ashima LIMITED

Regd. Office : Texcellence Complex, Near. Anupam Cinema, Khokhra, Ahmedabad - 380 021, India.
Phone : 91-79-67777000 • Fax : 91-79-22773061 • E-mail : texcellence@ashima.in
CIN No : L99999GJ1982PLC005253

14th August, 2017

| | |
|---|---|
| To,<br>BSE Limited<br>Corporate Relationship Department,<br>25th Floor, P J Towers,<br>Dalal Street, Fort, Mumbai – 400001<br>SECURITY CODE NO. 514286 | To,<br>National Stock Exchange of India Ltd<br>Exchange Plaza 5th Floor,<br>Plot no. C/1, G Block,<br>Bandra Kurla Complex,<br>Bandra (East), Mumbai – 400051<br>SECURITY CODE NO. ASHIMASYN |

Dear Sir/ Madam,

**Sub: Annual Report of 34th Annual General Meeting ('AGM') under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

This is to inform you that the 34th Annual General Meeting of the Shareholders of the Company was held on Friday, 11th August, 2017 at the Registered Office of the Company at 11:00 a.m.

In this regard, please find enclosed herewith the Annual Report of 34th Annual General Meeting for the Financial Year 2016–17 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

This is for your information and records.

Thanking You,
Yours Faithfully,

**For Ashima Limited**

**Hiren Mahadevia**
**Company Secretary**

Encl: As stated



ashima
LIMITED

# 34th Annual Report
# 2016-17

# ASHIMA LIMITED

## 34th ANNUAL REPORT – 2016 – 17

**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 (upto 02.08.2016) |
| Mr. Neeraj Golas | - | Director (Nominee Director of ARCIL upto 01.08.2016 and appointed as Director w.e.f. 12.08.2016) |
| Mrs. Koushlya Melwani | - | Director |
| Mr. Atulkumar Singh | - | Director (w.e.f. 15.10.2016) |
| Mr. Krishnachintan Parikh | - | Executive Director (w.e.f. 01.06.2017) |

**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 34th ANNUAL GENERAL MEETING (AGM) of Ashima Limited will be held on Friday, the 11th August, 2017 at 11.00 a.m. at the Registered Office of the Company situated 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 31st March, 2017 and the Reports of the Board of Directors and the Auditors thereon.

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

3. To appoint Statutory Auditors.

   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 provisions of Section 139, 142 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. Mukesh M. Shah & Co., Chartered Accountants (Firm Registration No. 106625W) be and hereby appointed as the Statutory Auditors of the Company (in place of Dhirubhai Shah & Doshi, Chartered Accountants, Ahmedabad, the retiring Auditors) for a term of five (5) years commencing from the Company's financial year 2017-18 to hold office from the conclusion of 34th Annual General Meeting till the conclusion of 39th Annual General Meeting of the Company, subject to ratification of their appointment by the members at every intervening Annual General Meeting, on such remuneration, excluding service tax, other applicable levies and out-of-pocket expenses etc. as may be mutually agreed upon by the Board of Directors and the Auditors.

   **RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be considered necessary, proper or expedient to give effect to this resolution"

**Special Business :**

4. **Re-appointment of Mr. Chintan N. Parikh as Managing Director of the Company and approval of his remuneration.**

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

   **"RESOLVED THAT** pursuant to provisions of Section 196, 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, if required, consent of the Company be and is hereby accorded to the re-appointment of Mr. Chintan N. Parikh (DIN-00155225) as Managing Director of the Company for a further period of three (3) years with effect from February 7, 2017 on terms and conditions of re-appointment and remuneration as set out hereunder:

   I. Salary:

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

II. House Rent Allowance: House rent allowance of Rs.2,00,000/- p.m. (Rupees two lacs only) per month.

III. Perquisites:

a. 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).

b. 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.

c. 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 lacs, fifty three thousand three hundred and thirty three only per annum) at current salary.

IV. 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.

V. The headquarter of the Managing Director shall be Ahmedabad in the State of Gujarat.

VI. 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 re-appointment as director when retired by rotation at the relevant annual general meeting of the Company and this resolution shall remain valid and effective as if there is no change in date of his appointment as the Managing Director.

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 superintendence, control and direction of the Board as it may from time to time determine, the Managing Director shall have substantial powers of the management of the Company and perform all other acts and things which in the ordinary course of business he may consider necessary or proper or in the interest of the Company

"**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and also take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**5. Appointment of Mr. Atul Kumar Singh (DIN: 00156228) as an Independent Director of the Company.**

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 149, 150, 152 read with Schedule IV and all 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) and Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, Mr. Atul Kumar Singh (DIN: 00156228), who was appointed as an Additional Director in the capacity of Independent Director of the Company by the Board of Directors with effect from 15th October, 2016 and who holds office till the date of Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying her intention to propose Mr. Atul Kumar Singh as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold

office for a term upto 5 (five) consecutive years commencing from 15th October, 2016, whose term of office shall not be subject to retirement by rotation."

**6. Appointment of Mr. Neeraj Golas (DIN: 06566069) as an Independent Director of the Company.**

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 149, 150, 152 read with Schedule IV and all 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) and Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, Mr. Neeraj Golas (DIN: 06566069), who was appointed as an Additional Director in the capacity of Independent Director of the Company by the Board of Directors with effect from 12th August, 2016 and who holds office till the date of Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying its intention to propose Mr. Neeraj Golas as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto 5 (five) consecutive years commencing from 12th August, 2016, whose term of office shall not be subject to retirement by rotation."

**7. Appointment of Mr. Krishnachintan Parikh (DIN: 07208067) as Director of the Company.**

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), Mr. Krishnachintan Parikh (DIN: 07208067), who was appointed as an Additional Director by the Board of Directors with effect from 1st June, 2017 and who holds office till the date of Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying its intention to propose Mr. Krishnachintan Parikh as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

**8. Appointment of Mr. Krishnachintan Parikh (DIN: 07208067) as an Executive Director of the Company.**

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution :**

"**RESOLVED THAT** pursuant to provisions of Section 196, 197 and 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 subject to such approvals, permissions and sanctions, if any required, including the Central Government, the approval of members of the Company be and is hereby accorded to the appointment of Mr. Krishnachintan Parikh as an Executive Director of the Company for a period of 3 (three) years w.e.f. 1st June, 2017 to 31st May, 2020, whose period of office shall be liable to retirement by rotation, on the terms and conditions and payment of remuneration as set out hereunder:

I. Salary: The Executive Director shall be entitled to a salary of Rs.1,43,000/-. (Rupees one lac forty three thousand only) per month.

II. House Rent Allowance: House rent allowance of Rs.57,000/- (Rupees fifty seven thousand only) per month.

III. Perquisites:

a. Contribution to provident fund to the extent of Rs.17,160/- per month (Rupees seventeen thousand one hundred sixty only) and superannuation fund to the extent of Rs.8333/- per month (Rupees eight thousand three hundred thirty three only).

b. Provision of car 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 Director.

c. 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.1,86,666/- (Rupees one lac, eighty six thousand, six hundred and sixty six only) per annum at current salary.

d. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.

IV. Sitting Fees - The 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.

V. The headquarter of the Executive Director shall be Ahmedabad in the State of Gujarat.

VI. Subject to the provisions of the Act the Executive Director shall be liable to retire by rotation and he shall automatically assume the office of the Executive Director on his re-appointment as director when retired by rotation at the relevant annual general meeting of the Company and this resolution shall also remain valid and effective as if there is no change in date of his appointment as the Executive Director.

VII. The Executive 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 Executive Director shall during the continuance of his employment hereunder also use his best endeavors to prevent any other person from doing so.

VIII. The Executive Director shall report to the Managing Director and shall subject to the superintendence, control and direction of the Board as it may from time to time determine, shall have powers that may be specifically delegated to him by the Board and those under the Companies Act, 2013 and/or under the Articles of Association of Company and perform all other acts and things which in the ordinary course of business he may consider necessary or proper or in the interest of the Company.

"**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and also take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**9. 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 provisions of Section 148(3) 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 as Cost Auditor, on recommendation of Audit Committee to conduct the audit of cost records of the Company pertaining to Company's Product "Textile", be paid remuneration, for the financial year ending 31st March, 2018 amounting to Rs.60,000/- (Rupees sixty thousand only) exclusive of service tax and other applicable levies and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit, be and is hereby ratified and confirmed."

"**RESOLVED FURHTER THAT** the Board of Directors of the Company (including its Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be considered necessary, proper or expedient to give effect to this resolution"

**10. Approval of Material Related Party Transactions**

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

**"RESOLVED THAT** in terms of provisions of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 attached to this Notice."

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

**11. Alteration of Articles of Association (AOA) of the Company as per the provision of the Companies Act, 2013**

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

**"RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of Companies Act, 2013, read with Companies (Incorporation) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to substitute the entire existing Articles of Association of the Company by a new set of Articles of Association."

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to undertake all such acts, deeds, matters and things to finalise and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, to enable this resolution, and to settle any question, difficulty or doubt that may arise in this regard."

**"RESOLVED FURTHER THAT** any one of the Directors of the Company and/or the Company Secretary be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to this resolution."

Date: May 6, 2017
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.

2. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of the relevant Board Resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the meeting.

3. The relative Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013, in respect of the businesses under Item no. 4 to 11 of the accompanying notice are annexed hereto.

4. In respect of resolution at Item no. 4 to 8 a statement giving additional information on the Directors seeking re-appointment is annexed herewith as required under Regulation no.36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. 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 (11.00 am to 12.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting (AGM) of the Company.

6. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday 5th August, 2017 to Friday 11th August, 2017 (both days inclusive).

7. Electronic copy of the Annual Report for the year 2016-17 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 2016-17 is being sent in the permitted mode.

8. 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.

9. 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 Regulation 44(1)&(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, August 8, 2017 at 9.00 a.m. and will end on Thursday, August 10, 2017 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. Friday, August 4, 2017, 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. Friday, August 4, 2017, 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 dispatch of the Notice of the AGM and prior to the Cut-off date i.e. Friday, August 4, 2017, 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. Friday August 4, 2017.

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**

| | | |
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| Step 1 | : | Open your web browser during the voting period and log on to the e-voting website: www.evotingindia.com |
| Step 2 | : | Click on "Shareholders" to cast your vote(s). |
| Step 3 | : | Please enter your USER ID –<br>• For account holders in CDSL: Your 16 digits beneficiary ID.<br>• For account holders in NSDL: Your 8 characters DP ID and followed by 8 digits Client ID.<br>• Members holding shares in physical form should enter folio number registered with the Company. |
| Step 4 | : | Please enter the Image verification as displayed and Click on Login.<br>If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used. |
| Step 5 | : | If you are a first time user follow the steps given below: |
| PAN | : | • Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).<br>• Members who have not updated their PAN with the Company/depository participant are requested to use the sequence number which is printed on Attendance/Address Slip, in the PAN field<br>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |

| | | |
|---|---|---|
| DOB | : | Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details | : | Enter the dividend bank details as recorded in your demat account or the Company records for the said demat account or folio.<br><br>Please enter the DOB or Dividend Bank Details 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.<br><br>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.<br><br>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. **170523002** 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 | : | Shareholders can also cast their vote using CDSL's mobile app "m-Voting" available for Apple, Android and windows based mobile. The m-Voting app can be downloaded from Google Play Store.. Please follow the instructions as prompted by the mobile app while voting on your mobile. |

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| Step 15 | : | **Note for Non Individual Shareholders and Custodians:-**<br>• Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.<br>• A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com . |
| | | • After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) which they wish to vote on.<br>• The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.<br>• A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same |

ix) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.ashima.in and on the website of CDSL i.e. www.cdslindia.com within three days after the conclusion of 34th AGM and shall also be communicated to Stock Exchanges where the shares of the Company are listed.

x) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

**Contact Details:**

| | | |
|---|---|---|
| Company | : | Ashima Limited<br>Regd. Office:Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad - 380021. Gujarat |
| Registrar & Share Transfer Agent | : | Link Intime India Pvt. Ltd.<br>5th floor, 506 to 508, Amarnath Business Centre – (ABC-1) Beside Gala Business Centre, Near St. Xavier's College Corner, Off C G Road, Navarangpura Ahmedabad – 380009 Tel No. +91 79 26465179 /86 / 87 Email Id: ahmedabad@linkintime.co.in; Website : www.linkintime.co.in |
| E-Voting Agency | : | Central Depository Services (India) Ltd. |
| E-mail | : | helpdesk.evoting@cdslindia.com |
| Scrutinizer | : | Mr. Tapan Shah, Practising Company Secretary |
| Email | : | scrutinizer@tapanshah.in |

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

**Item no. 4:**

Resolution under item no. 4 of the Notice relates to re-appointment and payment of remuneration to Mr. Chintan Parikh as Managing Director of the Company for the period of 3 years from 7th February, 2017 to 6th February, 2020.

On recommendation of Nomination & Remuneration Committee, the Board of Directors of the Company had at its meeting held on 11th February, 2017 approved re-appointment of Mr. Chintan N. Parikh as Managing Director of the Company with payment of remuneration of Rs. 84 lacs (Rupees eighty four lacs only)and perquisites as per Schedule V of the Companies Act, 2013 for the abovesaid period.

The remuneration as set out in the resolution 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.

The information pursuant to Schedule V is given hereunder:

**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 31.03.2017, the Turnover & other income were Rs.19510.02 lacs. The Company has reported a profit of Rs.2648.55 lacs for the year at PBT level compared to a loss of Rs.2355.77 lacs in previous year. The performance for the year includes Rs.5255.17 lacs being an exceptional and extraordinary item in terms of gain on account of sale of a part of surplus land by the Company in order to part-fund the settlement of secured debt. The Company has not made any foreign investments. The foreign holding including Non-Resident Indians (NRIs) holding is 0.91% 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 was also a Member of the Board of Governors of IIM, Ahmedabad during April 2007 to April 2016, for consecutive 3 terms, each term having a tenure of 3 years. He was also specially appointed as President of Gujarat Chamber of Commerce and Industry (GCCI) for the year 2010-11, by the Empowered Committee of GCCI, entrusted with the task of transforming functioning and operations of GCCI including its constitution, which task he successfully accomplished. He has about 35 years of experience in the field of textiles. He is also Chairman & Managing Director of Ashima Dyecot Private Limited (ADPL). He is also President of Ahmedabad Textiles Mills Association (ATMA). He also visualized and set up Asia's most modern fabric processing facility in ADPL. 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. Under his leadership, the Company established itself strongly in the domestic and international markets as a supplier of quality fabrics. In the recent years, the Company has been passing through difficult times due to various adverse factors. Under his able leadership, the Company successfully carried out the comprehensive secured debt settlement with the secured creditors of the Company by way of Scheme of Amalgamation & Reconstruction under section 391 of the Companies Act, 1956 which was sanctioned by the Honorable High Court of Gujarat. Further he has been 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. On account of his strenuous efforts, the Company has become almost debt-free and once again embarking upon the path of growth.

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, encashment of leave as per rules of the Company for earlier tenure) to the tune of Rs.108.93 lacs for the year ended on 31st March, 2017. The present 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 Board's Report and the Management Discussions and Analysis for the year ended 31.03.2017. The Company posted profit in terms of a gain on account of sale of a part of surplus land of the Company in order to part-finance the settlement of the secured debt of the Company in accordance with the Scheme of Arrangement. as sanctioned by the Hon'ble High Court of Gujarat. On the operational front, the performance is marginally down with loss at PBT level.

The performance of the Company has remained almost unchanged during the year as compared to the previous year. The rising competition and strengthening rupee hit the product volumes and the top-line of the Company adversely and resulted into strained margins and lower volumes. However, reduced interest burden on account of repayment of the loans offset the adverse impact of the above and the bottom-line remained almost at the same level of the last year.

The Company's technological limitations in terms of offering wider product range or better product differentiation continue to add to the challenges faced by it. The rising competition and strengthening rupee hit the product volumes and the top-line of the Company adversely and resulted into strained margins and lower volumes.

**IV. Steps taken or proposed to be taken for improvement:**

The Company successfully completed its secured debt restructuring exercise through the Scheme of Arrangement as stated in the Board's Report. The Company has now undertaken a comprehensive exercise for operational restructuring. An overhaul of the existing manufacturing setup along with introduction of newer machines is under implementation which will improve technical capabilities, reduce bottlenecks and enhance customer servicing setup. The changed scenario shall enable the Company to operate in a high value-added market segment and offer an improved product basket and it would be a challenge for the Company to translate the same into an improved operational performance going forward. The Government of India has approved several measures for textiles and apparels during the year. The growing Indian economy and rising disposable income will render a strong tailwind to the textile sector.

**V. Disclosures**

The details of remuneration and other information is given in the Corporate Governance part of the Board's Report. The resolution sets out the entire terms and conditions of his re-appointment and remuneration.

The Board of Directors recommend this resolution as set out at Item no. 4 of the Notice, for the approval of the members.

Except, Mr. Chintan N. Parikh and Mr. Krishnachintan C. Parikh, none of the Directors, Key Managerial Personnel (KMP) and their relatives are anyway concerned or interested in the said resolution.

**Item no. 5:**

The Board of Directors had appointed Mr. Atul Kumar Singh as an Additional Director (Non- Executive & Independent) w.e.f. 15th October, 2016. Mr. Atul Kumar Singh is a Bachelor of Textiles and having Graduate Diploma in Materials Management. He is having vast knowledge and experience of about 31 years in the field of textiles, garments etc.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of Independent Director requires approval of members. 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 her intention to propose the appointment of Mr. Atul Kumar Singh as a Director.

Mr. Atul Kumar Singh is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Atul Kumar Singh that he meets with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act

and under Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, Mr. Atul Kumar Singh fulfills the conditions of his appointment as an Independent Director as specified in the Act and the Regulations.

The Board has appointed Mr. Atul Kumar Singh as an Independent Director, subject to shareholders' approval to hold office for a term upto 5 (five) consecutive years commencing from 15th October, 2016 whose term of office shall not liable to be retirement by rotation. Keeping in view his vast expertise and knowledge in the textile industry, it will be in the interest of the Company that Mr. Atul Kumar Singh is appointed as an Independent Director. Copy of the draft letter for appointment of Mr. Atul Kumar Singh as an Independent Director, setting out the terms and conditions of appointment shall be open for inspection by the members at the Registered Office of the Company during normal business hours on all working days, excluding Sundays.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Atul Kumar Singh as an Independent Director, for the approval by the members of the Company.

Except Mr. Atul Kumar Singh, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution.

**Item no. 6:**

The Board of Directors had appointed Mr. Neeraj Golas as an Additional Director (Non- Executive & Independent) w.e.f. 12th August, 2016. Mr. Neeraj Golas aged 47 years was Nominee Director of Asset Reconstruction Company (India) Limited. He holds B.Sc. and LL.B degree and he is also Associate Member of Institute of Cost Accountants of India and Fellow Member of Institute of Chartered Accountants of India. He has completed courses of DISA and CISA. He has total experience of 24 years.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of Independent Directors requires approval of members. 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 its intention to propose the appointment of Mr. Neeraj Golas as a Director.

Mr. Neeraj Golas is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Neeraj Golas that he meets with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act and under Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, Mr. Neeraj Golas fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Regulations.

The Board has appointed Mr. Neeraj Golas as an Independent Director, subject to shareholders' approval to hold office for a term upto 5 (five) consecutive years commencing from 12th August, 2016, whose term of office shall not liable to retire by rotation. Keeping in view his vast expertise and knowledge in the areas of finance, accounts and audit, it will be in the interest of the Company that Mr. Neeraj Golas is appointed as an Independent Director. Copy of the draft letter for appointment of Mr. Neeraj Golas as an Independent Director, setting out the terms and conditions of appointment shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on all working days, excluding Sundays.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Neeraj Golas as an Independent Director, for the approval by the members of the Company.

Except, Mr. Neeraj Golas being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution.

**Item No. 7 & 8: Appointment of Mr. Krishnachintan Parikh (DIN: 07208067) as an Executive Director of the Company**

On recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on 6th May, 2017 had appointed Mr. Krishanachintan Parikh as an Additional Director w.e.f. 1st June, 2017 and also appointed / designated him as Executive Director of the Company w.e.f. 01st June, 2017 for a period of 3 years at the remuneration Rs. 2,00,000/- per month and perquisites which are permissible under the Schedule V of the Companies Act, 2013 for the period from 1st June, 2017 to 31st May, 2020.

The material terms of remuneration of Mr. Krishnachintan Parikh effective from 1st June, 2017 to 31st May, 2020 as approved by both Nomination and Remuneration Committee and Board of Directors in their respective meetings held on 6th May, 2017 have been set out in the resolution.

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.

The information pursuant to Schedule V is given hereunder:

**I. General Information**

The information as prescribed in Schedule V to the Companies Act, 2013 under the above head has already been given at Item 4 of the explanatory statement herein above.

**II. Information about the appointee**

Mr. Krishnachintan Parikh is a Bachelor in Electronic Engineering from University of Sheffield, UK and an MBA from Columbia University, USA. He has work experience of preparing financial reports for analysis, reporting progress of projects during 2009 to 2012. Mr. Krishnachintan Parikh has earlier worked with the Company initially as Management Analyst during July 2012 to December 2014 and as Vice President (Business Development) during the year 2015.

**III. Other Information**

Reasons for loss or inadequate profits:

The details of the same has been mentioned at the Item no. 4 of the explanatory statement herein above.

**IV. Steps taken or proposed to be taken for improvement**

The details of the same has been mentioned at the Item no. 4 of the explanatory statement herein above.

**V. Disclosures**

The details of remuneration and other information is given in the Corporate Governance part of the Board's Report. The resolution sets out the entire terms and conditions of his appointment and remuneration.

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 its intention to propose the appointment of Mr. Krishnachintan Parikh as a Director. Mr. Krishnachintan Parikh is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. In the opinion of the Board, Mr. Krishnachintan C. Parikh fulfills the conditions for his appointment as an Executive Director as specified in the Act and the Regulations. He is relative of Mr. Chintan N. Parikh, Chairman and Managing Director of the Company.

The Board of Directors recommend resolutions as set out at Item no. 7 & 8 for the approval of the members.

Except, Mr. Chintan N. Parikh and Mr. Krishnachintan Parikh, none of the Directors, Key Managerial Personnel (KMP) and their relatives are anyway concerned or interested in the said resolution.

**Item No. 9:**

The Company is required to have its cost records audited by a Cost Accountant in practice. Accordingly, the Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Ankit Sheth & Co., Cost Accountant, to conduct the audit of the cost records of the Company for the Financial Year 2017-18 on a remuneration of Rs.60,000/- exclusive of service tax and other applicable levies and re-imbursement of out-of-pocket expenses incurred by the Cost Auditors in connection with the said audit.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditor is required to be ratified by members of the Company. Accordingly, the members are requested to pass an Ordinary Resolution as set out at Item no. 9 of the Notice for ratification of the payment of remuneration to the Cost Auditor for the Financial Year 2017-18.

The Board of Directors recommends the ordinary resolution set out at above Notice for approval of the members.

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

**Item no. 10:**

Under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Material related party transactions require shareholders' approval by way of a Resolution. The said Regulation defines the term "material" as follows:

"a transaction with a related party shall be considered material if the transaction(s) 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 listed entity as per the last audited financial statements of the listed entity."

The Company has entered into following material related party transactions with a related party during the year ended 31st March, 2017.

1. Name of related party: Ashima Dyecot Private Limited

   Nature of relationship: Other related party

(Rs. in Lacs)

| Nature of Transactions | Transactions during the year ended 31.03.2017 |
|---|---|
| Purchases | 93.61 |
| Sales | 958.91 |
| Expenses | 1970.88 |
| Income and other receipts | 5.90 |
| Outstanding payable (as at the end of the year) | 145.33 |

The aforesaid transactions were in ordinary course of business and on arm's length basis.

As per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, related parties of the Company shall abstain from voting on the said ordinary resolution.

The Board of Directors recommends the ordinary resolution set out in the above Notice for approval of the members.

Except Mr. Chintan N. Parikh, Mr Krishnachintan Parikh and their relatives, none of other Directors or Key Managerial Personnel or their relatives are in any way, concerned or interested, financial or otherwise, in the said Resolution.

**Item No. 11:**

The existing Articles of Association ("AOA") of the Company are based on provisions of the Companies Act, 1956. Now, the several sections of the Companies Act, 2013 are notified, but, several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Companies Act, 2013 ("the Act"). Importantly, the substantive sections of the Act which deal with the general working of the companies stand notified. With the coming into force of the Act several regulations of the existing AOA of the Company require alteration / amendments / deletions in several articles. In the given position, it is considered expedient to completely / wholly replace the existing AOA by new set of Articles. The new set AOA is to be substituted in place of the existing AOA which sets out the model Article of Association for a Company limited by shares.

In view of the abovesaid, the Board of Directors at their meeting held on 6th May, 2017 decided to alter the existing Articles of Association (AOA) in line of the provisions of the Companies Act, 2013. with the approval of the Shareholders of the Company.

It is therefore proposed to adopt new set of Articles of Association, a draft of which is available for inspection of the Members at the registered office of the Company between 10.00 a.m. to 5.00 pm on all working days (except Saturday, Sunday and Public Holiday) upto the date of the ensuing Annual General Meeting (AGM) and shall also be made available at the AGM.

Date: May 6, 2017
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 MAY 6, 2017

**Details of Directors seeking Appointment /Re-appointment at the 34th Annual General Meeting to be held on 11th August, 2017.**

(Pursuant to Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**Item 4**

| | |
|---|---|
| **Name of Director** | Mr. Chintan N. Parikh |
| **Date of Birth** | 25th May, 1957 |
| **Date of Appointment on the Board** | 17th June, 1982 |
| **Qualifications** | B.A. (Economics), MBA (Finance). He was a Doctoral Student at IIM, Ahmedabad. |
| **Expertise in Specific Functional Areas** | Finance and Accounts |
| **Directorship held in Other Companies** | 1. Ashima Dyecot Private Ltd<br>2. Apus Investments Pvt. Ltd<br>3. Albus Investments Pvt. Ltd |
| **Chairmanship / Membership of Committees** | 1. Member – Nomination and Remuneration Committee<br>2. Chairman of CSR Committee in Ashima Dyecot P. Ltd. |
| **Shareholding of Director** | 147900 |
| **Relationship between Directors inter-se** | Related to Mr. Krishnachintan Parikh, who has been appointed as Executive Director with effect from June 1, 2017. |

**Item 5**

| | |
|---|---|
| **Name of Director** | Mr. Atul Kumar Singh (DIN: 00156228) |
| **Date of Birth** | 10th August, 1961 |
| **Date of Appointment on the Board** | 15th October, 2016 |
| **Qualifications** | Bachelor of Textiles<br>Graduate Diploma in Materials Management |
| **Expertise** | 31 years' experience in the field of textiles, garments etc |
| **Directorship held in Other Companies** | NiL |
| **Chairmanship / Membership of Committees** | NiL |
| **Shareholding of Director** | NiL |
| **Relationship between Directors inter-se** | NiL |

**Item 6**

| | |
|---|---|
| **Name of Director** | Mr. Neeraj Golas (DIN: 06566069) |
| **Date of Birth** | 2nd December, 1968 |
| **Date of Appointment on the Board** | 12th August, 2016 |
| **Qualifications** | B.Sc., LL.B and Associate Member of Institute of Cost Accountants of India and Fellow Member of Institute of Chartered Accountants of India. He has completed courses of DISA and CISA. |

| | |
|---|---|
| **Expertise** | 24 year's vast experience in the field of finance, accounts and taxation etc. |
| **Directorship held in Other Companies** | NiL |
| **Chairmanship / Membership of Committees** | Member of :-<br>1. Stakeholder Relationship Committee<br>2. Nomination and Remuneration Committee |
| **Shareholding of Director** | NiL |
| **Relationship between Directors inter-se** | NiL |

**Item 7 & 8**

| | |
|---|---|
| **Name of Director** | Mr. Krishnachintan Parikh (DIN: 07208067) |
| **Date of Birth** | 21st July, 1991 |
| **Date of Appointment on the Board** | 1st June, 2017 |
| **Qualifications** | • Bachelor of Engineering (Honours in Electronic Engineering) from University of Sheffield, Sheffield, UK<br>• M.B.A, from Columbia University, New York, USA |
| **Expertise** | He has work experience of preparing financial reports for analysis, reporting progress of projects since last 3 years during 2009 to 2012 and also served as Management Analyst during July 2012 till 2014 and as Vice President (Business Development) during the year 2015 (till Nov. 2015) with the Company. |
| **Directorship held in Other Companies** | NiL |
| **Chairmanship / Membership of Committees** | NiL |
| **Shareholding of Director** | 31,300 Equity Shares |
| **Relationship between Directors inter-se** | Relative of Mr. Chintan N. Parikh, Chairman & Managing Director |

# BOARD'S REPORT

Your Directors take pleasure in presenting the Thirty Fourth Annual Report of your Company together with audited Financial Statements for the year ended on 31st March, 2017.

## 1. FINANCIAL RESULTS

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

(Rupees in Lacs)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|---|---|
| Profit / (Loss) before interest, depreciation, extraordinary item and tax | **(1,375.66)** | (752.43) |
| Less: Interest | **(877.92)** | (1,219.98) |
| Profit / (Loss) before depreciation, extraordinary item and tax | **(2,253.58)** | (1,972.41) |
| Less: Depreciation and amortisation of expenses | **(353.04)** | (383.36) |
| Profit / (Loss) before extraordinary items and tax | **(2,606.62)** | (2,355.77) |
| Add: Extraordinary item (income) | **5,255.17** | - |
| Profit/(Loss) before tax | **2,648.55** | (2,355.77) |
| Less: Tax Expenses | **41.04** | - |
| Profit/(Loss) after tax | **2607.52** | (2355.77) |

## 2. DIVIDEND

Your Directors regret their inability to recommend any dividend on the equity shares in view of the carried forward losses of earlier years. They are also unable to pay any dividend on preference shares.

## 3. RESERVES

In view of the accumulated losses of earlier years, no amount has been transferred to general reserve.

## 4. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

For the year under review, the Company earned profit before tax of Rs. 2648.55 lacs, which included extraordinary income of Rs. 5255.17 lacs being profit on sale of part of surplus land to finance debt settlement. Excluding this income and non-recurring expenses of Rs. 733.46 lacs, loss before tax of Rs.1873.16 lacs reflects marginal decline over comparable figure of loss of Rs. 1813.33 lacs of previous year, after netting off non-recurring expense of Rs. 542.44 lacs. Operational performance could not match that of previous year. There was considerable fall in volumes of Denim Division as sales to certain segments fell. Spinfab Division profitability also declined as it could not sustain margins by protecting volumes in market segments like brands where margins are high. A combination of adverse factors like product offering limitations of the Company, adverse market conditions, upswing in yarn prices and substantial fall in saving in power cost through purchase of power from open access system led to deterioration in performance.

On the other hand, several positive factors offset the fall in performance. The slide in Denim Division performance was to some extent contained by undertaking more jobwork in Denim Division. Wage bill was lower upon closure of spinning activity and implementation of VRS. Interest cost was lower due to repayment of certain loans.

A detailed discussion on performance appears as part of Management Discussion and Analysis attached to this report.

It would be pertinent to note that the Company has been facing competitive disadvantage in the market due to its old machinery which restricts product portfolio and hampers cost efficiency. The Company has initiated modernization on a moderate scale, as permitted by its resources, to be in a better position to face the market and improve its performance.

**5. SCHEME OF ARRANGEMENT**

It was reported in the Board's Report for the financial year ended on 31st March, 2016 that the Hon'ble High Court of Gujarat vide its Order dated 24.09.2015 sanctioned the Scheme of Arrangement for reconstruction and compromise between the Company and its equity shareholders, preference shareholders and secured creditors ("the Scheme") and the same became effective from 5.10.2015.

Your Directors are pleased to report that the Company has paid entire secured debt (including the deferred payments) as settled in terms of the Scheme.

**6. SHARE CAPITAL**

During the year under review, the paid-up Equity Share Capital increased to Rs.12845.39 lacs on account of allotment of 8,00,85,089 equity shares of Rs.10/- each made under Rights Issue to the Shareholders of the Company and 1,50,00,000 equity shares allotted to the Secured Creditor pursuant to Scheme of Arrangement u/s 391 to 394 of the Companies Act, 1956.

**7. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF OUR 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 on 31st March, 2017.

**9. DEPOSITS**

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. There were no unpaid or unclaimed deposits as on 31st March, 2017.

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

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of The Companies (Accounts) Rules, 2014, 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 RESPONSIBILITY INITIATIVE**

The requirements of corporate social responsibility in terms of Section 135 of the Companies Act, 2013 would be applicable to your Company considering the net profit for the year under review.

**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**

All transactions with Related Parties are placed before the Audit Committee for its approval and at the Board of Directors for information. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseeable and repetitive nature. The transactions entered into pursuant to omnibus approval are placed before Audit Committee and Board of Directors on quarterly basis. The policy on Related Party Transaction (RPT) as adopted by the Board of Directors is available at the Company's website at the weblink, http://www.ashima.in/Policy_Related_Party_Transactions.pdf.

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. Transactions with related parties as per requirements of Accounting Standard 18 are disclosed in the notes to accounts annexed to financial statements.

**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**

Pursuant to the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the policy laid down by the Nomination and Remuneration Committee (NRC), as approved by the Board of Directors, the Board has carried out an annual evaluation of its performance, its Committees and all individual directors.

In a separate meeting of Independent Directors, performance of Non Independent Directors, performance of the Board as a whole and performance of the Chairman & Managing Director was evaluated. 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 where detailed information of the Company and specified details in terms of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 have been provided.

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

During the year, 4 (four) meetings of the Board of Directors were held, as required under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The details of Board meetings held during the financial year 2016-2017 have been furnished in the Corporate Governance Report forming part of this Annual Report.

**20. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year, following changes have occurred in the Board of Directors of the Company;

Mr. Jaykant Baxi resigned as an Independent Director of the Company w.e.f. 2nd August, 2016. The Board of Directors places on record their appreciation for the contribution made by him during his tenure with the Company.

Mr. Neeraj Golas ceased to be Nominee Director of Asset Reconstruction Company (India) Ltd (ARCIL) due to withdrawal of nomination by ARCIL. The Board of Directors places on record their appreciation for the contribution made by him during his tenure with the Company.

Mr. Neeraj Golas was appointed as an Additional Director of the Company in the capacity of Independent Director for a term of five (5) years by the Board of Directors of the Company w.e.f. 12.08.2016, who holds office upto the date of 34th 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 Mr. Neeraj Golas for the office of the Director. A brief profile of Mr. Neeraj Golas has been given in the Notice convening the 34th Annual General Meeting.

Mr. Atul Kumar Singh was appointed as an Additional Director of the Company in the capacity of Independent Director, w.e.f. 15.10.2016 for a term of five (5) years, by the Board of Directors w.e.f. 15.10.2016. who holds office upto the date of 34th 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 Mr. Atul Kumar Singh for the office of the Director. A brief profile of Mr. Atul Kumar Singh has been given in the Notice convening the 34th Annual General Meeting.

Mr. Chintan N. Parikh, Chairman and Managing Director of the Company was re-appointed as Managing Director of the Company for period of three (3) years w.e.f. 07.02.2017 i.e. upto 06.02.2020, with payment of remuneration by the Board of Directors of the Company at its meeting held on 11.02.2017 on recommendation of Nomination & Remuneration Committee, subject to the approval of Shareholders at the 34th Annual General Meeting of the Company. A brief profile of Mr. Chintan Parikh has been given in the Notice convening the 34th Annual General Meeting.

Mr. Krishnachintan Parikh was appointed as an Additional Director by the Board of Directors of the Company and was further designated as Executive Director by the Board of Directors for the period of three (3) years w.e.f. 1st June, 2017 with payment of remuneration, on recommendation of Nomination & Remuneration Committee. Mr. Krishnachintan Parikh hold office upto the date of 34th Annual General Meeting of the Company and is eligible for appointment as Director, subject to the approval of Shareholders at the 34th Annual General Meeting. The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying the intention to propose the candidature of Mr. Krishnachintan Parikh for the office of the Director. A brief profile of Mr. Parikh has been given in the Notice convening the 34th Annual General Meeting.

In accordance with the Article of Association and the relevant provisions of the Companies Act, 2013, Mr. Chintan N. Parikh (DIN No. 00155225) retires by rotation and being eligible seeks re-appointment.

**21. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3) (c) and 134 (5) of the Act, 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 profit 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) and SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015. The terms and conditions of the appointment of Independent Directors have been disclosed on the website of the Company at www.ashima.in

**23. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

In compliance with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the Company has put in place a Familiarization Program for the Independent Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The details of the Familiarization Program is available on the website of the Company at www.ashima.in.

**24. INSURANCE**

The Company's plant, property, equipments and stocks are adequately insured against major risks. The Company has also taken Directors' and Officers' Liability Insurance Policy to provide coverage against the liabilities arising on them.

**25. PARTICULARS OF EMPLOYEES**

(i) 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.

(ii) 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. However, the said statement is not being sent along with this Annual Report to the members in line with the provisions 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.

**26. AUDITORS**

**(a) STATUTORY AUDITORS**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with applicable Rules, the term of office of M/s. Dhirubhai Shah & Doshi, Chartered Accountants (Firm Registration No. 102511W) as Statutory Auditors of the Company shall come to an end at the conclusion of the forthcoming Annual General Meeting of the Company.

The Board of Directors places on record its appreciation for the services rendered by M/s Dhirubhai Shah & Doshi, Chartered Accountants, Ahmedabad as Statutory Auditors of the Company.

Subject to the approval of the members, the Board of Directors has recommended the appointment of M/s. Mukesh M. Shah & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 106625W) as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013.

The Company has received letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified from appointment.

**(b) COST AUDITORS**

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors, on the recommendation of the Audit Committee, have appointed M/s. Ankit Sheth & Co., Cost Accountants (Membership No: M/34404) as Cost Auditor of the Company, for the financial year 31st March, 2018, on a remuneration as mentioned in the Notice convening the 34th Annual General Meeting for conducting the audit of the cost records maintained by the Company.

A Certificate from M/s. Ankit Sheth & Co., Cost Accountants has been received to the effect that their appointment as Cost Auditor of the Company, if made, would be in accordance with the limits specified under Section 141 of the Act and Rules framed thereunder.

**26. SECRETARIAL AUDIT REPORT**

Pursuant to provisions of Section 204 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed Mr. Tapan Shah, Practicing Company Secretary, Ahmedabad (Certificate of Practice No. 2839) to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2017. The Secretarial Audit Report is annexed herewith as **Annexure - 4**.

**27. REPORTING OF FRAUD BY AUDITORS**

There have been no instances of fraud reported by the Auditors u/s 143 (12) of the Companies Act, 2013 and rules framed thereunder either to the Company or to the Central Government.

**28. EXPLANATIONS / COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTISING 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 31st March, 2017 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.

**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. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY**

There has been no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations. All orders received by the Company during the year are of routine in nature which have no significant / material impact.

**31. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The details on Internal Control Systems and their adequacy are provided in the Managements Discussion and Analysis which forms part of this Report.

**32. 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.

**33. AUDIT COMMITTEE**

The Company has an Audit Committee pursuant to the requirements of the Companies, Act, 2013 read with the rules framed thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The details relating to the same are given in the Report of Corporate Governance forming part of this Report. During the financial year 2016-17, there has been no instance where the Board has not accepted the recommendations of the Audit Committee.

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

As required under Regulation 34 (3) read with Schedule V (C) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, a report on Corporate Governance along with Management Discussion and Analysis Report and Certificate of compliance from M/s. Dhirubhai Shah & Doshi, Chartered Accountants, forms part of this report.

**35. 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.

**36. 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.

**37. APPRECIATION**

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

**38. ACKNOWLEDGEMENTS**

Your Directors places 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: May 6, 2017

**Chintan N. Parikh**
Chairman and Managing Director
(DIN: 00155225)

## 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 31st March, 2017 is given here below and forms part of the Board's Report.

**A. Conservation of Energy**

**i. Energy Conservation measures taken:**

- Replacement of conventional Reciprocating Air Compressors by Screw Air Compressor with compact and efficient motor thereby saving power.
- Optimum utilization of efficient centrifugal air compressor to save power.
- In weaving sections, conventional tube fixtures were replaced by LED tubes, thereby achieving better illumination at work places as well as saving power.
- 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 capital investments on energy conservation equipments**

The cost of the equipment for the energy conservation is Rs.15.47 Lacs.

**B. Technology Absorption**

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

- Installed new machines for yarn dyeing including indigo dyeing.
- Conversion of old model PLC of Dyeing machine by latest version of PLC.

**ii. The benefits derived:**

The benefit of the above effort was new product development, improvement in product range, better productivity and reduction in breakdowns.

**iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

- Technology imported : High speed sample warping machine
- Year of import : 2016-17
- Whether technology has been fully absorbed? : Yes

**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.1070.59 lacs excluding deemed export and foreign exchange outgo was Rs.768.97 lacs.

**Annexure-2**

## FORM NO. MGT – 9

## EXTRACT OF ANNUAL RETURN

(as on the financial year ended on 31st March, 2017)

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration ) Rules, 2014.

### I. REGISTRATION AND OTHER DETAILS

| | | |
|---|---|---|
| 1. | CIN | L99999GJ1982PLC005253 |
| 2. | Registration Date | 17th 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,<br>Khokhara-Mehmedabad,<br>Ahmedabad-380021, Gujarat |
| 6. | Whether listed Company (Yes/No) | Yes (BSE Ltd & National Stock Exchange of India Ltd) |
| 7. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime (India) Private Limited,<br>5th Floor, 506 to 508, Amarnath Business Centre (ABC-1), Beside Gala Business Centre, Near St. Xavier's College Corner, Off C. G. Road, Navrangpura, Ahmedabad-380009, Gujarat<br>Phone-079-26465179, Fax-079-26465179<br>e-mail-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 / Service | % to Total Turnover of the Company |
|---|---|---|---|
| 1 | Cotton Fabrics | 1711 | 99.95% |

### III. PARTICULARS OF HOLDING, SUBSIDIARY & 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 Break up as % to total Equity)

### i. Category wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year i.e. 01.04.2016 | | | | No. of Shares held at the end of the year i.e. 31.03.2017 | | | | % 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 | 426721 | - | 426721 | 0.33 | −0.46 |
| b) Central Govt. or State Govt. | - | - | - | - | | | | | - |
| c) Bodies Corporates | 10872092 | - | 10872092 | 32.58 | 73049359 | - | 73049359 | 56.87 | +24.29 |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (1)** | **11137293** | **-** | **11137293** | **33.38** | **73476080** | **-** | **73476080** | **57.20** | **+23.83** |
| **(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** | **73476080** | **-** | **73476080** | **57.20** | **+23.83** |
| **B. Public Shareholding** | | | | | | | | | |
| **(1) Institutions** | | | | | | | | | |
| a) Mutual Funds | - | 3300 | 3300 | 0.01 | - | 3300 | 3300 | 0.00 | –0.01 |
| b) Banks / FI | 22985 | 89 | 23074 | 0.07 | 152985 | 89 | 153074 | 0.12 | +0.05 |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt. | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) Foreign Portfolio Investors | 150000 | - | 150000 | 0.45 | **-** | **-** | **-** | **-** | **–0.45** |
| **Sub-total (B) (1)** | **172985** | **3389** | **176374** | **0.53** | **152985** | **3389** | **156374** | **0.12** | **−0.41** |
| **(2) Non-Institutions** | | | | | | | | | |
| a) Bodies Corporate | 4114967 | 14522 | 4129489 | 12.37 | 16893906 | 14762 | 16908668 | 13.16 | +0.79 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.1 Lac | 9060056 | 660839 | 9720895 | 29.13 | 12491585 | 664978 | 13156563 | 10.24 | –18.89 |

| Category of Shareholders | No. of Shares held at the beginning of the year i.e. 01.04.2016 | | | | No. of Shares held at the end of the year i.e. 31.03.2017 | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lac | 5266688 | - | 5266688 | 15.78 | 17982685 | - | 17982685 | 14.00 | –1.78 |
| **c) Others, Specify** | - | - | - | - | - | - | - | - | - |
| i) OCBs | 600000 | 492465 | 1092465 | 3.27 | 1077465 | 15000 | 1092465 | 0.85 | -2.42 |
| ii) Individuals (Non Resident Individuals) | 44613 | - | 44613 | 0.13 | 70907 | - | 70907 | 0.05 | -0.08 |
| III) Individuals (Non Resident Individuals- Repatriation) | 162083 | 45002 | 207085 | 0.62 | 228455 | 45002 | 273457 | 0.21 | -0.41 |
| IV) HUF | 942598 | 250 | 942848 | 2.82 | 3980727 | 250 | 3980977 | 3.10 | 0.27 |
| V) Clearing Members | 651037 | – | 651037 | 1.95 | 1348200 | - | 1348200 | 1.05 | -0.90 |
| VI) Foreign Nationals | - | - | - | - | 7500 | - | 7500 | 0.01 | +0.01 |
| **Sub-total (B) (2)** | **20842042** | **1213078** | **22055120** | **66.09** | **54081430** | **739992** | **54821422** | **42.68** | **-23.42** |
| **Total Public Shareholding(B)= (B)(1) +(B)(2)** | **21015027** | **1216467** | **22231494** | **66.62** | **54234415** | **743381** | **54977796** | **42.80** | **–23.82** |
| **C. Shares held by Custodian for GDRs and ADRs** | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | **32152320** | **1216467** | **33368787** | **100** | **127710495** | **743381** | **128453876** | **100.00** | **-** |

**ii. Shareholding of Promoters**

| Sr. No. | Shareholder's Name | No. of Shares held at the beginning of the year i.e. 01.04.2016 | | | No. of Shares held at the end of the year i.e. 31.03.2017 | | | % 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. | Uttara Chintan Parikh | 100463 | 0.30 | - | 100463 | 0.08 | - | –0.22 |
| 2. | Chintan Navnit Parikh | 43500 | 0.13 | - | 147900 | 0.12 | - | –0.01 |
| 3. | Shefali C. Parikh | 31600 | 0.09 | - | 88720 | 0.07 | - | –0.02 |
| 4. | Krishnachintan Chintan Parikh | 31300 | 0.09 | - | 31300 | 0.02 | - | –0.07 |
| 5. | Chintan Navnitlal Parikh (HUF) | 30425 | 0.09 | - | 30425 | 0.02 | - | –0.07 |
| 6. | Parikh Ayesha Chintan | 27913 | 0.08 | - | 27913 | 0.02 | - | –0.06 |

| Sr. No. | Shareholder's Name | No. of Shares held at the beginning of the year i.e. 01.04.2016 | | | No. of Shares held at the end of the year i.e. 31.03.2017 | | | % 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 | |
| 7. | Albus Investments Private Limited | 2137871 | 6.41 | 23.39 | 14364608 | 11.18 | - | +4.77 |
| 8. | Apus Investments Private Limited | 8734221 | 26.17 | 5.72 | 58684751 | 45.68 | - | +19.51 |
| 9. | Chintan N. Parikh-Trustee of Navchintan Trust * | NA | NA | NA | - | - | - | - |
| | **Total** | **11137293** | **33.38** | **29.11** | **73476080** | **57.20** | **-** | **+23.82** |

Note: * Navchintan Trust forms part of Promoter/Promoter Group in terms of Regulation 2(1)(za)/(zb) of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and accordingly disclosed as part of Promoter/Promoter Group.

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

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year 01.04.2016 | | Change in Shareholding, i.e. Increase/Decrease | | Shareholding at the end of the year 31.03.2017 | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Apus Investments Private Limited | 8734221 | 26.17 | +49950530 | +19.52 | 58684751 | 45.69 |
| 2. | Albus Investments Private Limited | 2137871 | 6.41 | +12226737 | +4.77 | 14364608 | 11.18 |

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

| Sr. No. | For each of the top 10 Shareholders | Shareholding at the beginning of the Financial year as on 01.04.2016 | | Change* in shareholding, i.e. Increase / (Decrease) (Date & No. of Shares) | | Shareholding at the end of the Financial year as on 31.03.2017 | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | | | No. of shares | % of total shares of the Company |
| 1. | ASSET RECONSTRUCTION COMPANY (INDIA) LTD. | NIL | NIL | 27.05.2016 | 15000000 | 10264862 | 7.99 |
| | | | | 16.09.2016 | (318000) | | |
| | | | | 23.09.2016 | (766000) | | |
| | | | | 30.09.2016 | (327700) | | |
| | | | | 07.10.2016 | (200192) | | |
| | | | | 14.10.2016 | (144300) | | |
| | | | | 21.10.2016 | (444946) | | |

| Sr. No. | For each of the top 10 Shareholders | Shareholding at the beginning of the Financial year as on 01.04.2016 | | Change* in shareholding, i.e. Increase / (Decrease) (Date & No. of Shares) | | Shareholding at the end of the Financial year as on 31.03.2017 | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | | | No. of shares | % of total shares of the Company |
| | | | | 04.11.2016 | (1270000) | | |
| | | | | 11.11.2016 | (825000) | | |
| | | | | 27.01.2017 | (439000) | | |
| 2 | GEEK TECHNOLOGIES PRIVATE LIMITED | 2194200 | 6.58 | 30.12.2016 | +30000 | 2232200 | 1.74 |
| | | | | 06.01.2017 | +8000 | | |
| 3 | ROSY BLUE SECURITIES PVT LTD | NIL | NIL | 20.05.2016 | 1125000 | 1115000 | 0.87 |
| | | | | 08.07.2016 | -10000 | | |
| 4 | M P INVESTMENTS (INDIA) LIMITED | 1077465 | 3.23 | No Change | | 1077465 | 0.84 |
| 5 | ANKITA VISHAL SHAH | NIL | NIL | 20.05.2016 | 250000 | 1625001 | 1.26 |
| | | | | 27.05.2016 | 277954 | | |
| | | | | 03.06.2016 | 298233 | | |
| | | | | 10.06.2016 | 168764 | | |
| | | | | 17.06.2016 | 28705 | | |
| | | | | 24.06.2016 | (4656) | | |
| | | | | 30.06.2016 | 7000 | | |
| | | | | 01.07.2016 | (6000) | | |
| | | | | 15.07.2016 | (464000) | | |
| | | | | 15.07.2016 | 600000 | | |
| | | | | 22.07.2016 | (89700) | | |
| | | | | 29.07.2016 | (121300) | | |
| | | | | 05.08.2016 | 117141 | | |
| | | | | 12.08.2016 | (11141) | | |
| | | | | 19.08.2016 | 205294 | | |
| | | | | 26.08.2016 | 7783 | | |
| | | | | 02.09.2016 | 156814 | | |
| | | | | 09.09.2016 | (17891) | | |
| | | | | 16.09.2016 | (1000) | | |
| | | | | 30.09.2016 | (2000) | | |
| | | | | 21.10.2016 | (1000) | | |
| | | | | 28.10.2016 | (84000) | | |
| | | | | 04.11.2016 | 289452 | | |
| | | | | 11.11.2016 | 91548 | | |
| | | | | 18.11.2016 | (42000) | | |
| | | | | 25.11.2016 | 6000 | | |
| | | | | 02.12.2016 | 52000 | | |
| | | | | 09.12.2016 | (2500) | | |
| | | | | 16.12.2016 | (10500) | | |
| | | | | 23.12.2016 | (7000) | | |
| | | | | 06.01.2017 | (14000) | | |
| | | | | 13.01.2017 | (22000) | | |
| | | | | 20.01.2017 | (5000) | | |
| | | | | 27.01.2017 | 88000 | | |
| | | | | 03.02.2017 | (20000) | | |
| | | | | 10.02.2017 | (19000) | | |

| Sr. No. | For each of the top 10 Shareholders | Shareholding at the beginning of the Financial year as on 01.04.2016 | | Change* in shareholding, i.e. Increase / (Decrease) (Date & No. of Shares) | | Shareholding at the end of the Financial year as on 31.03.2017 | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | | | No. of shares | % of total shares of the Company |
| | | | | 17.02.2017 | (12000) | | |
| | | | | 03.03.2017 | 1 | | |
| | | | | 10.03.2017 | (3000) | | |
| | | | | 17.03.2017 | (42000) | | |
| | | | | 31.03.2017 | (18000) | | |
| 6 | ADITYA H PATEL | 494635 | 1.48 | 23.09.2016 | +9000 | 503635 | 0.39 |
| 7 | NEHABEN HEMANGBHAI PATEL | 391272 | 1.17 | No Change | | 391272 | 0.30 |
| 8 | MENTOR CAPITAL LTD | 378671 | 1.13 | No Change | | 378671 | 0.29 |
| 9 | PATEL HEMANG SUKHDEVPRASAD | 413069 | 1.24 | 23.09.2016 | -9000 | 374069 | 0.29 |
| | | | | 30.12.2016 | -30000 | | |
| 10 | VISHAL PANKAJ DEDHIA (HUF) | 25000 | 0.07 | 13.05.2016 | +314552 | 334552 | 0.26 |
| | | | | 28.10.2016 | -5000 | | |
| 11 | RAHUL BHARAT DEDHIA (HUF) | 25000 | 0.07 | 13.05.2016 | +314552 | 334552 | 0.26 |
| | | | | 28.10.2016 | -5000 | | |

*The reason for change of shareholding as described above is due to Share Transfer and Allotment under Rights Issue and Pursuant to Scheme of Arrangement.

**v. Shareholding of Directors & KMP**

| Sr. No. | For each of the Directors & KMP | Shareholding at the beginning of the year 01.04.2016 | | Change in Shareholding, i.e. Increase/Decrease | | Shareholding at the end of the year 31.03.2017 | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Mr. Chintan N. Parikh | 43500 | 0.13 | - | - | 147900 | 0.12 |
| 2. | Dr. Bakul H. Dholakia | 1000 | 0.00 | 2400 | 0.00 | 3400 | 0.00 |
| 3. | Mr. Jaykant R. Baxi* | 1200 | 0.00 | - | - | 1200 | 0.00 |
| 4. | Mr. Hiren S. Mahadevia | 10450 | 0.03 | - | - | 34930 | 0.03 |

* Resigned as Director w.e.f. 02.08.2016.

## 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 |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 10,282.38 | 5,272.17 | - | 15,554.55 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not paid | - | - | - | - |
| **Total (i+ii+iii)** | **10,282.38** | **5,272.17** | **-** | **15,554.55** |

| | | | | |
|---|---|---|---|---|
| **Change in Indebtedness during the financial year** | | | | |
| Addition | 6,154.72 | - | | 6,154.72 |
| Reduction | 10,282.38 | 4,078.75 | - | 14,361.13 |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 6,154.72 | 1,193.42 | - | 7,348.14 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not paid | - | - | - | - |
| **Total (i+ii+iii)** | **6,154.72** | **1,193.42** | **-** | **7,348.14** |

## 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 | Total Amount (In Rs.) |
|---|---|---|---|
| **MD - MR. CHINTAN PARIKH** | | | |
| 1. | Gross Salary | | 1,00,72,933 |
| | (a) Salary as per the section 17(1) of the IT Act, 1961 | | |
| | (b) Value of perquisites u/s 17(2) of the IT Act, 1961 | | - |
| 2. | Stock Options | | - |
| 3. | Sweat Equity | | - |
| 4. | Commission; | | - |
| | - As a % of Profit | | - |
| | - Others, Specify | | - |
| 5. | Others, Specify | | - |
| | **Total** | | **1,00,72,933** |
| | Ceiling as per the Act | | 1,00,72,933 |

### B. REMUNERATION TO OTHER DIRECTORS:

#### 1. INDEPENDENT DIRECTORS

| Particulars of Remuneration | Name of Directors | | | | | Total Amount (in Rs.) |
|---|---|---|---|---|---|---|
| | Dr. Bakul Dholakia | [1]Mr. Jaykant Baxi | Mr. Bihari B. Shah | [2]Mr. Neeraj Golas | [3]Mr. Atul Kumar Singh | |
| Fees for attending Board/ Committee Meetings | 54000/- | 13000/- | 63000/- | 36000/- | 23000/- | 189000/- |
| Commission | - | - | - | | | - |
| Other, Please specify | - | - | - | | | - |
| **Total** | **54000/-** | **13000/-** | **63000/-** | **36000/-** | **23000/-** | **189000/-** |

**Note:**

1. Resigned from the Board w.e.f. 02.08.2016
2. Withdrawal as Nominee Director of Arcil w.e.f. 01.08.2016 and Appointed as Non-Executive Independent Director on the Board of Directors w.e.f. 12.08.2016
3. Appointed as Non-Executive Independent Director on the Board of Directors w.e..f. 15.10.2016

#### 2. OTHER NON EXECUTIVE DIRECTORS:

| Particulars of Remuneration | Name of Directors | Total Amount (In Rupees) |
|---|---|---|
| | Mrs. Koushlya Melwani | |
| Fees for attending Board/ Committee Meetings | 66000/- | **66000/-** |
| Commission | - | **-** |
| Other, Please specify | - | **-** |
| **Total** | **66000/-** | **66000/-** |

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL, OTHER THAN MD/MANAGER/WTD**

(Rs. in Lacs)

| SR. NO. | Particulars of Remuneration | Company Secretary | Chief Financial Officer | Total Amount (In Rs.) |
|---|---|---|---|---|
| 1. | Gross Salary | 78,81,972 | 37,74,952 | 1,16,56,924 |
| | (a) Salary as per the section 17(1) of the IT Act, 1961 | | | |
| | (b) Value of perquisites u/s 17(2) of the IT Act, 1961 | - | - | - |
| 2. | Stock Options | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission; | - | - | - |
| | - As a % of Profit | - | - | - |
| | - Others, Specify | - | - | - |
| 5. | Others, Specify | - | - | - |
| | **Total** | **78,81,972** | **37,74,952** | **1,16,56,924** |

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

There were no penalties / punishments / compounding of offences for the year ended on 31st March, 2017.

For and on behalf of Board of Directors

Place: Ahmedabad
Date: May 6, 2017

**Chintan N. Parikh**
Chairman and Managing Director
(DIN: 00155225)

## 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.

| Sr. No. | Particulars |
|---|---|
| 1. | Ratio of Remuneration of Chairman & Managing Director to the median remuneration of employees of the Company is 46.55 : 1. Other directors have been in receipt of only the fees for attending Board / Committee Meetings. |
| 2. | There is no increase in remuneration of Chairman and Managing Director, Company Secretary and Chief Financial Officer. |
| 3. | The percentage increase in the median remuneration of employees is 9.13%. |
| 4. | There were 671 permanent employees on the rolls of the Company as on 31st March 2017. |
| 5. | Average increase in remuneration of Managerial Personnel (KMP including CMD) is Nil while that of other employees is 6.26%. |
| 6. | The remuneration is as per the Nomination and Remuneration Policy of the Company. |

Note : Remuneration payable for the relevant year for comparable employees 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 31/03/2017
[Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule no. 9 of the Companies (Appointment and Remuneration of Managerial 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 31st March, 2017 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 31st March, 2017 and made available to me, according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made there under 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 there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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, as amended from time to time;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 2015, as amended from time to time;

   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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(vi) Secretarial Standards issued by the Institute of Company Secretaries of India (SS -1 and SS - 2)

I have also examined compliance with the applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to the Listing Agreement of the said Company with stock exchanges.

Further being a Textile Industry and involved in specific products, only Textiles (Development and Regulation) Order,2001 is applicable to the Company, for which examination of the relevant documents and records, on test check basis, has been carried out.

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.

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

i. 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;

ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

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; and

v. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment and External Commercial Borrowings.

**I further report that -**

The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

**I further report that -**

Based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, in my opinion, adequate systems and processes and control mechanism exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines and general laws like various labour laws, competition law, environmental laws, etc.

**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 seven days 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** during the audit period there were no specific events/ actions in pursuance of the above referred laws, rules, regulations, standards, etc. having a major bearing on the Company's affairs, except as stated below :

1. On 5th May, 2016, the Company has made allotment of 80,085,089 Equity Share of the Rs. 10/- each through Rights Issue and 15,000,000 Equity Shares of Rs. 10/- each to Secured Creditors pursuant to Scheme of the Arrangement for the Reconstruction and Compromise between Ashima Limited and its Equity Shareholders, Preference Shareholders and Secured Creditors, as approved by the Honourable High Court of Gujarat, vide its order dated on 24/09/2015.

Signature
**Tapan Shah**
**(Practicing Company Secretary)**
FCS No.: 4476
C P No.: 2839

Place: Ahmedabad
Date : May 6, 2017

**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 the above date 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 reasonable 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 provide 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.

Signature
**Tapan Shah**
**(Practicing Company Secretary)**
FCS No.: 4476
C P No.: 2839

Place: Ahmedabad
Date : May 6, 2017

## CEO AND CFO CERITIFICATION

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 31st March, 2017 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:

   (i) significant changes in internal control over financial reporting during the year.

   (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

**Jayesh C. Bhayani**
Chief Financial Officer

Place: Ahmedabad
Date : May 6, 2017

# CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended on 31st March, 2017:

**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.

***A Report on compliance with the principles of Corporate Governance as prescribed by Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as " SEBI Regulations") is given below:***

**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 Regulation 17(1) of SEBI Regulations, 2015. The Board of Directors of the Company as at 31st March, 2017 comprises of 6 directors including woman director with more than 50% of it as non-executive independent directors. Further none of the Directors are members of more than 10 (ten) board level committees and Chairperson of more than 5 (five) board level committees across all listed entities in which he / she is a Director. None of the Independent Directors of the Company serve as an Independent Director in more than 7 (seven) listed companies and none of the Independent Directors is serving as an Independent Director in more than 3 (three) listed entities if he / she is serving as a Whole Time Director in any listed entity. The board comprises of 6 (six) Directors as on 31st March, 2017, details of which are as follows:-

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

**Brief resume of Directors seeking appointment/ re-appointment under the Companies Act, 2013 and information required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 with respect to the directors retiring and seeking re-appointment / directors sought to be appointed, is 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. A brief profile of the said Director is as under:

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 was also a Member of the Board of Governors of IIM, Ahmedabad during April 2007 to April 2016, for consecutive 3 terms, each term having a tenure of 3 years. He was also specially appointed as President of Gujarat Chamber of Commerce and Industry (GCCI) for the year 2010-11, by the Empowered Committee of GCCI, entrusted with the task of transforming functioning and operations of GCCI including its constitution, which task he successfully accomplished. He has about 35 years of experience in the field of textiles. He is also Chairman & Managing Director of Ashima Dyecot Private Limited (ADPL). He is also President of Ahmedabad Textiles Mills Association (ATMA). He also visualized and set up Asia's most modern fabric processing facility in ADPL. 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. Under his leadership, the Company established itself strongly in the domestic and international markets as a supplier of quality fabrics. In the recent years, the Company has been passing through difficult times due to various adverse factors. Under his able leadership, the Company successfully carried out the comprehensive secured debt settlement with the secured creditors of the Company by way of Scheme of Amalgamation and Reconstruction under Section 391 of the Companies Act, 1956 which was sanctioned by the Honorable High Court of Gujarat. Further he has been 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. On account of his strenuous efforts, the Company has become almost debt-free and once again embarking upon the path of growth.

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.

At the ensuing Annual General Meeting, following Directors who were appointed as Additional Directors of the Company, are to be appointed by the Shareholders. The brief profile of these Directors is as under:

**1) Mr. Atul Kumar Singh**

Mr. Atul Kumar Singh was appointed as an Additional Director (Non- Executive & Independent) w.e.f. 15th October, 2016 by the Board of Directors of the Company. Mr. Atul Kumar Singh is a Bachelor of Textiles and having Graduate Diploma in Materials Management. He is having vast knowledge and experience of about 31 years in the field of textiles, garments etc.

**2) Mr. Neeraj Golas**

Mr. Neeraj Golas was appointed as an Additional Director (Non- Executive & Independent) w.e.f. 12th August, 2016 by the Board of Directors of the Company. Mr. Neeraj Golas holds B.Sc. and LL.B Degree and he is also Associate Member of Institute of Cost Accountants of India and Fellow Member of Institute of Chartered Accountants of India. He has total experience of 24 years in the field of finance, accounts & taxation etc.

**3) Mr. Krishnachintan Parikh**

Mr. Krishnachintan Parikh is appointed as Additional Director (Executive Director) w.e.f. 1st June, 2017 on recommendation of Nomination & Remuneration Committee by the Board of Directors of the Company. Mr. Krishnachintan Parikh is a Bachelor in Electronic Engineering from University of Sheffield, UK and an MBA from Columbia University, USA. He has work experience of preparing financial reports for analysis, reporting progress of projects during 2009 to 2012. Mr. Krishnachintan Parikh has earlier worked with the Company initially as Management Analyst during July 2012 to December 2014 and as Vice President (Business Development) during the year 2015.

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

| Sr. No. | Name of the Directors | Number of board meetings attended | Last AGM attended (Yes/No) |
|---|---|---|---|
| 1. | Mr. Chintan N. Parikh | 4 | Yes |
| 2. | Dr. Bakul H. Dholakia | 3 | Yes |
| 3. | Mr. Jaykant R. Baxi (Resigned w.e.f. 02/08/2016) | 1 | No |
| 4. | Mr. Bihari B. Shah | 4 | Yes |
| 5. | Mr. Neeraj Golas (Nomination as Nominee Director withdrawn by ARCIL w.e.f . 01.08.2016 and Appointed as Non-Executive Independent Director on the Board w.e.f.12.08.2016) | 4 | No |
| 6. | Mrs. Koushlya Melwani | 4 | No |
| 7. | Mr. Atul Kumar Singh (Appointed as Non-Executive Independent Director w.e.f. 15.10.2016) | 2 | No |

**c. Number of other Companies in which the Directors are Director/ Chairman and other Board Committees in which they are Member or Chairperson:**

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

@ Appointed as Non Executive Independent Director w.e.f. 12.08.2016

# Appointed as Non Executive Independent Director w.e.f. 15.10.2016

**d. Number of board meetings held during the year 2016-17**

The board meets at least once in a quarter to review the quarterly results and consider other items on agenda. During the year 2016-17 Board of Directors of the Company met 4 (four) times on following dates:- 14th May, 2016, 12th August, 2016, 10th November, 2016 and 11th February, 2017.

The gap between any two meetings never exceeded four months. The dates of the meeting were generally decided well in advance. The minimum information as required under Part A of Schedule II to Regulation 17 (7) of the SEBI Regulations is being made available to the board at respective board meetings.

**e. Disclosure of relationships between directors inter-se:**

There is no relationship between the Directors inter-se.

**f. Number of shares and convertible instruments held by non-executive directors**

| Sr. No. | Name of Directors | Shareholding at the end of the year 31.03.2017 | |
|---|---|---|---|
| | | No. of shares | % of total shares of the Company |
| 1. | Mrs. Koushlya Melwani | Nil | --- |
| 2. | Mr. Neeraj Golas @ | Nil | --- |
| 3. | Mr. Bihari B. Shah | Nil | -- |
| 4. | Dr. Bakul H. Dholakia | 3400 | 0.00 |
| 5. | Mr. Atul Kumar Singh # | Nil | --- |

@ Appointed as Non Executive Independent Director w.e.f. 12.08.2016

# Appointed as Non Executive Independent Director w.e.f. 15.10.2016

**g. Details of familiarization programme for Independent Directors:**

The Independent Directors, who are from diverse fields of expertise and having immense experience and expert knowledge in their respective fields are very relevant as well as of considerable value for the Company's business. As a part of familiarization programme as required under SEBI Regulations, the Independent Directors are apprised during the board meetings and committees meetings on the Company operations, governance, internal control process and other relevant matters. They are also updated about the amendments to the various enactments viz., Companies Act, 2013, SEBI Regulations and other important changes in the regulatory framework and business environment having impact on the Company. The details of familiarization programme for independent directors is placed on website of the Company www.ashima.in

**h. Annual Evaluation of Board of Directors and Independent Directors**

Pursuant to the provisions of the Act, SEBI Regulations and Nomination & Remuneration policy of the Company, the Board of Directors / Independent Directors / Nominee & Remuneration committee has undertaken an evaluation of its own performance, the performance of all individual directors including independent directors and the Chairman of the Board of Directors based on various parameters / criteria such as contribution to and monitoring of Company's governance standard and practices, active participation in meetings and fulfilling fiduciary responsibilities, ideas and suggestions for long term strategic planning, leadership quality, strategy formulation and execution, financial planning & performance, professional skills, initiative in terms of new ideas and planning, compliance with policies and code of conduct.

**3. 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. It assists the Board of Directors in fulfilling its oversight responsibilities of monitoring financial reporting processes, review the Company's established system and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The Audit Committee at present comprises of 3 (Three) directors viz. Dr. Bakul H. Dholakia, Mr. Bihari B. Shah and Mrs. Koushlya Melwani The constitution of audit committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI Regulations.

The terms of reference of audit committee as approved by the Board of Directors are as per guidelines set out in the SEBI Regulations read with Section 177 of the Companies Act, 2013, stipulated hereinbelow:

1. The audit committee will meet at least four times a year and not more than four months shall elapse between two meetings.
2. Powers of audit committee
   a. to investigate any activity within its terms of reference.
   b. to seek information from any employee.
   c. to obtain outside legal or other professional advice.
   d. to secure attendance of outsiders with relevant expertise, if it considers necessary.

**Role of Audit Committee and Review of Information by Audit Committee**

3. 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.
4. Recommending to the Board, the appointment / re-appointment, replacement or removal if any required, of Statutory Auditors, Cost Auditors and or any other auditors including fixation of remuneration.
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.
   - Modified Opinion(s) 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.

In addition to the above, the following items will be reviewed by the Audit Committee:-

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions, (as defined by the Audit Committee) submitted by management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- appointment, removal and terms of remuneration of the internal auditor.

During the year 2016-17, the Audit Committee met 4 times on 14th May, 2016, 12th August, 2016, 10th November, 2016 and 11th February, 2017. 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 14th May, 2016 was to review annual accounts for the year ended on 31st March, 2016.

The Chairman of the audit committee was present at the last (33rd) Annual General Meeting held on 12.08.2016.

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 | 4 | 3 |
| 2. | Mr. Bihari B. Shah | Member | 4 | 4 |
| 3. | Mrs. Koushlya Melwani | Member | 4 | 4 |

**4. Nomination & Remuneration Committee:**

The Board of Directors of the Company has constituted a Nomination & Remuneration committee in the year 2003. The composition of committee has been changed as and when required.

The powers, roles and terms of reference of the Nomination & Remuneration Committee covers the area as contemplated under Regulation 19 of SEBI Regulations and Section 178 of the Companies Act, 2013,

besides other terms as may be 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 performance 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 and Remuneration Policy and the same was approved by the Board of Directors. The policy is available on the website of the Company www.ashima.in

The Nomination and Remuneration committee evaluated the performance of the Independent Directors on the basis of the criteria such as contribution of Independent Directors in regard to monitoring of Company's governance standard and practices, actively participating in the Board and Committees meetings and fulfilling fiduciary responsibilities and giving ideas & valuable suggestions for long term strategic planning. In addition, the committee also evaluated the performance of non-independent directors including the Chairman & Managing Director on the various key aspects such as leadership abilities, problem solving skills and instrumental in contributing by new ideas etc.

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI Regulations, At present Dr. Bakul H. Dholakia – Independent Director is the Chairman of the Committee and Mr. Chintan N. Parikh, Mr. Neeraj Golas and Mrs. Koushlya Melwani are the members of the committee. During the financial year, Mr. Jaykant R. Baxi ceased as member of the committee due to his resignation from the Board of Directors w.e.f. 02.08.2016 and Mr. Neeraj Golas, non-executive & independent director of the Company was appointed as member of the Committee by the Board of Directors on 12.08.2016. The Nomination & Remuneration Committee met twice on 14th May, 2016 and 11th February, 2017. 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 | 1 | 1 |
| 3. | Mr. Chintan N. Parikh | Member | 2 | 2 |
| 4. | Mrs. Koushlya Melwani | Member | 2 | 2 |
| 5. | Mr. Neeraj Golas @ | Member | 1 | 1 |

@ Appointed as Non Executive Independent Director w.e.f. 12.08.2016

**5. Remuneration of Directors for the financial year 2016-17:**

The Board of Directors of the Company on recommendation of nomination & remuneration committee at their meeting held on 11.02.2017 re-appointed Mr. Chintan Parikh as Managing Director of the Company for the period of 3 years w.e.f. 07.02.2017 to 06.02.2020 along with payment of remuneration of Rs.84 lacs per annum and perquisites pursuant to section 196, 197 & 203 and Schedule V of the Companies Act, 2013, subject to the approval of Shareholders at the 34th annual general meeting.

The remuneration (including perquisites not included in managerial remuneration) paid for the financial year ended on 31st March, 2017 to Mr. Chintan N. Parikh, Managing Director of the Company is Rs.108.93 lacs, which includes salary, perquisites, contribution to provident fund and superannuation fund and also the encashment of leave for earlier tenure, 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 other committees subject to tax. For separate meeting of Independent Directors they were also paid Rs. 3000/- for the said meeting subject to tax. The total sitting fees paid for the year ended on 31st March, 2017 to the directors is as follows:-

| No. | Name of Directors | Amount (in Rs.) |
|---|---|---|
| 1. | Dr. Bakul H. Dholakia | 54000 |
| 2. | Mr. Jaykant R. Baxi * | 13000 |
| 3. | Mr. Bihari B. Shah | 63000 |
| 4. | Mr. Neeraj Golas # | 36000 |
| 5. | Mrs. Koushlya Melwani | 66000 |
| 6. | Mr. Atulkumar Singh$ | 23000 |

*Resigned as Director from the Board of the Company w.e.f. 02.08.2016.

# Nomination as Nominee Director withdrawn by ARCIL w.e.f 01.08.2016 and appointed as Non-Executive Independent Director on the Board w.e.f. 12.08.2016.

$ Appointed as Non-Executive Independent Director w.e.f. 15.10.2016.

None of the non-executive directors have any material pecuniary relationship or transactions with Company. Except sitting fees for attending board meetings and various committee meetings no other fees are paid to the non-executive directors and same is also kept on website of the Company www.ashima.in

**6. Stakeholders Relationship Committee**

The Company constituted shareholders' / investors' grievances committee in the year 2002. The composition of same has been changed as and when required. As at 31st March, 2017, the committee consists of Mr. Bihari B. Shah, Mr. Neeraj Golas, and Mrs. Koushlya Melwani as Directors and Mr. Hiren S. Mahadevia, Company Secretary as Compliance Officer, to look into redressal of investors complaints like transfer of shares, non-receipt of annual report and other investor related matters. In order to expedite the process, 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.

During the year under review, due to resignation of Mr. Jaykant R. Baxi as Director of the Company w.e.f. 02.08.2016, the committee was reconstituted and Mr. Neeraj Golas, Non-Executive Independent Director was appointed as member of the Committee. The committee met 4 (Four) times in the year on 14th May, 2016, 12th August, 2016, 10th November, 2016 and 11th February, 2017 to take stock of redressal of investors complaints and the same was attended by all the members of the committee. The Company had received 25 investors complaints during the financial year under review, and there is no complaint pending as at 31st March, 2017. 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. Jaykant R. Baxi* | Chairperson | 4 | 4 |
| 2. | Mr. Biharibhai B. Shah | Member | 4 | 4 |
| 3. | Mrs. Koushlya Melwani | Chairperson | 4 | 4 |
| 4. | Mr. Neeraj Golas@ | Member | 4 | 1 |

* Resigned w.e.f. 02.08.2016

@ Appointed as Non-Executive Independent Director w.e.f. 12.08.2016

**7. 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 relations with its stakeholders. In terms of SEBI Regulations, the Company has suitably revised the Code of Conduct & Business Ethics of the board members. 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

**8. Risk Management**

The Company has well laid down procedures about the risk assessment and minimization. Results of the 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 & monitoring the risk management plan.

**9. Meeting of Independent Directors**

As per Companies Act, 2013 and Regulation 25 of SEBI Regulations, the Independent Directors met on 11th February, 2017 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. Neeraj Golas | Member | 1 | 1 |
| 3. | Mr. Bihari B. Shah | Member | 1 | 1 |
| 4. | Mr. Atul Kumar Singh | Member | 1 | 1 |

**10. General Body Meetings:**

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

| Year | Date | AGM | Venue | Time |
|---|---|---|---|---|
| 2014 | 29/09/2014 | AGM | Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad – 380021. | 10.30 a.m. |
| 2015 | 18/09/2015 | AGM | As Above | 12.00 noon |
| 2016 | 12/08/2016 | AGM | As Above | 11.00 a.m. |

No special resolution was passed by the shareholders at the 33rd Annual General Meeting of the Company held on 12th August, 2016. Three special resolutions were passed by the Shareholders at the 32nd Annual General Meeting of the Company held on 18th September, 2015. Six special resolutions were passed by the Shareholders at the 31st Annual General Meeting of the Company held on 29th September, 2014. Resolutions, if required would be passed through postal ballot during financial year 2017-18, as per prescribed procedure.

**11. 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 newspaper | : | English Daily news paper<br>Gujarati Daily newspaper |
| * | Any website | : | 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 |

**12. General Shareholders' Information:**

**a.** AGM date, time and venue: 11th August, 2017 at 11.00 a.m. at Texcellence Complex, Khokhara - Mehmedabad, Ahmedabad – 380021.

**b.** Date of book closure: 5th August, 2017 to 11th August, 2017.

**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 2016-17.

**e.** Address of Registered Office: Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad – 380 021, Gujarat

**f.** Financial calendar: 1st April, 2017 to 31st March, 2018.

| | | |
|---|---|---|
| Results for 1st quarter ending on 30th June, 2017 | : | Within 45 days of the end of the quarter as stipulated under SEBI Regulations |
| Results for 2nd quarter ending on 30th September, 2017 | : | Within 45 days of the end of the quarter as stipulated under SEBI Regulations |
| Results for 3rd quarter ending on 31st December, 2017 | : | Within 45 days of the end of the quarter as stipulated under SEBI Regulations |
| Results for 4th quarter ending on 31st March, 2018 | : | Within 45 days of the end of the quarter as stipulated under SEBI Regulations |
| Annual Results for the current financial year 2017-18 | : | Within 60 days of the end of the last quarter as stipulated under SEBI Regulations |
| Annual General Meeting | : | September, 2018 |

**g.** Stock exchange security code:

- BSE Limited : 514286
- The National Stock Exchange of India Ltd : ASHIMASYN

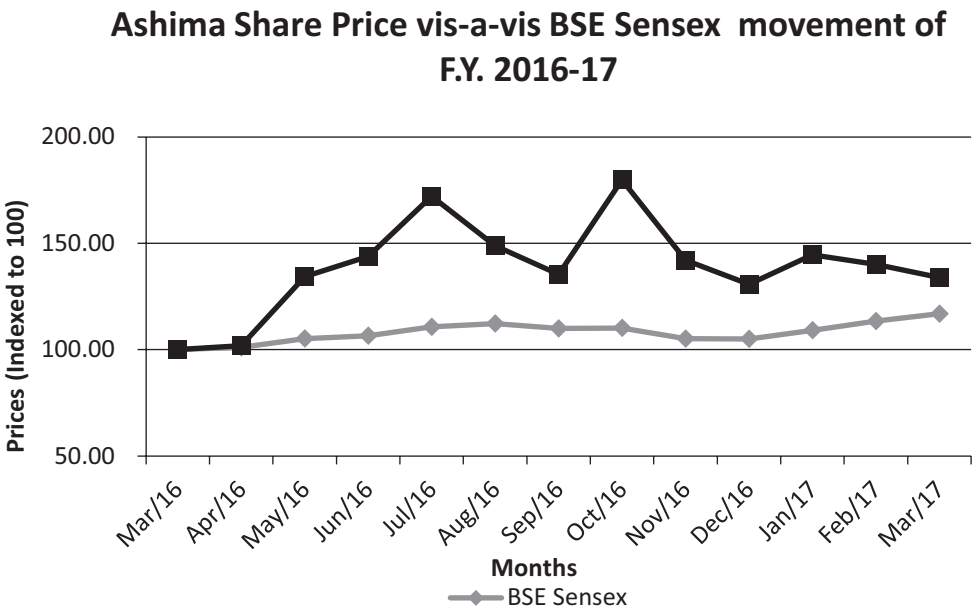
Demat ISIN numbers in NSDL and

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 31st March, 2017:

| MONTH | NSE | | | BSE | | |
|---|---|---|---|---|---|---|
| | High Rs. | Low Rs. | Volume Nos | High Rs. | Low Rs. | Volume Nos |
| April 2016 | 13.35 | 10.75 | 763114 | 13.24 | 10.81 | 362491 |
| May 2016 | 15.80 | 10.75 | 4981563 | 15.69 | 10.75 | 2750297 |
| June 2016 | 16.20 | 13.75 | 3507340 | 16.15 | 13.90 | 1213151 |
| July 2016 | 20.00 | 15.50 | 6986625 | 19.90 | 15.70 | 3023165 |
| Aug.2016 | 19.40 | 15.80 | 4570897 | 19.35 | 15.75 | 1280301 |
| Sept.2016 | 19.50 | 13.30 | 4412106 | 19.20 | 13.30 | 1699597 |
| Oct.2016 | 20.30 | 13.30 | 8530677 | 20.24 | 13.40 | 2948258 |
| Nov.2016 | 19.95 | 12.55 | 6891503 | 19.90 | 12.50 | 2945593 |
| Dec.2016 | 15.60 | 13.10 | 1275108 | 15.60 | 13.25 | 465152 |
| Jan. 2017 | 18.20 | 13.85 | 4505054 | 18.10 | 13.75 | 1484875 |
| Feb. 2017 | 16.80 | 14.70 | 1458859 | 16.70 | 14.65 | 511899 |
| Mar. 2017 | 15.90 | 14.10 | 2478593 | 16.35 | 14.00 | 1099758 |

**i.** Performance of Company's closing share price during the FY 2016-17 in comparison of BSE Sensex




Base 100= Closing Price as on 31st March, 2016

**j. Distribution of shareholding:**

As on 31st March, 2017 the distribution of shareholding and share holding pattern was as under:

| No. of equity shares held | No. of shareholders | % of shareholders | No. of shares | % of shareholding |
|---|---|---|---|---|
| 1-500 | 16275 | 73.4829 | 2604726 | 2.03 |
| 501-1000 | 2258 | 10.1951 | 2020590 | 1.57 |
| 1001-2000 | 1279 | 5.7748 | 2096049 | 1.63 |
| 2001-3000 | 610 | 2.7542 | 1613954 | 1.26 |
| 3001-4000 | 274 | 1.2371 | 1001422 | 0.78 |
| 4001-5000 | 366 | 1.6525 | 1784644 | 1.39 |
| 5001-10000 | 477 | 2.1537 | 3750522 | 2.92 |
| 10001 and above | 609 | 2.7497 | 113581969 | 88.42 |
| **Total** | **22148** | **100.00** | **128453876** | **100.00** |

Shareholding Pattern of the Company:

| No. | Category | No. of shares held | Percentage (%) of share holding |
|---|---|---|---|
| **A.** | **Promoter's holding** | | |
| | Indian Promoters & Promoter Group | 73476080 | 57.20 |
| | **Sub Total A** | **73476080** | **57.20** |
| **B.** | **Non- Promoter holding** | | |
| | 1. Institutional Investors | - | - |
| | a. Mutual Funds and UTI | 3300 | 0.00 |
| | b. Venture Capital Funds | - | - |
| | c. Alternate Investment Funds | - | - |
| | d. Foreign Venture Capital Investors | - | - |
| | e. Foreign Portfolio Investors | - | - |
| | f. Financial Institutions/ Banks | 153074 | 0.12 |
| | g. Insurance Companies | - | - |
| | h. Provided Funds/ Pension Funds | - | - |
| | i. Any other | - | - |
| | **Sub Total B(1)** | **156374** | **0.12** |
| | 2. Central Government/State Government (s)/ President of India | - | - |
| | **Sub Total B(2)** | **-** | **-** |
| | 3. Non Institutions | | |
| | a. i. Individual shareholders holding nominal share capital upto Rs. 2 Lacs | 16450919 | 12.81 |
| | ii. Individual shareholders holding nominal share capital in excess of Rs. 2 Lacs | 14688329 | 11.43 |
| | 4. Any Other including Public & Bodies Corporates | 23682174 | 18.44 |
| | **Sub Total B(3)** | **54821422** | **42.68** |
| | **Grand Total** | **128453876** | **100.00** |

**k. 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.

**l. 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 up, consolidation, demat 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 days from the date of receipt, if the documents are complete and clear in all respects.

**m. Dematerialisation Details:**

The shares of the Company have been under compulsory trading in demat effective from 24th March, 2000. The Company had entered into tripartite agreement with NSDL, CDSL and Link Intime India Private Ltd, for dematerialisation of the securities. Upto 31st March, 2017, 14863 shareholders have sought dematerialisation of their 12,77,10,495 equity shares which constitutes 99.42% of total share capital of the Company.

**n. Liquidity:**

The Company's shares are among the most liquid and actively traded shares on BSE Limited and National Stock of India Exchange Ltd. The monthly trading volumes of Company's shares have been given at point "h" hereinabove.

**o. Dividend:**

The Board of Directors of the Company have not recommended any dividend for the year ended on 31st March, 2017.

**p. Plant Location:**

Texcellence Complex, Khokhara – Mehmedabad, Ahmedabad – 380021.

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

**Link Intime India Pvt. Ltd**
5th Floor, 506 to 508, Amarnath Business Centre (ABC-1),
Beside Gala Business Centre, Near St. Xavier's College Corner,
Off C. G. Road, Navrangpura, Ahmedabad-380 009, Gujarat
Phone-079-26465179, Fax-079-26465179
e-mail-ahmedabad@linkintime.co.in

**All the other investors related complaints be addressed to:-**

Secretarial Department, Texcellence Complex, Near Anupam Cinema, Khokhara – Mehmedabad, Ahmedabad – 380 021.

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.

**r.** Compliance with Code of Business Conduct and Ethics,

As provided under SEBI Regulations, the members of the Board of Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended on 31st March, 2017.

**s.** Compliance Certificate regarding compliance of conditions of corporate governance has been obtained from statutory auditors of the Company and the same is annexed with the Board's Report.

**t.** There being no shares in the demat suspense account or unclaimed suspense account, no disclosure is required to be made.

**13. 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 per requirements of Accounting Standard (AS) 18, are disclosed in the notes to accounts annexed to the financial statements. All the transactions with related parties were in the ordinary course of business and on arm's length basis. In terms of Regulation 23 of the SEBI Regulations the Company is obtaining prior approval of the Audit Committee for entering into any transaction with related parties. The Audit Committee granted omnibus approval for certain transactions to be entered into with the related parties during the year. Policy on dealing with related party transactions is placed on the Company's website at www.ashima.in.

**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 of capital markets and no penalties or strictures have been imposed on the Company by above Stock Exchanges, SEBI or any other authority, or any matter relating to the capital markets during the last three (3) years.

**c) Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.**

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) Subsidiary Company.**

As the Company has no Subsidiary as on date, the requirement of formulating a specific policy on dealing with material subsidiaries does not arise.

**14. Details of compliance with mandatory requirements and adoption of the non mandatory requirements**

During the year, the Company has fully complied with the mandatory requirements as stipulated in the SEBI Regulations. The status on the compliance with the non-mandatory requirements of the SEBI Regulations is as under:

**Board:** 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.

**Modified Opinion(s) in Audit Report:** The financial statements presented for the year 2016-17 do not have any qualifications.

**Separate posts of chairperson and chief executive officer:** The Company does not have separate post of Chairman & Managing Director / Chief Executive Officer.

**Reporting of internal auditor:** The internal auditor of the Company presently reports to the Chief Financial Officer.

**15. Disclosure of commodity price risks and commodity hedging activities**

The Company's product does not fall under commodity, therefore commodity price risk and hedging activities are not carried out by the Company.

The information as required under Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been disseminated on the Company's website i.e. www.ashima.in.

The above report has been placed before the board of directors of the Company at their meeting held on 6th May, 2017 and the same was approved thereat.

**For and on behalf of the board**

Place: Ahmedabad
Date: May 6, 2017

**Chintan N. Parikh**
Chairman and Managing Director
(DIN: 00155225)

## AUDITOR'S CERTIFICATE

To,
The Members of
Ashima Limited
Ahmedabad.

We have examined the compliance of conditions of corporate governance by Ashima Limited, for the year ended on 31st March, 2017 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

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 statements 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 provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

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

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

Date: May 6, 2017
Place: Ahmedabad

## 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 31st March, 2017, received from the members of the board and senior management personnel declaration of compliance with code of conduct as applicable to them.

Date: May 6, 2017
Place: Ahmedabad

**Chintan N. Parikh**
Chairman and Managing Director
(DIN: 00155225)

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

In the aftermath of major economic and political developments during the last year, the world economy faces considerable uncertainty. The current year experienced moderation in general price level, with significant decline in the price of Indian basket of crude oil and commodity prices. The Indian economy witnessed a phase of stagnancy during the year under review as the pace of policy changes slowed down. Uncertainty on account of significant external political developments, global interest rate behaviour, US election and capital flows posed potential downsides. Economic growth was supported by good monsoon rains and crop production and the expansion in Government expenditure due to payouts because of the Seventh Pay Commission. However, Current Monetary Policy, uncertainty around commodity prices, especially that of crude oil, globalization of goods, services and people are the three major challenges for the economy. The government policies world over are shifting more towards protectionism, posing a greater challenge to international trade.

India's textiles sector is one of the oldest industries in Indian economy and is one of the largest contributors to India's exports with approximately 11 per cent of total export. During the year under review, textile demand remained sluggish, following uncertainty in global economy. Rising output costs hit textile export which contracted in calendar year 2016 for a consecutive second year due to weak global demand and India's losing competitiveness. India has been losing its competitiveness to China, due to almost flat cost of production there and depreciation in their currency. In contrast, the cost of production had increased sharply in India over the past year. Additionally, the sharp appreciation in rupee during the later part of the year added to the challenges faced by this fragmented and unorganized segment. At the same time, demonetization of the currency as well as implementation of Goods and Services Tax (GST) may augur well for the economy in terms of spurring growth, competitiveness, indirect tax simplification and greater transparency.

Under the circumstances, textile Industry maintained a negative outlook on textiles for FY17 on continuing overcapacity, falling capacity utilisations and dumping from China. The pace of growth for other Asian apparel exporters like Bangladesh, Cambodia, and Vietnam has also moderated though their growth was better. Scrapping of the proposed Trans Pacific Partnership (TPP) has weakened the prospects for Vietnam, which augurs well for India.

In the backdrop of volatile macro-economic circumstances, the performance of the Company has remained almost unchanged during the year compared to the preceding year. The rising competition and strengthening rupee hit the product volumes and the top-line of the Company adversely and resulted into strained margins and lower volumes. Company's technological limitations in terms of offering wider product range or better product differentiation continue to add to the challenges faced by it. However, reduced interest burden on account of repayment of the loans offset the adverse impact of the above and the bottom-line remained almost at the same level of the last year. The reduction in volumes was steeper for the Denim division where the exports as well as garment exporter segment witnessed significant erosion in volumes. The Spinfab division, on the other hand, saw margins coming under pressure on account of increasing competition and its inability to offer wider product range. The management is taking steps to overcome technical limitations of the Company in terms of product offerings. Considering the resource crunch, the new investments are planned in a strategic direction and with a greater focus on areas that can enhance product capabilities, enable it offer better value-added products and improves operational flexibility in the most economic manner.

## 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 subdued performance in light of adverse market scenario aggravated by its own constraints with regard to product and customer baskets. Volumes for exports as well as domestic markets took a hit with reduction in domestic volumes being steeper as the garment exporter segment was badly hit from domestic as well as global conditions. The changing customer trend towards dense product varieties also shrunk

the volumes in meter terms. The basic and simple product range of the division makes it more difficult for the division to face the stiffer competition. At the same time, volatile market conditions also had a significant impact on the product volumes. The division tried to work on some innovative solutions and focused on certain job work orders thereby reducing the effect of lower volumes. Reduced fixed costs mainly because of lower wages upon closure of spinning activity during the preceding year helped the division reduce the losses to some extent. Efforts are under way to improve the product offering and competitiveness going forward.

**Spinfab Division:**

The Spinfab division's business is more focused on domestic market segment. The division show a decline in the volumes, especially in the Brand segment where complex products and smaller lot-size are the driving factors. This segment offers much better margins compared to the other segments, however the division has its own limitations also in these areas. By taking a few innovative steps, it had been possible to improve the brand business significantly during the preceding year but the momentum could not be sustained during the year under review. The margins as a result have taken a beating. New investment plans are under way and are aimed to significantly improve the product capabilities of the division.

**Brand Business and others:**

The activity reported improved performance on account of higher volumes of piece-dyed orders, both from domestic as well as export markets. The brand volumes however declined due to a bearish retail market scenario. The ready-to-stitch product market continues to shrink mainly because increased tendency towards ready made garments.

**FINANCIAL RESULTS AND OUTLOOK**:

**Financial performance:**

The Company has reported a profit of Rs. 2648.55 lacs for the year at PBT level compared to a loss of Rs. 2355.77 lacs in previous year. The performance for the year includes Rs. 5255.17 lacs being an exceptional and extraordinary item in terms of gain on account of sale of a part of surplus land by the Company in order to part-fund the settlement of secured debt. The operational performance is marginally down with the loss at PBT level being at Rs. 1873.16 (arrived at after adjusting reported PBT for non-recurring expenses (net) of Rs. 733.46 lacs) compared to loss of Rs. 1813.33 lacs in year 2015-16 (adjusted for non-recurring expenses (net) of Rs. 542.44 lacs). Reduced interest cost by Rs. 342 lacs is one of the major reasons for change in performance. On the operational front, the performance of Spinfab division suffered mainly due to reduced margins. The Denim division witnessed significant lower volumes however the bottom-line did not suffer as the fixed costs remained under control and went down.

**Raw material:**

The yarn prices have been on the rise during the year riding on steep increase in the cotton prices. The year under review show a reversal of trend in the prices of cotton and yarn which had softened during the preceding year. The prices trended higher since the beginning of the season and remained firm during the later part of the year. Higher yarn prices resulted into increased pressures on the product margins as it was not possible to fully pass on the impact.

**Dyes and Chemicals:**

Expenditure on dyes and chemicals has remained under control and has reduced mainly on account of reduction in volumes. Prices of the dyes and chemicals have remained stable due to slack demand in the national and international markets. As a result, the costs in terms of per meter of fabric have also remained almost unchanged compared to the preceding year.

**Utilities:**

Utility costs have reduced in terms of lower production volumes, however the costs per meter of fabric has increased marginally. The gains on sourcing of power through open access system has reduced substantially during the year due to steep increase in cross subsidy charges. The fuel prices also hardened during the later

part of the year on account of Indonesian coal prices going up sharply in the backdrop of increased demand from China. The Company could however mitigate the impact by changing specifications of coal so as to optimize the generation cost per unit of energy.

**Other expenses:**

Other manufacturing expenses have reduced during the year in line with reduced production volumes. Moreover, consumption of stores and spares has also gone down due to lower capacity utilization and discontinuation of spinning activity. Fixed costs have reduced mainly on account of lower wages consequent to closure of spinning activity during earlier year.

**Interest:**

The Company repaid the entire balance of secured debt as provided in the Scheme of Arrangement. The Rights Issue proceeds also helped the Company reduce the interest burden. Accordingly, the interest cost has gone down during the year.

**Outlook:**

The global textiles trade is presently passing through a significant trajectory. China's predominance in the textile trade is gradually waning, presenting new opportunities for India to up its market share. Fast emergence of new textile manufacturing hubs like Vietnam, Bangladesh etc. can impact India's calculation in a changing market, driven by market access and policy support given by the respective governments to empower the textile chain. Also, emerging regional trading agreements like Trans Pacific Partnership (TPP), Trans-Atlantic Trade & Investment Partnership (TTIP) etc. can script a paradigm shift in the future trade and investment flows.

As per the Research Report of India Rating and Research (Ind-Ra) Cotton textiles may see stability in the next financial year. The research agency revised its cotton outlook to stable for financial year 2018 from negative for financial year 2017. The expectation is in view of continued auction of Chinese reserves and global cotton processing countries (excluding China) holding about six months of inventory and also of positive impact of GST on Cotton Textiles.

India has vast potential to grow in many textile segments. The 'Make in India' campaign launched by the government would provide boost to the Indian textile industry and enable it achieve 20% growth in exports and sustain 12% growth rate in domestic market till 2024-25 as suggested by report of expert committee on Vision, Strategy and Action Plan for Indian Textiles and Apparel Sector. The Government has approved several measures for textiles and apparels during the year. The growing Indian economy and rising disposable income will render a strong tailwind to the textile sector. However, uncertainty around current monetary policy and the commodity prices as well as likely impact of the GST implementation may pose a major challenge at the macroeconomic level.

On the Company's front, post successful completion of the debt restructuring through the Scheme of Arrangement, the Company has undertaken a comprehensive exercise for operational restructuring. An overhaul of the existing manufacturing setup along with introduction of newer machines is under implementation which will improve technical capabilities, reduce bottlenecks and enhance customer servicing setup. The changed scenario shall enable the Company to operate in a high value-added market segment and offer an improved product basket and it would be a challenge for the Company to translate the same into an improved operational performance going forward.

**RESOURCES AND LIQUIDITY**

The Company has been facing major structural handicap with the old plant and machineries and operational bottlenecks for last many years. The Company has now undertaken an exercise to upgrade the machinery and remove bottlenecks in the production processes. Augmenting the fund requirements for the capital expenditure would be critical to timely and successful implementation of the plan. The Company is working on various alternatives for the purpose and is confident to meet the requirements. Moreover, the changed scenario would also work favourably for the Company in terms of its increased creditworthiness for working capital facilities.

**OPPORTUNITIES:**

After successful implementation of debt settlement scheme, Company is hopeful of positive impact going forward as stated above. GST implementation may also provide a boost to the domestic demand of textiles. Moreover, demonetization and softening of interest rates is likely to make the fund availability economical for the Company and it can be used to gain technological edge with regard to product innovation and development. With the right Government policies and GST implementation, we believe that the Indian Textile Industry is well poised to benefit from the large opportunity offered in the domestic and export market.

**THREATS, RISKS AND CONCERNS:**

The biggest challenge facing the Indian textile industry is competition from the other low cost neighboring countries which attract more business from the international market because of lower production costs, ease in doing business and easier trade routes. Continued strengthening of the rupee against major global currencies over last two quarters is also working against the price competitiveness for the Company. High volatility in the cotton and yarn prices during the last entire year posed a major hurdle in taking any long term stand with the suppliers or the customers. Good quality of yarns at competitive prices, adequate working capital availability, govt. policy and domestic market scenario upon GST implementation are likely to pose major challenges.

**INTERNAL CONTROL SYSTEMS:**

The Company has an Internal Control System commensurate with the size, scale and complexity of operations across all the areas and processes. The internal control system is periodically reviewed by the Audit Committee. To maintain its objectivity and independence, the Internal Audit function has been outsourced and it reports to the Chairman of the Audit Committee of the Board. The Audit committee members also review and evaluate the internal financial control and risk management systems periodically.

**RESEARCH AND DEVELOPMENT:**

In the constantly changing business scenario the research and development plays an integral role in the life cycle of a product. Recognizing this, the Company has been continuously trying to maintain and update its product designing and development facilities despite resource limitations. It is maintaining its focus on product innovation and development in order to ensure that its products meet high standards of quality to satisfy customer requirements as well as to achieve cost efficiencies.

**HEALTH, SAFETY AND ENVIRONMENT:**

The Company considers Health, Safety and Environmental as an integral and essential part of its way of business. The Company understands the importance of having a healthy workforce and safe work practices. The Company adopts suitable work practices to maintain high standards of the safety. Adequate steps are taken on an ongoing basis aimed at safe and comfortable working conditions for staff and workers. The safety committee of the Company has been taking various initiatives in the matter from time to time. The Company also complies with regulations relating to environmental and emission norms.

**HUMAN RESOURCES DEVELOPMENT:**

The Company believes that Human resources are the backbone of the organization and accordingly adopts best policies and practices for the welfare of its employees. It also focusses on attracting and retaining the right talent pool and has been successful in nurturing talent even during the most challenging periods by adopting proper and adequate measures aimed at enhancing employee satisfaction and welfare. It provides clean, healthy and pleasant work environment and ambience to its employees.

**CAUTIONARY STATEMENT:**

Statements in the Boards' 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 Ltd. ('the Company'), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and 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 and presentation 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, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards 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 31st March, 2017, and its Profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of Order.

10. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. 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;

    c. 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;

    d. 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;

    e. On the basis of written representations received from the directors as on 31st March, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164(2) of the Act;

    f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

    g. 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 information and according to the explanations given to us:

        i. The company has disclosed the impact of pending litigations as at March 31, 2017 on its financial position in its financial statements – Refer Note 27 of the financial statements.

        ii. The company has made provisions as at March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

        iii. 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, 2017.

        iv. The Company has provided requisite disclosures in the financial statements as to holding as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on our audit procedure and relying on the management representation we report that disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For, **Dhirubhai Shah & Doshi**
*Chartered Accountants*

**Kaushik D. Shah**
Partner
Membership Number: 016502
FRN No: 102511W

Place: Ahmedabad
Date: 06/05/2017

## ANNEXURE - A TO THE AUDITOR'S REPORT

**Referred to in Paragraph 9 of the Independent Auditors' Report of the even date to the members of Ashima Limited on the financial statements for the year ended 31 March 2017, we report that:**

(i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, the 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.

(c) According to the information and explanations provided to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) 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 Private Ltd.) which have been confirmed and stock in transit which have been subsequently received. In our opinion, the frequency of verification is reasonable. Discrepancies noticed on physical verification of inventory as compared to book records were not material and the same have been properly dealt with in books of account.

(iii) According to information and explanations provided to us, the Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, and therefore, the provisions of clauses (iii)(a), (iii)(b) & (iii)(c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations provided to us, the Company has not granted any loan, provided any guarantee or made any investment as per Section 185 and 186 of Companies Act, 2013, hence this clause is not applicable.

(v) According to the information and explanations provided to us, the Company has not accepted any deposits from the public under section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under where applicable. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(vi) According to the information and explanations provided to us, the Company has maintained proper cost records as prescribed by Central Government under sub-section (1) of section 148 of the Companies Act, 2013. We have broadly reviewed the accounts and record of the Company in this connection and are of the opinion that prima facie the prescribed accounts and records have been maintained. However we have not made a detailed examination of the same.

(vii) (a) According to the information and explanations provided 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 31st March, 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations provided to us, the details of disputed statutory are as follow.

| Sr. No. | Nature of Statute | Nature of Dues | Amount (₹ in Lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Foreign Trade (Dev.& Regu. Act), 1992 | Custom Duty and Interest | 66.68 | 1997 | Gujarat High Court |
| 2 | The Income Tax Act, 1961 | Income tax | 676.66 | A.Y. 1996-97 | Assessment Officer (matter remanded by ITAT) |
| 3 | The Income Tax Act, 1961 | Income tax | 0.87 | A.Y. 2001-02 | Assessment Officer |
| 4 | Gujarat Sales Tax Act, 1969 | Sales Tax | 1,906.01 | F.Y. 1999-2000 and 2000-2001 | Joint Commissioner (Appeals) of Commercial Tax |
| 5 | Gujarat Value Added Tax Act, 2003 | VAT | 1.34 | F.Y. 2011-12 | Commissioner (Appeals) of Commercial Tax |
| 6 | Employees' State Insurance Act, 1948 | ESI Contribution | 83.79 | Part of FY 1994-95 to FY 1996-97 | ESI Court |

(viii) As per the information and explanations provided to us, the company has not availed any loans or borrowings from any financial institution or bank or government or issued any debentures to debenture holders during the year, hence paragraph 3(xviii) of the Order is not applicable.

An amount of ₹ 750 lacs in suspense account remains unsettled. Refer Note 40 of notes to financial statements.

(ix) According to information and explanation provided to us, the funds of Rights Issue of equity shares as well as term loan have been applied for the purpose for which they were obtained.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations provided to us and based on our examination of the records of the Company, the Company has paid managerial remuneration to its Chairman and Managing Director as permissible as per provisions of the Section 197 read with the Schedule V of the Companies Act, 2013.

(xii) In our opinion and according to the information and explanations provided to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations provided to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards and Companies Act, 2013.

(xiv) According to the information and explanations provided to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. As provided in the Scheme of Arrangement, the Company has issued 150 lac equity shares at par to one secured lender by converting debt of ₹ 1500 lacs during the year.

(xv) According to the information and explanations provided to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For, **Dhirubhai Shah & Doshi**
*Chartered Accountants*

**Kaushik D. Shah**
Partner
Membership Number: 016502
FRN No: 102511W

Place: Ahmedabad
Date: 06/05/2017

## ANNEXURE - B TO THE AUDITORS' REPORT

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. We have audited the internal financial controls over financial reporting of Ashima Limited ("the Company") as of 31 March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of

management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, **Dhirubhai Shah & Doshi**
*Chartered Accountants*

**Kaushik D. Shah**
Partner
Membership Number: 016502
FRN No: 102511W

Place: Ahmedabad
Date: 06/05/2017

## BALANCE SHEET AS AT MARCH 31, 2017

**(Rupees in lacs)**

| | | Note Number | **As at Mar. 31, 17** | As at Mar. 31, 16 |
|---|---|---|---|---|
| **I.** | **EQUITY AND LIABILITIES** | | | |
| **1** | **Shareholders' funds** | | | |
| (a) | Share capital | 2 | **14,895.39** | 5,386.88 |
| (b) | Reserves and surplus | 3 | **(9,059.81)** | (11,479.39) |
| **2** | **Share Application Money Pending Allotment** | | **-** | 8,008.51 |
| **3** | **Non-current liabilities** | | | |
| (a) | Long-term borrowings | 4 | **7,254.30** | 6,130.96 |
| (b) | Other Long term liabilities | 5 | **502.88** | 506.49 |
| (c) | Long-term provisions | 6 | **100.16** | 158.51 |
| **4** | **Current liabilities** | | | |
| (a) | Short-term borrowings | 7 | **122.95** | 9,448.42 |
| (b) | Trade payables | 8 | | |
| (i) | Total outstanding dues of micro enterprises and small enterprises | | **-** | - |
| (ii) | Total outstanding dues of creditors other than micro enterprises and small enterprises | | **2,666.61** | 3,161.75 |
| (c) | Other current liabilities | 9 | **3,326.68** | 970.76 |
| (d) | Short-term provisions | 10 | **-** | 47.21 |
| | **TOTAL** | | **19,809.16** | 22,340.10 |
| **II.** | **ASSETS** | | | |
| **1** | **Non-current assets** | | | |
| (a) | Fixed assets | 11 | | |
| (i) | Tangible assets | | **12,082.82** | 13,736.83 |
| (ii) | Intangible assets | | **28.78** | 22.50 |
| (iii) | Capital work-in-progress | | **16.49** | - |
| (b) | Long term loans and advances | 12 | **647.08** | 354.23 |
| (c) | Other non-current assets | 13 | **65.83** | 77.85 |
| **2** | **Current assets** | | | |
| (a) | Inventories | 14 | **4,474.15** | 4,669.83 |
| (b) | Trade receivables | 15 | **825.81** | 802.89 |
| (c) | Cash and bank balances | 16 | **1,158.90** | 1,204.81 |
| (d) | Short-term loans and advances | 17 | **148.30** | 155.78 |
| (e) | Other current assets | 18 | **361.00** | 1,315.37 |
| | **TOTAL** | | **19,809.16** | 22,340.10 |
| **Significant Accounting Polices** | | 1 | | |
| **Other Notes to Financial Statements** | | 27-53 | | |

As per our report of even date attached

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

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

Ahmedabad
May 06, 2017

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

**Hiren S. Mahadevia**
Company Secretary

**Jayesh C. Bhayani**
Chief Financial Officer

Ahmedabad
May 06, 2017

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

**(Rupees in lacs)**

| | | Note Number | **For the year ended Mar. 31, 17** | For the year ended Mar. 31, 16 |
|---|---|---|---|---|
| **I.** | Revenue from operations | 19 | **19,501.10** | 21,328.19 |
| **II.** | Other income | | **8.92** | 38.98 |
| **III.** | **Total Revenue (I + II)** | | **19,510.02** | 21,367.17 |
| **IV.** | **Expenses:** | | | |
| | Cost of materials consumed | 20 | **8,392.69** | 8,711.22 |
| | Purchases of Stock-in-Trade | 21 | **846.70** | 987.95 |
| | Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 22 | **369.75** | 1.28 |
| | Employee benefits expense | 23 | **3,811.45** | 3,980.78 |
| | Finance costs | 24 | **877.92** | 1,219.98 |
| | Depreciation and amortization expense | 25 | **353.04** | 383.36 |
| | Other expenditure | 26 | **7,465.08** | 8,438.38 |
| | **Total expenses** | | **22,116.63** | 23,722.95 |
| **V.** | **Profit/(Loss) before extraordinary items and tax (III - IV)** | | **(2,606.62)** | (2,355.77) |
| **VI.** | **Extraordinary Items** | | **5,255.17** | - |
| **VII.** | **Profit/(Loss) before tax (V+VI)** | | **2,648.55** | (2,355.77) |
| **VIII.** | **Tax expense** | | | |
| | (1) Current tax | | **-** | - |
| | (2) Deferred tax | | **-** | - |
| | (3) Tax adjustment for earlier year | | **41.04** | - |
| **IX.** | **Profit/(Loss) for the year from continuing operations (VII-VIII)** | | **2,607.52** | (2,355.77) |
| **X.** | **Profit/(Loss) for the year** | | **2,607.52** | (2,355.77) |
| **XI.** | Earnings per equity share: | | | |
| | Basic and diluted EPS before Extraordinary items (not annualised) | | | |
| | (1) Basic | | **(2.21)** | (7.06) |
| | (2) Diluted | | **(2.06)** | (7.06) |
| | Basic and diluted EPS after Extraordinary items (not annualised) | | | |
| | (1) Basic | | **2.18** | (7.06) |
| | (2) Diluted | | **2.03** | (7.06) |
| **Significant Accounting Polices** | | 1 | | |
| **Other Notes to Financial Statements** | | 27-53 | | |

As per our report of even date attached

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

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

Ahmedabad
May 06, 2017

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

**Hiren S. Mahadevia**
Company Secretary

**Jayesh C. Bhayani**
Chief Financial Officer

Ahmedabad
May 06, 2017

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

**(Rupees in lacs)**

| Sr. No. | PARTICULARS | For the year ended Mar. 31, 17 | | For the year ended Mar. 31, 16 | |
|---|---|---|---|---|---|
| **(A)** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| | **LOSS BEFORE TAX, EXCEPTIONAL AND EXTRAORDINARY ITEMS (NET)** | | **(2,606.62)** | | (2,355.77) |
| | Add: | | | | |
| | Depreciation | **338.85** | | 369.17 | |
| | Amortization of expenditure | **14.19** | | 14.19 | |
| | Interest expenses (Net) | **877.92** | | 1,219.98 | |
| | (Profit)/Loss on sale of fixed assets (Net) | **125.82** | **1,356.78** | 85.05 | 1,688.40 |
| | | | **(1,249.84)** | | (667.38) |
| | Deduct: | | | | |
| | Sundry balances written off/(back) | **-** | | (16.05) | |
| | Excess provision written back | **4.81** | | 14.85 | |
| | Rent income | **-** | **4.81** | 1.13 | (0.07) |
| | **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES** | | **(1,254.65)** | | (667.31) |
| | Add/(Less): Decrease/(Increase) in inventories | **195.68** | | 95.12 | |
| | Add/(Less): Decrease/(Increase) in sundry debtors | **(22.93)** | | 2,391.79 | |
| | Add/(Less): Decrease/(Increase) in loans and advances | **963.90** | | (880.89) | |
| | Add/(Less): Increase/(Decrease) in current liabilities | **1,756.42** | **2,893.07** | (229.07) | 1,376.94 |
| | **CASH GENERATED FROM OPERATIONS** | | **1,638.43** | | 709.63 |
| | Less: | | | | |
| | Tax paid | | **(99.26)** | | (6.04) |
| | **NET CASH INFLOW FROM OPERATING ACTIVITIES** | | **1,539.16** | | 703.60 |

(Rupees in lacs)

| Sr. No. | PARTICULARS | For the year ended Mar. 31, 17 | | For the year ended Mar. 31, 16 | |
|---|---|---|---|---|---|
| **(B)** | **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| | Purchase of fixed assets | **(1,421.70)** | | (153.88) | |
| | Sale of fixed assets | **6,096.64** | | 285.15 | |
| | Decrease/(Increase) in bank FDR | **(755.36)** | | 65.03 | |
| | Share Application Money through Escrow Accounts | | | (813.13) | |
| | Rent received | **-** | **3,919.59** | 1.13 | (615.69) |
| | **NET CASH FLOW FROM INVESTING ACTIVITIES** | | **3,919.59** | | (615.69) |
| **(C)** | **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| | (Decrease)/increase in borrowings | **(5,384.47)** | | (1,978.92) | |
| | Share Application Money Pending Allotment | **-** | | 1,790.78 | |
| | Interest paid (Net) | **(875.54)** | | (371.28) | |
| | Share Application Money to be refunded to non allottees | **-** | | 179.12 | |
| | | | **(6,260.02)** | | (380.29) |
| | **NET CASH FLOW FROM FINANCING ACTIVITIES** | | **(6,260.02)** | | (380.29) |
| | **TOTAL CASH INFLOW (A + B + C)** | | **(801.27)** | | (292.38) |
| | **CLOSING BALANCE OF CASH AND CASH EQUIVALENTS** | **182.70** | | 170.83 | |
| | **OPENING BALANCE OF CASH AND CASH EQUIVALENTS** | **983.96** | **(801.27)** | 463.22 | (292.38) |

Note:

1 Cash and cash equivalents presented in Cash Flow Statements consists of Cash on hand and unencumbered, highly liquid bank balances.

2 The Cash Flow statement is prepared using the “Indirect Method” set out in Accounting Standard 3 “Cash Flow Statements”.

As per our report of even date attached

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

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

Ahmedabad
May 06, 2017

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

**Hiren S. Mahadevia**
Company Secretary

**Jayesh C. Bhayani**
Chief Financial Officer

Ahmedabad
May 06, 2017

## 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 |

f. **Insurance**

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

## Notes to Financial Statements

g. **Investments**

Investments of the company 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.

(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 charged to statement of profit and 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 statement of 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. **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.

m. **Excise Duty**

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

n. **Recognition of Income and Expenditure**

Income and expenditure are recognised on accrual basis.

o. **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.

## Notes to Financial Statements

p. **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.

q. **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.

r. **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, 17 | As at Mar. 31, 16 |
|---|---|---|---|
| **AUTHORISED SHARE CAPITAL** | | | |
| 12,95,00,000 | Equity shares of Rs. 10/- each<br>(Previous year 12,95,00,000) | **12,950.00** | 12,950.00 |
| 20,50,000 | Preference shares of Rs. 100/- each<br>(Previous year 20,50,000) | **2,050.00** | 2,050.00 |
| | **TOTAL** | **15,000.00** | 15,000.00 |
| **ISSUED, SUBSCRIBED AND PAID UP CAPITAL** | | | |
| 12,84,53,876 | Equity shares of Rs. 10/- each fully paid (Previous year 3,33,68,787)<br>(i) 8,00,85,089 equity shares of Rs.10/- each for cash at par were issued under rights issue in the year 2015-16 for which allotment was made in the year 2016-17 in the ratio of 24 equity shares for every 10 fully paid up equity shares (24:10)<br>(ii) 1,50,00,000 equity shares of Rs.10/- each at par to a secured creditor by conversion of debt (i.e. without payment having been received in cash) pursuant to Scheme of Arrangement u/s 391 of the Companies Act, 1956 approved by Hon'ble High Court of Gujarat vide order dated 24/09/2015. | **12,845.39** | 3,336.88 |
| 20,50,000 | 1% redeemable non-cumulative preference shares of Rs. 100/- each fully paid (Previous year 20,50,000) to be redeemed at par at the end of 20 years from the date of allotment. The Company has an option to redeem the Preference Shares at par at any time after the end of 12 months from the date of allotment. | **2,050.00** | 2,050.00 |
| | **TOTAL** | **14,895.39** | 5,386.88 |

## Notes to Financial Statements

**2.2 Reconciliation of number of shares outstanding:**

(a) Equity Shares :

| | | 2016-17 No. of Shares | 2016-17 Rs. in lacs | 2015-16 No. of Shares | 2015-16 Rs. in lacs |
|---|---|---|---|---|---|
| (1) | Equity Shares at the beginning of the year | **33,368,787** | **3336.88** | 33,368,787 | 3,336.88 |
| (2) Add : | Equity Shares issued and allotted through Rights Issue of the company. | **80,085,089** | **8008.51** | - | - |
| (3) Add : | Equity Shares issued and allotted to secured creditor by conversion of debt pursuant to Scheme of Arrangement under section 391 to 394 of the Companies Act, 1956 approved by the Honourable High Court of Gujarat vide Order dated 24.09.2015. | **15,000,000** | **1500.00** | - | - |
| (4) | Equity Shares at the end of the year | **128,453,876** | **12845.39** | 33,368,787 | 3,336.88 |

(b) Preference Shares : The company has not issued or bought back any preference shares during the year.

**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.

**2.4 (a) The details of equity shareholders holding more than 5 % of issued equity share capital:**

| Name of Shareholder | As at Mar. 31, 17 | | As at Mar. 31, 16 | |
|---|---|---|---|---|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Apus Investments Pvt. Ltd. | **58,684,751** | **45.69** | 8,734,221 | 26.17 |
| Albus Investments Pvt. Ltd. | **14,364,608** | **11.18** | 2,137,871 | 6.41 |
| Asset Reconstruction Company (India) Ltd. | **10,264,862** | **7.99** | - | - |
| Geek Technologies Pvt. Ltd. | **-** | **-** | 2,194,200 | 6.58 |

## Notes to Financial Statements

**(b) The details of preference shareholders holding more than 5 % of issued preference share capital :**

| Name of Shareholder | As at Mar. 31, 17 | | As at Mar. 31, 16 | |
|---|---|---|---|---|
| | **No. of Shares held** | **% of Holding** | No. of Shares held | % of Holding |
| 20,50,000 shares (previous year 20,50,000 shares) @ 1% - redeemable non cumulative preference shares of Rs.100/- each. | | | | |
| Arth Trading Pvt. Ltd. | **18,50,000** | **90.24** | 18,50,000 | 90.24 |
| The New India Assurance Company Limited | **1,50,000** | **7.32** | 1,50,000 | 7.32 |

**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 issued 1,50,00,000 equity shares of Rs.10/- each aggregating to Rs.1500 Lacs by conversion of secured debt as explained in Note 2.2(a)(3) above. The company has not issued any bonus shares 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**

(a) Holder of equity shares is entitled to one vote per share.

(b) 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.

(c) 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.

(d) 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**

(a) 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.

(b) 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.

(c) 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 & SURPLUS

(Rupees in lacs)

| | | As at Mar. 31, 17 | As at Mar. 31, 16 |
|---|---|---|---|
| **3.1** | **The Reserves & Surplus includes:** | | |
| (A) | Capital Reserve | **38.05** | 38.05 |
| | (Created on account of reissue of shares/debentures forfeited) | | |
| (B) | Revaluation Reserve | | |
| | Balance As per last Balance Sheet | **7,595.56** | 7,404.39 |
| | Add/(Less): Adjusted upon sale of assets | **(1,927.23)** | 191.17 |
| | Sub total | **5,668.33** | 7,595.56 |
| (C) | Surplus (being balance of Profit & Loss Account) | | |
| | Debit Balance As per last Balance Sheet | **(58,499.87)** | (56,007.91) |
| | Less: Adjusted against Premium on Redemption of Debenture | **-** | 54.99 |
| | Add/(less): Net Profit/(Loss) for the year | **2,607.52** | (2,355.77) |
| | Add: Adjusted against Revaluation Reserve | **421.65** | (191.17) |
| | Sub total - closing balance of profit and loss account | **(55,470.71)** | (58,499.87) |
| | Less: | | |
| | Capital Redemption Reserve - I | **1.50** | 1.50 |
| | Capital Redemption Reserve - II | **37.50** | 37.50 |
| | Securities Premium Account | **12,388.07** | 12,388.07 |
| | Debenture Redemption Reserve | **2,900.50** | 2,900.50 |
| | Reconstruction Reserve | **984.44** | 984.44 |
| | Business Reconstruction Reserve | **24,392.51** | 23,074.85 |
| | Net | **(14,766.19)** | (19,113.01) |
| | **TOTAL** | **(9,059.81)** | (11,479.39) |

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

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

## Notes to Financial Statements

### 4. LONG TERM BORROWINGS

(Rupees in lacs)

| | | | As at Mar. 31, 17 | As at Mar. 31, 16 |
|---|---|---|---|---|
| 4.1 | **SECURED BORROWINGS** | | | |
| | **(A) TERM LOANS** | | | |
| | From parties other than Banks - Principal Amount | 1 | **6,154.72** | 5,035.66 |
| | | **Sub total** | **6,154.72** | 5,035.66 |

Notes :

1 The loan is secured by way of mortgage on land admeasuring in aggregate 49125.40 square meters situated at Mithipur and Rakhial, Ahmedabad of TP Scheme No. 7 (Khokhara Mahemdabad) and TP Scheme No.9 (Rajpur-Hirpur) District Ahmedabad.

(Rupees in lacs)

| | | As at Mar. 31, 17 | As at Mar. 31, 16 |
|---|---|---|---|
| 4.2 | **UNSECURED LOANS** (from parties other than Banks) | | |
| | **(A) TERM LOANS** | **750.00** | 750.00 |
| | **(B) OTHER LOANS** | **320.47** | 320.47 |
| | **(C) DEPOSITS** | **29.12** | 24.83 |
| | **Sub total** | **1,099.59** | 1,095.30 |
| | **TOTAL** | **7,254.30** | 6,130.96 |

**4.3 Terms of Repayment of Term Loans:**

The rate of interest and terms of repayment of debt outstanding as on 31.03.2017 is as follows:

| Nature of Borrowing | Rate of Interest | Repayment Schedule |
|---|---|---|
| Secured Long Term Borrowing | 12.00% p.a. at quarterly rests. | Repayable in 4 equal quarterly installments commencing from 30th September 2019. |

**4.4 Period and Amount of Default:**

There are no defaults in repayment of dues to lenders.

(Rupees in lacs)

| | | As at Mar. 31, 17 | As at Mar. 31, 16 |
|---|---|---|---|
| **5.** | **OTHER LONG TERM LIABILITIES** | | |
| (A) | Bills Payables | **462.65** | 462.65 |
| (B) | Trade Payables | **40.23** | 43.83 |
| | **TOTAL** | **502.88** | 506.49 |

## Notes to Financial Statements

(Rupees in lacs)

| | | As at Mar. 31, 17 | As at Mar. 31, 16 |
|---|---|---|---|
| **6.** | **LONG TERM PROVISIONS** | | |
| | **(A) Provision for employee benefits** | | |
| | - For Gratuity | **-** | 60.66 |
| | - For Leave Encashment | **100.16** | 97.85 |
| | **TOTAL** | **100.16** | 158.51 |
| **7.** | **SHORT-TERM BORROWINGS** | | |
| | **Secured** | | |
| | **(A) TERM LOANS** (from parties other than Banks) | | |
| | Principal Amount | **-** | 5,246.72 |
| | Sub total | **-** | 5,246.72 |
| | **Unsecured** | | |
| | (A) From related parties* | **122.95** | 4,201.70 |
| | Sub total | **122.95** | 4,201.70 |
| | **TOTAL** | **122.95** | 9,448.42 |
| | * Terms of repayment has not been specified. | | |
| **8.** | **TRADE PAYABLES** | | |
| | (A) Micro, Small and Medium Scale Industries | **-** | - |
| | (B) Others | **2,521.28** | 2,836.32 |
| | (C) To Related Party | **145.33** | 325.43 |
| | **TOTAL** | **2,666.61** | 3,161.75 |
| **9.** | **OTHER CURRENT LIABILITIES** | | |
| | (A) Other payables | | |
| | [1] Share Application Money to be Refunded from Escrow Accounts | **-** | 179.12 |
| | [2] Statutory Authorities | **86.22** | 76.77 |
| | [3] Other liabilities | **3,240.46** | 714.86 |
| | **TOTAL** | **3,326.68** | 970.76 |
| **10.** | **SHORT-TERM PROVISIONS** | | |
| | (A) Provision for Gratuity | **-** | 47.21 |
| | **TOTAL** | **-** | 47.21 |

## 11. FIXED ASSETS

(Rupees in lacs)

| Name of assets | GROSS BLOCK | | | | DEPRECIATION | | | | IMPAIR-MENT LOSS | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2016 | Additions during the year | Disposals during the year | **As at Mar. 31, 2017** | Up to March 31, 2016 | For the year | On Disposals during the year | **Up to Mar. 31, 2017** | | **As at Mar. 31, 2017** | As at Mar. 31, 2016 |
| **A. TANGIBLES** | | | | | | | | | | | |
| Land | | | | | | | | | | | |
| Freehold | 98.32 | - | - | **98.32** | - | - | - | **-** | - | **98.32** | 98.32 |
| Leasehold | 9,252.18 | 228.52 | 2,382.95 | **7,097.75** | - | - | - | **-** | 706.14 | **6,391.61** | 8,546.04 |
| Buildings # | 5,343.01 | 137.45 | 460.22 | **5,020.25** | 1,748.35 | 138.91 | 178.36 | **1,708.90** | 333.73 | **2,977.62** | 3,260.93 |
| Plant and equipment | 12,008.15 | 1,005.05 | 854.61 | **12,158.59** | 9,547.40 | 159.37 | 805.32 | **8,901.45** | 807.79 | **2,449.35** | 1,652.97 |
| Furniture and fixtures | 154.66 | 2.94 | - | **157.60** | 100.81 | 9.67 | - | **110.48** | - | **47.11** | 53.84 |
| Vehicles | 53.93 | - | - | **53.93** | 23.55 | 4.99 | - | **28.54** | - | **25.40** | 30.38 |
| Office equipment | 238.74 | 12.37 | - | **251.11** | 144.38 | 13.31 | - | **157.69** | - | **93.42** | 94.36 |
| (A) | 27,149.00 | 1,386.33 | 3,697.78 | **24,837.55** | 11,564.49 | 326.25 | 983.68 | **10,907.05** | 1,847.67 | **12,082.82** | 13,736.83 |
| **B. INTANGIBLES** | | | | | | | | | | | |
| Computer software | 155.26 | 18.88 | - | **174.14** | 132.75 | 12.60 | - | **145.36** | - | **28.78** | 22.50 |
| (B) | 155.26 | 18.88 | - | **174.14** | 132.75 | 12.60 | - | **145.36** | - | **28.78** | 22.50 |
| **C. CAPITAL WORK IN PROGRESS** | | | | | | | | | | | |
| Plant and equipment | - | 16.49 | - | **16.49** | - | - | - | **-** | - | **16.49** | - |
| (C) | - | 16.49 | - | **16.49** | - | - | - | **-** | - | **16.49** | - |
| **TOTAL (A+B+C)** | 27,304.25 | 1,421.70 | 3,697.78 | **25,028.17** | 11,697.24 | 338.85 | 983.68 | **11,052.41** | 1,847.67 | **12,128.09** | 13,759.34 |
| Previous year | 27,985.46 | 153.88 | 707.13 | **27,432.21** | 11,503.16 | 369.17 | 175.10 | **11,697.24** | 1,975.62 | **13,759.34** | 14,506.66 |

# 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, 17 | As at Mar. 31, 16 |
|---|---|---|---|
| **12.** | **LONG TERM LOANS AND ADVANCES** | | |
| **(A)** | **Capital Advance** | | |
| | Unsecured, considered good | **301.98** | - |
| **(B)** | **Security Deposits** | | |
| | Unsecured, considered good | **204.18** | 272.86 |
| | Balance with Excise Authorities | **1.54** | - |
| **(C)** | **Advance Tax** | **130.13** | 71.91 |
| **(D)** | **Loans and advances to parties other than related parties (Advance Receivable in Cash or kind)** | | |
| | Unsecured, considered good | **9.25** | 9.47 |
| | Considered Doubtful | **178.39** | 178.39 |
| | Less: Provision for Doubtful Advances | **178.39** | 178.39 |
| | Sub total | **9.25** | 9.47 |
| | **TOTAL** | **647.08** | 354.23 |
| **13.** | **OTHER NON CURRENT ASSETS** | | |
| (A) | Deferred Revenue Expenditure | **-** | 10.64 |
| (B) | Claims and other receivables | **71.40** | 72.78 |
| | Less: Provision for doubtful receivables | **5.57** | 5.57 |
| | **TOTAL** | **65.83** | 77.85 |
| **14.** | **INVENTORIES** | | |
| (A) | Raw Materials and components | **735.28** | 650.62 |
| | Add: Goods-in transit | **102.50** | 59.37 |
| | | **837.79** | 709.99 |
| (B) | Work-in-progress | **969.98** | 929.10 |
| (C) | Finished goods | **1,943.78** | 2,288.17 |
| (D) | Stock-in-trade | **292.52** | 358.47 |
| (E) | Stores and spares | **388.85** | 334.05 |
| | Add: Goods-in transit | **12.12** | 8.33 |
| | | **400.97** | 342.37 |
| (F) | Others (Waste and stock of MEIS/FPS) | **29.12** | 41.72 |
| | **TOTAL** | **4,474.15** | 4,669.83 |

## Notes to Financial Statements

(Rupees in lacs)

| | As at Mar. 31, 17 | As at Mar. 31, 16 |
|---|---|---|
| **15. TRADE RECEIVABLES** | | |
| **(A) Trade receivables outstanding for a period less than six months** | | |
| Unsecured, considered good | **789.95** | 778.88 |
| **(B) Trade receivables outstanding for a period exceeding six months** | | |
| Unsecured, considered good | **35.87** | 24.01 |
| Unsecured, considered doubtful | **51.64** | 51.64 |
| Less: Provision for doubtful receivables | **51.64** | 51.64 |
| Sub total | **35.87** | 24.01 |
| **TOTAL** | **825.81** | 802.89 |
| **16. CASH AND BANK BALANCES** | | |
| **(A) Cash and Cash Equivalents** | | |
| (1) Balances with banks in current account | **162.73** | 165.15 |
| (2) Bank deposits maturing up to 3 months | **-** | - |
| (3) Cash on hand | **19.97** | 5.69 |
| Sub total | **182.70** | 170.83 |
| **(B) Other Bank Balances** | | |
| (1) Bank deposits maturing between 3 to 12 months* | **976.20** | 220.85 |
| (2) Share Application money collected in Escrow Accounts of the Rights Issue | **-** | 813.13 |
| Sub total | **976.20** | 1,033.98 |
| **TOTAL** | **1,158.90** | 1,204.81 |
| * The Bank Deposits include amount of Rs. 236.61 Lacs (P.Y. Rs. 219.39 Lacs) which is subject to repatriation restrictions. | | |
| **17. SHORT-TERM LOANS AND ADVANCES** | | |
| **(A) Advance Receivable in cash or Kind** | | |
| (1) Other than related Party | | |
| Unsecured, considered good | **92.86** | 123.85 |
| Less: Provision for Doubtful Advances | **1.87** | - |
| Sub total | **90.99** | 123.85 |
| **(B) Advance against Gratuity** | **29.11** | - |
| **(C) Prepaid Expenses** | **28.20** | 31.93 |
| **TOTAL** | **148.30** | 155.78 |

## Notes to Financial Statements

(Rupees in lacs)

| | | As at Mar. 31, 17 | As at Mar. 31, 16 |
|---|---|---|---|
| **18.** | **OTHER CURRENT ASSETS** | | |
| (A) | Share Application money through ASBA applications under the Rights Issue | **-** | 1,156.78 |
| (B) | Interest receivable | **27.73** | 30.11 |
| (C) | Assets held for sale | **279.14** | 37.92 |
| (D) | Claims and other receivables | **43.49** | 76.38 |
| (E) | Deferred Revenue Expenditure | **10.64** | 14.19 |
| | **TOTAL** | **361.00** | 1,315.37 |

(Rupees in lacs)

| | | For the year ended Mar. 31, 17 | For the year ended Mar. 31, 16 |
|---|---|---|---|
| **19.** | **REVENUE FROM OPERATIONS** | | |
| (A) | Sale of products | **19,043.79** | 21,038.89 |
| (B) | Other operating revenues | **457.30** | 289.30 |
| | **TOTAL** | **19,501.10** | 21,328.19 |
| **20.** | **DETAILS OF RAW MATERIAL CONSUMED** | | |
| (A) | Cotton/Yarn | **7,634.98** | 8,444.16 |
| (B) | Fabrics | **757.71** | 267.06 |
| | **TOTAL** | **8,392.69** | 8,711.22 |
| **21.** | **DETAILS OF STOCK IN TRADE PURCHASED** | | |
| | Fabrics | **846.70** | 987.95 |
| | **TOTAL** | **846.70** | 987.95 |
| **22.** | **CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE** | | |
| | Closing Stock | **3,207.96** | 3,577.71 |
| | Less: Opening Stock | **3,577.71** | 3,578.99 |
| | **TOTAL** | **(369.75)** | (1.28) |

## Notes to Financial Statements

(Rupees in lacs)

| | | For the year ended Mar. 31, 17 | For the year ended Mar. 31, 16 |
|---|---|---|---|
| **23.** | **EMPLOYEE BENEFITS EXPENSES** | | |
| (A) | Salaries and Wages | **3,476.95** | 3,599.25 |
| (B) | Contribution to Provident and Other Funds | **229.56** | 277.13 |
| (C) | Staff welfare expenses | **104.93** | 104.40 |
| | **TOTAL** | **3,811.45** | 3,980.78 |
| **24.** | **FINANCE COST** | | |
| (A) | Interest expense (Net) | **793.21** | 1,161.44 |
| (B) | Other borrowing costs | **84.71** | 58.55 |
| | **TOTAL** | **877.92** | 1,219.98 |
| **25.** | **DEPRECIATION AND AMORTIZATION EXPENSE** | | |
| (A) | Depreciation | **338.85** | 369.17 |
| (B) | Amortization | **14.19** | 14.19 |
| | **TOTAL** | **353.04** | 383.36 |
| **26.** | **OTHER EXPENDITURE** | | |
| (A) | Payments to the auditor | | |
| | As auditor | **9.78** | 9.75 |
| | For taxation matters | **1.27** | 1.23 |
| | For Other matters | **0.59** | 1.26 |
| | Sub total | **11.63** | 12.23 |
| (B) | Consumption of Stores, Spare, Dyes and Chemicals | **1,573.39** | 1,895.24 |
| (C) | Power & Fuel | **1,916.01** | 2,202.24 |
| (D) | Rent | **22.68** | 6.78 |
| (E) | Repairs to Buildings | **19.28** | 21.60 |
| (F) | Repairs to Machinery | **116.76** | 116.81 |
| (G) | Insurance | **60.70** | 60.72 |
| (H) | Rates and Taxes | **57.21** | 53.45 |
| (I) | Job Charges | **2,163.04** | 2,464.76 |
| (J) | Selling and Distribution Expenses | **402.94** | 445.93 |
| (K) | Travelling & Convenyance | **108.89** | 151.16 |
| (L) | Loss on sale/retirement/damage of fixed assets | **125.82** | 85.05 |
| (M) | Labour Contract Charges | **313.55** | 311.70 |
| (N) | Professional Fees and Services | **264.48** | 287.18 |
| (O) | Miscellaneous Expenses | **308.72** | 323.52 |
| | **TOTAL** | **7,465.08** | 8,438.38 |

## Notes to Financial Statements

(Rupees in lacs)

| | | As at Mar. 31, 17 | As at Mar. 31, 16 |
|---|---|---|---|
| **27.** | **CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)** | | |
| | (A) Estimated amount of contracts remaining to be executed on capital amounts | **1,098.39** | - |
| | (B) Claims against the company not acknowledged as debt | **2,745.65** | 2,826.96 |
| | (C) Other money for which the company is contingently liable | **19.29** | 35.29 |
| | (D) Contingent liability in the event of default by the Company under Scheme of Arrangement under section 391 of the Companies Act, 1956 for debt settlement : | | |
| | The Secured Debt covered under the Scheme has been repaid during the year and hence there is no contingent liability on account of the same as on the date of the Balance Sheet. | | |
| | The contingent liability for the previous year is as follows: | | |
| | Principal Amount 22813.12 | | |
| | Add : Interest and other charges 250931.03 | **-** | 2,73,744.15 |
| | Note : In case of 150 lacs equity shares issued to one secured lender by conversion of loan, the Scheme provides that the company will pay shortfall amount, if any, to the lender upon sale / disposal of these equity shares as detailed in the Scheme. Considering the market price of the share of Rs.14.35 as on the date of Balance Sheet (Previous year Rs.10.70), no contingent liability arises on that date. | | |
| | **TOTAL** | **2,764.94** | 276,606.40 |
| **28.** | **DETAILS OF WORK-IN-PROGRESS** | | |
| | (A) Up to Yarn Stage | **638.67** | 563.77 |
| | (B) Fabrics | **331.31** | 365.33 |
| | **TOTAL** | **969.98** | 929.10 |
| **29.** | **VALUE OF IMPORTS ON CIF BASIS** | | |
| | (A) Raw Materials | **0.70** | 0.17 |
| | (B) Capital Goods | **389.76** | - |
| | (C) Components of Stores, Spares, Dyes and Chemicals | **352.03** | 295.61 |
| | **TOTAL** | **742.49** | 295.78 |

## Notes to Financial Statements

**(Rupees in lacs)**

| | For the year ended Mar. 31, 17 | For the year ended Mar. 31, 16 |
|---|---|---|
| **30. DETAILS OF EXPENDITURE IN FOREIGN CURRENCY** | | |
| (A) Travelling Expenses | **10.30** | 15.43 |
| (B) Fees & Services | **2.09** | 3.30 |
| (C) Sales and Distribution exp. | **14.11** | 3.39 |
| **TOTAL** | **26.50** | 22.12 |

**31. VALUE OF RAW MATERIAL, STORES, SPARES, DYES AND CHEMICALS CONSUMED**

| Particulars | Raw Materials | | Stores, Spares, Dyes and Chemicals | |
|---|---|---|---|---|
| | In % | Rs. In Lacs | In % | Rs. In Lacs |
| Imported | **0.01** | **0.93** | **18.51** | **291.16** |
| | (0.01) | (0.54) | (22.09) | (418.72) |
| Indigenous | **99.99** | **8,391.76** | **81.49** | **1,282.23** |
| | (99.99) | (8,710.68) | (77.91) | (1,476.51) |
| **TOTAL** | **100.00** | **8,392.69** | **100.00** | **1,573.39** |
| | (100.00) | (8,711.22) | (100.00) | (1,895.23) |

**32. 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 of derivative instruments for trading or speculative purposes. The foreign currency exposure not hedged as at March 31, 2017 are as under

| Particulars | As at Mar. 31, 17 | | As at Mar. 31, 16 | |
|---|---|---|---|---|
| | US $ in lacs | Equivalent-Rs. In lacs | US $ in lacs | Equivalent-Rs. In lacs |
| Export to Goods and services | **2.28** | **147.71** | 2.12 | 140.74 |
| **Total** | | **147.71** | | 140.74 |

**33. Disclosure on Specified Bank Notes :(SBN):**

During the year, the Company had Specified Bank Notes ("SBN") or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of SBN held and transacted during the period from November 8, 2016 to December 30, 2016. The details of SBNs and other notes as required to be disclosed as per the said notification are as follows:

**(In Rs.)**

| | SBNs | Other Denominations | Total |
|---|---|---|---|
| Closing cash on hand as on 08/11/2016 | 1,056,500 | 57,910 | 1,114,410 |
| (+)Permitted receipt | - | 2,265,975 | 2,265,975 |

## Notes to Financial Statements

| | SBNs | Other Denominations | Total |
|---|---|---|---|
| (-)Permitted payment | 5,000 | 1,659,331 | 1,664,331 |
| (-)Amount deposited in Bank | 1,051,500 | - | 1,051,500 |
| Closing balance as on 30/12/2016 | - | 664,554 | 664,554 |

Explanation: For the purpose of this clause, the term 'Specified Bank Notes' has the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407(E), dated the 8th November, 2016.

**34.** Loans and advances include an amount of Rs.1.66 lacs (Previous year Rs. 1.41 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 2017-18 (Previous year Rs. NIL).

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 recognized 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. 2014-15. 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.

**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.NIL) 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.

Order dated 18.4.2016 of the Debt Recovery Tribunal (DRT), Mumbai, directing BBK to refund amount received by it to HDFC and thereupon increase loan amount of Ashima with continuing rate of interest as contractually applicable on the loan amount under intimation to Ashima, was stayed by the Hon'ble Bombay High Court and the stay continues till disposal of the proceedings before DRT. The proceedings at DRT are under completion stage. Until such time the DRT pronounces its order, the said amount of Rs.750 lacs is continued in the suspense account.

**41.** The Company has fulfilled all its commitments and obligations under the 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 ("the Scheme") which had become effective on 5th October, 2015. It has paid entire settlement amount as per the scheme. It also prepaid amounts due to a secured creditor at present value arrived at by discounting the amounts due on various dates specified in the scheme and accounted for the same as prescribed in the Scheme.

**42.** The expenditure incurred in respect of assets damaged for which insurance claim has been received has been debited under respective heads.

**43.** Extraordinary item represents profit on sale of part of surplus land mainly to repay dues to secured creditors settled under the Scheme of Arrangement.

**44.** As stated in the notes to financial statements for the previous year, equity shares under Rights Issue of 8,00,85,089 equity shares of Rs. 10 each at par aggregating to Rs.8008.51 Lacs were allotted on 5th May, 2016. Further, a secured creditor was allotted 1,50,00,000 equity shares of Rs. 10 each at par aggregating to Rs. 1500.00 Lacs on the same date. Consequently, upon the allotment, the issued, subscribed and paid up equity share capital stands at Rs.12845.39 Lacs. The amounts appearing as share application money pending allotment, refunds due and share application money collected have been duly adjusted upon allotment of equity shares.

**45. 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".

**45.1 Reconciliation of opening and closing balances of the present value of the defined benefit and fair value of the plan assets.**

**(Rupees in lacs)**

| Sr. No. | Particulars | For the year ended Mar. 31, 17 | For the year ended Mar. 31, 16 |
|---|---|---|---|
| 1 | **Assumptions:** | | |
| | Interest rate | **7.10%** | 7.80% |
| | Estimated rate of return on plan assets | **7.10%** | 7.80% |
| | Rate of growth in salary levels | **3.00%** | 3.00% |
| 2 | **Changes in present value of obligation** | | |
| | Present value of obligation as at beginning of the year | **822.09** | 954.17 |
| | Add: Service cost | **47.21** | 47.52 |
| | Add: Interest cost | **59.67** | 72.76 |

## Notes to Financial Statements

(Rupees in lacs)

| Sr. No. | Particulars | For the year ended Mar. 31, 17 | For the year ended Mar. 31, 16 |
|---|---|---|---|
| | Add: Actuarial loss | **142.17** | 153.80 |
| | Less: Benefits paid | **447.43** | 406.17 |
| | Net being present value of obligation as at end of the year | **623.71** | 822.09 |
| 3 | **Changes in the fair value of plan assets** | | |
| | Fair value of plans assets at beginning of the year | **714.21** | 983.90 |
| | Add: Expected return on plan assets | **53.10** | 86.94 |
| | Add /(Less) : Actuarial gain / (loss) | **26.44** | (50.00) |
| | Add: Contributions | **306.51** | 99.54 |
| | Less: Benefits paid | **447.43** | 406.17 |
| | Net being fair value of plans assets at end of the year | **652.82** | 714.21 |
| 4 | **Actuarial Loss recognised** | | |
| | Actuarial Loss for the year - Obligation | **142.17** | 153.80 |
| | Less/ (Add) : Actuarial gain / (loss) for the year - plan assets | **26.44** | (50.00) |
| | Net being Actuarial loss / (gain) recognised in the year | **115.73** | 203.80 |
| 5 | **The amounts to be recognised in Balance sheet** | | |
| | Present value of obligations as at the end of the year | **623.71** | 822.09 |
| | Less: Fair value of plan assets as at the end of the year | **652.82** | 714.21 |
| | Net being (asset) / liability to be recognised in the balance sheet as at the end of the year | **(29.11)** | 107.88 |
| 6 | **Expenses Recognised in Statement of Profit and Loss** | | |
| | Current Service cost | **47.21** | 47.52 |
| | Add: Interest cost | **59.67** | 72.76 |
| | Less: Expected return on plan assets | **53.10** | 86.94 |
| | Add: Actuarial loss recognised in the year | **115.73** | 203.80 |
| | Net being expenses to be recognised in statement of Profit and Loss – Note: | **169.52** | 237.15 |
| | Less/(Add) - Adjustment for carried forward surplus/ excess provision | **-** | 130.38 |
| | Net being expenses recognised in statement of Profit and Loss | **169.52** | 106.77 |
| 7 | **Estimated amount of contribution to be paid to the plan within the next year** | **-** | 47.21 |

## Notes to Financial Statements

**45.2 Percentage of each category of Plan Assets to total fair value of Plan Assets as at close of the year.**

| | Particulars | % invested as at Mar. 31, 17 | % invested as at Mar. 31, 16 |
|---|---|---|---|
| a) | Insurer managed funds | **99.59%** | 99.54% |
| b) | Bank balances | **0.41%** | 0.46% |
| | **Total** | **100.00%** | 100.00% |

**45.3 Amount of Current year and Previous four years are as follows.**

**(Rupees in lacs)**

| | Particulars | Gratuity | | | | |
|---|---|---|---|---|---|---|
| | | **2016-17** | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
| a) | Present Value of Defined Benefit obligation | **623.71** | 822.09 | 954.17 | 876.64 | 815.94 |
| b) | Fair Value of Plan Assets | **652.82** | 714.21 | 983.90 | 834.64 | 686.06 |
| c) | Surplus/(Deficit) in the Plan | **29.11** | (107.88) | 29.73 | (42.00) | (129.88) |
| d) | Experience Adjustments on plan Liabilities losses/(gains) | **111.14** | 141.91 | (58.69) | 54.99 | 31.24 |
| e) | Experience Adjustments on plan Assets (losses)/gains | **(26.44)** | 50.00 | (63.73) | 3.30 | (6.31) |

**46. 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. However, for the year as well as previous year, export sales, which is the reportable segment, is less than the prescribed threshold of 10% of total revenue, hence secondary segment reporting is not applicable as per AS – 17 on Segment Reporting.

**47. 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)–up to 30.11.2015 |

(b) **Other related parties:**

| | |
|---|---|
| Ashima Dyecot Private Limited | Atrium Exports Private Limited |
| Elephants Enterprises Limited -(up to 14.09.2015) | Lahar Trading and Investments Limited (up to 22.08.2016) |
| Apus Investments Private Limited | Albus Investments Private Limited |

## Notes to Financial Statements

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

**(Rupees in lacs)**

| Nature of transactions | Related parties | |
|---|---|---|
| | **Key management personnel** | **Other related parties** |
| Purchases | **-** | **93.60** |
| | (-) | (251.25) |
| Sales | - | **964.34** |
| | (-) | (1,539.74) |
| Expenses | **-** | **1,975.16** |
| | (-) | (2,308.30) |
| Directors' remuneration | **108.93** | **-** |
| | (92.60) | (-) |
| Salary | **-** | **-** |
| | (6.05) | (-) |
| Income | **-** | **0.73** |
| | (-) | (0.62) |
| Other receipts | **-** | **5.17** |
| | (-) | (5.19) |
| **Finance** | | |
| Loan Taken | **-** | **860.00** |
| | (-) | (2800.00) |
| Loan Repaid | **-** | **5,151.00** |
| | (-) | (1400.00) |
| Unpaid Interest | **-** | **235.83** |
| | (-) | (844.99) |
| Appropriation of loan amt. towards Right Issue share application money | **-** | **-** |
| | (-) | (6,217.73) |
| **Outstanding** | | |
| Payables | **-** | **145.33** |
| | (-) | (325.43) |
| Loans Payable | **-** | **122.95** |
| | (-) | (4,201.70) |

## Notes to Financial Statements

**48. Earning per share (Accounting Standard - 20):**

**(Rupees in lacs)**

| **Particulars** | **2016 - 17** | 2015- 16 |
|---|---|---|
| Net Profit / (Loss) for the year before extraordinary items (A) | **(2,647.65)** | (2,355.77) |
| Net Profit / (Loss) for the year after extraordinary items (B) | **2,607.52** | (2,355.77) |
| Weighted Average number of equity shares (for Basic EPS) outstanding during the year (C) | **11,95,96,635** | 3,33,68,787 |
| Weighted Average number of equity shares (for Diluted EPS) outstanding during the year (D) | **12,84,53,876** | 3,33,68,787 |
| Nominal value of ordinary shares | **Rs. 10** | Rs. 10 |
| Earning per equity share : | | |
| EPS before extraordinary items | | |
| (a) Basic (A/C) | **(2.21)** | (7.06) |
| (b) Diluted (A/D) | **(2.06)** | (7.06) |
| EPS after extraordinary items | | |
| (a) Basic (B/C) | **2.18** | (7.06) |
| (b) Diluted (B/D) | **2.03** | (7.06) |

**Note:** No Dividend has been recommended on non-cumulative Preference Shares for the year.

**49.** Based on review carried out as on 31.03.2017, no impairment loss is required to be provided for as per Accounting Standard 28 on "Impairment of Assets".

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

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

**52. Earnings in foreign currency:**

**(Rupees in lacs)**

| **Particulars** | **For the year ended Mar. 31, 17** | For the year ended Mar. 31, 16 |
|---|---|---|
| Total export sales | **1,870.18** | 1,913.52 |
| Of which F.O.B. value of exports | **1,808.19** | 1,866.16 |

**53.** 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
May 06, 2017

Ahmedabad
May 06, 2017

# 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 34th Annual General Meeting of the Company held at the Registered Office of the Company at Texcellence Complex, Khokhara, Mehmedabad, Ahmedabad – 380 021 on Friday, August 11, 2017 at 11.00 a.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

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## 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 34th Annual General Meeting of the Company, to be held on Friday, August 11, 2017, 11.00 a.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:

**Ordinary Business**

1. Adoption of annual Accounts of the Company as on March 31, 2017. (Ordinary Resolution)
2. Re-appointment of Mr. Chintan N. Parikh, Managing Director, retiring by rotation and being eligible offering himself for re-appointment. (Ordinary Resolution)
3. Appointment as Statutory Auditors M/s Mukesh M. Shah & Co., Chartered Accountants, Ahmedabad. (Ordinary Resolution)

**Special Business**

4. Re-appointment of Mr. Chintan N. Parikh as Managing Director of the Company and approval of his remuneration (Ordinary Resolution).
5. Appointment of Mr. Atulkumar Singh (DIN: 00156228) as an Independent Director (Ordinary Resolution).
6. Appointment of Mr. Neeraj Golas (DIN: 06566069) as an Independent Director of the Company (Ordinary Resolution).
7. Appointment of Mr. Krishnachintan C. Parikh (DIN: 07208067) as Director of the Company (Ordinary Resolution).
8. Appointment of Mr. Krishnachintan Parikh (DIN: 07208067) as an Executive Director of the Company (Ordinary Resolution)
9. Approval of Cost Auditor's Remuneration. (Ordinary Resolution)
10. Approval of Material Related Party Transactions (Ordinary Resolution).
11. Alteration of Articles of Association (AOA) of the Company as per the provision of the Companies Act, 2013 (Special Resolution).

Signed this _____ day of _____ 2017

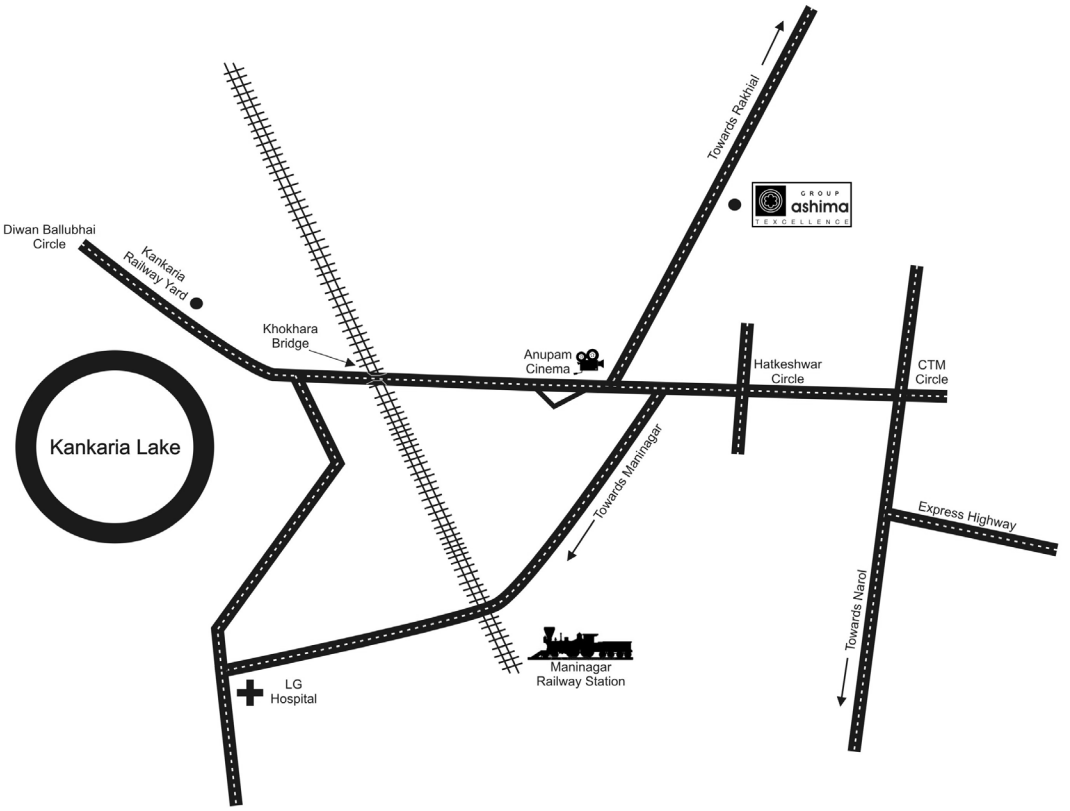
Affix a 1 Re. Revenue Stamp

Signature of Shareholder : _____

Signature of Proxy Holder : _____

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


Towards Rakhial
GROUP
ashima
TEXCELLENCE
Diwan Ballubhai
Circle
Kankaria
Railway Yard
Khokhara
Bridge
Anupam
Cinema
Hatkeshwar
Circle
CTM
Circle
Kankaria Lake
Towards Maninagar
Express Highway
Towards Narol
Maninagar
Railway Station
LG
Hospital

If undelivered
Please return to :


## ASHIMA LIMITED

CIN No. L99999GJ1982PLC005253
Regd Office: Texcellence Complex
Khokhara-Mehmedabad, Ahmedabad-380 021


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