  
Mumbai  
National Stock Exchange  
Calcutta (Applied for delisting)

### **WORKS**

### **REGISTERED OFFICE**

310, Ashima House  
Kavi Nanlal Marg,  
Ellisbridge,  
Ahmedabad - 380 006

1B, Ashima Complex,  
Kalol - Kadi Highway,  
Village Karannagar,  
Taluka : Kadi,  
District Mehsana  
North Gujarat

Texcellence Complex,  
Nr. Anupam Cinema,  
Khokhara-Mehemdabad,  
Ahmedabad-380 021

**ASHIMA LIMITED****Directors' Report**

Dear shareholders,

Your directors take pleasure in submitting the twenty second annual report of the company together with audited statement of accounts for the financial year ended on 31<sup>st</sup> December 2004.

**1. Financial results**

Your company's performance during financial year 2004 is summarised below:

	<b>(Rs. in lacs)</b>	
	<b>2004</b>	<b>2003</b>
Profit before interest and depreciation	2511.60	2931.06
Less :Interest	8229.66	7941.16
Loss before depreciation	5718.06	5010.10
Add : Depreciation and amortisation of expenses	3125.90	3778.04
Loss before tax	8843.96	8788.14
Add :Provision for tax	4.00	1.00
Loss after tax	8847.96	8789.14
Add: Extra ordinary items	534.38	2515.87
Loss after tax	9382.34	11305.01
Add: Loss brought forward from previous year	17352.68	6047.67
Add: Intangibles written off	1038.52	-
Balance carried to balance sheet	<b>27773.54</b>	<b>17352.68</b>

**2. Dividend**

Your directors wish to inform you that in view of the losses suffered by your company during the year under review and carried forward losses of earlier years, they are unable to pay any dividend on preference shares and also unable to recommend any dividend on the equity shares of the company.

**3. Subsidiary companies**

The company has three subsidiary companies in the name of Ashima Attires Limited, fibre2fabric Trading Limited and Ashima Textile Inc.

In terms of the approval granted by the Central Government under section 212(8) of the Companies Act, 1956, copy of the balance sheet and profit and loss account, report of the board of directors and the auditor's report of the subsidiary companies have not been attached with the balance sheet of the company. The company will make available these documents/details if and when requested by the members of the company. It may however be noted that in terms of accounting standard AS-21 of The Institute of Chartered Accountants of India, consolidated financial

statements have been presented which includes the financials of the subsidiary companies.

**4. Performance of the company**

The performance of the company during the year 2004 remained satisfactory. The company's turnover has increased and but for certain non-recurring expenses even the operating profits have improved. However the high interest burden has resulted in a net loss for the company.

The appreciation of the rupee has had its severe impact on the performance of the company. The good operating performance has hence been shadowed by the impact of the same. The cotton costs which remained high in the first two quarters have thereafter been under control.

The detailed discussions on the performance is highlighted in the management discussions and analysis attached to this report.

**5. Awards**

The company has been awarded the prestigious GOLD AWARD from Greentech Foundation, New Delhi for excellence in environment protection in the textile sector for year 2004. The company has also been nominated for the TERI (Tata Environmental Research Institute) corporate environment award, the results of which are awaited.

**6. Listing agreement**

The equity shares of the company are presently listed on stock exchanges at Ahmedabad, Mumbai and National Stock Exchange. The delisting permission from Calcutta Stock Exchange is pending. The company has already paid listing fees for the requisite period on all the exchanges except Calcutta Stock Exchange, where the approval of delisting is awaited.

**7. Corporate governance**

The report on corporate governance alongwith management discussion and analysis and certificate of compliance from statutory auditors forms part of this annual report.

**8. Director's responsibility statement**

Pursuant to requirements of section 217(2AA) of the Companies Act, 1956 and on the basis of information placed before them the directors confirm that:

- (i) In the preparation of the annual accounts for financial year 2004, the applicable accounting standards have been followed alongwith proper explanation relating to material departures if any,

- (ii) They have selected appropriate accounting policies and have applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> December, 2004 and of the loss of the company for the said period,
- (iii) They have taken proper and sufficient care to the best of their knowledge for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- (iv) They have prepared the annual accounts on a going concern basis.

## 9. Directors

During the year under review, IFCI Limited withdrew Mr. D. H. Shinde, as their nominee on the board of the company w.e.f 8<sup>th</sup> June, 2004. Mr. S. K. Tandon was appointed as nominee of IFCI Limited on the board of the company w.e.f. 31<sup>st</sup> July 2004.

ICICI Bank Limited withdrew Mr. V. Prakash as their nominee from the board of the company w.e.f. 16<sup>th</sup> April, 2004. Board for Industrial and Financial Reconstruction withdrew Mr. R. S. Nirwan as their nominee from the board of the company w.e.f. 5<sup>th</sup> July, 2004. Mr. Gary Smith another director ceased to be director of the company w.e.f. 28<sup>th</sup> April, 2004, due to attraction of provisions of section 283 (1) (g) of the Companies Act, 1956.

Mr. J. John was appointed as nominee of IDBI on the board of the company w.e.f. 26<sup>th</sup> August, 2004. The board wishes to put on record the appreciation of services rendered by the directors during their tenure with the board.

At the ensuing annual general meeting Mr. Jaykant R. Baxi is to retire by rotation, and being eligible, offers himself for re-appointment.

## 10. Insurance

All the properties and insurable interests of all the divisions of the company including plant and machinery, stocks and liabilities under the legislative enactments are adequately insured.

## 11. Auditors

M/s Dhirubhai Shah & Company, Chartered Accountants, Ahmedabad retire at the ensuing annual general meeting of the company and are eligible for re-appointment. They have given their consent to act as auditors of the company, if re-appointed. You are requested to re-appoint M/s. Dhirubhai Shah and Company, Chartered

Accountants, Ahmedabad as auditors to hold the office till the next annual general meeting.

The relevant notes forming part of accounts are self-explanatory and give full information and explanation in respect of the observations made by the auditors in their report.

## 12. Information regarding conservation of energy etc. and employees

Information required under section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and information under section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time forms part of this report. However, as per the provisions of section 219(1) (b) (iv), of the Companies Act, 1956 the report and the accounts are being sent to all shareholders of the company excluding the information relating to conservation of energy, technology absorption and foreign exchange earning and outgo, and the statement of particulars of employees. Any shareholder interested in obtaining such particulars may inspect the same at the registered office of the company or write to the secretary for a copy.

## 13. Fixed deposits

The company has accepted fixed deposits to the tune of Rs.1702.03 lacs upto 31<sup>st</sup> December 2004, against which due but unclaimed/unpaid deposits were Rs.69.81 lacs.

The company has stopped accepting fresh deposits with effect from 1<sup>st</sup> April, 2004 and has been repaying all such matured deposits as are not renewed, in time as per the schedule and hence has not exceeded the limits.

## 14. Appreciation

The directors sincerely thank all the employees of the company for their dedicated services to the company.

## 15. Acknowledgements

Your directors also wish to thank the customers, vendors, investors, banks and financial institutions for the excellent support. Your directors are grateful to the Government of India, State Government and other authorities for their support and solicit similar support and guidance in future.

For and on behalf of the board

Ahmedabad

31<sup>st</sup> March, 2005

**Chintan N. Parikh**

Chairman & Managing Director

## ASHIMA LIMITED

### Corporate Governance

#### 1. Company's philosophy on corporate governance

Ashima gives great importance to the corporate governance. Ashima understands that accountability, equity and total transparency in its interaction with all stakeholders is the responsibility of every corporate citizen while conducting its business and hence committed to achieving highest levels of standards in corporate governance. There is a global consensus on the objective of good corporate governance aimed at maximizing long term shareholder value. Ashima believes that good corporate governance practice enables the management to direct and control the affairs of a company in an efficient manner and achieve its ultimate goal of maximizing value for all its stakeholders. Ashima recognizes that an efficient and strong corporate governance is indispensable to resilient and vibrant capital markets and is therefore important instrument of investor protection. Ashima believes that contribution to the society is integral part of its being and hence strives to preserve environment, energy and heritage.

#### 2. Board of directors

- a. The current policy is to have an optimal blend of executive and independent directors having in-depth knowledge of textile industry in addition to their own areas of specialization and expertise. The size and composition of the board conforms to the requirements of the corporate governance code under clause 49 of the listing agreement with stock exchanges. The present board of directors of the company consists of 7 directors with more than 50% of it as non executive independent directors. Further none of the directors is member of more than 10 board level committees and chairman of 5 committees at board level of public companies, where they are directors. The board comprises of seven directors as on 31<sup>st</sup> December, 2004, details of which is as follows :-

Category	Name of Directors
Promoter Directors	1. Mr. Chintan N. Parikh – Chairman & Managing Director
Executive/ Whole time Directors	2. Mr. Nitin D. Parekh – Executive Director
Non-Executive Independent Directors	3. Dr. Bakul H. Dholakia. 4. Mr. Saurabh V. Shah 5. Mr. Gary Smith (Cessation of office of director u/s 283(1)(g) of the Companies Act, 1956 w.e.f. 28 <sup>th</sup> April, 2004) 6. Mr. Jaykant R. Baxi

#### Nominee Directors

7. Mr. D.H.Shinde – Nominee Director (Withdrawn as nominee of IFCI Limited from the board of the company w.e.f. 8<sup>th</sup> June, 2004)
8. Mr. S. K. Tandon - Nominee Director (Appointed as nominee of IFCI Limited on board of the company w.e.f. 31<sup>st</sup> July, 2004)
9. Mr.V. Prakash – Nominee Director (Withdrawn as nominee of ICICI Bank Ltd., from the board of the company w.e.f. 16<sup>th</sup> April, 2004)
10. Mr. R. S. Nirwan – Nominee Director (Withdrawn as nominee of BIFR from the board of the company w.e.f. 5<sup>th</sup> July, 2004)
11. Mr. J. John - Nominee Director (Appointed as nominee of IDBI on the board of the company w.e.f. 26<sup>th</sup> August, 2004)

None of the non-executive directors has any pecuniary or material relationship or transactions with company.

As per the statutory requirement, at least two-third of the board should consist of retiring directors. Of these, one –third are required to retire every year and if eligible may seek their re-appointment by the shareholders. One director is liable to retire by rotation at the ensuing annual general meeting and being eligible has offered himself for re-appointment. Brief resume of the director being re-appointed at the ensuing annual general meeting, nature of his expertise in specific functional areas, and names of companies in which he holds directorship and membership of committees of the board is furnished below :-

Mr. Jaykant R. Baxi son of Mr. Ramprasad Baxi is B.Sc (Hons.), LLB, DLW, having a rich experience of over 42 years in the field of labour laws in textile industry. He has contributed significantly in implementation and monitoring of transparent labour law policies, in his various assignments during the course of his long standing experience. He is also member of audit committee, remuneration committee, management committee and asset sale committee.

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b. Number of other companies the directors are Director/ Chairman and other Board Committees he is a member or Chairperson of:

Name of the director(s)	Number of directorships including alternate director	Number of memberships in board committees	Whether Chairman/ Member
1. Mr. Chintan N. Parikh	6	4	Chairman
2. Mr. Gary Smith *	1	-	-
3. Dr. Bakul H. Dholakia	2	1	Chairman
4. Mr. Saurabh V. Shah	3	-	-
5. Mr. V. Prakash	2	-	-
(Nominee of ICICI Bank Limited) **			
6. Mr. D. H. Shinde	3	2	-
(Nominee of IFCI Limited) ***			
7. Mr. Jaykant R. Baxi	-	-	-
8. Mr. Nitin D. Parekh	1	-	-
9. Mr. R. S. Nirwan	3	-	-
(Nominee of BIFR) ****			
10. Mr. J. John	-	-	-
(Nominee of IDBI) *****			
11. Mr. S. K. Tandon	4	2	-
(Nominee of IFCI Limited) *****			

\* Ceased to be director pursuant to provisions of section 283(1)(g) of the Companies Act, 1956, from the board of the company w.e.f. 28<sup>th</sup> April, 2004.

\*\* Withdrawn as nominee of ICICI Bank Ltd., from the board of the company w.e.f. 16<sup>th</sup> April, 2004

\*\*\* Withdrawn as nominee of IFCI Limited from the board of the company w.e.f. 8<sup>th</sup> June, 2004.

\*\*\*\* Withdrawn as nominee of BIFR from the board of the company w.e.f. 5<sup>th</sup> July, 2004

\*\*\*\*\* Appointed as nominee of IDBI on board of the company w.e.f. 26<sup>th</sup> August, 2004

\*\*\*\*\* Appointed as nominee of IFCI Limited on board of the company w.e.f. 31<sup>st</sup> July, 2004

c. Number of board meetings held:

The board meets at least once in a quarter to review the quarterly results and other items on agenda. During the year 2004 board of directors of the company met 5 times on following dates :- 20<sup>th</sup> January, 2004, 31<sup>st</sup> March, 2004, 28<sup>th</sup> April, 2004, 30<sup>th</sup> July, 2004 and 29<sup>th</sup> October, 2004. The gap between any two meetings never exceeded four months. The dates of the meeting were generally decided well in advance. The information as required under Annexure I to clause 49

is being made available to the board at respective board meetings.

d. Attendance of each director at the meeting of board of directors and at the last AGM:

Director	Number of board meetings attended	Last AGM attended (Yes/No)
1. Mr. Chintan N Parikh	5	Yes
2. Mr. Gary Smith *	0	No
3. Dr. Bakul H. Dholakia	4	Yes
4. Mr. Saurabh V. Shah	3	No
5. Mr. V. Prakash **	0	No
(Nominee of ICICI Bank Ltd.)		
6. Mr. D.H.Shinde	2	No
(Nominee of IFCI Limited) ***		
7. Mr. Jaykant R. Baxi	5	Yes
8. Mr. Nitin D. Parekh	5	Yes
9. Mr. R. S. Nirwan ****	1	No
(Nominee of BIFR)		
10. Mr. J. John	1	No
(Nominee of IDBI) *****		
11. Mr.S.K.Tandon	1	No
(Nominee of IFCI Limited) *****		

\* Ceased as director u/s 283(1)(g) of the Companies Act, 1956, from the board of the company w.e.f. 28<sup>th</sup> April, 2004.

\*\* Withdrawn as nominee of ICICI Bank Ltd., from the board of the company w.e.f. 16<sup>th</sup> April, 2004

\*\*\* Withdrawn as nominee of IFCI Limited from the board of the company w.e.f. 8<sup>th</sup> June, 2004.

\*\*\*\* Withdrawn as nominee of BIFR from the board of the company w.e.f. 5<sup>th</sup> July, 2004

\*\*\*\*\* Appointed as nominee of IDBI on board of the company w.e.f. 26<sup>th</sup> August, 2004

\*\*\*\*\* Appointed as nominee of IFCI Limited on board of the company w.e.f. 31<sup>st</sup> July, 2004

### 3. Board committees

#### a. Audit committee :

The board of directors of the company has already constituted an audit committee at their meeting held on 31<sup>st</sup> January 2001. The composition of audit committee has been changed as and when required. The audit committee at present comprises of five directors viz. Dr. Bakul H. Dholakia, Mr. J. John, Mr. Nitin D. Parekh, Mr. Jaykant R. Baxi and Mr. Saurabh V. Shah. The constitution of audit committee meets the requirements of section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.



## ASHIMA LIMITED

### The terms of reference of audit committee as approved by the board of directors are stipulated herein :

1. The audit committee will meet at least thrice a year. One meeting shall be held before finalisation of annual accounts and one every six months.
2. Powers of audit committee
  - a. to investigate any activity within its terms of reference.
  - b. to seek information from any employee.
  - c. to obtain outside legal or other professional advice.
  - d. to secure attendance of outsiders with relevant expertise, if it considers necessary.
3. Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
4. Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment for any other services.
5. Reviewing with the management the annual financial statements before submission to the board, focusing primarily on :-
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large.
6. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with the external auditors before the audit commences nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
11. Reviewing the company's financial and risk management policies.
12. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non payment of declared dividends) and creditors.

During the year 2004 the audit committee met 3 times on 31<sup>st</sup> March, 2004, 30<sup>th</sup> July, 2004 and 29<sup>th</sup> October, 2004. The audit committee normally reviews those functions which are assigned to it as per the terms of reference approved by board. The meeting held on 31<sup>st</sup> March, 2004 was to approve annual accounts for the financial year 2003.

The details of audit committees meetings attended by the directors are given below:

Sr. No.	Name	Designation	No. of meetings held	No. of meetings attended
1	Dr. Bakul H. Dholakia	Chairman	3	2
2	Mr. Nitin D. Parekh	Member	3	3
3	Mr. Saurabh V. Shah	Member	3	2
4	Mr. D. H. Shinde (Nominee of IFCI Limited) *	Member	3	1
5	Mr. Jaykant R. Baxi **	Member	3	2
6	Mr. J. John (Nominee of IDBI)***	Member	3	0

\* Mr. D. H. Shinde was withdrawn as nominee of IFCI Ltd. from the board of the company w.e.f. 8<sup>th</sup> June, 2004 and hence could attend only one audit committee meeting.

\*\* Mr. Jaykant R. Baxi was appointed as member of audit committee w.e.f. 28<sup>th</sup> April, 2004 and hence could attend only two audit committee meetings.

\*\*\* Mr. J. John's appointment was confirmed by board at its meeting held on 29<sup>th</sup> October, 2004 and hence could not attend any audit committee meetings.

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**b. Remuneration committee :**

The board of directors of the company has constituted a remuneration committee at its meeting held on 28<sup>th</sup> March, 2003. The composition of remuneration committee has been changed as and when required. The committee recommends/reviews the remuneration package of the managing/whole-time/executive directors of the company based on individual performance, qualifications and experience & the comparable industry practices. The remuneration policy of the company is aimed at rewarding good performance and attracting and retaining the best managerial talent. The committee at present consists of Dr. Bakul H. Dholakia, Mr. Jaykant R. Baxi, Mr. S.K. Tandon and Mr. Saurabh V. Shah directors of the company. The remuneration committee met **once** on 30<sup>th</sup> July, 2004 to confirm the existing remuneration payable to the managing director of the company on his re-appointment. By constituting a remuneration committee the board has complied with non mandatory requirements of clause 49 of the listing agreement.

The details of remuneration committee meeting(s) attended by the directors are given below:

Sr. Name No.	Designation	No. of meetings held	No. of meetings attended
1 Dr. Bakul H. Dholakia	Chairman	1	1
2 Mr. Saurabh V. Shah	Member	1	1
3 Mr. Jaykant R. Baxi	Member	1	1
4 Mr. S.K. Tandon	Member	1	0
(Nominee of IFCI Limited)*			

\* Mr. S. K. Tandon was appointed by the board of directors as nominee of IFCI Limited on board at its meeting held on 29<sup>th</sup> October, 2004. He was also appointed as member of remuneration committee on the said date. There has been no meeting of remuneration committee held after his appointment to remuneration committee.

*Details of remuneration paid to directors for the financial year, 2004 :-*

The terms of remuneration of Mr. Chintan N. Parikh, Chairman and Managing Director and Mr. Nitin D. Parekh, Executive Director has been fixed and approved by the board of directors and remuneration committee. The same has also been ratified by Central Government, through Ministry of Company Affairs in

form of their approval vide their letter dated 5<sup>th</sup> May, 2004. The aggregate value of salary and perquisites paid for the financial year ended on 31<sup>st</sup> December, 2004 to Managing/ Executive Director of the company is as follows:- Mr. Chintan N. Parikh:- Rs.60.28 lacs, Mr. Nitin D. Parekh:- Rs.40.21 lacs. Besides this the Managing and Executive Director, were also entitled to company's contribution to provident fund, superannuation fund to the extent not taxable, and gratuity and encashment of leave as per the rules of the company.

The company pays sitting fees to all of its Independent Non-Executive Directors/Nominee Directors. The same is paid at the rate of Rs. 3,000 per meeting. The sitting fees paid for the financial year ended on 31<sup>st</sup> December, 2004 to the directors is as follows :-

No.	Name of director	Amount (in Rs.)
1.	Dr. Bakul H. Dholakia	27,000
2.	Mr. Saurabh V. Shah	15,000
3.	Mr. D. H. Shinde (As nominee of IFCI Limited)	9,000
4.	Mr. Jaykant R. Baxi	21,000
5.	Mr. R. S. Nirwan (As nominee of BIFR)	3000
6.	Mr. S. K. Tandon (As nominee of IFCI Limited)	3000
7.	Mr. J. John (As nominee of IDBI)	3000

**c. Shares transfer committee:**

The board of directors of the company has already constituted a share transfer committee to deal with the matters relating to transfers/ transmissions/ transposition/ consolidation/split of folios/issue of share certificates in exchange for sub-divided/consolidated/ defaced/mutilated share certificates/ issue of duplicate share certificates etc. The composition of share transfer committee has been changed as and when required. The share transfer committee at present comprises of Mr. Chintan N. Parikh, Chairman & Managing Director, Mr. Nitin D. Parekh, Executive Director, Mr. Jaykant R. Baxi, director, Mr. B. Ravi, Vice President (Corporate Finance) & Company Secretary, Mr. Hiren Mahadevia, Vice President (Corporate Finance and Planning), as members. The share transfer committee met from time to time to approve the matters relating to transfer, transmission, issue of duplicate share certificates etc.

The board of directors of the company ratifies and takes on record the minutes of share transfer committee at subsequent board meetings.

The company has as per Securities and Exchange



## ASHIMA LIMITED

Board of India (SEBI) guidelines w.e.f. 24<sup>th</sup> March, 2000 offered the facility of transfer of shares both in physical and demat form. The company had appointed M/s. MCS Ltd., Ahmedabad as registrar authorised by SEBI to provide electronic connectivity with CDSL and NSDL to carry out transfer of physical and demat shares and other activities related thereto. However the company has shifted its entire activity of share transfer to another SEBI authorized registrar M/s Intime Spectrum Registry Limited w.e.f. 1<sup>st</sup> July, 2004.

The shareholding of the company constitutes shares in dematerialized form and physical form in ratio of 86.21% and 13.79% respectively as on 31<sup>st</sup> December, 2004.

### d. Shareholders'/Investors' grievances :

The board of directors of the company has already constituted shareholders'/investors' grievances committee at their meeting held on 30<sup>th</sup> March, 2002, consisting of Mr. Saurabh V. Shah – Director and Mr. B. Ravi – Vice President (Corporate Finance) and Company Secretary as Compliance Officer, to look into redressal of investors complaints like transfer of shares, non-receipt of annual report, dividend and other investor related matters. The committee met five times in the year, on 8<sup>th</sup> January, 2004, 7<sup>th</sup> April, 2004, 6<sup>th</sup> July, 2004, 8<sup>th</sup> October, 2004 and 31<sup>st</sup> December, 2004, to take stock of redressal of investors complaints. The committee has authorised Mr. Digish Shah, Senior Manager – Secretarial to attend and redress day to day investor complaints and report the same to committee at their meetings. The meeting was attended by majority of the members. The company has received 19 investor complaints during the financial year under review, all of which have been redressed and no complaints are pending.

### 6. General body meetings/Extra Ordinary general meetings

Location and time for the last three AGMs/EGMs

Year	Date	AGM/EGM	Venue	Time
2002	29/6/2002	AGM	Conference Room, Ahmedabad Textiles Mills Association, Ashram Road, Ahmedabad-380 009	10.30 a.m.
2003	28/06/2003	AGM	As above	10.30 a.m.
2004	30/06/2004	AGM	As above	10.30 a.m.

There were no special resolutions put to vote by postal ballot for financial year 2003.

### 7. Disclosures

a) **Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.**

All the transactions entered by company were reasonable and routine in nature. None of the transactions with any of the related parties were in conflict with the interest of the company.

b) **Details of non-compliance by the company, penalties strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.**

No penalty for any non-compliance by the above named authorities were imposed on the company during last three years.

Further a qualified practicing company secretary has carried out secretarial audit to reconcile the total admitted capital with the total issued and paid up capital. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The audit confirms that total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

### 8. Means of communication

*The financial results of the company are reported to as mentioned below :-*

- \* Half yearly reports sent to: No shareholders
- \* Quarterly results normally published in which news paper : English daily news paper Gujarati daily news paper
- \* Any website : Yes on [www.sebiedifir.com](http://www.sebiedifir.com)
- \* Whether it displays official news release and the presentation made to institutional investors or to analyst : There have been no presentations made.
- \* Whether management discussion and analysis report is a part of annual report : Yes

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## 9. General shareholders' Information

a. **AGM date, time and venue** : 30<sup>th</sup> June, 2005 at 10.30 a.m. at Conference Room, Ahmedabad Textile Mills Association, Opp. National Chambers, Ashram Road, Ahmedabad – 380 009.

b. **Date of book closure** : 25<sup>th</sup> June, 2005 to 29<sup>th</sup> June, 2005 (both days inclusive)

c. **Listing on stock exchanges** :

1. National Stock Exchange
2. Ahmedabad Stock Exchange
3. Mumbai Stock Exchange
4. Calcutta Stock Exchange (Delisting application pending)

d. **Listing fees** :

Paid for all the above stock exchanges for financial year 2004 – 2005, except Calcutta Stock Exchange for which delisting application is pending.

e. **Address of registered office** : 310, Ashima House, Kavi Nanalal Marg, Ellisbridge, Ahmedabad 380 006.

h. **Monthly high and low quotations alongwith the volume of shares traded at National and Mumbai stock exchange during the financial year 2004:**

MONTH	NSE			BSE		
	High Rs.	Low Rs.	Volume Nos	High Rs.	Low Rs.	Volume Nos
Jan.2004	26.50	17.50	357731	26.90	17.40	272136
Feb.2004	18.75	13.00	157599	18.00	13.00	151182
Mar.2004	13.60	9.05	264791	13.50	8.81	783161
April 2004	15.50	11.50	186307	15.00	11.30	131321
May 2004	16.30	11.25	163550	16.04	11.15	94146
June 2004	13.60	10.50	77567	14.00	10.25	48773
July 2004	18.50	11.95	589125	18.35	12.00	458709
Aug.2004	16.40	13.25	777425	16.25	12.95	665561
Sept.2004	23.60	15.00	9157816	23.45	15.00	9608722
Oct.2004	23.85	18.65	4889513	23.95	18.45	2735996
Nov.2004	27.25	19.20	13980015	27.40	19.35	9179108
Dec.2004	34.70	22.10	21715869	34.75	22.10	15598167

i. **Distribution of shareholding:**

As on 31<sup>st</sup> December 2004 the distribution of shareholding and share holding pattern was as under:

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1-500	19586	86.58	2927441	8.77
501-1000	1431	6.33	1278315	3.83
1001-5000	1192	5.27	2936340	8.80
5001-10000	201	0.89	1526571	4.57
10001 and above	211	0.93	24700120	74.02