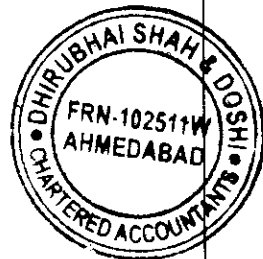


**FORM A****Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company	ASHIMA LIMITED
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Nil
5.	To be signed by – <ul style="list-style-type: none"><li>• CEO/Managing Director</li><li>• CFO</li><li>• Auditor of the company</li><li>• Audit Committee Chairman</li></ul>	<p>For Ashima Limited</p> <p><i>Chintan N. Parikh</i> (Chintan N. Parikh) Chairman &amp; Managing Director</p> <p><i>J. C. Bhayani</i> (Jayesh C. Bhayani) Chief Financial Officer</p> <p>For Dhirubhai Shah &amp; Doshi Chartered Accountants,</p> <p><i>Kaushik D. Shah</i> Kaushik D. Shah Partner Membership no.16502</p> <p><i>B. H. Dholakia</i> (Dr. Bakul H. Dholakia) Audit Committee Chairman</p>





**ashima**  
LIMITED



**32<sup>nd</sup> Annual Report**  
**2014-15**



# ASHIMA LIMITED

## 32<sup>ND</sup> 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 32<sup>nd</sup> ANNUAL GENERAL MEETING of Ashima Limited will be held on Friday, the 18<sup>th</sup> 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 31<sup>st</sup> 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 1<sup>st</sup> April, 2015 to 6<sup>th</sup> 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-imbursement 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: 8<sup>th</sup> 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 12<sup>th</sup> September, 2015 to 18<sup>th</sup> 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: <a href="http://www.evotingindia.com">www.evotingindia.com</a>
Step 2	:	Click on “Shareholders” to cast your vote(s).
Step 3	:	Please enter your USER ID – <ul style="list-style-type: none"> <li>For account holders in CDSL: Your 16 digits beneficiary ID.</li> <li>For account holders in NSDL: Your 8 characters DP ID and followed by 8 digits Client ID.</li> <li>Members holding shares in physical form should enter folio number registered with the company.</li> </ul>
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 <a href="http://www.evotingindia.com">www.evotingindia.com</a> 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"> <li>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</li> <li>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</li> <li>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.</li> </ul>
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. <b>150725006</b> 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"> <li>Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <a href="https://www.evotingindia.com">https://www.evotingindia.com</a> and register themselves as Corporates.</li> <li>A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>.</li> <li>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.</li> <li>The list of accounts should be mailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> and on approval of the accounts they would be able to cast their vote.</li> <li>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</li> </ul>

- ix) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.ashima.in](http://www.ashima.in) and on the website of CDSL i.e. [www.cdslindia.com](http://www.cdslindia.com) within three days after the conclusion of 32<sup>nd</sup> 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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 <sup>rd</sup> Floor, Shoppers Plaza V, Opp. Municipal Market, Off C.G. Road, Ahmedabad 380 009.
E-Voting Agency	:	Central Depository Services (India) Ltd.
E-mail	:	<a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>
Scrutinizer	:	Mr. Tapan Shah, Practising Company Secretary
Email	:	<a href="mailto:scrutinizer@tapanshah.in">scrutinizer@tapanshah.in</a>





## **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 1<sup>st</sup> April, 2015 to 6<sup>th</sup> February, 2017.

The Board of Directors of the Company has at its meeting held on 8<sup>th</sup> 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 31<sup>st</sup> March, 2013 and 31<sup>st</sup> 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 20<sup>th</sup>



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 15<sup>th</sup> 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.

**Item No. 7**

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment of M/s. Ankit Sheth & Co., Cost Accountants, (Firm Registration No. 102785), to conduct the audit of the Cost records of the Company's product "Textile" for the financial year ending March 31, 2016.

In terms of the provision of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the financial year ending March 31, 2016 as set out in the Resolution at Item No.6 for the aforesaid services to be rendered by them.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the said Resolution.

The Board of Directors recommends the Ordinary Resolution set out at above Notice for approval of the Members.

**Item No. 8**

Under clause 49(VII) of the Listing Agreement executed with the Stock Exchanges, all Material related Party transactions require shareholders' approval by way of Special Resolution. The said Clause defines the term "material" as follows:

"a transaction with a related party shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company."

The Company has entered into following material related party transactions with a related party during the year ended 31<sup>st</sup> March, 2015.

Name of related Party : Ashima Dyecot Limited

Nature of relationship : Other related party

(Rs. In lacs)

<b>Nature of Transactions</b>	<b>Transactions during the year ended 31.3.2015</b>
Purchases	33.22
Sales	1646.94
Expenses	2903.33
Income & other receipts	39.11
Outstanding receivable (as at the end of the year)	328.36

The aforesaid transactions were in ordinary course of business and on arm's length basis. As per Clause 49 of the Listing Agreement, related parties of the Company shall abstain from voting on said Special Resolution.

The Board of Directors recommends the said Special Resolution for your approval.

Except Mr. Chintan N. Parikh and his relatives, none of the other directors or key managerial personnel or their relatives is, in anyway, concerned or interested in the said Special Resolution.

Date: 8<sup>th</sup> 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

**ANNEXURE TO THE NOTICE DATED AUGUST 8, 2015**

**Details of Directors seeking Appointment /Reappointment at the Annual General Meeting as required under Clause 49 of the Listing Agreement**

<b>Name of Director</b>	Mr. Chintan N. Parikh
<b>Date of Birth</b>	25 <sup>th</sup> May, 1957
<b>Date of Appointment on the Board</b>	17 <sup>th</sup> June, 1982
<b>Qualifications</b>	B.A. (Economics), MBA (Finance). He was a Doctoral Student at IIM, Ahmedabad.
<b>Expertise in Specific Functional Areas</b>	Finance and Accounts
<b>Directorship held in Other Companies</b>	<ol style="list-style-type: none"> <li>1. Ashima Dyecot Ltd</li> <li>2. Atrium Exports Pvt. Ltd</li> <li>3. Freshtex India Ltd</li> <li>4. Elephants Enterprises Ltd</li> <li>5. Texcellence Pvt. Ltd</li> <li>6. Lahar Trading and Investments Ltd</li> <li>7. Apus Investments Pvt. Ltd</li> <li>8. Albus Investments Pvt. Ltd</li> <li>9. Textile Sector Skill Council</li> </ol>
<b>Chairmanship / Membership of Committees</b>	Member– Nomination and Remuneration Committee
<b>Shareholding of Director</b>	43500
<b>Relationship between Directors inter-se</b>	Nil

<b>Name of Director</b>	Mrs. Koushlya V. Melwani
<b>Date of Birth</b>	20 <sup>th</sup> April, 1961
<b>Date of Appointment on the Board</b>	15 <sup>th</sup> December, 2014
<b>Qualifications</b>	B. Com., FCMA
<b>Expertise</b>	Project Finance, Company Law & Cost Accounting
<b>Directorship held in Other Companies</b>	<ol style="list-style-type: none"> <li>1. Melwani Finsoft Pvt. Ltd</li> <li>2. K V Melwani &amp; Associates (Proprietor)</li> <li>3. KVM &amp; Co.,( Partner)</li> </ol>
<b>Chairmanship / Membership of Committees</b>	<ol style="list-style-type: none"> <li>1. Member- Audit Committee</li> <li>2. Member-Nomination and Remuneration Committee</li> <li>3. Member- Stakeholders Relationship Committee</li> <li>4. Member- Share Transfer Committee</li> </ol>
<b>Shareholding of Director</b>	Nil
<b>Relationship between Directors inter-se</b>	Nil

## BOARD'S REPORT

Your Directors take pleasure in presenting the thirty second Annual Report of your Company together with audited statement of accounts for the year ended on 31<sup>st</sup> March, 2015.

### 1. FINANCIAL RESULTS

Your Company's performance during the above year is summarized below:

Particulars	(Rupees in Lacs)	
	March 31, 2015	March 31, 2014
Profit/(Loss) before Interest and Depreciation	<b>(676.91)</b>	141.95
Less : Interest	<b>487.69</b>	191.80
Loss before Depreciation	<b>1164.60</b>	49.85
Add : Depreciation and amortisation of expenses	<b>455.40</b>	1234.17
Loss before tax	<b>1620.01</b>	1284.02
Add : Provision for tax	<b>0.32</b>	0.39
Loss after tax	<b>1620.33</b>	1284.41
Add: Loss brought forward from previous year	<b>51875.15</b>	50590.73
Add: Transferred from Revaluation Reserve	<b>2512.44</b>	--
Deficit carried to Balance Sheet	<b>56007.91</b>	51875.15

### 2. Dividend

Your Directors regret their inability to recommend any dividend on the equity shares in view of the losses suffered by your Company during the year under review and carried forward losses of earlier years. They are also unable to pay any dividend on preference shares.

### 3. RESERVES

In view of the losses incurred by your Company, no amount has been transferred to general reserve.

### 4. Review of Business Operations and Future Prospects

Reported loss for the year works out to Rs.1620.01 lacs at PBT level compared to loss of Rs.1284.02 lacs in previous year. Adjusting for non-recurring/non-operational items of loss of Rs.1096.73 lacs on sale/retirement of discarded fixed assets and reduction in depreciation for the year by Rs.778.75 lacs compared to previous year, the loss at PBT level for the year comes to Rs.1302.03 lacs compared to loss of Rs.1284.02 lacs in previous year. Thus, operational performance of the company has slightly declined during the year. Performance of Denim Division has further deteriorated, whereas Spinfab Division has been able to cut its losses.

Spinfab Division saw lower volumes, but higher sales to brands, which as a segment offers better margins, which led to its improved performance. Denim Division reported further decline as it faced limitations in product offering in changing customer preferences in a market plagued with problem of oversupply.

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.

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



**5. SCHEME OF ARRANGEMENT**

Your Company has filed with the Stock Exchanges a draft scheme of arrangement for reconstruction and compromise between the Company and its equity shareholders, preference shareholders and secured creditors under sections 391 to 394 read with sections 100 to 103 of Companies Act, 1956 and section 52 of the Companies Act, 2013 and is in the process of filing the same with the Hon'ble High Court of Gujarat. 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 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.

**6. RIGHTS ISSUE**

The Board has decided to come out with an Issue of 8,00,85,089 Equity Shares of Rs. 10/- each for cash at par for an amount aggregating to Rs.8008.51 lacs on a rights basis to the existing equity shareholders of our Company in the ratio of 24 Equity Shares for every 10 fully paid up equity shares held by the existing Equity Shareholders on the Record Date to be decided by the Board or the Rights Issue Committee.

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

**7. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF YOUR COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

There are no material changes and commitments which affect the financial position of the company occurring between the end of financial year and the date of this Report except as stated specifically in this Report.

**8. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

Your Company does not have any subsidiary, joint venture or associate company for the year ended 31<sup>st</sup> March, 2015.

**9. DEPOSITS**

The Company had stopped accepting fresh deposits from April 1, 2004 and has repaid all such deposits on their maturity, in time as per the schedule and hence not exceeded the limits, in view of the approval granted by the Ministry of Corporate Affairs, New Delhi vide order No. 7/15/2006-CL.VI dated February 6, 2007. The said order was subject to observance of certain conditions inter-alia, not accepting any fresh deposits, investment of funds or grant of loans with prior approval of Ministry of Corporate Affairs, depositor's legal right of recovery etc. There were no unpaid or unclaimed deposits as on March 31, 2015.

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

**10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings & outgo forms part of this Report and annexed at **Annexure-1**.

**11. RISK MANAGEMENT**

The Company has set up a risk management framework to identify, monitor, minimize, mitigate and report and also to identify business opportunities. The executive management oversees the risk management framework and the Audit Committee evaluates internal financial controls and risk management systems. In the opinion of Board, there are no risk which may threaten the existence of the Company.

**12. CORPORATE SOCIAL RESPONSIBILITIES INITIATIVES**

The requirements of corporate social responsibility in terms of Section 135 of the Companies Act, 2013 does not apply to your company.

**13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF COMPANIES ACT, 2013**

There are no loans granted or guarantees given or security provided or investments made under Section 186 of the Companies Act, 2013.

**14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

A Related Party Policy has been devised by the Board of Directors of your Company at its meeting held on 6<sup>th</sup> February, 2015 for determining the materiality of transactions with related parties and dealing with them. The said policy may be referred to, at the Company's website at the weblink, [http://www.ashima.in/Policy\\_Related\\_Party\\_Transactions.pdf](http://www.ashima.in/Policy_Related_Party_Transactions.pdf). The Audit Committee reviews all related party transactions quarterly.

The members may note that all transactions entered into by the Company with the Related Parties were on arm's length basis and in the ordinary course of business and therefore provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in Form AOC-2 is not required.

Details of all material transactions, if any, with related parties have been disclosed quarterly along with the compliance report on corporate governance.

**15. NOMINATION AND REMUNERATION POLICY**

A Nomination and Remuneration Policy has been formulated pursuant to the provisions of Section 178 and other applicable provisions of the Companies Act, 2013 and Rules thereto stating therein the Company's policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management and approved by the Board of Directors at its meeting held on 07.03.2015. The said policy may be referred to, at the Company's website at <http://www.ashima.in>

**16. ANNUAL EVALUATION OF BOARD'S PERFORMANCE**

A meeting of Independent Directors was held on 7<sup>th</sup> February, 2015 wherein the performance of the non-independent directors and Board was evaluated.

In accordance with the policy laid down by the Nomination and Remuneration Committee (NRC) and approved by the Board, the NRC has carried out evaluation of performance of every Director. The Board of Directors also undertook evaluation of its own performance, committees of the Board and all individual directors. After such evaluation the Board came to the conclusion that the Board as a whole as well as all its Members individually and the Committees of the Board continued to adhere to the standards of good governance and continuous improvement in processes and procedures. The Board notes that every individual Member of the Board and its Committees have contributed in the sustained operations and overall performance of the Company. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**17. ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013, is included in this Report as **Annexure-2**.

**18. WEBSITE OF YOUR COMPANY**

Your Company maintains a website [www.ashima.in](http://www.ashima.in) where detailed information of the Company and specified details in terms of the Companies Act, 2013 and the Listing Agreement have been provided.

**19. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The details of Board meeting held during the financial year 2014-2015 have been furnished in the Corporate Governance Report forming part of this Annual Report.

**20. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mrs. Koushlya V. Melwani (DIN: 01575110) has been appointed as an Additional Director of the Company with effect from 15<sup>th</sup> December, 2014. She holds office as Additional Director until the ensuing Annual General Meeting, and is eligible for appointment as Director.

The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying the intention to propose the candidature of Mrs. Koushlya V. Melwani for the office of the Director. A brief profile of Mrs. Koushlya V. Melwani has been given in the Notice convening the Annual General Meeting.

Mr. Atul Kumar Singh, Director has resigned with effect from 4<sup>th</sup> May, 2015. The Board places on record its appreciation of services rendered by Mr. Atul Kumar Singh during his tenure as Director.

In accordance with the Article of Association of the Company and the provision of the Companies Act, 2013, Mr. Chintan N. Parikh, Director (DIN: 00155225) retires by rotation and being eligible seeks reappointment.

During the year, Mr. Hiren Mahadevia relinquished his responsibilities as Chief Financial Officer and continues as Company Secretary. Mr. Jayesh C. Bhayani has been appointed as the Chief Financial Officer of the Company with effect from 15<sup>th</sup> December, 2014.

**21. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors state that —

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and 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 at the end of the financial year and of the loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (f) the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

**22. DECLARATION OF INDEPENDENT DIRECTORS**

All the Independent Directors have given their declaration to the Company stating their independence pursuant to Section 149(6). The terms and conditions of the appointment of Independent Directors have been disclosed on the website of the Company at [www.ashima.in](http://www.ashima.in)

**23. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The details of the programme for familiarisation of the Independent Directors with the Company in respect of their roles, rights, responsibilities in the Company, nature of the industry in which Company operates, business model of the Company and related matters are put up on the website of the company in the Investors section under the head "Policies".

**24. PARTICULARS OF EMPLOYEES**

- (A) The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report and is annexed as **Annexure - 3** to this Report.
- (B) The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report. In terms of Section 136 of the Companies Act, 2013 the same is open for inspection at the Registered Office of the Company. Copies of this statement may be obtained by the members by writing to the Company Secretary.

**25. STATUTORY AUDITORS**

M/s. Dhirubhai Shah & Doshi, Chartered Accountants (Firm Registration No. 102511W) hold office upto the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified from appointment.

**26. SECRETARIAL AUDIT REPORT**

The provisions of Section 204 read with Section 134(3) mandates Secretarial Audit of the Company to be carried out from the financial year commencing on or after 1<sup>st</sup> April, 2014 by a Company Secretary in Practice. The Board at its meeting held on 29<sup>th</sup> July, 2014, has therefore appointed Mr. Tapan Shah, Practising Company Secretary (Certificate of Practice No. 2839) as the Secretarial Auditor of the Company for the financial year ended 31<sup>st</sup> March, 2015. The Secretarial Auditor's Report for the financial year ended 31<sup>st</sup> March, 2015 is annexed to the Board's Report at **Annexure-4**.

**27. EXPLANATIONS/ COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY**

The observations of Statutory Auditors in their report on the financial statements are self explanatory and therefore do not call for any further comments.

Mr. Tapan Shah, Practising Company Secretary was appointed to carry out the secretarial audit for the year ended 31<sup>st</sup> March, 2015 in terms of provisions of Section 204 of the Companies Act, 2013. The Secretarial Audit Report is annexed with this Report. There are no qualifications, reservations or adverse remarks in the said Secretarial Audit Report.

**28. CHANGES IN CAPITAL STRUCTURE**

During the year ended review the authorised share capital was increased from Rs.100 crore to Rs.150 crores as per the approval granted by the Shareholders at the Annual General Meeting (AGM) held on 29<sup>th</sup> September, 2014. The Authorised Share capital is proposed to be re-classified and the same is being placed for approval of the Shareholders at the ensuing AGM in order to accommodate the expected increase of equity capital on account of proposed Rights Issue and the Scheme of Arrangement for Reconstruction and Compromise.

**29. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND VIGIL MECHANISM**

The details of composition of Audit Committee have been furnished in the Corporate Governance Report forming part of this Annual Report.

Your Company has established Vigil Mechanism (whistle blower policy) for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report and displayed on the website of the Company.

**30. LISTING WITH STOCK EXCHANGES**

Your Company is listed with the BSE Limited and National Stock Exchange of India Ltd. and the Company has paid the listing fees to each of the Exchanges.

**31. DELISTING**

During the Financial Year 2014-2015, your Company applied to Ahmedabad Stock Exchange Limited for voluntary delisting of its Equity Shares in accordance with Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("Delisting Regulations") as approved by Board of Directors at their meeting held on 29<sup>th</sup> July, 2014.

Accordingly, the Ahmedabad Stock Exchange Limited has granted its approval to delist the Shares of the Company with effect from 23.12.2014.

**32. AUDIT COMMITTEE**

The composition and terms of reference of the Audit Committee has been given in the Corporate Governance Report forming a part of this Annual Report. There has been no instance where the Board has not accepted the recommendations of the Audit Committee.

**33. CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The report on corporate governance along with management discussion and analysis and certificate of compliance from statutory auditors forms part of this Annual Report.

The Certificate of the statutory auditors of the Company certifying compliance of conditions of the corporate governance as per clause 49 of the listing agreement is annexed with the report of the corporate governance.

**34. GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a. Issue of equity shares with differential rights as to dividend, voting or otherwise
- b. Issue of shares (including sweat equity shares) to employees of the Company under any scheme including Employee Stock Option Scheme.
- c. Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees.

There were no significant and material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

**35. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Directors state that during the year under review, there were no cases filed pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**36. APPRECIATION**

Your Directors express their gratitude for the dedicated services put in by all the employees of the Company.

**37. ACKNOWLEDGEMENTS**

Your Directors place on record their sincere thanks to the customers, vendors, investors, banks and financial institutions for the continued support. Your Directors are also thankful 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

Place: Ahmedabad

Date: 27<sup>th</sup> June, 2015

**Chintan N. Parikh**

Chairman and Managing Director

## ANNEXURES TO THE DIRECTORS' REPORT

### ANNEXURE-1

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo.

The Information under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules 2014 for the year ended March 31, 2015 is given herein below and forms part of the Board's Report.

#### A. Conservation of Energy

##### i. Energy Conservation measures taken:

- In water softening plant, conventional design soft water delivery pump-motor set was replaced with new advanced technology pump-motor set, thereby saving power.
- In Fong's yarn dyeing machine old version motor was replaced with high efficiency motor.
- Replacement of copper coil & gas compressor set of chiller plant of R.F. Dryer machine with new energy efficient set.
- Regular monitoring of power factor to reduce overall power cost.

##### ii. Utilization of alternate source of energy

During the year under review, the sludge from Effluent Treatment Plant was dried by heating with solar energy instead of electricity/fuel.

##### iii. The cost of the equipment for the energy conservation is Rs.1.66 Lacs

#### B. Technology Absorption

##### i. Efforts, in brief, made towards Technology Absorption.

- Conversion of electric panels of Finishing range from DC to AC drive.

##### ii. The benefit of the above effort was reduction in breakdowns and improvement in working of the machine.

##### iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

##### iv. Expenditure incurred on Research and Development.

The company has not incurred any expenditure on research and development activity.

#### C. Foreign Exchange Earning and Outgo

During the year under review foreign exchange earnings were Rs. 957.44 lacs excluding deemed export and foreign exchange outgo was Rs. 450.30 lacs.



**ANNEXURE-2****FORM NO. MGT – 9****EXTRACT OF ANNUAL RETURN**as on the financial year ended on 31<sup>st</sup> March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

1.	CIN	L99999GJ1982PLC005253
2.	Registration Date	17 <sup>th</sup> June, 1982
3.	Name of the Company	Ashima Limited
4.	Category / Sub-category of the Company	Public Company Limited by Shares
5.	Address of the Registered Office and contact details	Texcellence Complex, Khokhara Mehmedabad, Ahmedabad 380 021 Phone: 079-67777000 E-mail: texcellence@ashima.in
6.	Whether listed Company (Yes/No)	Yes
7	Name, Address and Contact Details of Registrar and Transfer Agent, if any	Link Intime Pvt. Ltd. 303, 3 <sup>rd</sup> Floor, Shoppers Plaza V, Opp. Municipal Market, Off. C. G. Road, Ahmedabad – 380 009 Phone: 079 - 26465179 Fax: 079 - 26465179 Email: ahmedabad@linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product	NIC Code of the Product	% of total turnover of the Company
1	Cotton Fabrics	1711	95.7%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN / GIN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
	NIL	NIL	NIL	NIL	NIL

## IV. Shareholding pattern (Equity Share Capital Breakup as % of total Equity)

## i. Category wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2014				No. of Shares held at the end of the year i.e. 31.03.2015				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	265201	-	265201	0.79	265201	-	265201	0.79	
b) Cent. Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	10872092	-	10872092	32.58	10872092	-	10872092	32.58	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	11137293	-	11137293	33.38	11137293	-	11137293	33.38	-
(2) Foreign									-
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total share-holding of Promoter (A) = (A)(1) + (A)(2)	11137293	-	11137293	33.38	11137293	-	11137293	33.38	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	3300	3300	0.01	-	3300	3300	0.01	-
b) Banks / FI	22985	89	23074	0.07	22985	89	23074	0.07	-
c) Cent. Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others, Specify	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	22985	3389	26374	0.08	22985	3389	26374	0.08	



Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2014				No. of Shares held at the end of the year i.e. 31.03.2015				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(2) Non-Institutions</b>									
a) Bodies Corporate	4384293	14522	4398815	13.18	4741326	14522	4755848	14.25	+1.07
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs.1 Lac	9311598	677451	9989049	29.94	8377369	669123	9046492	27.11	-2.83
ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lac	6477853	-	6477853	19.41	7084888	-	7084888	21.23	+1.82
<b>c) Others, Specify</b>									
i) OCB's	600000	492465	1092465	3.27	600000	492465	1092465	3.27	-
ii) Individuals (Non Resident Individuals)	201636	45302	246938	0.74	180425	45002	225427	0.68	-0.06
<b>Sub-total (B) (2)</b>	<b>20975380</b>	<b>1229740</b>	<b>22205120</b>	<b>66.54</b>	<b>20984008</b>	<b>1221112</b>	<b>22205120</b>	<b>66.54</b>	<b>-</b>
<b>Total Public Shareholding(B)= (B)(1) + (B)(2)</b>	<b>20998365</b>	<b>1233129</b>	<b>22231494</b>	<b>66.62</b>	<b>21006993</b>	<b>1224501</b>	<b>22231494</b>	<b>66.62</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs and ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>32135658</b>	<b>1233129</b>	<b>33368787</b>	<b>100.00</b>	<b>32144286</b>	<b>1224501</b>	<b>33368787</b>	<b>100.00</b>	<b>-</b>

**ii. Shareholding of Promoters**

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year i.e. 01.04.2014			No. of Shares held at the end of the year i.e. 31.03.2015			% Change in share-holding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Elephants Enterprises Ltd.	865000	2.59	2.59	-	-	-	-2.59
2.	Lahar Trading & Investments Ltd.	135000	0.40	0.40	-	-	-	- 0.40
3.	Apus Investments Pvt. Ltd.	4934221	14.79	0.00	5434221	16.29	1.50	+1.50
4.	Albus Investments Pvt. Ltd.	4937871	14.80	0.00	5437871	16.30	1.50	+1.50

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year i.e. 01.04.2014			No. of Shares held at the end of the year i.e. 31.03.2015			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
5.	Ayesha C. Parikh & Chintan N. Parikh	27913	0.08	-	27913	0.08	-	-
6.	Chintan Navnitlal Parikh (HUF)	30425	0.09	-	30425	0.09	-	-
7.	Chintan Navnit Parikh (IND)	43500	0.13	-	43500	0.13	-	-
8.	Krishnachintan Chintan Parikh	31300	0.09	-	31300	0.09	-	-
9.	Shefali Chintan Parikh	23800	0.07	-	23800	0.07	-	-
10.	Uttara Chintan Parikh & Chintan N. Parikh	100463	0.30	-	100463	0.30	-	-
11.	Virbala N. Parikh	7800	0.02	-	-	-	-	-0.02
12.	Shefali C. Parikh & Chintan N. Parikh	-	-	-	7800	0.02	-	+0.02
<b>Total</b>		<b>11137293</b>	<b>33.38</b>	<b>3.00</b>	<b>11137293</b>	<b>33.38</b>	<b>3.00</b>	<b>-</b>

iii. **Change in Promoters' Shareholding (Please specify, if there is no change)**

There is no change in the shareholding of the Promoter Group.

iv. **Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For each of the top 10 Shareholders	Shareholding at the beginning of the year 01.04.2014		Change* in shareholding, i.e. Increase / (Decrease) (Date & No. of Shares)	Shareholding at the end of the year 31.03.2015	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1.	Geek Technologies Pvt. Ltd.	2194200	6.58	-	2194200	6.58
2.	M. P. Investments India Ltd.	1077465	3.23	-	1077465	3.23
3.	Aditya H. Patel	494635	1.48	-	494635	1.48
4.	Mentor Capital Ltd.	486141	1.46	29.8.2014 (6000)	480141	1.44
5.	Patel Hemang Sukhdevprasad	413069	1.24	-	413069	1.24
6.	Nehaben Hemangbhai Patel	391272	1.17	-	391272	1.17
7.	Malay Jayendra Dalal	334404	1.00	-	334404	1.00



Sr. No.	For each of the top 10 Shareholders	Shareholding at the beginning of the year 01.04.2014		Change* in shareholding, i.e. Increase / (Decrease) (Date & No. of Shares)	Shareholding at the end of the year 31.03.2015	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
8.	Rosy Blue Securities Pvt. Ltd.	45610	0.14	6.6.2014 167689 13.6.2014 73273 20.6.2014 31294 30.6.2014 13000 11.7.2014 44435 18.7.2014 57095 25.7.2014 67604 27.3.2015 (175000)	325000	0.97
9.	Vishal Mukeshkumar Shah	252150	0.76		252150	0.76
10.	Ashok Liladhar Shah	305240	0.91	13.6.2014 (5064) 4.7.2014 11500 18.7.2014 (2000) 25.7.2014 (8000) 1.8.2014 (4000) 15.8.2014 (14734) 22.8.2014 (11671) 29.8.2014 (2000) 5.9.2014 (1000) 12.9.2014 (2000) 30.9.2014 (5000) 17.10.2014 (5000) 24.10.2014 (3000) 13.2.2015 (1000) 27.2.2015 (7000)	245271	0.74
11.	Mittal Mukeshkumar Shah	252125	0.76	12.9.2014 (42125)	210000	0.63

\* The reason for change of shareholding as described above is due to Share Transfer.

**v. Shareholding of Directors and Key Managerial Personnel**

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year 01.04.2014		Shareholding at the end of the year 31.03.2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Chintan N. Parikh (IND)	43500	0.13	43500	0.13
2.	Dr. Bakul H. Dholakia	1000	0.00	1000	0.00
3.	Mr. Jaykant R. Baxi	1200	0.00	1200	0.00
4.	Mr. Hiren S. Mahadevia	10450	0.03	10450	0.03

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Rs. In lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	44979.83	1543.64	--	46523.47
ii) Interest due but not paid	104.14	--	--	104.14
iii) Interest accrued but not paid	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>45083.97</b>	<b>1543.64</b>	<b>--</b>	<b>46627.61</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	--	--	--	--
Reduction	913.33	--	--	913.33
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	44066.50	1543.64	--	45610.14
ii) Interest due but not paid	104.14	--	--	104.14
iii) Interest accrued but not paid	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>44170.64</b>	<b>1543.64</b>	<b>--</b>	<b>45714.28</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Director and / or Manager:**

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount (In Rs.)
<b>MD - MR. CHINTAN PARIKH</b>			
1	Gross salary		
	(a) Salary as per section 17(1) of IT Act, 1961		65,00,000
	(b) Value of Perquisites u/s 17(2) of IT Act, 1961		--
2	Stock Option		--
3	Sweat Equity		--
4	Commission:		
	- as % of profit		--
	- others, specify		--
5	Others, specify		--
	<b>TOTAL</b>		<b>65,00,000</b>
	Ceiling as per Act		66,00,000




**B. REMUNERATION TO OTHER DIRECTORS:**
**1. INDEPENDENT DIRECTORS**

Particulars of Remuneration	Name of Directors				Total Amount (in Rs.)
	Dr. Bakul Dholakia	Mr. Jaykant Baxi	Mr. Atul Kumar Singh*	Mr. Bihari B. Shah	
Fee for Attending Board / Committee Meetings	66,000	55,000	63,000	75,000	2,59,000
Commission	--	--	--	--	--
Others, Please Specify	--	--	--	--	--
<b>TOTAL</b>	<b>66,000</b>	<b>55,000</b>	<b>63,000</b>	<b>75,000</b>	<b>2,59,000</b>

\* Resigned with effect from 4<sup>th</sup> May, 2015

**2. OTHER NON EXECUTIVE DIRECTORS:-**

Particulars of Remuneration	Mrs. Koushlya Melwani	Mr. Neeraj Golas**	Total Amount (in Rs.)
Fee for Attending Board / Committee Meetings	30,000	46,000	76,000
Commission	--	--	--
Others, Please Specify	--	--	--
<b>TOTAL</b>	<b>30,000</b>	<b>46,000</b>	<b>76,000</b>

\*\* NOMINEE DIRECTOR OF ARCIL

**C. REMUNERATION TO KEY MANGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD:-**

(Rupees in Lacs)

SR. NO.	Particulars of Remuneration	Company Secretary	Chief Financial Officer	Total Amount
1	Gross salary			
	(a) Salary as per section 17(1) of IT Act, 1961	104.04*	36.53*	140.57*
	(b) Value of Perquisites u/s 17(2) of IT Act, 1961	--	--	--
	(c) Profits in lieu of salary u/s 17(3) of IT Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission:-			
	- as % of profit	--	--	--
	- others, specify	--	--	--
5	Others, specify	--	--	--
	<b>TOTAL</b>	<b>104.04*</b>	<b>36.53*</b>	<b>140.57*</b>

\* includes arrears of remuneration for earlier years

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCE (UNDER THE COMPANIES ACT):

(Rupees in Lacs)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLD / Court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>B. DIRECTORS</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>C. OFFICER IN DEFAULT</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

**ANNEXURE-3**

Details Pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

<b>Sr. No.</b>	<b>Particulars</b>
1.	Ratio of Remuneration* of Chairman & Managing Director to the median remuneration of employees of the company is 38.62 : 1. Other directors have been in receipt of only the fees for attending Board/ Committee Meetings.
2.	The increase in remuneration of Chairman and Managing Director is NIL, of Group CFO and Company Secretary is 6.49% and that of Chief Financial Officer is 5.94%*.
3.	The increase in the median remuneration of employees is 3.54%.
4.	There were 1,254 permanent employees on the rolls of the company as on 31 <sup>st</sup> March, 2015.
5.	The company incurred a loss of Rs.1620.01 lacs for FY 2014-2015. The average increase in the remuneration is 5.16%, which was to partially offset the average inflation in FY 14-15 as also to prevent any significant employee attrition.
6.	The company incurred a loss of Rs.1620.01 lacs for FY 2014-2015. The Key Managerial Personnel including Chairman & Managing Director were paid a remuneration of Rs.197.70* lacs for the year.
7.	The market capitalisation of the company has increased from Rs.1054.45 lacs as on 31 <sup>st</sup> March 2014 to Rs.2669.50 lacs as on 31 <sup>st</sup> March 2015. The PE ratios are not relevant due to losses of the company. The last public offer by the company was in 1996 and since then there is a decrease of 7.25 times in the market quotation of the shares of the company.
8.	Average increase in remuneration of Managerial Personnel (KMP including CMD) is 3.97%* while that of other employees is 5.03%.
9.	The company incurred a loss of Rs.1620.01 lacs for the FY 2014-2015. The remuneration of Chairman and Managing Director is Rs.70.71 lacs, of Group CFO and Company Secretary is Rs.88.58 lacs and that of Chief Financial Officer is Rs.38.42 lacs.
10.	There is no variable component in the remuneration of the directors.
11.	The ratio of the remuneration of the highest paid director to that of two employees who are not directors but receive remuneration in excess of the highest paid director during the year is 1 : 1.29
12.	The remuneration is as per the Nomination and Remuneration Policy of the company

\*Remuneration payable for the relevant year is taken into consideration for all above calculations. Effect of any arrears or deferred payments for earlier periods have been ignored for the calculations.

## ANNEXURE - 4

### SECRETARIAL AUDIT REPORT

For the financial year ended 31/03/2015

[Pursuant to section 204(1) of the Companies Act, 2013 and  
Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**ASHIMA LIMITED**  
Texcellence Complex,  
Khokhara – Mehmedabad,  
Ahmedabad - 380021

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Ashima Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder as applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has generally complied with the all material aspects of applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Further being a Textile Industry, there are no specific applicable laws to the Company, which requires approvals or compliances under any Act or Regulations.

During the Period under review, provisions of the following Acts, Rules, Regulations, Guidelines, Standards, etc. were not applicable to the Company:



- i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- ii. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- iii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings; and
- v. Secretarial Standards issued by the Institute of Company Secretaries of India.

**I further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that -**

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that during the audit period -**

- (i) The board of Directors of the Company had decided voluntary to delist the Equity Shares of the Company listed on Ahmedabad Stock Exchange Limited ("ASEL") under Clause 6(a) of SEBI (Delisting of Equity Shares) Regulations, 2009. Further, the "Independent Oversight Committee for Listing and Delisting Function" of ASEL, in its meeting held on 22<sup>nd</sup> December, 2014 has approved the application for Delisting of Equity Shares and accordingly the Equity Shares of the Company were delisted w.e.f. 23<sup>rd</sup> December, 2014.
- (ii) The Board of Directors have approved the draft Scheme of Arrangement for Reconstruction and Compromise ('the Scheme') between the Company and its Equity Shareholders, Preference Shareholders and Secured Creditors, in their meeting held on 15<sup>th</sup> December, 2014, pursuant to the provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 ("the 1956 Act") and other applicable provisions of the 1956 Act and Section 52 and Section 179(3)(i) of the Companies Act, 2013 ("the 2013 Act") and all other applicable rules and provisions, if any of the 2013 Act. Same Scheme was filed with the Stock Exchanges as on 26<sup>th</sup> December, 2014. Again as per the advice from SEBI, the modified scheme was filed as on 6<sup>th</sup> April, 2015. On 26<sup>th</sup> May, 2015, the said modified Scheme was further amended by separately providing the Issue of Rights Shares to the shareholders of the Company by following SEBI (ICDR) Regulations, 2009. The Company has filed Rights Issue Offer letter with SEBI as on 23<sup>rd</sup> June, 2015. Recently, the Company has also received final observations from both the Stock Exchanges for the Scheme.

Signature  
**(Tapan Shah)**

Practicing Company Secretary  
Membership No. 4476  
Certificate of Practice No. 2839

Place: Ahmedabad  
Date : 27<sup>th</sup> June, 2015

**Note:** This Report is to be read with my letter of above date which is annexed as Annexure A and forms an integral part of this report.

**ANNEXURE A**

To,  
The Members  
**ASHIMA LIMITED**  
Texcellence Complex,  
Khokhara – Mehmedabad,  
Ahmedabad – 380021

My report of 27.06.2015 is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records. The verification was done based on the records and documents provided, on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed by me provides a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Ahmedabad  
Date : 27<sup>th</sup> June, 2015

Signature  
**(Tapan Shah)**  
Practicing Company Secretary  
Membership No. 4476  
Certificate of Practice No. 2839





## **CEO AND CFO CERTIFICATION**

The Board of Directors

**Ashima Limited**

Ahmedabad.

We certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended on March 31, 2015 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the audit committee that:
  - (i) there are no significant changes in internal control over financial reporting during the year.
  - (ii) there are no significant changes in accounting policies during the year.
  - (iii) there are no instances of significant fraud of which we have become aware.

**Chintan N. Parikh**

Chairman and Managing Director

Place: Ahmedabad

Date : 27<sup>th</sup> June, 2015

**Jayesh C. Bhayani**

Chief Financial Officer

## CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance Report for the year ended on 31<sup>st</sup> March, 2015:

### 1. Company's Philosophy on Corporate Governance:

Ashima believes in transparency and has immense value for the principles of corporate governance. Ashima understands that accountability, equity and total transparency in its interaction with all stakeholders is its responsibility while conducting its business and hence is totally committed to achieving highest levels of standards in corporate governance practice. It is a well accepted fact both in India and world over that a good governed organization results in maximizing its stakeholders value in long run. In line with these globally accepted principles of good corporate governance, Ashima has ensured and implemented the same in its true letter and spirit, to maximise shareholders' wealth. Ashima believes that good corporate governance practice enables the management to direct and control the affairs of a company in a more 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. Thus good corporate governance is integral part of its value system. The company is in full compliance of Clause 49 of the listing agreement.

### 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 exchange. The board of directors of the company as at 31<sup>st</sup> March, 2015 comprises of 7 directors including a woman director, with more than 50% of it as non-executive independent directors. Further, none of the directors is member of more than 10 (ten) board level committees and chairman of 5 (five) board level committees of public companies, where he/she is director. None of the independent directors of the company serve as an independent director in more than 7 (seven) listed companies and also not serving as whole time director in more than 3 (three) listed companies. The board comprises of 7 (seven) directors as on 31<sup>st</sup> March, 2015 of this report, details of which are as follows:-

Category	Name of Directors
Promoter Director	1. Mr. Chintan N. Parikh - Chairman and Managing Director
Independent Directors	2. Dr. Bakul H. Dholakia 3. Mr. Jaykant R. Baxi 4. Mr. Bihari B. Shah 5. Mr. Atul Kumar Singh @
Nominee Director (Non-Executive)	6. Mr. Neeraj Golas
Non – Executive Non Independent Director	7. Mrs. Koushlya Melwani #

@ Resigned as Director w.e.f. 4<sup>th</sup> May, 2015.

# Appointed as Additional Director w.e.f. 15<sup>th</sup> December, 2014.

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



***Brief resume of Directors seeking Appointment / Re-appointment u/s 152 / 161 of the Companies Act, 2013.***

**Information required under Clause 49 VIII (E) of the Listing Agreement with respect to the directors retiring and seeking appointment / re-appointment of directors sought to be appointed as under:-**

At the ensuing annual general meeting, Mr. Chintan N. Parikh, Chairman & Managing Director of the company, retires by rotation and being eligible is seeking re-appointment and Mrs. Koushlya Melwani, Additional Director of the company is seeking appointment as Director under section 152 of the Companies Act, 2013. A brief profile of the above directors is as under:

Mr. Chintan N. Parikh, graduated 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. 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.

Mrs. Koushlya Melwani is Cost & Management Accountant from the Institute of Cost Accountants of India and having 27 years of professional experience in the field of project finance, company law and cost accounting.

- b. Number of other companies in which the directors are Director/ Chairman and other Board Committees in which they are member or Chairperson:

<b>Name of the Director(s)</b>	<b>Number of Directorships including alternate director</b>	<b>No. of memberships in board committees</b>	<b>Whether Chairman/ Member</b>
1. Mr. Chintan N. Parikh	8	-	-
2. Dr. Bakul H. Dholakia	5	3	Chairman
3. Mr. Jaykant R. Baxi	-	-	-
4. Mr. Bihari B. Shah	-	-	-
5. Mr. Atul Kumar Singh\$	-	-	-
6. Mr. Neeraj Golas	1	-	-
7. Mrs. Koushlya Melwani #	1	-	-

\$ Resigned as Director w.e.f. 04.05.2015.

# Appointed as Additional Director w.e.f. 15.12.2014.

**c. Number of board meetings held during the year 2014-15**

The board meets at least once in a quarter to review the quarterly results and consider other items on agenda. During the year 2014-2015 board of directors of the company met 6 (six) times on following dates:- 30<sup>th</sup> May, 2014, 29<sup>th</sup> July, 2014, 21<sup>st</sup> October, 2014, 15<sup>th</sup> December, 2014, 6<sup>th</sup> February, 2015 and 7<sup>th</sup> March, 2015.

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-X to Clause 49 of the listing agreement 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:**

<b>Sr. No.</b>	<b>Name of the Directors</b>	<b>Number of board meetings attended</b>	<b>Last AGM attended (Yes/No)</b>
1.	Mr. Chintan N. Parikh	6	Yes
2.	Dr. Bakul H. Dholakia	5	Yes
3.	Mr. Jaykant R. Baxi	6	No
4.	Mr. Bihari B. Shah	6	Yes
5.	Mr. Atul Kumar Singh \$	5	Yes
6.	Mr. Neeraj Golas	6	No
7.	Mrs. Koushlya Melwani @	3	No

\$ Resigned as Director w.e.f. 04.05.2015.

# Appointed as Additional Director w.e.f. 15.12.2014.

- e. The terms and conditions of the appointment of Independent Directors have been placed on the web site of the company.

**3. Board Committees**

**a. Audit Committee:**

The board of directors of the company has constituted an audit committee in the year 2001. The composition of audit committee has been changed as and when required. The audit committee acts as link between the statutory and internal auditors and the Board of Directors. The audit committee as at 31<sup>st</sup> March, 2015 comprised of 3 (three) directors viz. Dr. Bakul H. Dholakia, Mr. Bihari B. Shah and Mr. Atul Kumar Singh. The constitution of audit committee meets the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the listing agreement.

The terms of reference of audit committee as approved by the board of directors are in compliance with the requirements of the listing agreement read with section 177 of the Companies Act, 2013, stipulated herein below:

- The audit committee will meet at least four times a year and not more than four months shall elapse between two meetings.
- Powers of audit committee
  - to investigate any activity within its terms of reference.
  - to seek information from any employee.
  - to obtain outside legal or other professional advice.
  - to secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight 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.
- Recommending to the board, the appointment / re-appointment and if required, replacement or removal of statutory auditor and the fixation of audit fees.



5. Approval of payment to statutory auditors for any other services rendered by them.
6. Reviewing with the management the annual financial statements and auditor's report thereon before submission to the board for approval with reference to:-
  - Matters required to be included in Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section 3 of section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on exercise of judgment by management.
  - Significant adjustments made in financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of related party transactions.
  - Qualifications in the draft audit report.
7. Reviewing with the management, the quarterly financial statement before submission to the board for approval.
8. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.) the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the board to take up steps in the matter.
9. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
10. Approval or any subsequent modification of transactions of the company with related parties.
11. Scrutiny of inter-corporate loans and investments.
12. Valuation of undertakings or assets of the company, wherever it is necessary.
13. Evaluation of internal financial controls and risk management systems.
14. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
15. To formulate in consultation of internal auditor the scope, functioning, periodicity and methodology for conducting the internal audit and Reviewing the adequacy of internal audit function, if any, 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.
16. Discussion with internal auditors on any significant findings and follow up thereon.
17. Reviewing the findings of any internal investigations by the internal auditors into 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.
18. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
19. To review the functioning of the Whistle Blower Mechanism.
20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

21. Approval of appointment of CFO (i.e. the whole time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.
22. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

During the year 2014-2015, the audit committee met 6 times on 30<sup>th</sup> May, 2014, 29<sup>th</sup> July, 2014, 21<sup>st</sup> October, 2014, 15<sup>th</sup> December, 2014, 6<sup>th</sup> February, 2015 and 7<sup>th</sup> March, 2015. The audit committee normally reviews those functions which are assigned to it as per the terms of reference approved by board of directors. The meeting held on 30<sup>th</sup> May, 2014 was to review annual accounts for the year ended on 31<sup>st</sup> March, 2014.

The details of audit committee 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	6	5
2.	Mr. Bihari B. Shah	Member	6	6
3.	Mr. Atul Kumar Singh \$	Member	6	5

\$ Resigned as Director w.e.f. 04.05.2015

#### b. Nomination and Remuneration Committee

The board of directors of the company has constituted a remuneration committee in the year 2003. The composition of committee has been changed as and when required. In compliance with section 178 of the Companies Act, 2013 and Clause 49 of the listing agreement, the Board has renamed the existing "Remuneration Committee" as the "Nomination and Remuneration Committee".

The powers, roles and terms of reference of the Nomination and Remuneration Committee covers the area as contemplated under Clause 49 of the Listing Agreement and Section 178 of the Companies Act, 2013, besides other terms as may referred by the Board of Directors. The roles includes formulation of criteria for determining qualifications, positive attributes and independence of director and recommending to the Board a policy, relating to remuneration for the directors, key managerial personnel and other senior level employees, formulation of criteria for evaluation of independent directors and the Board, devising a policy on Board diversity and identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The Nomination and Remuneration committee has formulated a nomination & remuneration policy and the same was approved by the board of directors. The policy is available on the website of the company.

In compliance with the provisions of section 178 of the Companies Act, 2013 and Clause 49 of the listing agreement, Dr. Bakul H. Dholakia – Independent Director is the Chairman of the committee and Mr. Atul Kumar Singh (resigned w.e.f. 4.5.2015) and Mr. Jaykant R. Baxi, the members of the committee. The remuneration committee met twice on 15<sup>th</sup> December, 2014 and 6<sup>th</sup> February, 2015. The details of members participation at the meetings are as under:

Sr. No.	Name	Designation	No. of meetings held	No. of meetings attended
1.	Dr. Bakul H. Dholakia	Chairman	2	2
2.	Mr. Jaykant R. Baxi	Member	2	2
3.	Mr. Atul Kumar Singh \$	Member	2	1

\$ Resigned as Director w.e.f. 04.05.2015.



Details of remuneration paid to directors for the financial year 2014-2015:-

The terms of appointment of Mr. Chintan N. Parikh, Managing Director has been recommended by the Nomination and Remuneration committee and approved by the board of directors and shareholders. Ministry of Corporate Affairs, New Delhi has approved the appointment of the Managing Director for a period of 3 years w.e.f. 7<sup>th</sup> February, 2014 to 6<sup>th</sup> February, 2017 vide Letter no. C00297036/4/2014 CL VII dated 08.01.2015, along with payment of remuneration to the Managing Director for the period 7<sup>th</sup> February, 2014 to 31<sup>st</sup> March, 2014 only at the rate of Rs.66.00 lacs per annum.

The remuneration paid for the financial year ended on 31<sup>st</sup> March, 2015 to Mr. Chintan N. Parikh, Managing Director of the company is Rs.71.42 lacs (inclusive of Rs.5.42 lacs for the previous year period) which includes salary, perquisites, contribution to provident fund and superannuation fund. Besides this the Managing Director, is also entitled to encashment of leave as per the rules of the company.

The company pays sitting fees to all of its Non-Executive Directors. The same is paid at the rate of Rs.10000/- per meeting for board meeting, Rs.5000/- per meeting for the audit committee meeting and Rs.3000/- per meeting for the Nomination and Remuneration committee and separate meeting of Independent Directors, subject to tax. The total sitting fees paid for the year ended on 31<sup>st</sup> March, 2015 to the directors is as follows:-

<b>No.</b>	<b>Name of Directors</b>	<b>Amount (in Rs.)</b>
1.	Dr. Bakul H. Dholakia	66000
2.	Mr. Jaykant R. Baxi	55000
3.	Mr. Bihari B. Shah	75000
4.	Mr. Atul Kumar Singh \$	63000
5.	Mr. Neeraj Golas #	46000
6.	Mrs. Koushlya Melwani *	30000

\$ Resigned as Director w.e.f. 04.05.2015.

# Appointed as Nominee Director of ARCIL w.e.f. 30.05.2014

\* Appointed as Additional Director w.e.f. 15.12.2014.

#### **c. Share 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 / 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 as at 31<sup>st</sup> March, 2015 comprised of Mr. Atul Kumar Singh and Mr. Jaykant R. Baxi, Director and Mr. Hiren S. Mahadevia, Company Secretary 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 businesses transacted by the share transfer committee at subsequent board meeting.

The company has as per Securities and Exchange 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. At present the entire activities relating to shares transfer, transmission, etc. is handled by Link Intime India Pvt. Ltd, Ahmedabad, a SEBI authorized registrar which also provides electronic connectivity with CDSL and NSDL to carry out such work assigned.

The shareholding of the company constitutes shares in dematerialized and physical form in ratio of 96.33% and 3.67% respectively as on 31<sup>st</sup> March, 2015.

**d. Stakeholders Relationship Committee (earlier known as Shareholders / Investors Grievance Committee):**

The company constituted shareholders / investors grievances committee in the year 2002. The composition of same has been changed as and when required. The board of directors in its meeting held on 30<sup>th</sup> May, 2014 changed the nomenclature of the Shareholder's/ Investors Grievance Committee to Stakeholders Relationship Committee in compliance with the requirements of the Companies Act, 2013 and the Listing Agreement. As at 31<sup>st</sup> March, 2015, the committee consists of Mr. Atul Kumar Singh, Mr. Jaykant R. Baxi, as Directors and Mr. Hiren S. Mahadevia – Company Secretary as Compliance Officer, to look into redressal of investors grievances. The committee has authorised Mr. Dipak Thaker, Authorised Person to attend and redress day to day investor complaints and report the same to committee at their meetings. The committee met 4 (four) times in the year on 30<sup>th</sup> May, 2014, 29<sup>th</sup> July, 2014, 21<sup>st</sup> October, 2014 and 6<sup>th</sup> February, 2015 to take stock of redressal of investors complaints and the same was attended by all the members of the committee. The company had received no investors complaints during the financial year under review, and there is no complaint pending as at 31<sup>st</sup> March, 2015. The details of members participation at the meetings are as under:

Sr. No.	Name	Designation	No. of meetings held	No. of meetings attended
1.	Mr. Atul Kumar Singh \$	Chairman	4	3
2.	Mr. Jaykant R. Baxi	Member	4	4

\$ Resigned as Director w.e.f. 04.05.2015.

**e. Code of conduct and business ethics:**

The company has laid down Code of Conduct and Business Ethics for its board members and senior management. This code of conduct and business ethics lays down various principles and guidelines for board members and senior management of the company, aimed at improving and enhancing the corporate governance. In terms of revised Clause 49 of the listing agreement, the company has suitably revised the Code of Conduct and Business Ethics of the board members, to suitably incorporate the duties of independent directors. The said code has been communicated to the directors and the members of the senior management and they have confirmed compliance with the said code. The code of conduct has been posted on the Company's website [www.ashima.in](http://www.ashima.in)

**f. Risk Management**

The company has well laid down procedures about risk assessment and minimization. Results of risk assessments and residual risks are presented to the senior management and the management is accountable for the integration of risk management practice in its day to day activities. The board takes responsibility for the total process of risk management in the organization which includes framing, implementing and monitoring the risk management plan.

**g. Meeting of Independent Directors**

As per Companies Act, 2013 and Clause 49 of the Listing Agreement, the independent directors met on 7<sup>th</sup> February, 2015 inter-alia to discuss:

- Evaluation of the performance of Non Independent Directors and Board of Directors as whole.
- Evaluation of the performance of the Chairman of the company, taking into account the views of the Executive and non Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform the duties.





The details of members participation at the meetings are as under:

Sr. No.	Name	Designation	No. of meeting held	No. of meeting attended
1.	Dr. Bakul H. Dholakia	Chairman	1	1
2.	Mr. Jaykant R. Baxi	Member	1	1
3.	Mr. Atul Kumar Singh \$	Member	1	1
4.	Mr. Bihari B. Shah	Member	1	1

\$ Resigned as Director w.e.f. 04.05.2015.

#### **h. Evaluation of Board Members**

As per Clause 49 of the Listing Agreement, monitoring and reviewing Board Evaluation framework is one of the key functions of the Board. The Board worked closely with the Nomination and Remuneration Committee (NRC) so as to lay down the evaluation criteria. The NRC considered criteria such as (i) contribution to and monitoring of company's governance standard and practices (ii) active participation in meetings and fulfillment of fiduciary responsibilities and (iii) ideas and suggestions for long term strategic planning; for evaluation of Independent Directors. As regards non independent directors, the NRC focused on evaluation criteria such as leadership qualities, professional skills, problem solving ability, decision making, active participation at meetings, initiative for new ideas and planning for company's business etc. The evaluation process was based on detailed discussions and without presence of the concerned director being evaluated.

#### **4. General Body Meetings:**

##### **Location and time for the last three AGMs:**

Year	Date	AGM	Venue	Time
2012	25/07/2012	AGM	Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad – 380021.	10.30 a.m.
2013	21/09/2013	AGM	As Above	10.30 a.m.
2014	29/09/2014	AGM	As Above	10.30 a.m.

Six special resolutions were passed by the Shareholders at the 31<sup>st</sup> Annual General Meeting of the company held on 29<sup>th</sup> September, 2014 as set out in notice of the last AGM. No other special resolutions were placed before the previous two (2) AGMs i.e. 21.09.2013 and 25.07.2012 nor passed as special resolution through postal ballot. At present, no special resolution is proposed through postal ballot.

#### **5. Disclosures:**

##### **a) Disclosures on materially significant related party transactions 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. Suitable disclosures as required by the Accounting Standards (AS18) have been given in the notes to the financial statements.

##### **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.**

The equity shares of the company are listed on BSE Limited and National Stock Exchange of India Ltd and the company has complied with all the applicable requirements and no penalties or strictures have

been imposed on the company by above Stock Exchanges, SEBI or any statutory authority, on any matter relating to the capital markets during the last three (3) years.

**c) Whistle Blower policy**

The company has adopted Whistle Blower policy for Directors and employees which has been placed on the website of the company. No personnel has been denied access to the Audit Committee.

**d) Certification from Director and CFO**

The Director and Chief Financial Officer have certified to the board of directors, inter-alia the financial statements presenting a true and fair view of company's affairs and effectiveness of internal control systems, as required under Clause 49 (IX) of the Listing Agreement for the year ended on 31<sup>st</sup> March, 2015.

**6. Means of Communication:**

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

• Half yearly reports sent to shareholders	No
• Quarterly / half yearly and annual results normally published in which news paper	English Daily News paper Gujarati Daily News paper
• Any website	Yes on www.ashima.in
• 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

**7. Non-Mandatory Requirements.**

The status of non-mandatory requirements of Clause 49 of the Listing Agreement is as under:

**Non-Executive Chairman Office:** The Chairman of the company is Executive Chairman and hence the requirements of maintaining chairman office is not applicable.

**Shareholder's Rights:** The company's financial results are published in the news papers and are also posted on website i.e. www.ashima.in. Hence, the financial results are not sent to the shareholders of the company. However, the company furnishes the financial results on receipt of request from shareholders of the company.

**Audit Qualifications:** The financial statements presented for the year 2014-15 do not have qualifications.

**Separate posts of Chairman & Managing Director / CEO:** The company does not have separate post of Chairman & Managing Director / CEO.

**Reporting of Internal Auditor:** The company's internal auditor of the company presently reports to the Chief Financial Officer.

**8. General Shareholders' Information:**

- a. AGM date, time and venue: 18<sup>th</sup> September, 2015 at 12.00 p.m. at Texcellence Complex, Khokhara - Mehmedabad, Ahmedabad – 380021.
- b. Date of book closure: 12<sup>th</sup> September, 2015 to 18<sup>th</sup> September, 2015.
- c. Listing on stock exchanges:
  1. National Stock Exchange of India Limited
  2. BSE Limited



- d. Listing fees: Paid for all the above stock exchanges for financial year 2014-2015.
- e. Address of Registered Office: Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad - 380021.
- f. Financial calendar: 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016.

Results for 1 <sup>st</sup> quarter ending on 30 <sup>th</sup> June, 2015	:	Within 45 days of the end of the quarter
Results for 2 <sup>nd</sup> quarter ending on 30 <sup>th</sup> September, 2015	:	Within 45 days of the end of the quarter
Results for 3 <sup>rd</sup> quarter ending on 31 <sup>st</sup> December, 2015	:	Within 45 days of the end of the quarter
Results for 4 <sup>th</sup> quarter ending on 31 <sup>st</sup> March, 2016	:	Within 60 days of the end of the quarter
Annual General Meeting	:	September, 2016

- g. Stock exchange security code:

- The Bombay Stock Exchange Ltd : 514286
- The National Stock Exchange of India Ltd : ASHIMASYN

Demat ISIN numbers in NSDL and

CDSL for equity shares : ISIN No. : INE 440A01010

- h. Monthly high and low quotations along with the volume of shares traded at National Stock Exchange and Bombay Stock Exchange during the financial year ended 31<sup>st</sup> March, 2015:

MONTH	NSE			BSE		
	High Rs.	Low Rs.	Volume Nos	High Rs.	Low Rs.	Volume Nos
April 2014	4.10	2.95	65159	4.16	3.01	137883
May 2014	5.50	3.30	148279	5.51	3.66	288023
June 2014	8.65	5.25	279166	8.80	5.50	812392
July 2014	10.10	6.80	353943	10.30	6.65	625444
Aug.2014	10.85	7.70	284656	10.89	7.55	897851
Sept.2014	11.85	8.00	395135	11.62	8.31	886633
Oct.2014	10.40	7.50	146112	10.28	7.75	279423
Nov.2014	10.00	7.05	216660	9.75	7.15	425207
Dec.2014	9.70	6.20	247184	10.03	6.58	405399
Jan. 2015	12.80	8.30	752513	12.65	8.51	871234
Feb. 2015	10.75	8.00	265995	10.77	8.05	338048
Mar. 2015	11.35	6.95	436759	11.00	7.31	288858

- i. Distribution of shareholding:

As on 31<sup>st</sup> March, 2015 the distribution of shareholding and shareholding pattern was as under:

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1-500	15968	81.04	2487294	7.45
501-1000	1746	8.86	1576083	4.72
1001-5000	1543	7.83	3808494	11.41
5001-10000	232	1.18	1742086	5.22
10001 and above	215	1.09	23754830	71.19

## Shareholding Pattern of the Company:

No.	Category	No. of shares held	Percentage (%) of share holding
<b>A.</b>	<b>Promoter's holding</b>		
	Indian Promoters & Promoter Group	11137293	33.38
	<b>Sub Total</b>	<b>11137293</b>	<b>33.38</b>
<b>B.</b>	<b>Non- Promoter holding</b>		
	1. Institutional Investors		
	a. Mutual Funds and UTI	3300	0.01
	b. Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions/ Non-government institutions)	23074	0.07
	c. FIs	-	-
	<b>Sub Total</b>	<b>26374</b>	<b>0.08</b>
<b>C.</b>	<b>Others</b>		
	a. Private Corporate Bodies	4755848	14.25
	b. Indian Public	16131380	48.34
	c. NRI/ OCBs	1317892	3.95
	d. Any other (FDIs)	-	-
	<b>Sub Total</b>	<b>22205120</b>	<b>66.54</b>
	<b>Grand Total</b>	<b>33368787</b>	<b>100.00</b>

## j. Registrar and Share Transfer Agents:

The company had appointed Link Intime India Pvt. Limited, Ahmedabad to carry out transfer related activities of shares of the company both in physical and demat form in pursuance to SEBI circular no. D&CC/FITTC/CIR-15/2002 dated 27/12/2002.

## k. Share Transfer System :

All the shares related work is undertaken by Link Intime India Pvt. Ltd, Ahmedabad in pursuance of SEBI guidelines. All the statements relating to share transfer, transmission, split, consolidation, dematerialisation etc., are regularly placed before the meeting of share transfer committee, which meets regularly for their approval and thereafter is placed before the meeting of the board of directors of the company for noting and ratification. Further the share transfers are registered and returned within 15-20 days from the date of receipt, if the documents are complete in all respects.

## l. Dematerialisation Details:

The shares of the company have been under compulsory trading in demat form effective from 24<sup>th</sup> March, 2000. The company had entered into tripartite agreement with NSDL, CDSL and Link Intime India Private Ltd, for dematerialisation of the securities. Upto 31<sup>st</sup> March, 2015, 12313 shareholders have sought dematerialisation of their 3,21,44,286 equity shares which constitutes 96.33% of total share capital of the company.

## m. Liquidity:

The company's shares are actively traded shares on BSE Limited and National Stock Exchange of India Ltd. The monthly trading volumes of company's shares have been given at point (h) hereinabove.



**n. Dividend:**

In view of the losses for the year ended 31<sup>st</sup> March, 2015 and carried forward losses of the earlier years, the board of directors of the company have not recommended any dividend for the year ended on 31<sup>st</sup> March, 2015.

**o. Plant Location:**

Texcellence Complex, Khokhara – Mehmedabad, Ahmedabad – 380021.

**p. Address for Correspondence:-** Investors / shareholders should address their correspondence to the Registrar and Share Transfer Agents at the address mentioned below :-

Mr. Umesh Ved  
Link Intime India Pvt. Ltd  
Unit No.303, 3<sup>rd</sup> Floor, Shoppers Plaza V,  
Opp. Municipal Market, Off. C.G. Road,  
Ahmedabad – 380009.

All the other investors related complaints be addressed to:-

Secretarial Department, Texcellence Complex, Near Anupam Cinema, Khokhara – Mehmedabad, Ahmedabad – 380021.

The company has also designated an e-mail ID exclusively for the purpose of registering complaints by investors. The e-mail ID is investor\_redressel@ashima.in. Shareholders / Investors can send their complaints / grievances to the above e-mail ID and the same will be attended to by our In-house secretarial department.

**q. Transfer of unclaimed amounts to Investor Education and Protection Fund:**

Pursuant to the provisions of section 205A (5) of the Companies Act, 1956 dividends on equity shares remaining unclaimed for a period of seven years from the date they became due for payment will have to be transferred to the Investors Education and Protection Fund (IEPF) set up by the Central Government. There is no unclaimed dividend on equity shares which are falling due for transfer to IEPF in the next financial year i.e. 2015-2016.

During the year under review the company has credited a sum of Rs.15,000/- and Rs.22,569/- respectively towards unclaimed matured fixed deposit and unclaimed interest on fixed deposit in respect of financial year 2007-2008 to Investors Education Protection (IEPF) ., pursuant to section 205C of the Companies Act, 1956 and Investor Education Protection Fund (Awareness and Protection of Investor) Rules, 2001.

The above report has been placed before the board of directors of the company at their meeting held on 27<sup>th</sup> June, 2015 and the same was approved thereat.

**For and on behalf of the board**

Place: Ahmedabad  
Date: 27<sup>th</sup> June, 2015

**Chintan N. Parikh**  
Chairman and Managing Director

## AUDITOR'S CERTIFICATE

To,  
The Members of  
Ashima Limited  
Ahmedabad.

We have examined the compliance of conditions of Corporate Governance for the year ended 31<sup>st</sup> March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of our verification and as certified by Compliance Officer (Company Secretary), we have to state that no investor grievance is pending for a period exceeding one month against the company as per records maintained by the Stakeholders Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Date: June 27, 2015  
Place: Ahmedabad

**Kaushik D Shah**  
Partner  
Membership No. 016502

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## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

This is to confirm that the company has adopted a code of conduct for directors and senior management personnel.

I confirm that the company has in respect of the financial year ended on March 31, 2015, received from the members of the board and senior management personnel declaration of compliance with code of conduct as applicable to them.

Date: June 27, 2015  
Place: Ahmedabad

**Chintan N. Parikh**  
Chairman and Managing Director



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

The Indian economy, which for quite some time had remained in low growth territory with high interest rates and slowing down of reforms, got a small boost in the year under review with the change in regime that brought positive sentiment among people in general and business community, including foreign investors, in particular. While it will take long for the new regime to transform the economy through its agenda of bold reforms and pro-business governance, some small steps that it has taken has instilled confidence in the business community about the future. While there have been two rounds of cut in key interest rates by the Reserve Bank recently, more is expected in this direction to bring down cost of funds and ease up liquidity crunch, which is required for making businesses cost-efficient and boosting fresh investments. Cheaper oil reduced the import bill of the country and had a somewhat cooling effect on inflation. The economic scenario in near future would be shaped by the monsoon and fresh policy initiatives by the Government.

The Textile market remained subdued during the year. Denim segment, which was in turmoil in previous year due to overcapacity and resultant fall in fabric prices leading to lower capacity utilization and adverse impact on margins, continued its poor run during the year under review. The market was somewhat good only for the manufacturers having the set up to offer specialty fabrics, since the market preference is for such fabrics only. Liquidity constraints continued to prevail in the market and those manufacturers who were in a position to offer higher credit period could garner sales volumes. Yarn Dyed fabric market saw new capacities being added during the last couple of years, which has put the fabric prices and margins under pressure.

Operational performance of the company has declined marginally during the year, Performance of Denim Division has further deteriorated, whereas Spinfab Division has been able to cut its losses. While the market for Denims continued worsening during the year, the limitations that the company faces have led to more losses for Denims Division, as the company is unable to offer new products as per changing customer preferences due to its old machinery. The company also faces severe constraints as it is unable to offer extended credit to customers due to lack of working capital facilities. Softened cotton and yarn prices have to some extent cushioned against inflationary pressures on overall cost, especially power cost.

### **SEGMENT ANALYSIS AND REVIEW**

The company operates only in one segment i.e. Textiles. The different products within textiles in which company has its presence are discussed below:

#### **Denim Division:**

Denim Division reported further decline as it faced limitations in product offering in changing customer preferences in a market plagued with problem of oversupply. The Division somehow maintained volumes, but could not keep up with the market on product development front. The division is not able to keep pace with the fashion trends, as new technology is required to manufacture such items. This continued to affect sales volumes leading to low capacity utilisation. The Division nonetheless tried to sustain volumes by offering some special fabric varieties with help of outsourcing of certain processes. There was a decline in export volume due to a slack EU market.

#### **Spinfab Division:**

Spinfab Division saw lower volumes, but higher sales to brands, which as a segment offers better margins, which led to its improved performance. The volumes were lower in the exporter market segment catering to Europe, as some large customers in Europe market shifted their sourcing of garments from India to China and Bangladesh on account of lower prices. The division could offset this fall to some extent as it developed special products to cater to US based customers. In overall terms, the Division is facing formidable challenge, as ongoing expansions of certain manufacturers and their comprehensive product portfolio at most competitive prices has made it really tough for the company to survive even with its continuous efforts on product developments within given limitations.

#### **Attires Division:**

The sales turnover of the division declined due to a sluggish market, but the division exercised strict cost control to slightly improve its profit margins.

**FINANCIAL RESULTS AND OUTLOOK:****Financial performance:**

Reported loss for the year works out to Rs.1620.01 lacs at PBT level compared to loss of Rs.1284.02 lacs in previous year. Adjusting for non-recurring/non-operational items of loss of Rs.1096.73 lacs on sale/retirement of discarded fixed assets and reduction in depreciation for the year by Rs.778.75 lacs compared to previous year, the loss at PBT level for the year comes to Rs.1302.03 lacs compared to loss of Rs.1284.02 lacs in previous year. Thus, operational performance of the company has slightly declined during the year. Performance of Denim Division has further deteriorated, whereas Spinfab Division has been able to cut its losses.

**Raw material:**

Cotton and yarn prices went down during the year on account of comfortable supply volumes on one hand and consistently lower demand of fabrics on the other hand. With China reducing its cotton inventories and stopping imports, exports of cotton and yarns from India suffered adversely creating an oversupply situation in domestic markets.

**Dyes and Chemicals:**

Cost of dyes and chemicals went up due to rise in prices, increase in volumes of job-work of dyeing and higher consumption of costlier dyes due to change in product mix.

**Utilities:**

Utility costs have gone up marginally, with adverse impact of continued steep rise in power tariff being largely offset by higher gain due to sourcing of power through open access system. Coal costs remained steady during the year.

**Other expenses:**

Other manufacturing expenses have gone up mostly due to higher job-work charges, as change in product mix led to increased volumes and special finishing charges. Also, job-work rates went up on account of higher cost of inputs and utilities. Cost of repairs and maintenance for the year went down, as the company continued to control cost by deferring repairs wherever possible, due to severe liquidity crunch. Fixed costs have gone up marginally due to normal increase in salary and other costs.

**Interest:**

Interest cost has gone up on account of interest payable on unsecured loans. Routine interest cost mainly consists of interest paid to overdue trade creditors, as the company has to depend on market credit in the absence of working capital facilities. The company is not required to make provision for interest on secured borrowings, considering debt restructuring, as mentioned in the Notes on Accounts.

**Outlook:**

Overall, the textile market for near future is likely to remain lackluster. As regards Denim market, the outlook remains grim, as entry of new manufacturers and capacity expansion by several existing ones is going to further accentuate the problem of overcapacity and resultant pressure on fabric prices and margins. With too many players, the basic varieties of fabric would witness further fall in prices, whereas the demand is going to continue in specialized value added fabric varieties. In yarn dyed fabrics market, the demand is likely to remain lower on account of higher demand for printed shirting and so there will be a lot of pressure on the prices. Entry of new players and expansions by existing players coupled with their aggressive pricing will lead to lower margins. The trend for special products in both Denim and yarn dyed shirting fabrics will affect the company adversely in terms of volumes and margins, since it faces severe limitations in meeting customer requirement of new products due to its old machinery. Cotton and yarn prices are likely to remain stable or go down in near future.

**RESOURCES AND LIQUIDITY**

The company has been operating under severe resources crunch over last many years. This has acted as a major constraint in the much needed upgradation of manufacturing equipments and facilities. The old and ageing machinery that the company has to keep operating has been adversely affecting operations in terms of productivity, product quality and product development capabilities which is crucial for maintaining competitive strength in changing market environment.

Going forward, the debt settlement proposed under the Scheme of Arrangement for Reconstruction and Compromise with secured creditors can possibly help the company in certain aspects like availability of bank credit for working capital, which can lead to improved operational performance, though the same cannot be assured.



**OPPORTUNITIES:**

As stated above, debt settlement may have some positive impact on the operations of the company. Even as the company is faced with several challenges, it has been striving to improve its performance by ensuring optimum utilization of resources and adopting appropriate market development strategies. If the overall economic situation of the country improves due to policy initiatives by the new Government, it may help the industries, as demand improves. A perspective that China has off late lost part of its cost-competitiveness in global trade may help textile industry.

**THREATS, RISKS AND CONCERNS:**

High interest rates have prevailed over last several years, affecting cost of finance. If the same continues, liquidity crunch will continue, having adverse impact on industry. Cotton is an agro-based raw material, which is subject to price volatility due to sharp fluctuations in production volumes. While in recent period, cotton and yarn prices have come down, they may shoot up in future due to various reasons, which can hit the performance of cotton textile industry. Similarly, though inflation has somewhat moderated, it may go up in future, pushing up costs and affecting both demand and margins. The limitations faced by the company in product development which has been affecting its business remains a threat.

While in recent past the Rupee has somewhat stabilized, volatility is inherent in foreign exchange market and any wide fluctuation in value of Rupee in future can affect export sales.

Trade policies of other countries, especially like USA or Europe, which are major export markets for Indian textile, also affect us significantly. These policy changes include steps like duty concessions to specific countries and offering more open market access.

Entry of new players and expansion by existing players in the domestic textile industry has posed a major threat to the company in the past and it is likely to affect the company in future also.

**INTERNAL CONTROL SYSTEMS**

The company has adequate internal controls for its business processes across the whole organization so as to ensure efficiency of operations, compliance with internal policies and applicable laws and regulations, protection of resources and assets and accurate reporting of financial transactions. The audit committee reviews the adequacy and effectiveness of the internal control systems and improvements are carried out to strengthen them. Present internal control system is adequate considering the size of the company and nature of its operations.

**RESEARCH AND DEVELOPMENT:**

Research and development play a great role in the constantly changing business scenario. The Company recognizes this and has been continuously trying to maintain and update its product designing and development facilities and is maintaining its focus on, product innovation and development in order to ensure that its products meet high standards of quality.

**HEALTH, SAFETY AND ENVIRONMENT:**

The company ensures safety, health and welfare of workers and employees by following appropriate work practices and maintaining high standards of safety. The safety committee of the company looks after various aspects of working conditions of workers, health related issues, minimizing risk of accidents at workplace etc. The company is fully compliant with applicable safety regulations. It provides clean, healthy and pleasant work environment and ambience to its employees. It takes measures to ensure environment protection, including compliance with emission standards.

**HUMAN RESOURCES DEVELOPMENT:**

The company recognizes its employees as an asset and ensures that it follows proper policies and practices for their welfare and satisfaction. It takes adequate measures for attracting and retaining the right talent.

**CAUTIONARY STATEMENT:**

Statements in the directors' report and the management discussion and analysis containing the objectives, expectations or predictions of the company may be forward-looking within the meaning of securities laws and regulations. Actual results may differ materially from those expressed in the statement. The operations of the Company could be influenced by various factors such as domestic and global demand and supply conditions affecting sales volumes and selling prices of finished goods, input availability and cost, government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Ashima Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Ashima Limited ('the Company') which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, and rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its loss and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

9. As required by the 'the Companies (Audit Report) Order 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (herein after referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the order.
10. As required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - On the basis of written representations received from the directors as on 31<sup>st</sup> March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - The company has disclosed the impact of pending litigations as at March 31, 2015 on its financial position in its financial statements – Refer Note 27 and 28 of the financial statements.
    - The company has made provisions as at March 31, 2015, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on longterm contracts including derivative contracts.
    - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended March 31, 2015.

For **Dhirubhai Shah & Doshi**  
*Chartered Accountants*  
Firm's Registration Number: 102511W

**Kaushik D. Shah**  
Partner  
Membership Number: 016502

Place: Ahmedabad  
Date: 27/06/2015

## ANNEXURE TO THE AUDITOR'S REPORT

**Referred to in paragraph 9 of the Independent Auditor's Report of even date to the members of Ashima Limited on the financial statements as of and for the year ended 31<sup>st</sup> March, 2015**

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) All fixed assets have been physically verified by the management at reasonable intervals. In our opinion, the program of verification is reasonable having regard to the size of the company and the nature of its assets. We have been informed that no material discrepancies were noticed on such verification.
2. (a) As explained to us, the inventories have been physically verified during the year by the management except inventories lying with third parties (other than stock lying with Ashima Dyecot Ltd.) which have been confirmed and stock in transit which have been subsequently received. In our opinion, the frequency of verification is reasonable  
  
(b) As explained to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
  
(c) On the basis of our examination of the inventory records, we are of the opinion that, the company is maintaining proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to book records were not material and the same have been properly dealt with in the books of account.
3. As per explanation given to us, the company has not granted any loan to a company covered in the register maintained under section 189 of the Companies Act, 2013, hence clause 3 (a) and (b) is not applicable.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. In our opinion and according to the information and explanations given to us, the company has not accepted any fixed deposits within the meaning of Section 73 and 74 of the Act from the public. Further, no order has been passed by the Company Law Board.
6. We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. (a) According to the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, duty of custom, service tax, duty of excise, value added tax cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, sales tax, wealth tax, duty of custom, service tax, duty of excise, value added tax cess and other material statutory dues applicable to it were in arrears as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable.



- (b) According to the information and explanations given to us, the details of disputed statutory dues which are disputed as follow.

<b>Sr. No.</b>	<b>Nature of Statute</b>	<b>Nature of Dues</b>	<b>Amount (Rs. in Lacs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
1	Foreign Trade (Dev.& Regu. Act), 1992	Custom Duty and Interest	60.89	1997	Gujarat High Court
2	The Income Tax Act, 1961	Income tax	41.04	A.Y. 1994-95	Gujarat High Court
3	The Income Tax Act, 1961	Income tax	676.66	A.Y. 1996-97	Assessment Officer (matter remanded by ITAT)
4	The Income Tax Act, 1961	Income tax	0.87	A.Y. 2001-02	Assessment Officer
5	Gujarat Sales Tax Act, 1969	Sales Tax	1,906.01	F.Y. 1999-2000 and 2000-2001	Joint Commissioner (Appeals) of Commercial Tax
6	Gujarat Value Added Tax Act, 2003	VAT	1.45	F.Y. 2009-10	Deputy Commissioner (Appeals) of Commercial Tax.
7	Gujarat Value Added Tax Act, 2003	VAT	6.48	F.Y. 2010-11	Joint Commissioner (Appeals) of Commercial Tax
8	Employees' State Insurance Act, 1948	ESI Contribution	77.82	Part of FY 1994-95 to FY 1996-97	ESI Court

- (c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provision of the Companies Act, 1956 and rules made there under.
8. In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. Further, the company has incurred cash losses during financial year covered by the audit and also in the immediate preceding financial year.
9. As per the draft scheme of arrangement of the company examined by us and the information and explanations provided in note no 4.3 and 4.4 of notes to financial statements, the company has not defaulted in repayment of dues to any financial institute or bank or debenture holders at the balance sheet date.

An amount of Rs. 750 lacs in suspense account remains unsettled. Refer note no. 40 of notes to financial statements.

10. In our opinion and according to information and explanations given to us, the terms and conditions of the guarantee given by the company for loans taken by others from bank or financial institutions during the year are not prejudicial to the interest of the company.
11. According to the information and explanations given to us, the company has not taken term loan during the year. However, in respect of term loans availed in the past the same were applied for the purpose for which loan were obtained.
12. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Dhirubhai Shah & Doshi**

*Chartered Accountants*

Firm's Registration Number: 102511W

**Kaushik D. Shah**

Partner

Membership Number: 016502

Place: Ahmedabad

Date: 27/06/2015



## BALANCE SHEET AS AT MARCH 31, 2015

(Rupees in lacs)			
	Note Number	As at Mar. 31, 15	As at Mar. 31, 14
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	5,386.88	5,386.88
(b) Reserves and surplus	3	(32,253.46)	(31,091.47)
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	45,740.96	46,809.23
(b) Other Long term liabilities	5	510.93	516.62
(c) Long-term provisions	6	251.77	221.35
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	8,231.34	-
(b) Trade payables	8	3,393.61	3,033.26
(c) Other current liabilities	9	753.20	614.31
(d) Short-term provisions	10	-	41.99
<b>TOTAL</b>		<b>32,015.22</b>	<b>25,532.17</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		14,467.97	16,107.92
(ii) Intangible assets		38.69	55.81
(b) Long term loans and advances	12	269.84	254.13
(c) Other non-current assets	13	92.45	111.47
<b>2 Current assets</b>			
(a) Inventories	14	4,764.95	5,659.49
(b) Trade receivables	15	3,210.72	2,348.98
(c) Cash and bank balances	16	749.09	619.63
(d) Short-term loans and advances	17	8,154.35	185.96
(e) Other current assets	18	267.16	188.78
<b>TOTAL</b>		<b>32,015.22</b>	<b>25,532.17</b>
<b>Significant Accounting Policies</b>	1		
<b>Other Notes to Financial Statements</b>	27-55		

As per our report of even date attached

For **Dhirubhai Shah & Doshi**  
Chartered Accountants  
(Firm Registration No. 102511W)

**Chintan N. Parikh**  
Chairman & Managing Director

**Kaushik D. Shah**  
Partner  
Membership No. 016502

**Hiren S. Mahadevia**  
Company Secretary

**Jayesh C. Bhayani**  
Chief Financial Officer

Ahmedabad  
June 27, 2015

Ahmedabad  
June 27, 2015

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**

(Rupees in lacs)

	Note Number	For the year ended Mar. 31, 15	For the year ended Mar. 31, 14
I. Revenue from operations	19	<b>27,107.87</b>	26,792.90
II. Other income		<b>54.19</b>	119.51
III. <b>Total Revenue (I + II)</b>		<b>27,162.05</b>	26,912.41
IV. <b>Expenses:</b>			
Cost of materials consumed	20	<b>12,171.89</b>	12,932.91
Purchases of Stock-in-Trade	21	<b>976.41</b>	1,160.34
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	<b>672.01</b>	(231.56)
Employee benefits expense	23	<b>3,473.34</b>	3,459.92
Finance costs	24	<b>487.69</b>	191.80
Depreciation and amortization expense	25	<b>455.40</b>	1,234.17
Other expenditure	26	<b>10,545.32</b>	9,448.85
Total expenses		<b>28,782.06</b>	28,196.43
V. <b>Loss before tax (III-IV)</b>		<b>1,620.01</b>	1,284.02
VI. Tax expense-Current tax		<b>0.32</b>	0.39
VII. <b>Loss for the year from continuing operations (V-VI)</b>		<b>1,620.33</b>	1,284.41
VIII. <b>Loss for the year</b>		<b>1,620.33</b>	1,284.41
IX. Earnings per equity share:			
(1) Basic		<b>(5.56)</b>	(4.55)
(2) Diluted		<b>(5.56)</b>	(4.55)
<b>Significant Accounting Policies</b>	1		
<b>Other Notes to Financial Statements</b>	27-55		

As per our report of even date attached

For **Dhirubhai Shah & Doshi**  
Chartered Accountants  
(Firm Registration No. 102511W)

**Chintan N. Parikh**  
Chairman & Managing Director

**Kaushik D. Shah**  
Partner  
Membership No. 016502

**Hiren S. Mahadevia**  
Company Secretary

**Jayesh C. Bhayani**  
Chief Financial Officer

Ahmedabad  
June 27, 2015

Ahmedabad  
June 27, 2015





## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

		(Rupees in lacs)	
Sr. No.	PARTICULARS	For the year ended Mar. 31, 15	For the year ended Mar. 31, 14
(A)	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b>LOSS BEFORE TAX, EXCEPTIONAL AND EXTRAORDINARY ITEMS (NET)</b>	<b>(1,620.01)</b>	<b>(1,284.02)</b>
	Add:		
	Depreciation	<b>441.22</b>	1,219.98
	Amortization of expenditure	<b>14.19</b>	14.19
	Interest expenses (Net)	<b>487.69</b>	191.80
	(Excess)/Short provision of Income Tax/Current tax written back	-	1.23
	Provision for doubtful debts	-	192.00
	(Profit)/Loss on sale of fixed assets and investments (Net)	<b>1,085.47</b> <b>2,028.57</b>	23.75   1,642.93
		<b>408.57</b>	358.91
	Deduct:		
	Sundry balances written off/(back)	<b>10.00</b>	(76.49)
	Excess provision written back	<b>(0.98)</b>	(1.68)
	Rent income	<b>37.42</b> <b>46.44</b>	(40.36)   (118.53)
	<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>362.13</b>	240.38
	Add/(Less): Decrease/(Increase) in inventories	<b>894.54</b>	92.70
	Add/(Less): Decrease/(Increase) in sundry debtors	<b>(862.72)</b>	(155.94)
	Add/(Less): Decrease/(Increase) in loans and advances	<b>(267.84)</b>	(123.39)
	Add/(Less): Increase/(Decrease) in current liabilities	<b>492.18</b> <b>256.16</b>	277.61   90.98
	<b>CASH GENERATED FROM OPERATIONS</b>	<b>618.29</b>	331.36
	Less:		
	Interest paid (Net)	<b>(493.81)</b>	(196.48)
	Tax paid	<b>(2.94)</b> <b>(496.75)</b>	(4.99)   (201.47)
	<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>121.54</b>	129.88

(Rupees in lacs)

Sr. No.	PARTICULARS	For the year ended Mar. 31, 15	For the year ended Mar. 31, 14
<b>(B)</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of fixed assets	<b>(78.50)</b>	(54.36)
	Sale of fixed assets and investments	<b>128.23</b>	3.88
	Decrease/(Increase) in bank FDR	<b>(10.63)</b>	178.61
	Rent received	<b>37.42</b>	<b>40.36</b>
		<b>76.52</b>	<b>168.48</b>
	<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>76.52</b>	<b>168.48</b>
<b>(C)</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	(Decrease)/increase in other borrowings	<b>(79.22)</b>	<b>0.59</b>
		<b>(79.22)</b>	<b>0.59</b>
	<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(79.22)</b>	<b>0.59</b>
	<b>TOTAL CASH INFLOW (A + B + C)</b>	<b>118.85</b>	<b>298.95</b>
	<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>463.22</b>	<b>344.37</b>
	<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>344.37</b>	<b>118.85</b>
			<b>45.42</b>
			<b>298.95</b>

As per our report of even date attached

For **Dhirubhai Shah & Doshi**  
Chartered Accountants  
(Firm Registration No. 102511W)

**Chintan N. Parikh**  
Chairman & Managing Director

**Kaushik D. Shah**  
Partner  
Membership No. 016502

**Hiren S. Mahadevia**  
Company Secretary

**Jayesh C. Bhayani**  
Chief Financial Officer

Ahmedabad  
June 27, 2015

Ahmedabad  
June 27, 2015



## Notes to Financial Statements

### 1. ACCOUNTING POLICIES

#### a. Basis of Preparation of Financial Statements

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

#### b. Use of estimates

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

#### c. Fixed Assets

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

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

#### d. Capital Work-In-Progress

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

#### e. Depreciation

Depreciation is provided as per provisions of Schedule II of the Companies Act, 2013, which have come into effect from 1st April 2014. Useful life of tangible fixed assets except buildings as per following details are different from that prescribed in Schedule II of the Act, which have been arrived at based on technical evaluation.

Category of Assets	Useful life in years
Plant & Machinery (Other than Continuous Process Plants)	22.50
Continuous Process Plants	45.00
Office Equipment	20.00
Computers & Printer	6.00
Vehicle	10.00
Furniture & Fixture	20.00

**Notes to Financial Statements**

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**f. Insurance**

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

**g. Investments**

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

**h. Inventories**

Inventories are valued at cost except;

- (i) finished goods and trading stock which are valued at lower of cost or net realisable value;
- (ii) waste and export incentives, which are valued at net realisable value;

Cost is ascertained on the following basis:

- |   |                              |
|---|------------------------------|
| (i) Raw materials                       | : Specific identification    |
| (ii) Dyes, chemicals, stores and spares | : First-in, First-out (FIFO) |
| (iii) Semi-finished and finished goods  | : Weighted average           |
| (iv) Trading stock                      | : Specific identification    |

**i. Inter-divisional Transactions**

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

**j. Employees Benefits**

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

**(i) Gratuity**

Liability on account of gratuity, which is a defined benefit plan, is provided for on the basis of actuarial valuation carried out by an independent actuary as at the balance sheet date. The contribution towards gratuity liability is funded to an approved gratuity fund.

**(ii) Provident fund**

Contribution to provident fund, which is a defined contribution plan, is made as per the provisions of Provident Fund Act, 1952 and charged to revenue account.



## **Notes to Financial Statements**

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(iii) **Superannuation**

Liability on account of superannuation, which is a defined contribution plan, is accounted for on accrual basis and funded to an approved superannuation fund.

(iv) **Leave encashment**

Provision for leave encashment is made on undiscounted basis for accumulated leave that employees can encash in future.

(v) **Payment under VRS**

Compensation and gratuity paid on account of Voluntary Retirement Scheme (VRS) is treated as revenue expenditure and charges to profit & loss account. Also, the amount of compensation relating to employees who are eligible for and have yet not opted for VRS is treated as contingent liability and disclosed accordingly.

**k. Foreign Currency Transactions**

(i) Transactions covered under forward contracts are accounted for at the contracted rate.

(ii) All export proceeds have been accounted for at a fixed rate of exchange at the time of raising invoices. Foreign exchange fluctuations as a result of the export sales have been adjusted in the profit and loss account and export proceeds not realised at the balance sheet date are restated at the rate prevailing as at the balance sheet date.

(iii) Balance of foreign currency loans as at the balance sheet date if any is restated at the exchange rate prevailing as at the balance sheet date and difference arising thereon is adjusted in the cost of fixed assets acquired out of the said loans.

**l. Premium on Redemption of Debentures**

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

**m. Sales**

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

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

**n. Excise Duty**

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

## Notes to Financial Statements

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o. **Deferred Revenue Expenditure**

Premium on account of reduction in rate of interest in respect of term loans and non-convertible debentures has been deferred and is written off over a period of ten years.

p. **Recognition of Income and Expenditure**

Income and expenditure are recognised on accrual basis.

q. **Taxes on Income**

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

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

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

r. **Borrowing Costs**

Borrowing cost includes interest, fees and other charges incurred in connection with the borrowing of funds. It is calculated on the basis of effective interest rate in accordance with Accounting Standard – 30 and considered as revenue expenditure and charged to Statement of Profit and Loss over the period of borrowing, except for borrowing costs either generally or specifically attributed directly to the acquisition or improvement of qualifying assets up to the date when such assets are ready for intended use, which are capitalised as part of cost of such assets.

s. **Impairment Loss**

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

t. **Provisions and Contingencies**

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



## Notes to Financial Statements

### 2 SHARE CAPITAL

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

(Rupees in lacs)		
	As at Mar. 31, 15	As at Mar. 31, 14
<b>AUTHORISED SHARE CAPITAL</b>		
12,50,00,000 Equity shares of Rs. 10/- each (Previous year 6,00,00,000)	<b>12,500.00</b>	6,000.00
25,00,000 Preference shares of Rs. 100/- each (Previous year 40,00,000)	<b>2,500.00</b>	4,000.00
<b>TOTAL</b>	<b>15,000.00</b>	10,000.00
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
3,33,68,787 Equity shares of Rs. 10/- each fully paid (Previous year 3,33,68,787)	<b>3,336.88</b>	3,336.88
4,50,000 13% redeemable cumulative preference shares of Rs. 100/- each fully paid (Previous year 4,50,000) to be redeemed in three equal instalments at the end of 3rd, 4th and 5th year from the date of allotment	<b>450.00</b>	450.00
16,00,000 11% redeemable cumulative preference shares of Rs. 100/- each fully paid (Previous year 16,00,000) to be redeemed at the end of 24 months from the date of allotment	<b>1,600.00</b>	1,600.00
<b>TOTAL</b>	<b>5,386.88</b>	5,386.88

#### 2.2 Reconciliation of number of shares outstanding:

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

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

Out of issued, subscribed and paid up capital:

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

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

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

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

## Notes to Financial Statements

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

Name of Shareholder	As at Mar. 31, 15		As at Mar. 31, 14	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Albus Investments Pvt. Ltd.	54,37,871	16.30	49,37,871	14.80
Apus Investments Pvt. Ltd.	54,34,221	16.29	49,34,221	14.79
Geek Technologies Pvt. Ltd.	21,94,200	6.58	21,94,200	6.58

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

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

### 2.6 Details of Unpaid calls due from Directors or officers

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

### 2.7 Rights of Shareholders, Dividend and Repayment of Capital:

#### Rights of Equity Share holders

- Holder of Equity Shares is entitled to one vote per share.
- The Company declares and pays dividends in Indian Rupees. The Companies Act, 2013 provides that the Dividend shall be declared only out of the profits of the relevant year or out of the profits of any previous financial year(s) after providing for depreciation in accordance with the provisions of the Act and the Company may transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company.
- In case of inadequacy or absence of profits in any year, the Company may declare dividend out of free reserves subject to the condition that the rate of dividend shall not exceed average of the rates at which dividend was declared by the Company in three years immediately preceding that year.
- In the event of Liquidation of the Company, the holders of shares shall be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

#### Rights of Preference Share holders

- As per Section 47(2) of the Companies Act, 2013, Preference Shareholders shall have right to vote only on resolutions placed before company which directly affect their rights attached to preference shares and any resolution for winding up of the company or for repayment or reduction of share capital shall be deemed directly to affect their rights.
- Voting rights of the preference shareholders shall be in proportion as the paid up equity share capital bears to the paid up preference share capital.
- Where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all the resolutions placed before the company.





## Notes to Financial Statements

## 3 RESERVES &amp; SURPLUS

(Rupees in lacs)		
	As at Mar. 31, 15	As at Mar. 31, 14
<b>3.1 The Reserves &amp; Surplus includes:</b>		
(A) Capital Reserve (Created on account of reissue of shares/debentures forfeited)	<b>38.05</b>	38.05
(B) Capital Redemption Reserve - I	<b>1.50</b>	1.50
(C) Capital Redemption Reserve - II	<b>37.50</b>	37.50
(D) Securities Premium Account	<b>12,388.07</b>	12,388.07
(E) Debenture Redemption Reserve	<b>2,900.50</b>	2,900.50
(F) Reconstruction Reserve	<b>984.44</b>	526.10
(G) Revaluation Reserve		
Balance As per last Balance Sheet	<b>4,891.95</b>	4,900.41
Add/(Less): Adjusted upon sale of scrapped assets	<b>2,512.44</b>	(8.46)
Sub total	<b>7,404.39</b>	4,891.95
(H) Surplus (being balance of Profit & Loss Account)		
Debit Balance As per last Balance Sheet	<b>(51,875.15)</b>	(50,590.73)
Add/(Less): Net Profit/(Net Loss) for the current year	<b>(1,620.33)</b>	(1,284.41)
Add/(Less): Transferred from Revaluation Reserve	<b>(2,512.44)</b>	-
Closing Debit Balance	<b>(56,007.91)</b>	(51,875.15)
<b>TOTAL</b>	<b>(32,253.46)</b>	(31,091.47)

## 3.2 Appropriations out of Balance in Profit and Loss Account:

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

## 4. LONG TERM BORROWINGS

(Rupees in lacs)		
	As at Mar. 31, 15	As at Mar. 31, 14
<b>4.1 SECURED BORROWINGS</b>		
(A) NON CONVERTIBLE DEBENTURES 1	<b>3,147.20</b>	4,060.53
(B) TERM LOANS		
(from parties other than Banks)		
[1] Principal Amount 1	<b>32,410.36</b>	32,410.36
[2] Interest accrued and due	<b>104.14</b>	104.14
<b>Sub total</b>	<b>32,514.50</b>	32,514.50
(C) WORKING CAPITAL FACILITIES FROM OTHERS 2	<b>8,508.94</b>	8,508.94
<b>Sub total</b>	<b>44,170.64</b>	45,083.97

## Notes to Financial Statements

(Rupees in lacs)		
	As at Mar. 31, 15	As at Mar. 31, 14
<b>4.2 UNSECURED LOANS</b> (from parties other than Banks)		
<b>(A) TERM LOANS</b>	<b>1,543.64</b>	1,543.64
<b>(B) DEPOSITS</b>	<b>26.69</b>	181.63
<b>Sub total</b>	<b>1,570.32</b>	1,725.26
<b>TOTAL</b>	<b>45,740.96</b>	46,809.23

## Notes :

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

**4.3 Terms of Repayment of Debentures and Loans:**

The company has filed draft scheme of arrangement, which provides for debt settlement as elaborately referred to in Note No.44.

The draft scheme provides for three options for debt settlement, with each option specifying payment of certain portion of outstanding principal secured debt, as settlement money, over varying time period extending upto 31.03.2020 and includes, in one option, issue of equity shares for certain portion of settlement amount. As per one of the options, interest is payable at 15% p.a. on payments to be made after 1.4.2015.

**4.4 Period and Amount of Default:**

As stated above, the company has filed draft scheme of arrangement, which provides for debt settlement with secured creditors. Secured creditors accounting for about 99% of total secured debt of the company have given letters to the company indicating their in-principal approval for preference of options from those given in the scheme. The status of the scheme is as given in note no.44.

In view of this, there are no defaults in repayment of dues to banks, financial institutions and debenture holders.



## Notes to Financial Statements

(Rupees in lacs)		
	As at Mar. 31, 15	As at Mar. 31, 14
<b>5. OTHER LONG TERM LIABILITIES</b>		
(A) Bills Payables	462.65	462.65
(B) Trade Payables	48.28	53.97
<b>TOTAL</b>	<b>510.93</b>	<b>516.62</b>
<b>6. LONG TERM PROVISIONS</b>		
(A) Provision for employee benefits		
- For Gratuity	100.65	75.33
- For Leave Encashment	95.81	90.64
(B) Others (For wealth tax, service tax & for premium on redemption of debentures)	55.31	55.37
<b>TOTAL</b>	<b>251.77</b>	<b>221.35</b>
<b>7. SHORT-TERM BORROWINGS</b>		
<b>UNSECURED</b>		
(A) From related parties*	8,191.34	-
(B) From Directors*	40.00	-
<b>TOTAL</b>	<b>8,231.34</b>	<b>-</b>
* Terms of redemption has not been specified.		
<b>8. TRADE PAYABLES</b>		
(A) Micro, Small and Medium Scale Industries	-	-
(B) Others	3,393.61	3,033.26
<b>TOTAL</b>	<b>3,393.61</b>	<b>3,033.26</b>
<b>9. OTHER CURRENT LIABILITIES</b>		
(A) Unclaimed matured deposits and interest accrued thereon	-	0.15
(B) Other payables		
[1] Statutory Authorities	118.91	118.67
[2] Other liabilities	634.29	495.48
<b>TOTAL</b>	<b>753.20</b>	<b>614.31</b>
<b>10. SHORT-TERM PROVISIONS</b>		
(A) Provision for Gratuity	-	41.99
<b>TOTAL</b>	<b>-</b>	<b>41.99</b>

## 11. FIXED ASSETS

(Rupees in lacs)

Name of assets	GROSS BLOCK			DEPRECIATION				IMPAIR- MENT LOSS	NET BLOCK	
	As at April 1, 2014	Additions during the year	Disposals during the year	As at Mar. 31, 2015	Up to March 31, 2014	For the year	On Disposals during the year	Up to Mar. 31, 2015	As at Mar. 31, 2015	As at Mar. 31, 2014
<b>A. TANGIBLES</b>										
Land										
Freehold	98.32	-	-	<b>98.32</b>	-	-	-	-	<b>98.32</b>	98.32
Leasehold	9,380.14	-	-	<b>9,380.14</b>	-	-	-	-	<b>8,546.04</b>	8,546.04
Buildings #	6,385.78	-	569.05	<b>5,816.73</b>	1,776.44	165.41	184.00	<b>1,757.85</b>	<b>3,725.15</b>	4,275.61
Plant and equipment	13,800.25	57.66	1,752.73	<b>12,105.18</b>	9,991.82	235.47	845.83	<b>9,381.46</b>	<b>1,915.93</b>	3,000.64
Furniture and fixtures	151.10	2.47	-	<b>153.57</b>	85.63	7.22	-	<b>92.85</b>	<b>60.71</b>	65.47
Vehicles	70.20	-	9.73	<b>60.47</b>	26.32	6.28	8.59	<b>24.02</b>	<b>36.45</b>	43.88
Office equipment	203.30	16.90	1.58	<b>218.63</b>	125.34	8.24	0.31	<b>133.26</b>	<b>85.37</b>	77.96
(A)	30,089.10	77.03	2,333.08	<b>27,833.04</b>	12,005.55	422.62	1,038.72	<b>11,389.44</b>	<b>14,467.97</b>	16,107.92
<b>B. INTANGIBLES</b>										
Computer softwares	150.94	1.48	-	<b>152.42</b>	95.13	18.59	-	<b>113.73</b>	<b>38.69</b>	55.81
(B)	150.94	1.48	-	<b>152.42</b>	95.13	18.59	-	<b>113.73</b>	<b>38.69</b>	55.81
<b>TOTAL (A+B)</b>	30,240.04	78.50	2,333.08	<b>27,985.46</b>	12,100.68	441.22	1,038.72	<b>11,503.16</b>	<b>14,506.66</b>	16,163.73
Previous year	30,302.01	54.36	116.35	<b>30,240.04</b>	10,957.64	1,219.98	76.92	<b>12,100.68</b>	<b>16,163.73</b>	17,368.75

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

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

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



## Notes to Financial Statements

(Rupees in lacs)

	As at Mar. 31, 15	As at Mar. 31, 14
<b>12. LONG TERM LOANS AND ADVANCES</b>		
<b>12.1 Long Term Loans and Advances include:</b>		
<b>(A) Security Deposits</b>		
Unsecured, considered good	194.11	181.43
Balance with Excise Authorities	-	0.08
<b>(B) Advance Tax</b>	65.87	63.32
<b>(C) Loans and advances to parties other than related parties (Advance receivable in cash or kind)</b>		
Unsecured, considered good	9.86	9.30
Considered Doubtful	178.39	178.39
Less: Provision for Doubtful Advances	178.39	178.39
Sub total	9.86	9.30
<b>TOTAL</b>	<b>269.84</b>	<b>254.13</b>
<b>13. OTHER NON CURRENT ASSETS</b>		
(A) Deferred Revenue Expenditure	24.83	39.02
(B) Claims and other receivables	73.19	78.03
Less: Provision for doubtful receivables	5.57	5.57
<b>TOTAL</b>	<b>92.45</b>	<b>111.47</b>
<b>14. INVENTORIES</b>		
(A) Raw Materials and components	589.74	826.41
Add: Goods-in transit	100.21	153.56
	689.94	979.97
(B) Work-in-progress	1,169.91	1,293.01
(C) Finished goods	2,041.18	2,534.08
(D) Stock-in-trade	384.57	414.33
(E) Stores and spares	341.01	384.57
Add: Goods-in transit	58.68	10.72
	399.69	395.30
(F) Others (Waste and stock of DEPB/FPS)	79.66	42.80
<b>TOTAL</b>	<b>4,764.95</b>	<b>5,659.49</b>

## Notes to Financial Statements

(Rupees in lacs)		
	As at Mar. 31, 15	As at Mar. 31, 14
<b>15. TRADE RECEIVABLES</b>		
(A) Trade receivables outstanding for a period less than six months		
Unsecured, considered good	3,195.46	2,334.74
(B) Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	15.26	14.25
Unsecured, considered doubtful	51.64	51.64
Less: Provision for doubtful receivables	51.64	51.64
Sub total	15.26	14.25
<b>TOTAL</b>	<b>3,210.72</b>	<b>2,348.98</b>
<b>16. CASH AND BANK BALANCES</b>		
(A) Cash and Cash Equivalents		
(1) Balances with banks in current account	134.62	146.11
(2) Bank deposits maturing up to 3 months*	322.20	195.01
(3) Cash on hand	6.39	3.25
(B) Other Bank Balances		
(1) Bank deposits maturing between 3 to 12 months*	285.88	275.25
<b>TOTAL</b>	<b>749.09</b>	<b>619.63</b>
* The Bank Deposits include amount of Rs.201.73 Lacs (P.Y. Rs.459.03 Lacs) which is subject to repatriation restrictions.		
<b>17. SHORT-TERM LOANS AND ADVANCES</b>		
(A) Advance Receivable in cash or Kind		
(1) From Related Party		
Unsecured, considered good	328.36	-
(2) Other than related Party		
Unsecured, considered good	7,795.54	173.65
(B) Prepaid Expenses	30.44	12.31
<b>TOTAL</b>	<b>8,154.35</b>	<b>185.96</b>



## Notes to Financial Statements

(Rupees in lacs)

	As at Mar. 31, 15	As at Mar. 31, 14
<b>18. OTHER CURRENT ASSETS</b>		
(A) Interest receivable	33.82	27.70
(B) Assets held for sale	87.52	6.85
(C) Claims and other receivables	131.64	140.04
(D) Deferred Revenue Expenditure	14.19	14.19
<b>TOTAL</b>	<b>267.16</b>	<b>188.78</b>

(Rupees in lacs)

	For the year ended Mar. 31, 15	For the year ended Mar. 31, 14
<b>19. REVENUE FROM OPERATIONS</b>		
(A) Sale of products	26,756.63	26,563.84
(B) Other operating revenues	351.24	229.07
<b>TOTAL</b>	<b>27,107.87</b>	<b>26,792.90</b>
<b>20. DETAILS OF RAW MATERIAL CONSUMED</b>		
(A) Cotton/Yarn	10,448.10	10,997.75
(B) Fabrics	1,723.79	1,935.16
<b>TOTAL</b>	<b>12,171.89</b>	<b>12,932.91</b>
<b>21. DETAILS OF STOCK IN TRADE PURCHASED</b>		
Fabrics	976.41	1,160.34
<b>TOTAL</b>	<b>976.41</b>	<b>1,160.34</b>
<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Closing Stock	3,578.99	4,251.00
Less: Opening Stock	4,251.00	4,019.44
<b>NET</b>	<b>(672.01)</b>	<b>231.56</b>
<b>23. EMPLOYEE BENEFITS EXPENSES</b>		
(A) Salaries and Wages	3,076.40	3,021.48
(B) Contribution to Provident and Other Funds	288.85	318.57
(C) Staff welfare expenses	108.09	119.87
<b>TOTAL</b>	<b>3,473.34</b>	<b>3,459.92</b>

## Notes to Financial Statements

(Rupees in lacs)		
	For the year ended Mar. 31, 15	For the year ended Mar. 31, 14
<b>24. FINANCE COST</b>		
(A) Interest expense (Net)	434.52	139.68
(B) Other borrowing costs	53.16	52.12
<b>TOTAL</b>	<b>487.69</b>	<b>191.80</b>
<b>25. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
(A) Depreciation	441.22	1,219.98
(B) Amortization	14.19	14.19
<b>TOTAL</b>	<b>455.40</b>	<b>1,234.17</b>
<b>26. OTHER EXPENDITURE</b>		
(A) Payments to the auditor		
As auditor	9.55	9.55
For taxation matters	1.23	1.23
For Other matters	0.30	0.31
Sub total	11.08	11.09
(B) Consumption of Stores, Spare, Dyes and Chemicals	2,116.12	2,045.98
(C) Power & Fuel	2,588.73	2,565.98
(D) Rent	6.76	8.78
(E) Repairs to Buildings	17.59	10.28
(F) Repairs to Machinery	118.86	138.94
(G) Insurance	67.76	69.36
(H) Rates and Taxes	74.75	124.97
(I) Job Charges	3,074.50	2,928.11
(J) Selling and Distribution Expenses	443.10	503.74
(K) Travelling & Conveyance	136.08	155.35
(L) Provision for doubtful debts & advances	-	192.00
(M) Loss on sale/retirement/damage of fixed assets	1,085.47	23.75
(N) Miscellaneous Expenses	804.51	670.53
<b>TOTAL</b>	<b>10,545.32</b>	<b>9,448.85</b>





## Notes to Financial Statements

(Rupees in lacs)

	As at Mar. 31, 15	As at Mar. 31, 14
<b>27. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>		
(A) Claims against the company not acknowledged as debt	2,781.51	2,691.44
(B) Guarantees	-	24,625.14
(C) Other money for which the company is contingently liable	44.00	40.73
<b>TOTAL</b>	<b>2,825.51</b>	<b>27,357.31</b>
<b>28. DIVIDEND</b>		
Arrears of fixed cumulative dividend (including Dividend Tax) on cumulative preference shares for the following period.		
(A) 11% cumulative preference shares for the period from March 26, 2001 to March 31, 2015	2,887.83	2,681.92
(B) 13% cumulative preference shares for the period from July 1, 2000 to March 31, 2015	1,010.13	941.69
<b>TOTAL</b>	<b>3,897.96</b>	<b>3,623.61</b>
<b>29. DETAILS OF WORK-IN-PROGRESS</b>		
(A) Up to Yarn Stage	776.19	763.39
(B) Fabrics	393.72	529.62
<b>TOTAL</b>	<b>1,169.91</b>	<b>1,293.01</b>

(Rupees in lacs)

	For the year ended Mar. 31, 15	For the year ended Mar. 31, 14
<b>30. VALUE OF IMPORTS ON CIF BASIS:</b>		
(A) Raw Materials	-	85.65
(B) Components of Stores, Spares, Dyes and Chemicals	436.29	217.63
<b>TOTAL</b>	<b>436.29</b>	<b>303.28</b>
<b>31. DETAILS OF EXPENDITURE IN FOREIGN CURRENCY</b>		
(A) Travelling Expenses	12.86	23.98
(B) Fees & Services	-	11.71
(C) Sales and Distribution exp.	2.89	0.22
(D) Others	1.79	10.81
<b>TOTAL</b>	<b>17.54</b>	<b>46.72</b>

## Notes to Financial Statements

### 32. VALUE OF RAW MATERIAL, STORES, SPARES, DYES AND CHEMICALS CONSUMED

	Raw Materials		Stores, Spares, Dyes and Chemicals	
	In %	Rs. In Lacs	In %	Rs. In Lacs
Imported	- (0.82)	- (106.43)	<b>21.58</b> (20.19)	<b>456.71</b> (413.04)
Indigenous	<b>100.00</b> (99.18)	<b>12,171.89</b> (12,826.48)	<b>78.42</b> (79.81)	<b>1,659.41</b> (1,632.94)
<b>TOTAL</b>	<b>100.00</b> (100.00)	<b>12,171.89</b> (12,932.91)	<b>100.00</b> (100.00)	<b>2,116.12</b> (2,045.98)

### 33. FOREIGN CURRENCY TRANSACTIONS :

The company used forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The company did not enter into any contract to derivative instruments for trading or speculative purposes. The foreign currency exposer not hedged as at March 31, 2015 are as under:

Particulars	As at Mar. 31, 15		As at Mar. 31, 14	
	US \$ in lacs	INR Equivalent In lacs	US \$ in lacs	INR Equivalent In lacs
Export of Goods and services	<b>5.69</b>	<b>355.65</b>	3.11	186.36
<b>Total</b>		<b>355.65</b>		186.36

- 34.** Loans and advances to staff include Rs.0.65 lacs (Previous year Rs. 0.63 lacs) due from officers of the company.
- 35.** The Sales Tax authorities have issued notices for demand of Sales Tax of Rs.747.93 lacs, penalty of Rs.619.58 lacs and interest of Rs.538.51 lacs, aggregating to Rs.1906.01 lacs for various assessment years. The company disputes the said demand. The company has filed appeals against these notices and got stay orders against the same.
- 36.** During the year under review due to loss the company has not provided for Income-tax for the Assessment Year (A.Y.) 2015-16 (Previous year Rs. NIL). Provision for wealth-tax is made of Rs.0.32 lacs (Previous year Rs. 0.39 lacs).

As regards deferred tax as per Accounting Standard - 22 (AS-22) on "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, there is a net deferred tax asset for the past years and for the current year after adjusting unabsorbed depreciation and carry forward losses of the past years. Considering the provisions of the AS-22 and as a matter of prudence, the company has not recognised the said deferred tax asset while preparing the accounts for the year under review.

The Income-tax assessments of the company are completed up to A.Y. 2012-13. In respect of assessment for A.Y. 1996-97, income-tax department had disputed some of the claims and raised demand of Rs. 676.66 lacs for tax and interest. The company had preferred an appeal against the said assessment and had succeeded before Commissioner of Income-tax (Appeal) and demand has been deleted. However, Income-tax department has preferred further appeal before the Income-tax Appellate Tribunal for which Tribunal has sent back file to Assessing Officer with certain directions for which appeal effect order is yet to be received from the Assessing Officer.

- 37.** The cost of purchase is arrived at after considering effect of any settlement reached with the suppliers during the year.

**Notes to Financial Statements**

38. Export benefits/incentives in respect of duty draw back and purchase of raw material from local suppliers (against advance released orders under duty exemption scheme) are accounted on accrual basis in order to follow the system of accounting which is mandatory as per the provisions of section 128 of the Companies Act, 2013.
39. There are no amounts outstanding for more than 30 days in respect of small scale industrial undertakings. The company has provided for interest of Rs.NIL (Previous year Rs.0.07 lacs) on outstanding for more than 45 days payable to Micro, Small and Medium enterprises. The total amount due to these parties is Rs.NIL (Previous year Rs.NIL) as at the balance sheet date. This information has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.
40. The unsecured loans include Rs. 750.00 lacs in the suspense account representing amount of a cheque drawn on HDFC Bank given by the company to Bank of Bahrain & Kuwait (BBK) and paid to BBK by clearing house because of the delay by HDFC Bank in returning the cheque to BBK. The dispute is the subject matter of notice correspondence between HDFC Bank and BBK and under dispute between the company, BBK and HDFC Bank in various courts.
41. The expenditure incurred in respect of assets damaged for which insurance claim has been received has been debited under respective heads.
42. The company has retired its captive power plant from active use, as it had become very old and was not commercially viable to operate due to high fuel costs. The same is being carried at its estimated realizable value as asset held for sale. A portion of old building of its Spinfab Division, which was unusable and in a dilapidated condition, was demolished during the year. The aggregate loss of Rs.1096.73 lacs on account of retirement/demolition has been debited to revenue as a separate line item under Note 26 "other expenditure".
43. Based on useful life of each class of fixed assets determined upon technical evaluation, depreciation for the year comes to Rs.441.22 lacs compared to Rs.648.62 lacs as per old basis of providing depreciation.
44. The company has signed a term sheet for settlement of secured loans with one of its major secured creditors during the year. The Term Sheet provided for a Scheme of Arrangement under section 391 of the Companies Act 1956 to be implemented for debt settlement. Accordingly, the company has filed with the Stock Exchanges, a draft Scheme of Arrangement for Reconstruction and Compromise between the company and its equity shareholders, preference shareholders and secured creditors under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013. It provides for settlement based on percentage of outstanding principal amount only, as per various options given to secured creditors. As per the scheme, no interest is payable on these loans for the period till date. Secured creditors accounting for about 99% of total secured debt of the company have given letters to the company indicating their in-principle approval for preference of options from those given in the scheme. The scheme also provides for restructuring of preference shares.
- The company has received Observation Letter for the scheme from the Stock Exchanges. The company is in the process of filing the Scheme with the Hon. Gujarat High Court for approval. The scheme will be effective upon approval by the Hon. Gujarat High Court.
- The company has made on account payment of Rs.7700.00 lacs to one of its secured creditors against debt settlement dues under the scheme, which will be appropriated as payment of settlement dues upon the scheme becoming effective. The amount is disclosed in the Balance Sheet as "Short Term Loans and Advances" under the head "Advances Recoverable in Cash or Kind" in Schedule 17.
45. In view of the substantial progress in debt restructuring as stated above, and considering that the draft scheme of arrangement provides for debt settlement at less than outstanding principal amount of secured debt, and does not provide for payment of any interest, the company is not required to provide for interest on secured loans.
46. The company has settled secured loans with certain lenders during the year for consideration less than the outstanding principal loan amounts and taken the excess of liability over settlement amount to "Reconstruction Reserve".

## Notes to Financial Statements

### 47. Retirement Benefits (Accounting Standard – 15) :

#### Provision for Gratuity

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

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

Sr. No.	Particulars	(Rupees in lacs)	
		For the year ended Mar. 31, 15	For the year ended Mar. 31, 14
1	<b>Assumptions:</b>		
	Interest rate	8.00%	9.10%
	Estimated rate of return on plan assets	9.00%	9.00%
	Rate of growth in salary levels	3.00%	3.00%
2	<b>Changes in present value of obligation</b>		
	Present value of obligation as at beginning of the year	876.64	815.93
	Add: Service cost	50.05	45.87
	Add: Interest cost	76.51	63.59
	Add: Actuarial loss	16.47	(17.43)
	Less: Benefits paid	65.50	31.32
	Net being present value of obligation as at end of the year	954.17	876.64
3	<b>Changes in the fair value of plan assets</b>		
	Fair value of plans assets at beginning of the year	834.64	686.06
	Add: Expected return on plan assets	74.35	65.63
	Add /(Less) : Actuarial gain / (loss)	63.74	(2.28)
	Add: Contributions	76.67	116.55
	Less: Benefits paid	65.50	31.32
	Net being fair value of plans assets at end of the year	983.90	834.64
4	<b>Actuarial Loss recognized</b>		
	Actuarial Loss for the year – Obligation	16.47	(17.43)
	Less/ (Add) : Actuarial Gain / (Loss) for the year - plan assets	63.74	(2.28)
	Net being Actuarial loss / (gain) recognised in the year	(47.27)	(15.16)
5	<b>The amounts to be recognised in Balance sheet</b>		
	Present value of obligations as at the end of the year	954.17	876.64
	Less: Fair value of plan assets as at the end of the year	983.90	834.64
	Net being liability to be recognised in the balance sheet as at the end of the year – see note	(29.73)	42.00
6	<b>Expenses Recognised in Statement of Profit and Loss</b>		
	Current Service cost	50.05	45.87
	Add: Interest cost	76.51	63.59
	Less: Expected return on plan assets	74.35	65.63
	Add: Actuarial loss recognised in the year	(47.27)	(15.16)
	Net being expenses recognised in statement of Profit and Loss – Note	4.94	28.67
7	<b>Estimated amount of contribution to be paid to the plan within the next year</b>	NIL	41.99



## Notes to Financial Statements

Note: The company has not recognised cumulative positive impact of Rs.130.38 lacs (previous year Rs.75.33 lacs) in the Statement of Profit and Loss for the year ended March 31, 2015 as a measure of prudence.

### 47.2 Percentage of each category for Plan Assets to total fair value of Plan Assets as at close of the year.

Particulars	% invested as at Mar. 31, 15	% invested as at Mar. 31, 14
a) Insurer managed funds	99.68%	99.63%
b) Bank balances	0.32%	0.37%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### 47.3 Amount of Current year and Previous four years are as follows:

(Rupees in lacs)

Particulars	Gratuity				
	2014-15	2013-14	2012-13	2011-12	2010-11
a) Present Value of Defined Benefit obligation	954.17	876.64	815.94	715.76	682.50
b) Fair Value of Plan Assets	983.90	834.64	686.06	608.85	604.17
c) Surplus/(Deficit) in the Plan	29.73	(42.00)	(129.88)	(106.91)	(78.33)
d) Experience Adjustments on plan Liabilities losses/(gains)	(58.69)	54.99	31.24	42.77	61.86
e) Experience Adjustments on plan Assets (losses)/gains	(63.73)	3.30	(6.31)	(24.43)	6.46

### 48. Segment reporting (Accounting Standard - 17):

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

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

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

### Secondary segment reporting:

(Rupees in lacs)

Particulars	In India	Outside India	Total
Sales	22,680.98	4,426.89	27,107.87
	(22,037.98)	(4,754.92)	(26,792.90)
Debtors	2,855.07	355.65	3,210.72
	(2,162.62)	(186.36)	(2,348.98)

## Notes to Financial Statements

### 49. Related parties disclosures (Accounting Standard – 18):

#### (i) Relationships

##### (a) Key management personnel and their relatives:

Mr. Chintan N. Parikh	- Chairman & Managing Director
Mr. Krishnachintan C. Parikh	- Relative of key managerial personnel (Vice President – Denims)

##### (b) Other related parties:

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

#### (ii) Transactions carried out with related parties referred to in (i) above are in ordinary course of business.

Nature of transactions	(Rupees in lacs)	
	Related parties	
	Key management personnel	Other related parties
Purchases	-	33.22
	(-)	(40.63)
Sales	-	1,658.63
	(-)	(1,480.78)
Expenses	-	3,213.54
	(-)	(2,781.83)
Directors' remuneration	71.42	-
	(74.98)	(-)
Salary	4.88	-
	(3.40)	(-)
Income	-	36.41
	(-)	(36.41)
Other receipts	-	6.04
	(-)	(9.69)
Finance	-	8,191.34
	(-)	(-)
<b>Outstanding</b>		
Payables	-	-
	(-)	(2.35)
Receivables	-	330.82
	(-)	(-)
Loans Payable	-	8,191.34
	(-)	(-)

**Notes to Financial Statements****50. Earning per share (Accounting Standard - 20):****(Rupees in lacs)**

<b>Particulars</b>	<b>For the year ended Mar. 31, 15</b>	<b>For the year ended Mar. 31, 14</b>
Loss for the year	<b>(1620.33)</b>	(1284.41)
Add: Preference dividend		
13% Redeemable	<b>58.50</b>	58.50
11% Redeemable	<b>176.00</b>	176.00
Loss for the year including preference dividend	<b>(1854.83)</b>	(1518.91)
No. of equity shares outstanding during the year	<b>3,33,68,787</b>	3,33,68,787
Nominal value of ordinary shares	<b>Rs. 10</b>	Rs. 10
Basic and diluted earning per share (Rs.)	<b>(5.56)</b>	(4.55)

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

**51.** Based on review carried out as on March 31, 2015, no impairment loss is required to be provided for as per Accounting Standard 28 on "Impairment of Assets".

**52.** Previous year figures have been regrouped / rearranged wherever necessary to confirm to this year's figures.

**53.** Remittances in foreign currency on account of dividend: NIL

**54. Earnings in foreign currency:****(Rupees in lacs)**

<b>Particulars</b>	<b>For the year ended Mar. 31, 15</b>	<b>For the year ended Mar. 31, 14</b>
Total export sales	<b>4,426.89</b>	4,754.92
Of which F.O.B. value of exports	<b>4,357.00</b>	4,644.53

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

As per our report of even date attached

For **Dhirubhai Shah & Doshi**  
Chartered Accountants  
(Firm Registration No. 102511W)

**Chintan N. Parikh**  
Chairman & Managing Director

**Kaushik D. Shah**  
Partner  
Membership No. 016502

**Hiren S. Mahadevia**  
Company Secretary

**Jayesh C. Bhayani**  
Chief Financial Officer

Ahmedabad  
June 27, 2015

Ahmedabad  
June 27, 2015



**ASHIMA LIMITED**  
Regd. Office: Texcellence Complex, Khokhara-Mehmedabad  
Ahmedabad – 380 021  
CIN: L99999GJ1982PLC005253  
Website: www.ashima.in

### ATTENDANCE SLIP

Folio No./DP ID/Client Id	
No. of Shares held	

I certify that I am registered shareholder/proxy for the registered shareholder of the company.  
I hereby record my presence at the 32nd Annual General Meeting of the Company held at the Registered Office of the Company at Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad – 380 021 on Friday, September 18, 2015 at 12.00 p.m.

Name of the Shareholder(s) (In Block Letter)	
Signature of the Shareholder(s)	
Name of Proxy (In Block Letter)	
Signature of Proxy	

Note: You are requested to sing and handover this slip at the entrance of the meeting venue

### Form MGT-11

#### Proxy Form

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN	:	L99999GJ1982PLC005253
Name of the Company	:	ASHIMA LIMITED
Registered Office	:	Texcellence Complex, Khokhara - Mehmedabad, Ahmedabad – 380 021
Name of the Member(s)	:	
Registered Address	:	
Email ID	:	
Folio No./Client ID/DP ID	:	

I/we being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name \_\_\_\_\_  
Address \_\_\_\_\_  
email Id \_\_\_\_\_  
Or failing him \_\_\_\_\_ Signature \_\_\_\_\_
2. Name \_\_\_\_\_  
Address \_\_\_\_\_  
email Id \_\_\_\_\_  
Or failing him \_\_\_\_\_ Signature \_\_\_\_\_
3. Name \_\_\_\_\_  
Address \_\_\_\_\_  
email Id \_\_\_\_\_  
Or failing him \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on Friday, September 18, 2015, 12.00 p.m. at the Registered Office of the Company at Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad – 380 021 and any adjournment thereof in respect of such resolutions as are indicated below:



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### Ordinary Business

1. Adoption of financial statements for the year ended March 31, 2015 and the Reports of Board of Directors and Auditors thereon. (Ordinary Resolution)
2. Re-appointment of Mr. Chintan N. Parikh, Director, retiring by rotation and being eligible offering himself for re-appointment.(Ordinary Resolution)
3. Re-appointment of Statutory Auditors of the Company till the conclusion of the next Annual General Meeting. (Ordinary Resolution)

### Special Business

4. Payment of Remuneration to Mr. Chintan N. Parikh, Managing Director. (Special Resolution)
5. Appointment of Mrs. Koushlya V. Melwani, as a Director. (Ordinary Resolution)
6. Re-classification of Authorised Share Capital and consequent alteration in Memorandum of Association of the Company. (Special Resolution)
7. Approval of Cost Auditor's Remuneration. (Ordinary Resolution)
8. Approval to Material Related Party Transactions. (Special Resolution)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

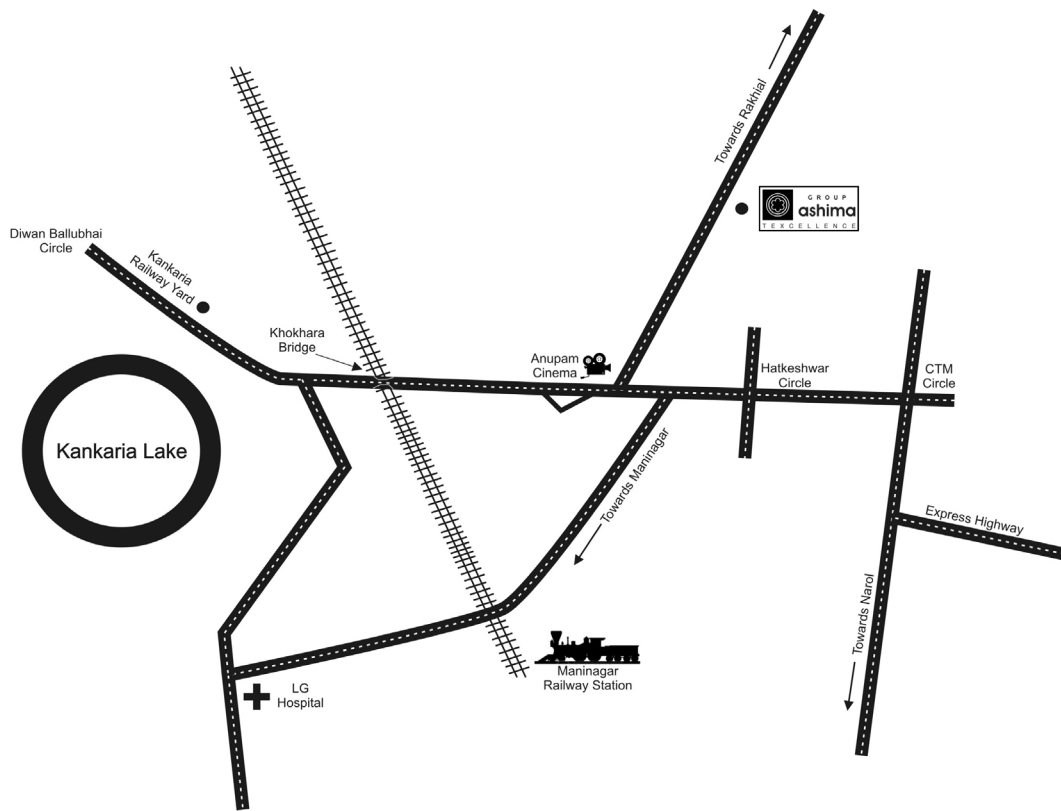
Signature of Shareholder : \_\_\_\_\_

Signature of Proxy Holder : \_\_\_\_\_

Affix a 1 Re. Revenue Stamp
--------------------------------------

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, Not less than 48 hours before the commencement of the Meeting

ROUTE MAP



[illegible]



If undelivered  
Please return to :

**ASHIMA LIMITED**

CIN No. L99999GJ1982PLC005253  
Texcellence Complex,  
Khokhara-Mehmedabad, Ahmedabad-380021