



ashima
LIMITED



32nd Annual Report
2014-15



ASHIMA LIMITED

32ND ANNUAL REPORT – 2014 -15

BOARD OF DIRECTORS

Mr. Chintan N. Parikh	– Chairman & Managing Director
Dr. Bakul H. Dholakia	– Director
Mr. Bihari B. Shah	– Director
Mr. Jaykant R. Baxi	– Director
Mr. Neeraj Golas	– Nominee Director of ARCIL
Mr. Atul Kumar Singh	– Director (upto 03.05.2015)
Mrs. Koushlya V. Melwani	– Director (w.e.f.15.12.2014)

AUDITORS

Dhirubhai Shah & Doshi
Chartered Accountants
Ahmedabad

COMPANY SECRETARY

Mr. Hiren S. Mahadevia

CHIEF FINANCIAL OFFICER

Mr. Jayesh C. Bhayani

CORPORATE IDENTITY NUMBER (CIN)

L99999GJ1982PLC005253

Shares listed on Stock Exchanges

BSE Ltd.
National Stock Exchange of India Ltd.

Registered Office & Works

Texcellence Complex,
Khokhara-Mehmedabad
Ahmedabad – 380 021

NOTICE

Notice is hereby given that the 32nd ANNUAL GENERAL MEETING of Ashima Limited will be held on Friday, the 18th September, 2015 at 12.00 noon at the Registered Office of the Company at Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad-380 021, to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2015 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint Mr. Chintan N. Parikh, Director (DIN: 00155225), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Dhirubhai Shah & Doshi, Chartered Accountants (Firm Registration No. 102511W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and authorise the Board to fix their remuneration.

Special Business

4. Payment of remuneration to Mr. Chintan N. Parikh, Managing Director

To consider and if though fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT in partial modification of the Special Resolution passed at the 31st Annual General Meeting and pursuant to provisions of section 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Articles of Association of the Company and subject to such approvals, permissions and sanctions, as may be required, consent of the Company be and is hereby accorded to the payment of remuneration to Mr. Chintan N. Parikh (DIN-00155225) as Managing Director of the company for the period from 1st April, 2015 to 6th February, 2017 on the revised terms and conditions of remuneration as set out in the supplemental agreement entered into between the Company and the Managing Director and available for inspection of members, which is hereby specifically approved at the liberty to the Board of Directors to alter and vary the terms and conditions of the said remuneration, as may be agreed to between the company and the Managing Director and subject to necessary approvals as may be required under relevant provisions of the Act.”

RESOLVED FURTHER THAT the Board of Directors and the Nomination and Remuneration Committee be and are hereby severally authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. Appointment of Mrs. Koushlya V. Melwani (DIN: 01575110) as Director.

To consider and if though fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provision of Section 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Koushlya V. Melwani (DIN: 01575110), appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, and being eligible, offer herself for appointment and in respect of whom the Company has received a notice in writing from a member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Mrs. Koushlya Melwani for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation, with effect from the date of this Meeting.”

6. Re-classification of Authorised Share Capital and consequent alteration in Memorandum of Association

To consider and if though fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 13, 61 and all other applicable provisions, if any, under the Companies Act, 2013, the existing Authorised Share Capital of the Company of Rs.150.00 crores (Rupees One Hundred Fifty Crore) divided into 12,50,00,000 (Twelve crores Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten only)



each and 25,00,000 (Twenty Five Lacs) Preference shares of Rs.100 (Rupees Hundred only) each be and is hereby reclassified to 12,95,00,000 (Twelve crores Ninety Five Lacs) Equity Shares of Rs.10/- (Rupees Ten only) each and 20,50,000 (Twenty Lacs Fifty Thousand) Preference shares of Rs.100 (Rupees Hundred only) each.

“RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause V as under:

- V. “The Authorised Share Capital of the Company is Rs.150,00,000/- (Rupees One Hundred Fifty Crore) divided into 12,95,00,000 (Twelve crores Ninety Five Lacs) Equity Shares of Rs.10/- (Rupees Ten only) each and 20,50,000 (Twenty Lacs Fifty Thousand) Preference shares of Rs.100 (Rupees Hundred only) each with power to increase or reduce the capital of the Company and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the Articles of Association of the company or as may be decided by the Board of Directors or by company in general meeting, as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denomination.”

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate.”

7. Approval of Cost Auditor's Remuneration

To consider and if though fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provision of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Ankit Sheth & Co., Cost Accountants, (Firm Registration No. 102785), appointed by the Board of Directors of the Company to conduct the audit of Cost records of the Company pertaining to Company's product “Textile”, be paid a remuneration, for the Financial Year ending March 31, 2016, amounting to Rs.60,000/- plus tax as applicable and re-imbursment of out of pocket expenses incurred by them in connection with the aforesaid audit.”

8. Approval to Material Related Party Transactions:

To consider and if though fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT in terms of provisions of Clause 49 of the Listing Agreement executed with the Stock Exchanges, consent of the members be and is hereby accorded for ratification / approval of material related party transactions entered into by the Company with a related party as set out in the explanatory statement annexed to the notice convening this meeting.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution.”

Date: 8th August, 2015

Place: Ahmedabad

By order of the Board of Directors
For **Ashima Limited**

Regd. Office:

Texcellence Complex,
Khokhara-Mehmedabad,
Ahmedabad – 380 021.

Hiren S. Mahadevia
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than

10% of the total share capital of the company. Members holding more than 10% of the total share capital of the company may appoint a single person as proxy, who shall not act as a proxy for any other member. The instrument of proxy, in order to be effective, should be deposited at the registered office of the company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A proxy form is annexed to this report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

2. As per Clause 49 of the Listing Agreement, information regarding appointment/re-appointment of Directors and an Explanatory Statement pursuant to section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.
3. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 12.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company
4. The Register of Members and Share Transfer Books of the Company will remain closed from 12th September, 2015 to 18th September, 2015 (both days inclusive).
5. Electronic copy of the Annual Report for the year 2014-15 is being sent to all the members whose email IDs are registered with the company/depository participant(s) for communication purpose unless any member has requested for hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2014-15 is being sent in the permitted mode.
6. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to Link Intime India Pvt. Ltd or Secretarial Department of the company immediately. In case shares held in dematerialized form, the information regarding change of address and bank particulars should be given to their respective Depository Participant.
7. Process and manner for voting through Electronic means
 - i. In compliance with provisions of section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the Listing Agreement, the company is pleased to offer the facility of voting through electronic means and the business set out in the Notice above may be transacted through such electronic voting. The facility of voting through electronic means is provided through the e-voting platform of Central Depository Services (India) Limited ("remote e-voting").
 - ii. The remote e-voting will commence on Tuesday, September 15, 2015 at 9.00 a.m. and will end on Thursday, September 17, 2015 at 5.00 p.m. During this period the Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. September 11, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on the resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast vote again.
 - iii. The facility for voting through Poll Paper would be made available at the AGM and the members attending the meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the meeting through Poll Paper. The members who have already cast their vote by remote e-voting prior to the meeting, may also attend the meeting, but shall not be entitled to cast their vote again.
 - iv. Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date i.e. September 11, 2015, shall be entitled to avail the facility of remote e-voting as well as voting at the AGM. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast the vote again.

Any recipient of the Notice, who has no voting rights as on the Cut-off date, shall treat this Notice as intimation only.
 - v. A person who has acquired the shares and has become a member of the Company after the despatch of the Notice of the AGM and prior to the Cut-off date i.e. September 11, 2015, shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or through the Poll Paper at the AGM by following the procedure mentioned in this part.
 - vi. The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date i.e. September 11, 2015.



vii. Mr. Tapan Shah, Practising Company Secretary (Membership No. FCS No.4476, CP No.2839) has been appointed as the Scrutinizer for conducting remote e-voting process in a fair and transparent manner and also voting by Poll Paper at the AGM.

viii. The procedure and instructions for remote e-voting are as under:-

Remote E-Voting Process – Shareholders holding shares in Demat Form and Physical Form

Step 1	:	Open your web browser during the voting period and log on to the e-voting website: www.evotingindia.com
Step 2	:	Click on “Shareholders” to cast your vote(s).
Step 3	:	Please enter your USER ID – <ul style="list-style-type: none"> For account holders in CDSL: Your 16 digits beneficiary ID. For account holders in NSDL: Your 8 characters DP ID and followed by 8 digits Client ID. Members holding shares in physical form should enter folio number registered with the company.
Step 4	:	Please enter the Image verification as displayed and Click on Login. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
Step 5	:	If you are a first time user follow the steps given below:
PAN	:	<ul style="list-style-type: none"> Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the company/depository participant are requested to use the sequence number which is printed on Attendance Slip, in the PAN field In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	:	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	:	Enter the dividend bank details as recorded in your demat account or the company records for the said demat account or folio. Please enter the DOB or Dividend in order to login. If DOB or Bank details are not recorded with the depository or company please enter the Member ID / Folio No. in the Dividend bank details field as mentioned in step 3.
Step 6	:	After entering these details appropriately, click on “SUBMIT” tab.
Step 7	:	Members holding shares in physical form will then reach directly to the Company selection screen. Members holding shares in Demat form will reach ‘Password Creation’ menu wherein, they are required to create their login password in the new password field. Kindly note that this password can be also be used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

Step 8	:	For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
Step 9	:	Click on the EVSN of the company i.e. 150725006 to vote
Step 10	:	On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO and click on SUBMIT.
Step 11	:	Click on the "RESOLUTIONS FILE LINK" if you wish to view the Notice.
Step 12	:	After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
Step 13	:	Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote. You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.
Step 14	:	<p>Note for Non Institutional Shareholders:-</p> <ul style="list-style-type: none"> Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com. After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) which they wish to vote on. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same

- ix) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.ashima.in and on the website of CDSL i.e. www.cdslindia.com within three days after the conclusion of 32nd AGM and shall also be communicated to Stock Exchanges where the shares of the Company are listed.
- x) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Contact Details:

Company	:	Ashima Limited
Regd. Office	:	Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad-380 021.
Registrar & Share	:	Link Intime India Pvt. Ltd.
Transfer Agent	:	303, 3 rd Floor, Shoppers Plaza V, Opp. Municipal Market, Off C.G. Road, Ahmedabad 380 009.
E-Voting Agency	:	Central Depository Services (India) Ltd.
E-mail	:	helpdesk.evoting@cdslindia.com
Scrutinizer	:	Mr. Tapan Shah, Practising Company Secretary
Email	:	scrutinizer@tapanshah.in



EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 4

Resolution under item no. 4 of the Notice relates to the payment of revised remuneration to Mr. Chintan Parikh as Managing Director of the Company for a period from 1st April, 2015 to 6th February, 2017.

The Board of Directors of the Company has at its meeting held on 8th August, 2015 approved the revised remuneration payable to the Managing Director for the aforesaid period on the recommendation of the Nomination and Remuneration Committee.

The extracts of the Supplemental Agreement with Mr. Chintan Parikh, Managing Director are as under:

The material terms of remuneration and other terms and conditions for re-appointment of the Managing Director are re-produced hereinbelow:

i. Salary:

The Managing Director shall be entitled to monthly salary of Rs.5,00,000/- (Rupees Five lacs only) per month.

ii. Perquisites:

In addition to the above, the Managing Director shall be entitled to the following perquisites:

- i. House Rent Allowance:** House rent allowance of Rs.2,00,000/- p.m. (Rupees Two lac only) per month.
- ii. Contribution to provident fund** to the extent of Rs.60,000/- p.m. (Rupees Sixty thousand only) and superannuation fund to the extent of Rs.8333/- p.m. (Rupees Eight thousand Three hundred Thirty Three only).
- iii. Provision of car with chauffeur** for use on company's business and telephone at residence. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the Managing Director.
- iv. Encashment of leave** at the end of tenure not to exceed salary and house rent allowance for a period of 28 days in a year. The amount shall not exceed Rs.6,53,333/- p.a. (Rupees Six lac Fifty Three thousand Three hundred and Thirty Three only) per annum at current salary.
- v. Sitting Fees** - The Managing Director shall not be paid any sitting fees for attending the meetings of the board of directors or committee thereof from the date of his appointment.
- vi. The headquarter of the Managing Director** shall be Ahmedabad in the state of Gujarat.
- vii. The Managing Director** shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the company or as to any trade secrets or secret processes of the company and the Managing Director shall during the continuance of his employment hereunder also use his best endeavors to prevent any other person from doing so.
- viii. Subject to the provisions of the Act** the Managing Director shall be liable to retire by rotation and he shall automatically assume the office of the Managing Director on his reappointment as director when retired by rotation at the relevant annual general meeting of the company and this agreement shall also remain valid and effective as if there is no change in date of his appointment as the Managing Director.

The remuneration proposed above is appropriate in terms of the size of the company and as compared to persons of his qualifications, cadre, knowledge and experience in the industry.

I. General Information :

The company operates in the textile industry and is in the business of manufacturing and sale of denim fabrics, and high value yarn dyed cotton fabrics. The company was incorporated in the year 1982 and

is already in commercial production since quite a long time. Based on last audited financial results for the year ended on 31.03.2015, the Turnover & other income were Rs.27162.05 lacs. The company has not made any foreign investments. The foreign holding including Non-Resident Indians (NRIs) holding 3.95% of the equity capital of the company.

II. Information about the appointee

Mr. Chintan N. Parikh is a graduate in Economics and got his MBA in the area of Finance. He was a doctoral student at Indian Institute of Management, Ahmedabad. He has about 34 years of experience in the field of textiles. Mr. Chintan N. Parikh is the Chairman and Managing Director of the company. He has about 34 years of experience in the field of textiles. He is also Chairman & Managing Director of Ashima Dyecot Limited (ADL). He is also on the board of Governors of Indian Institute of Management (IIM), Ahmedabad and also President of Ahmedabad Textiles Mills Association (ATMA). It was his vision and foresight which saw the company, having modest beginning, transform into a cotton textile unit having state of the art facilities for manufacturing denim fabrics and high value added yarn dyed shirting fabrics. He also visualized and set up Asia's most modern fabric processing facility in ADL. Under his leadership, the company established itself firmly in the domestic and global markets as a supplier of quality fabrics. In the recent years, when the company has been passing through difficult times due to various adverse factors, he has been painstakingly steering the company with focus on innovation and operational efficiency. His philosophy of "Texcellence" meaning thereby "Excellence in Textiles" has become a way of life at Group Ashima and it encompasses all aspect of business right from procurement of raw materials to final production.

Mr. Chintan N. Parikh, Managing Director of the company is responsible for day to day management and affairs of the company, subject to overall superintendence, control and directions of the board of directors of the company. Taking into qualification, consideration, dedication and his valuable contribution in the fields of textiles since long, Mr. Chintan N. Parikh is best suited for the responsibilities assigned to him as Managing Director of the company. Mr. Chintan Parikh has been paid a total remuneration (including perquisites and encashment of leave as per rules of the company) of Rs.66.44 lacs and Rs.74.98 lacs respectively for the year ended on 31st March, 2013 and 31st March, 2014. Remuneration and other perquisites as recommended by Nomination & Remuneration Committee and approved by the Board of Directors of the company are fully set out herein above. Considering the size of the Company, the profile of Mr. Chintan N. Parikh, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to him is commensurate with the remuneration packages paid to similar appointees in other companies.

III. Other Information:

Reasons for loss or inadequate profits:

The various reasons for the present performance have been highlighted in the directors' report and the management discussions and analysis of year ended 31.03.2015. The profitability of the company suffered during the year mainly due to deterioration in performance of Denim Division. In a broader perspective, the The company continues to operate under severe limitations due to its ageing machinery, which is affecting operational efficiency and product quality and restricting product developments to serve changing needs and preferences of customers. The company has also been facing problems on sales front as it is not been in a position to meet demand of higher credit in the markets due to constraints of working capital. These factors have adversely affected sales realization and margins of fabrics, as the company is having competitive disadvantage. The impact has been more severe on the Denim performance due to the current downturn.

IV. Steps taken or proposed to be taken for improvement

The Company has come out with a Scheme of Arrangement for Reconstruction and Compromise with its equity shareholders, preference shareholders and secured creditors ("the Scheme") and is in the process of obtaining their respective approvals to the Scheme at Court Convened Meeting on 20th



August, 2015. The Company has in July 2014 signed a term sheet with Asset Reconstruction Company (India) Limited (Arcil) one of the major secured creditors and made advance payments of substantial portion of the settlement amount. All the secured creditors have given their in-principle approval for the Scheme. The Company will also come up with a Rights Issue for its equity shareholders to raise funds for repaying debts Secured Creditors.

The Scheme will enable the business of the Company to be carried on effectively by providing for the settlement of dues of its secured creditors in a just, fair and equitable manner.

V. Disclosures

The details of remunerations and other information is given in the Corporate Governance part of the Directors' Report. Copy of the supplemental agreement executed with Mr. Chintan N. Parikh Managing Director, is available for inspection by the members at the registered office of the Company during working hours on any working day except Saturday till the date of this Annual General Meeting.

The Board of Directors recommend this resolution as set out at Item no. 4 for the approval of the members. None of the Directors, Key Managerial Personnel (KMP) and their relatives other than Mr. Chintan N. Parikh and his relatives is, anyway concerned or interested in the said resolution.

Item No. 5

The Board of Directors (based on the recommendation of Nomination and Remuneration Committee) had appointed Mrs. Koushlya Melwani as Additional Director (non executive & non independent) from 15th December, 2014. Mrs. Koushlya Melwani is a Cost and Management Accountant from the Institute of Cost Accountants of India and having 27 years' experience of professional experience in the field of project finance, company law & cost accounting.

Mrs. Koushlya Melwani holds office as Additional Director only up to the date of the forthcoming Annual General Meeting. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the amount of requisite deposit of Rs.1,00,000/- (Rs. One Lac) from a member signifying his intention to propose the appointment of Mrs. Koushlya Melwani as a Director.

The Board of Directors is of the opinion that her vast knowledge and varied experience will be of great value to the Company and hence recommend the Ordinary Resolution at Item No. 4 of this Notice for your approval. Disclosure under Clause 49 of the Listing Agreement with the Stock Exchange is set out in the Annexure to the Notice of the Meeting.

None of the Directors, Key Managerial Personnel and relatives thereof other than Mrs. Koushlya Melwani is concerned or interested in the said Resolution.

Item No. 6

The Company has proposed a Scheme of Arrangement for reconstruction and compromise between the Company and its equity shareholders, preference shareholders and secured creditors under sections 391 to 394 read with sections 100 to 103 of Companies Act, 1956 and section 52 of the Companies Act, 2013 and is in the process of filing the same with the Hon'ble High Court of Gujarat and the Company is also coming out with a Rights Issue of equity shares as stated in the Board's Report. Consequently the issued and paid up equity capital shall exceed the present authorised equity capital. Therefore, the authorised share capital needs to be suitably re-classified.

The provisions of the Companies Act, 2013 require the Company to seek the approval of the Members for reclassification of the Authorised Share Capital and for the alteration of capital clause of the Memorandum of Association of the Company. The Board of Directors accordingly recommends the Special Resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members.

None of the Directors and/or key managerial personnel of the Company is, in any way, concerned or interested in the said resolution.