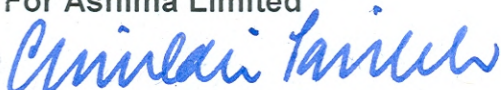
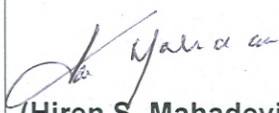





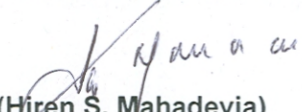
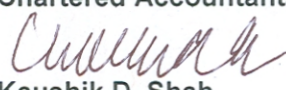

FORM A

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

1.	Name of the Company	ASHIMA LIMITED
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	<p>Emphasis Matter – Not a qualification: Preparation of accounts on going concern basis.</p> <p><u>Auditors</u> have stated an emphasis matter and drawn attention to the fact stated by the management in Note No.42 (forming part of accounts) that the company has prepared accounts on going concern basis though its net worth has eroded.</p>
4.	Frequency of observation	First time.
5.	To be signed by –	<p>• CEO/Managing Director</p> <p>For Ashima Limited  (Chintan N. Parikh) Chairman & Managing Director</p> <p>• CFO</p> <p> (Hiren S. Mahadevia) Chief Financial Officer & Company Secretary</p> <p>• Auditor of the company</p> <p>For Dhirubhai Shah & Doshi Chartered Accountants,  Kaushik D. Shah Partner Membership no.16502</p> <p> (Dr. Bakul H. Dholakia) Audit Committee Chairman</p> <p>• Audit Committee Chairman</p>

FORM B

1.	Name of the Company	Ashima Limited
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit qualification	<ul style="list-style-type: none"> ▪ Qualified (item 1); ▪ Subject to (item 2);
4.	Frequency of qualification	Both items were there in the previous year.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>1. Subject to (qualification): Non-provision of interest on secured loans</p> <p><u>Auditors</u> have qualified their report and drawn attention to the fact stated by the management in Note No.39 (forming part of accounts) that the company has not provided for interest aggregating to Rs.32,213.63 lacs for the year. (Pls refer to point 1 of the Auditors' Report under head "Opinion")</p> <p><u>Management response:</u> The management in the said note no.39 has clarified that "In view of ongoing comprehensive debt restructuring, the company has not made provision of Rs.32,213.63 lacs for unpaid interest."</p> <p>2. Subject to: Non-reconciliation of outstanding dues of lenders:</p> <p><u>Auditors</u> have mentioned that outstanding dues of the lenders are subject to reconciliation. (Pls refer to part of the text in point 2b of the Auditors' Report under head "report on other legal and regulatory requirements.")</p> <p><u>Management response:</u> The management in part of note no. 39 has clarified that ".... This amount (of non-provision of interest) and the amount due to the lenders is disclosed based on information available with the management. As a result, outstanding dues are subject to reconciliation."</p>
6.	Additional comments from the board/audit committee chair:	
7.	To be signed by –	
	<ul style="list-style-type: none"> • CEO/Managing Director 	 (Chintan N. Parikh) Chairman & Managing Director

<ul style="list-style-type: none"> • CFO • Auditor of the company <p>KDS</p>	<p> (Hiren S. Mahadevia) Chief Financial Officer & Company Secretary</p> <p>For Dhirubhai Shah & Doshi Chartered Accountants,  Kaushik D. Shah Partner Membership no.16502</p> <p> (Dr. Bakul H. Dholakia) Audit Committee Chairman</p>
	<ul style="list-style-type: none"> • Audit Committee Chairman

31st

ANNUAL REPORT 2013-2014



ashima
LIMITED



ASHIMA LIMITED

31ST ANNUAL REPORT - 2013-2014

BOARD OF DIRECTORS

Mr. Chintan N. Parikh	— Chairman & Managing Director
Dr. Bakul H. Dholakia	— Director
Mr. Bihari B. Shah	— Director
Mr. Jaykant R. Baxi	— Director
Mr. Neeraj Golas	— Nominee Director of ARCIL
Mr. Atul Kumar Singh	— Director

AUDITORS

Dhirubhai Shah & Doshi
Chartered Accountants,
Ahmedabad

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Hiren S. Mahadevia

CORPORATE IDENTIFICATION NUMBER (CIN)

L99999GJ1982PLC005253

SHARES LISTED ON STOCK EXCHANGES AT:

Ahmedabad
Mumbai
National Stock Exchange

REGISTERED OFFICE & WORKS

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

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has issued circulars allowing service of notices/documents including Annual Report by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to registered their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository Participants.

NOTICE

Notice is hereby given that the 31st Annual General Meeting of Ashima Limited will be held on Monday 29 September, 2014 at 10.30 a.m. at the Registered Office of the company at Texcellence complex, Khokhara-Mehmedabad, Ahmedabad - 380021, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the financial year ended March 31, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint Mr. Chintan N. Parikh (DIN no. 00155225), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Dhirubhai Shah & Doshi, Chartered Accountants (Firm Registration no. 102511W) as statutory auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the board to fix their remuneration.

Special Business:

Re-appointment of Mr. Chintan N. Parikh as Managing Director of the company

4. To consider and, if thought 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, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities including the Central Government in granting such approvals, permissions and sanctions, consent of the company be and is hereby accorded to the re-appointment 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, 2014 on terms and conditions of appointment and remuneration as set out in the agreement of his re-appointment entered into between the company and Managing Director and available for inspection of members, which is hereby specifically approved at the liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement, as may be agreed to between the company and the Managing Director and subject to necessary approvals as may be required under relevant provisions of the Act.”

“RESOLVED FURTHER THAT notwithstanding anything herein, where in any financial year during the tenure of the Managing Director, the company has no profits or its profits are inadequate, the Company may subject to receipt of the requisite approvals including approval of Central Government, if any, pay to the Managing Director the above remuneration as the minimum remuneration by way of salary, perquisites, other allowances and benefits as specified in the agreement entered into between the company and the Managing Director.”

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

Appointment of Independent Directors

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV of the Act, as amended from time to time and clause 49 of the listing agreement entered into with the Stock Exchanges, Mr. Jaykant R. Baxi (DIN 00155658), who was appointed as a Director of the company liable to retire by rotation under the Companies Act, 1956 and who retires at this Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) and who is eligible for appointment, be and is hereby appointed as an Independent Director of the company for a term of 5 (five) consecutive years commencing from 29th September, 2014, not liable to retire by rotation.”



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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV of the Act, as amended from time to time and clause 49 of the listing agreement entered into with the Stock Exchanges, Dr. Bakul H. Dholakia (DIN 00005754), who was appointed as a Director of the company liable to retire by rotation under the Companies Act, 1956 and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the company to hold office for a term of 5 (five) consecutive years commencing from September 29, 2014, not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV of the Act, as amended from time to time and clause 49 of the listing agreement entered into with the Stock exchanges, Mr. Bihari B. Shah (DIN 00155461), who was appointed as a Director of the company liable to retire by rotation under the Companies Act, 1956, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the company to hold office for a term of 5 (five) consecutive years commencing from September 29, 2014, not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV of the Act, as amended from time to time and clause 49 of the listing agreement entered into with the Stock exchanges, Mr. Atul Kumar Singh (DIN 00156228), who was appointed as a Director of the company liable to retire by rotation under the Companies Act, 1956, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the company to hold office for a term of 5 (five) consecutive years commencing from September 29, 2014, not liable to retire by rotation.”

Increase in the Authorised Share Capital of the Company

9. 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 13 read with Section 61 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), the existing Authorised Share Capital of the Company of Rs.100,00,00,000 (One Hundred Crore) divided into 6,00,00,000 (Six Crore) equity shares of Rs.10/- (Rupees Ten) each and 40,00,000 (Forty Lac) preference shares of Rs.100/- (Rupees One Hundred) each be and is hereby increased to Rs.150,00,00,000/- (Rupees One Hundred Fifty Crore only) divided into 12,50,00,000 (Twelve Crore Fifty Lac) Equity shares of Rs.10/-(Rupees Ten) each and 25,00,000 (Twenty Five Lac) preference shares of Rs.100/- (Rupees One Hundred) each.

Alteration of Capital clause V of the Memorandum of Association of the company

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

RESOLVED THAT pursuant to section 13 and 61 and other applicable provisions of the Companies Act, 2013, the existing capital clause V of the Memorandum of Association of the company be amended and read as under:

“The Authorised Share Capital of the Company is Rs.150,00,00,000/- (Rupees One Hundred Fifty Crore only) divided into 12,50,00,000 (Twelve Crore Fifty Lac) Equity shares of Rs.10/-(Rupees Ten) each and 25,00,000 (Twenty Five Lac) Preference Shares of Rs.100/- (Rupees One Hundred) each with power to

increase or reduce the capital of the company and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the Articles of Association of the company or as may be decided by the Board of Directors or by the company in general meeting, as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denomination.”

Alteration of the Capital Clause in the Articles of Association of the Company

11. 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 the Companies Act, 2013 (including any amendment thereto or any re-enactment thereof), the Article 3 of the Articles of Association of the company be altered and substituted by the following clause:

Article – 3

“The Authorised Share Capital of the company shall be as per Clause V of the Memorandum of Association of the company with power to increase or reduce the capital of the company and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the Articles of Association of the company or as may be decided by the Board of Directors or by the company in general meeting, as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denomination”

Borrowing Limits under Section 180(1)(c) of the Companies Act, 2013

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

“RESOLVED THAT in supersession of Resolution No.11 passed at the 20th Annual General Meeting held on June 28, 2003 under Section 293(1)(d) of the Companies Act, 1956, the consent of the company be and is hereby accorded pursuant to the provisions of Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 read with such Rules as may be applicable and the Memorandum and Articles of Association of the company, the Board of Directors of the company (which term shall be deemed to include any duly authorised committee(s) thereof, for the time being exercising the powers conferred by the Board by this resolution) for borrowing from time to time, any sum or sums of money for the business of the company upon such terms and conditions and with or without security as the Board of Directors may in its absolute discretion think fit, notwithstanding that the money to be borrowed together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from the temporary loans obtained or to be obtained from time to time from company's bankers in the ordinary course of business, provided however that the sums so borrowed and remaining outstanding on account of principal amount shall not, at any time, exceed Rs.600 Crore (Rupees Six Hundred Crore only).

RESOLVED FURTHER THAT the Board be and is hereby authorised to decide all terms and conditions in relation to such borrowing at their absolute discretion and to do all such acts, deeds and things, to execute all such documents, instruments in writing as may be required to give effect to this resolution.”

Creation of Charge / mortgage under Section 180(1)(a) of the Companies Act, 2013

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

“RESOLVED THAT in supersession of Resolution No. 10 passed at the 20th Annual General Meeting held on June 28, 2003 with respect to mortgaging and/or charging by the Board of Directors, consent of the company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”), or any statutory modification or re-enactment thereof, to the Board of Directors to mortgage and/or charge (by way of first, second or other subservient charge as may be agreed to between the company and the lenders and/or Debenture Trustees),



all the immovable and movable properties, present and future, pertaining to any one or more of the company's units and any other undertaking of the company wheresoever situate and the whole or substantially the whole of any one or more of the said undertakings of the company, with the right to take over the management and concern of the undertaking(s) whose properties are agreed to be mortgaged and/or charged in certain events, to or in favour of any Financial Institutions, Banks and other lending Institutions or Funds, Trustees for Debentures, to secure their respective Rupee and Foreign Currency Loans or other Financial Assistance lent, granted and advances or agreed to be lent, granted and advanced to the company or the Debentures, Bonds or other financial instruments issued and allotted or as may be issued by the company and subscribed to or agreed to be subscribed to by such Institutions/Banks/Funds, or any other persons, of such amount or amounts not exceeding Rs.600 Crore in the aggregate on account of principal, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Trustees, costs, charges and other moneys payable by the company to the respective Financial Institutions, Banks and other lending institutions and Debenture holders and/or Trustees under the Loan/Subscription Agreement(s) entered into/to be entered into by the company in respect of the said term loans, debentures or other financial instruments or assistance.

RESOLVED FURTHER THAT the Board of Directors of the company including a committee thereof, be and is hereby authorised to finalise with the Financial Institutions, Banks and other lending Institutions or Debenture Trustees, the documents for creating mortgage(s) and/or charge(s) as aforesaid and to do all acts, deeds and things in connection therewith and incidental thereto.

Date : July 29, 2014

Place : Ahmedabad

Regd. Office:

Texcellence Complex,
Khokhara-Mehmedabad,
Ahmedabad - 380021.

By Order of the Board of Directors
For Ashima Limited

Hiren S. Mahadevia
Chief Financial Officer
& Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the company. Members holding more than 10% of the total share capital of the company may appoint a single person as proxy, who shall not act as a proxy for any other member. The instrument of proxy, in order to be effective, should be deposited at the registered office of the company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A proxy form is annexed to this report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
2. An explanatory statement pursuant to section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.
3. The Register of Members and Share Transfer Books of the company will remain closed from September 23, 2014 to September 29, 2014 (both days inclusive).
4. Electronic copy of the Annual Report for the year 2013-14 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 2013-14 is being sent in the permitted mode.
5. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Link Intime India Pvt. Ltd or Secretarial Department of the company immediately.
6. Pursuant to the requirements of Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed / re-appointed at the Annual General Meeting is given in the Annexure to the Notice.
7. **e-Voting through electronic means**

In compliance with provisions of section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the Listing Agreement, the company is

pleased to provide members facility to exercise their right to vote at the 31st Annual General Meeting (AGM) by electronic means and the businesses may be transacted through e-voting services provided by Central Depository Services Ltd (CDSL):

The instructions for members for voting electronically are as under:-

SECTION A: E-VOTING PROCESS – SHAREHOLDERS HOLDING SHARES IN DEMAT FORM AND PHYSICAL FORM:

Step 1	:	Open your web browser during the voting period and log on to the e-voting website: www.evotingindia.com
Step 2	:	Click on “Shareholders” to cast your vote(s).
Step 3	:	Select the Electronic Voting Sequence Number (EVSN) i.e. 140814011 along with “ASHIMA LIMITED” from the drop-down menu and click on “SUBMIT”
Step 4	:	<p>Please enter your USER ID –</p> <ul style="list-style-type: none"> For account holders in CDSL: Your 16 digits beneficiary ID. For account holders in NSDL: Your 8 characters DP ID and followed by 8 digits Client ID. Members holding shares in physical form should enter folio number registered with the company.
Step 5	:	Please enter the Image verification as displayed and Click on Login.
Step 6	:	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 7	:	If you are a first time user follow the steps given below:
PAN	:	<ul style="list-style-type: none"> Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the company/depository participant are requested to use the first two letters of their name and the last 8 digits of the demat account / folio number in the PAN field. In case the folio 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 folio number 100 then enter RA00000100 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 registered with the company for the said demat account or folio. Any one details i.e. DOB or Bank details should be entered for logging into the account. If DOB or Bank details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date (record date) i.e. 22 nd August, 2014 in the Dividend bank details.
Step 8	:	After entering these details appropriately, click on “SUBMIT” tab.
Step 9	:	<p>Members holding shares in Demat form will then now reach ‘Password Creation’ menu wherein, they are required to create their login password in the password field. Kindly note that this password is to be also 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.</p> <p>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.</p> <p>Members holding shares in physical form will then reach directly to the Company selection screen</p>
Step 10	:	Click on the EVSN of the company i.e 140814011 to vote.



Step 11	:	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 12	:	Click on the “RESOLUTIONS FILE LINK” if you wish to view the Notice.
Step 13	:	After selecting the resolution you have decided to vote on, click on “SUBMIT”. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
Step 14	:	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.

SECTION-B: COMMENCEMENT OF E-VOTING PERIOD AND OTHER E-VOTING INSTRUCTIONS.

- (i) The e-voting period commences on September 23, 2014 and ends on September 25, 2014. During this period shareholders of the company, holding shares either in physical or dematerialised form, as on the cut off date (record date) of August 22, 2014 may cast their vote electronically. The e-voting module shall be disabled thereafter. Once the vote on the resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (ii) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the company.
- (iii) Mr. Tapan Shah, Practising Company Secretary (Membership no. FCS no.4476, CP no.2839) (Address 816-818, Anand Mangal-3, Opp. Core House, Nr. Doctor House, Ellisbridge, Ahmedabad – 380006, Gujarat, India) has been appointed as the Scrutinizer to scrutinize the e-voting process.
- (iv) The Scrutinizer shall, within a period not exceeding 3 (three) working days from the conclusion of the e-Voting period, unblock the votes in the presence of at least 2 witnesses not in the employment of the company, and make Scrutinizer’s Report of the votes cast in favour or against, if any, and submit forthwith to the Chairman of the company.
- (v) The Results shall be declared on or after the date of AGM. The results declared along with the Scrutinizer’s report shall be placed on the Company’s website **www.ashima.in** and on the CDSL website **https://www.evotingindia.com** in within 2 (two) days of the passing of the resolutions at the AGM of the company and communicated to the Stock Exchanges, where the shares of the company are listed.
- (vi) The resolutions shall be deemed to be passed on the date of AGM, subject to receipt of sufficient votes.
- (vii) For Shareholders holding shares in physical form, the password and default number can be used only for e-voting on the resolutions given in the notice

For Institutional Shareholders:-

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the board resolution and power of attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communications regarding CDSL e-voting system in future. The same may be used in case the members forgets the password and the same needs to be reset.

- 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
Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad – 380021.
Registrar & : Link Intime India Pvt. Ltd
Share Transfer : 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Off C.G. Road, Ahmedabad
Agent – 380009.
e-Voting Agency : Central Depository Services (India) Ltd
E-mail : helpdesk.evoting@cdslindia.com
Scrutinizer : Mr. Tapan Shah, Practising Company Secretary
Email : tapanshah814@yahoo.com, info@tapanshah.in

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

Item no. 4

Resolution under item no.4 of the Notice relates to the re-appointment of Mr. Chintan N. Parikh as Managing Director of the company for a further period of 3 years w.e.f. February 7, 2014 and approval of his remuneration and terms of reappointment.

The Remuneration Committee, at its meeting held on January 31, 2014, had recommended the remuneration payable to the Managing Director and the Board of Directors, at its meeting held on January 31, 2014 appointed Mr. Chintan N. Parikh as Managing Director for a period of 3 years with effect from February 7, 2014 and approved the terms of his reappointment and remuneration.

Extracts of the Agreement with Mr. Chintan N. Parikh, Managing Director

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

- Salary:**
The Managing Director shall be entitled to monthly salary of Rs. 3,50,000/- (Rupees three lacs fifty thousand only) per month.
- Perquisites:**
In addition to the above, the Managing Director shall be entitled to the following perquisites:
- House Rent Allowance:** House rent allowance of Rs.1,50,000/- p.m. (Rupees One lac fifty thousand only) per month.
- Contribution to provident fund to the extent of Rs.42,000/- p.m. (Rupees forty two thousand only) and superannuation fund to the extent of Rs.8333/- p.m. (Rupees eight thousand three hundred thirty three only).**
- 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.**
- 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.466667/- p.a. (Rupees four lac sixty six thousand six hundred and sixty seven only) per annum at current salary.**
- Notwithstanding anything contained herein, where in any financial year, during the currency of tenure of the Managing Director the company has no profit or its profits are inadequate, the company will pay him the above stated remuneration and perquisites as minimum remuneration.**
- 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.**
- The headquarter of the Managing Director shall be Ahmedabad in the state of Gujarat.**
- Subject to the provisions of the Act the Managing Director shall be liable to retire by rotation.**
- 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.

- xii. 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 agreement shall also remain valid and effective as if there is no change in date of his appointment as the Managing Director.

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

I. General Information :

The company operates in the textile industry and is in the business of manufacturing and sale of denim fabrics, and high value yarn dyed cotton fabrics. The company was incorporated in the year 1982 and is already in commercial production since quite a long time. Based on last audited financial results for the year ended on March 31, 2014, the Turnover & other income were Rs.26912.41 lacs and PBDIT was Rs.141.95 lacs. The company has not made any foreign investments. The foreign direct investors (FDIs) and Non-Resident Indians (NRIs) are holding 4.01% of the equity capital of the company.

II. Information about the appointee

Mr. Chintan N. Parikh is the Chairman and Managing Director of the company. Mr. Chintan N. Parikh is a management graduate in the areas of finance and accounts from India's leading and premier management institute viz. Indian Institute of Management, Ahmedabad. He has about 33 years of experience in the field of textiles. He is also Chairman & Managing Director of Ashima Dyecot Limited (ADL). He is also on the Board of Governors of Indian Institute of Management (IIM), Ahmedabad and also President of Ahmedabad Textiles Mills Association (ATMA). It was his vision and foresight which saw the company, having modest beginning, transform into a cotton textile unit having state of the art facilities for manufacturing denim fabrics and high value added yarn dyed shirting fabrics. He also visualized and set up Asia's most modern fabric processing facility in ADL. Under his leadership, the company established itself firmly in the domestic and global markets as a supplier of quality fabrics. In the recent years, when the company has been passing through difficult times due to various adverse factors, he has been painstakingly steering the company with focus on innovation and operational efficiency. His philosophy of "Texcellence" meaning thereby "Excellence in Textiles" has become a way of life at Group Ashima and it encompasses all aspect of business right from procurement of raw materials to final production.

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

III. Other Information:

Reasons for loss or inadequate profits:

The various reasons for the present performance have been highlighted in the directors' report and the management discussions and analysis of year ended March 31, 2014. The profitability of the company suffered during the year mainly due to sharp fall in performance of Denim Division. In a broader perspective, the company continues to be adversely affected by several limitations that hamper its profitability. Its machinery is very old and it cannot upgrade the same due to financial constraints. This has led to lower efficiency and has affected quality of fabrics. It also restricts product innovation which is essential so as to cater to the changing needs of the customers. This has affected sales volumes, overall sales realisation and margins.

IV. Disclosures

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

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

Item no. 5 to 8

As per the provisions of section 149, 152 and all other applicable provisions if any, of the Companies Act, 2013 (Act), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV of the Act, the independent directors shall be appointed for a term of upto 5 (five) consecutive years and they are not liable to retire by rotation.

Non-Executive Independent Directors i.e. Dr. Bakul H. Dholakia, Mr. Bihari B. Shah, Mr. Jaykant R. Baxi and Mr. Atul Kumar Singh ("Non-Executive Independent Directors") were appointed as directors liable to retire by rotation under the provisions of the erstwhile Companies Act, 1956. It is proposed to appoint all the non-executive directors under section 149 of the Act and clause 49 of the listing agreement entered into the stock exchanges to hold office for (5) five consecutive years effective from the date of Annual General Meeting (AGM) i.e. September 29, 2014.

The company has received notices in writing under section 160 of the Act, from the members along with a requisite deposit amount proposing the candidature of each of the non-executive independent director for the office of Independent Director under section 149 of the Act.

The board of directors have reviewed the declarations made by each of the non-executive independent directors that they meet the criteria of the independence as provided in Section 149 (6) of the Act, and the Board has formed an opinion that they fulfill the conditions specified in the Act and the rules made thereunder and are independent of the management.

Brief resume and other details of the non-executive Independent Directors whose appointment is proposed are provided in the annexure to the Notice. A copy of the draft letter of appointment of each of the non-executive independent directors setting out their terms and conditions is available for inspection at the Registered Office of the company during normal business hours on working days up to the date of Annual General Meeting.

None of the other Directors or Key Managerial Personnel or their relatives, other than non-executive Independent Directors for their respective appointment, is in any way concerned or interested in these resolutions. The Directors recommend the ordinary resolutions as set out at item no. 5 to 8 for approval of the members.

Item no. 9, 10 and 11

Presently the existing Authorised Share Capital of the company is Rs.100,00,00,000/- (Rupees One hundred crore) divided into 6,00,00,000/- (Six Crore) equity shares of Rs.10/- each and 4,00,00,000 (Four crores) preference shares of Rs.100/- each. In order to increase capital by further issue of shares so as to meet business requirements, it would be expedient to increase and reclassify / rearrange the Authorised Share Capital. The Authorised Share Capital is proposed to be increased to Rs.150,00,00,000/- comprising of 12,50,00,000 equity shares of Rs.10/- each and 25,00,000 preference shares of Rs.100/- each. The proposed increase of the Authorised Share Capital of the company requires approval of members. Accordingly, Capital Clause V Memorandum of Association and Article no. 3 of the Articles of Association of the company are proposed to be altered in the manner as set out in the resolutions.

The approval of members of the company is sought pursuant to sections 61, 13 and 14 of the Act, for the proposed increase in the authorized share capital and consequential alterations to the Memorandum and Articles of Association of the company.

A copy of Memorandum and Articles of Association of the company, together with the proposed alterations, is open for inspection by the members of the company at the registered office of the company between 10.00 a.m. to 12.00 noon on all working days of the company excluding Saturday and holidays.



The Directors recommend the Resolutions at item no. 9, 10 and 11 of the accompanying notice for approval of the members of the company.

None of the Directors or Key Managerial Personnel of the company and their relatives, is concerned or interested in these Resolutions.

Item no. 12

The company, at its 20th Annual General Meeting (AGM) held on June 28, 2003, authorized the Board of Directors of the company by way of Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 to borrow moneys in excess of the paid-up capital of the Company and its free reserves provided the sum or sums so borrowed and remaining outstanding at any point of time shall not exceed Rs.600 crores (exclusive of interest).

However, pursuant to the provisions of Section 180(1) (c) of the Companies Act, 2013, the above powers can be exercised by the board of directors only with the consent of the shareholders obtained by a special resolution. Further as per clarification issued by Ministry of Corporate Affairs (MCA), the ordinary resolution earlier passed will remain valid for a period one year from the date of notification of Section 180 of the Companies Act, 2013 i.e up to September 11, 2014. As such it is necessary to obtain fresh approval of the shareholders by means of special resolution, to enable the board of directors of the company to borrow moneys, apart from temporary loans obtained from Company's bankers, in excess of paid up capital and free reserves of the company. The borrowing limit of Rs.600 Crore under the earlier resolution passed by the shareholders at the AGM held on June 28, 2003 remains unchanged.

The Directors recommend the Resolution at item no.12 of the accompanying notice for approval of the members of the company.

None of the Directors, Key Managerial Personnel of the company, and/ or their relatives are concerned or interested in the proposed resolution.

Item no. 13

The company, at its 20th Annual General Meeting (AGM) held on June 28, 2003, authorized the Board of Directors of the company by way of ordinary resolution under Section 293(1)(a) of the Companies Act, 1956, to create charge / mortgage / hypothecation on the immovable and movable properties of the company in favour of the lenders / trustees of the debenture holders / bonds, to secure the financial assistance availed by the company.

However, pursuant to the provisions of Section 180(1) (a) of the Companies Act, 2013, the above powers can be exercised by the board of directors only with the consent of the shareholders obtained by a special resolution. Further as per clarification issued by Ministry of Corporate Affairs (MCA), the ordinary resolution earlier passed will remain valid for a period one year from the date of notification of section 180 of the Companies Act, 2013 i.e. upto September 11, 2014. As such, it is necessary to obtain fresh approval of the shareholders by means of special resolution, to enable the board of directors of the company to create charge / mortgage / hypothecation on the company's immovable and movable properties of the company in favour of any lender / trustees of the debenture holders / bonds in regard to financial assistance availed / to be availed by the company. The existing limit of Rs.600 Crore under the earlier resolution passed by the shareholders at the AGM held on June 28, 2003 remains unchanged.

The Directors recommend the Resolution at item no.13 of the accompanying notice for approval of the members of the company.

None of the Directors or Key Managerial Personnel of the company and their relatives, is concerned or interested, in the said Resolution.

Date : July 29, 2014

Place : Ahmedabad

Regd. Office:

Texcellence Complex,
Khokhara-Mehmedabad,
Ahmedabad - 380021.

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

Hiren S. Mahadevia
Chief Financial Officer
& Company Secretary

ANNEXURE TO THE NOTICE DATED JULY 29, 2014

Details of Directors seeking Appointment / Re-appointment at the Annual General Meeting are given below:

Name of Director	Dr. Bakul H. Dholakia	Mr. Bihari B. Shah	Mr. Jaykant R. Baxi	Mr. Atul Kumar Singh
Date of Birth	15.07.1947	29.01.1939	22.01.1939	10.08.1961
Qualification	Ph.D. (Economics), MS University, Baroda M.A. (Economics) Gold Medalist	B.Com., FCA	B.Sc (Hons.), LLB, Diploma in Labour Welfare	Bachelor of Textiles, Graduate Diploma in Materials Management
Expertise in Specific Functional Areas	<p>Dr. Bakul Dholakia is currently the Director of Adani Institute of Infrastructure Management and advisor to Adani Group. He has 45 years of professional experience including 33 years at IIM, Ahmedabad. During the course of his long tenure at IIM Ahmedabad, Dr. Bakul Dholakia occupied the Reserve Bank of India Chair from 1992 to 1999, served as the Dean from 1998 to 2001 and as the Director of IIMA from 2002 to 2007. Dr. Dholakia was the Chairman of the National Board of Accreditation for Technical Education in India from 2005 to 2008. He has guided 20 Ph.D. students specializing in Economics, Finance, Business Policy and Public Systems. Dr. Dholakia is the author of 12 books, 28 monographs and more than 50 research papers published in professional journals in India & abroad. In 2007, Dr. Dholakia was awarded</p>			
	<p>He is leading Practising Chartered Accountant based at Ahmedabad and has rich experience of 48 years in field of finance, taxation, audit and corporate laws.</p>			
	<p>He is having rich experience of more than 48 years in the field of labour laws in textile industry.</p>			
	<p>He is having vast experience and knowledge of 29 years in the field of textiles, garments etc.</p>			



	<p>Padma Shri by the Government of India in recognition of his distinguished services in the field of education. In 2008, Dr. Dholakia was conferred the coveted Bharat Asmita National Award by the Honorable Chief Justice of India. Over the last two decades, Dr. Dholakia has worked on numerous government committees. He has also been a member of the jury for various Corporate Excellence Awards and Selection Committees for CEOs.</p>				
Board Membership of other Companies as at 31.03.2014	Ashima Dyecot Ltd Arvind Ltd	Partner in M/s. Bihari Shah & Company, Chartered Accountants	Nil	Nil	
Chairman / Member of the Committee of the Board of Directors of the company as on 31.03.2014	Chairman of Audit Committee and Nomination & Remuneration Committee.	Member of Audit Committee	Member of Nomination & Remuneration Committee and Stakeholder Relationship Committee	Member of Audit Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee	
Chairmanships/ Memberships of the in other Public Companies	<p>Ashima Dyecot Ltd – Chairman of Audit Committee and Nomination & Remuneration Committee.</p> <p>Arvind Ltd – Chairman of Investor Grievance Committee and Member of Audit Committee & Remuneration Committee Member of CSR committee</p>	Nil	Nil	Nil	
Number of Shares held in the company	1000	Nil	1200	Nil	

DIRECTORS' REPORT

Dear members,

Your directors take pleasure in presenting the thirty first annual report of the company, together with audited statement of accounts for the year ended on March 31, 2014.

1. Financial Results:

Your company's performance during the above year is summarised below:

(Rupees in lacs)		
Particulars	Mar. 31, 2014	Mar. 31, 2013
Profit before interest and depreciation	141.95	98.46
Less : Interest	191.80	166.33
Loss before depreciation	49.85	67.87
Add : Depreciation and amortisation of expenses	1234.17	1326.93
Loss before tax	1284.02	1394.80
Add : Provision for tax	0.39	0.35
Loss after tax	1284.41	1395.15
Add : Loss brought forward from previous year	50590.73	49195.58
Deficit carried to balance sheet	51875.15	50590.73

2. Dividend:

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

3. Performance of the company:

The operational performance of the company showed marginal improvement, with loss at PBT level for the year going down to Rs.1284.02 lacs as against 1394.80 lacs in the previous year. Performance of Spinfab Division showed marked improvement, which was mostly offset by major decline in performance of Denim Division.

Spinfab Division benefited due to better order book position, which helped it sustain volumes and improve its sales realization. Its profitability was also boosted by higher sales to brands, which offers higher prices compared to other segments. Performance of Denim Division, on the other hand, was severely affected due to adverse market conditions that affected volumes and realisations. Domestic denim market faced severe liquidity crunch as well as supply glut in domestic market due to overcapacity, which compelled manufacturers to reduce their capacity utilisation and also lower fabric selling prices. The performance of the company suffered drastically in these tough market conditions, since its product development capabilities are very limited due to ageing and old machinery. Also, it could not offer higher credit period due to lack of working capital facilities. Significant rise in cost of cotton and yarn affected the profitability for the year.

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

**4. Listing Agreement:**

The equity shares of the company are presently listed on stock exchanges at Ahmedabad, Mumbai and National Stock Exchange.

5. Corporate Governance:

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

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

6. Director's Responsibility Statement:

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

- (i) In the preparation of the annual accounts for financial year 2013-2014, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) They have selected appropriate accounting policies and have applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2014 and of the loss of the company for the said year;
- (iii) They have taken proper and sufficient care to the best of their knowledge for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis.

7. Directors:

Mr. Neeraj Golas was appointed as a nominee director of Asset Reconstruction Company (India) Ltd., (ARCIL) on board of the company w.e.f. May 30, 2014 on account of withdrawal of Mr. Pramod Kumar Gupta as nominee director of ARCIL w.e.f. May 30, 2014.

In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the appointment of Mr. Jaykant R. Baxi, Dr. Bakul H. Dholakia, Mr. Bihari B. Shah & Mr. Atul Kumar Singh as Independent Directors is being placed before the members in ensuing annual general meeting for their approval.

At the ensuing annual general meeting of the company Mr. Chintan N. Parikh, Director is to retire by rotation and being eligible offer himself for re-appointment.

8. Insurance:

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

9. Auditors:

Dhirubhai Shah & Doshi, Chartered Accountants, Ahmedabad retire at the ensuing annual general meeting of the company and are eligible for re-appointment. They have given their consent to act as

auditors of the company, if re-appointed. You are requested to re-appoint Dhirubhai Shah and Doshi, Chartered Accountants as auditors to hold the office till the next annual general meeting.

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

10. Information regarding conservation of energy etc. and employees:

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

11. Fixed Deposits:

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

There are no unpaid deposits (except unclaimed deposits) as on March 31, 2014.

12. Appreciation:

The directors express their gratitude for the dedicated services put in by all the employees of the company.

13. Acknowledgements:

Your directors place on record their sincere thanks to the customers, vendors, investors, banks and financial institutions for the continued support. Your directors are also thankful to the Government of India, State Government and other authorities for their support and solicit similar support and guidance in future.

For and on behalf of the board

Ahmedabad
May 30, 2014

Chintan N. Parikh
Chairman & Managing Director



CEO AND CFO CERTIFICATION

The Board of Directors,
Ashima Limited
Ahmedabad

We hereby certify that:

1. We have reviewed financial statements and the cash flow statements for the year ended on March 31, 2014 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

Ahmedabad
May 30, 2014

Hiren S. Mahadevia
Chief Financial Officer
and Company Secretary

CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

Ashima believes in transparency and has immense value for the principles of corporate governance. Ashima understands that accountability, equity and total transparency in its interaction with all stakeholders is its responsibility while conducting its business and hence is totally committed to achieving highest levels of standards in corporate governance practice. It is a well accepted fact both in India and world over that a good governed organization results in maximizing its stakeholders value in long run. In line with these globally accepted principles of good corporate governance, Ashima has ensured and implemented the same in its true letter and spirit, to maximise shareholders' wealth. Ashima believes that good corporate governance practice enables the management to direct and control the affairs of a company in a more efficient manner and achieve its ultimate goal of maximizing value for all its stakeholders. Ashima recognizes that an efficient and strong corporate governance is indispensable to resilient and vibrant capital markets and is therefore important instrument of investor protection. Ashima believes that contribution to the society is integral part of its being and hence strives to preserve environment, energy and heritage. Thus good corporate governance is integral part of its value system. The company is in full compliance of clause 49 of the listing agreement.

2. Board of Directors:

- a. The current policy is to have an optimal blend of executive and independent directors having in-depth knowledge of textile industry in addition to their own areas of specialization and expertise. The size and composition of the board conforms to the requirements of the corporate governance code under clause 49 of the listing agreement with stock exchange. The present board of directors of the company consists of 6 directors with more than 50% of it as non-executive independent directors. Further none of the directors are members of more than 10 board level committees and chairman of 6 board level committees of public companies, where he is director. The board comprises of six directors as on date of this report, details of which are as follows:-

Category	Name of directors
Promoter Director	Mr. Chintan N. Parikh - Chairman and Managing Director
Non-Executive Independent Directors	Dr. Bakul H. Dholakia, Mr. Jaykant R. Baxi, Mr. Bihari B. Shah and Mr. Atul Kumar Singh
Non-Executive-Nominee Director	Mr. Pramod Kumar Gupta – Withdrawn as Nominee Director of ARCIL w.e.f. May 30, 2014. Mr. Neeraj Golas – Appointed as Nominee Director of ARCIL w.e.f. May 30, 2014.

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

Brief resume of Directors seeking Re-appointment / Appointment under the Companies Act.

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

At the ensuing annual general meeting, Mr. Chintan N. Parikh, Chairman & Managing Director of the company, retire by rotation and being eligible is seeking re-appointment. A brief profile of the above directors are as under:

Mr. Chintan N. Parikh, Managing Director of the company is a management graduate in the areas of finance and accounts from India's leading and premier management institute viz. Indian Institute of Management, Ahmedabad. He has about 33 years of experience in the field of textiles. He is also Chairman & Managing Director of Ashima Dyecot Limited (ADL). He is also on the board of Governors of Indian Institute of Management (IIM), Ahmedabad and also President of Ahmedabad Textiles Mills Association (ATMA). It was his vision and foresight which saw the company, having modest beginning, transform into a cotton textile unit having state of the art facilities for manufacturing denim fabrics and high value added yarn dyed shirting fabrics. He also visualized and set up Asia's



most modern fabric processing facility in ADL. Under his leadership, the company established itself firmly in the domestic and global markets as a supplier of quality fabrics.

In the recent years, when the company has been passing through difficult times due to various adverse factors, he has been painstakingly steering the company with focus on innovation and operational efficiency. His philosophy of "Texcellence" meaning thereby "Excellence in Textiles" has become a way of life at Group Ashima and it encompasses all aspects of business right from procurement of raw materials to final production.

The brief resume of Dr. Bakul H. Dholakia, Mr. Bihari B. Shah, Mr. Jaykant R. Baxi and Mr. Atul Kumar Singh, who are seeking appointment as Independent Directors are give in the Annexure to the Notice convening the 31st Annual General Meeting and forms part of this Report.

b. 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 directors	Number of directorships including alternate director	No. of memberships in board committees	Whether Chairman/ Member
1.	Mr. Chintan N. Parikh	8	-	-
2.	Dr. Bakul H. Dholakia	2	5	3 as Chairman
3.	Mr. Jaykant R. Baxi	-	-	-
4.	Mr. Bihari B. Shah	-	-	-
5.	Mr. Atul Kumar Singh	-	-	-
6.	Mr. Pramod Kumar Gupta #	1	-	-
7.	Mr. Neeraj Golas @	1	-	-

Withdrawn as Nominee Director of ARCIL w.e.f. May 30, 2014

@ Appointed as Nominee Director of ARCIL w.e.f. May 30, 2014

c. Number of board meetings held:

The board meets at least once in a quarter to review the quarterly results and consider other items on agenda. During the year 2013-2014 board of directors of the company met 4 times on following dates:- May 24, 2013, August 10, 2013, October 26, 2013 and January 31, 2014. The gap between any two meetings never exceeded four months. The dates of the meeting were generally decided well in advance. The information as required under Annexure I to clause 49 is being made available to the board at respective board meetings.

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

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	4	No
3.	Mr. Jaykant R. Baxi	4	Yes
4.	Mr. Bihari B. Shah	4	Yes
5.	Mr. Atul Kumar Singh	4	Yes
6.	Mr. Pramod Kumar Gupta #	3	No

Withdrawn as Nominee Director of ARCIL w.e.f. May 30, 2014.

3. Board Committees

a. Audit Committee:

The board of directors of the company has constituted an audit committee in the year 2001. The composition of audit committee has been changed as and when required. The audit committee at present comprises of three directors viz. Dr. Bakul H. Dholakia, Mr. Bihari B. Shah and Mr. Atul Kumar Singh. The constitution of audit committee meets the requirements of the Companies Act, and clause 49 of the listing agreement.

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

1. The audit committee will meet at least 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.
 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 and if required, replacement or removal of statutory auditor and the fixation of audit fees.
 5. Approval of payment to statutory auditors for any other services rendered by them.
 6. Reviewing with the management the annual financial statements 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 (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgment by management.
 - Significant adjustments made in financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of related party transactions.
 - Qualifications in 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. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 10. 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.
 11. Discussion with internal auditors on any significant findings and follow up thereon.
 12. 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.
 13. 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.
 14. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
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15. 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.
16. 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.
17. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

During the year 2013-2014, the audit committee met 4 times on May 24, 2013, August 10, 2013, October 26, 2013 and January 31, 2014. The audit committee normally reviews those functions which are assigned to it as per the terms of reference approved by board. The meeting held on May 24, 2013 was to review audited annual accounts for the year ended on March 31, 2013.

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	4
2.	Mr. Bihari B. Shah	Member	4	4
3.	Mr. Atul Kumar Singh	Member	4	4

b. Remuneration Committee:

The board of directors of the company has constituted a remuneration committee in the year 2003. The composition of remuneration committee has been changed as and when required. The committee recommends/reviews the remuneration package of the managing director / whole-time director / executive directors of the company based on individual performance, qualifications and experience & the comparable industry practices. The remuneration policy of the company is aimed at rewarding good performance and attracting and retaining the best managerial talent. The committee at present consists of Dr. Bakul H. Dholakia, Mr. Jaykant R. Baxi and Mr. Atul Kumar Singh, directors of the company. By constituting a remuneration committee the board has complied with non-mandatory requirement of clause 49 of the listing agreement.

The remuneration committee met once on January 31, 2014 to approve the remuneration and perquisites payable to Mr. Chintan N. Parikh, Chairman & Managing Director of the company for period of 3 years i.e. w.e.f. February 7, 2014, which was attended by all the members of the remuneration committee. The company has entered into an agreement with him laying down his tenure, remuneration and other terms.

Details of remuneration paid to directors for the financial year 2013-2014:-

The terms of appointment and remuneration of Mr. Chintan N. Parikh, Chairman and Managing Director has been fixed and approved by the remuneration committee, board of directors, shareholders and Ministry of Corporate Affairs, New Delhi for a period of 3 years w.e.f. February 7, 2011 to February 6, 2014.

The remuneration paid for the financial year ended on March 31, 2014 to Mr. Chintan N. Parikh, Managing Director of the company is Rs.74.98 lacs which includes salary, perquisites, contribution to provident fund and superannuation fund. Besides this the Managing Director, is also entitled to encashment of leave as per the rules of the company.

The company pays sitting fees to all of its Non-Executive Directors. The same is paid at the rate of Rs.3000/- per meeting subject to tax. The total sitting fees paid for the year ended on March 31, 2014 to the directors is as follows:-

Sr.no.	Name of the directors	Amount (in Rs.)
1.	Dr. Bakul H. Dholakia	27000
2.	Mr. Jaykant R. Baxi	15000
3.	Mr. Bihari B. Shah	24000
4.	Mr. Atul Kumar Singh	27000
5.	Mr. Pramod Kumar Gupta #	9000

Withdrawn as nominee director of ARCIL w.e.f. May 30, 2014

c. Share Transfer Committee:

The board of directors of the company has already constituted a share transfer committee to deal with the matters relating to transfers/ transmissions/ transposition/ consolidation/split / issue of share certificates in exchange for sub divided/consolidated/ defaced/mutilated share certificates/ issue of duplicate share certificates etc. The composition of share transfer committee has been changed as and when required. The share transfer committee at present comprises of Mr. Atul Kumar Singh - Director, Mr. Jaykant R. Baxi – Director and Mr. Hiren S. Mahadevia - Chief Financial Officer & Company Secretary as members. The share transfer committee met from time to time to approve the matters relating to transfer, transmission, issue of duplicate share certificates etc.

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

The company has as per Securities and Exchange Board of India (SEBI) guidelines w.e.f. March 24, 2000 offered the facility of transfer of shares both in physical and demat form. At present the entire activities relating to shares transfer, transmission, etc. is handled by Link Intime India Pvt. Ltd, Ahmedabad, a SEBI authorized registrar which also provides electronic connectivity with CDSL and NSDL to carry out such work assigned.

The shareholding of the company constitutes shares in dematerialized and physical form in ratio of 96.30% and 3.70% respectively as on March 31, 2014.

d. Shareholders' / Investors' Grievance Committee:

The board of directors of the company constituted shareholders' / investors' grievance committee in the year 2002. The composition of same has been changed as and when required. The present committee consists of Mr. Atul Kumar Singh and Mr. Jaykant R. Baxi as Directors and Mr. Hiren S. Mahadevia – Chief Financial Officer & 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. The committee has authorised Mr. Dipak Thaker, Authorised Person to attend and redress day to day investor complaints and report the same to committee at their meetings. The committee met once in the year on September 30, 2013 to take stock of redressal of investors complaints and the same was attended by all the members of the committee. The company had received 3 investors complaint during the financial year under review, and the same were redressed and no complaint was pending.

e. Code of conduct and business ethics:

The company has laid down code of conduct and business ethics for its board members and senior management. This code of conduct and business ethics lays down various principles and guidelines for board members and senior management of the company, aimed at improving and enhancing the corporate relations with its stakeholders. 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

4. General Body Meetings:***Location and time for the last three AGMs:***

Year	Date	AGM/EGM	Venue	Time
2011	23/09/2011	AGM	Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad – 380021.	10.30 a.m.
2012	25/07/2012	AGM	As Above	10.30 a.m.
2013	21/09/2013	AGM	As Above	10.30 a.m.

No special resolutions set out in respective notices of the aforesaid AGMs, were passed by the shareholders present at the meeting. None of the resolutions placed before the previous AGMs required a postal ballot. Similarly, no special resolution requiring a postal ballot is being proposed at the ensuing AGM.

**5. Disclosures:**

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

All the transactions entered by company were reasonable and routine in nature. None of the transactions with any of the related parties were in conflict with the interest of the company. The details have been given as part of notes to accounts in the annual report.

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

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

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

- c) **Board disclosure – risk management**

The board takes responsibility for the total process of risk management in the organization. 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.

- d) **Certification from CEO and CFO**

The requisite certification from the Chief Executive Officer and Chief Financial Officer & Company Secretary as required to be given under clause 49 (V) has been placed before the board of directors of the company.

6. Means of Communication:

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

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

7. General Shareholders' Information:

- a. AGM date, time and venue : September 29, 2014 at 10.30 a.m. at Texcellence Complex, Khokhara - Mehmedabad, Ahmedabad – 380021.
 - b. Date of book closure : September 23, 2014 to September 29, 2014.
 - c. Listing on stock exchanges : 1. The Ahmedabad Stock Exchange Ltd
2. The National Stock Exchange of India Limited
3. The Bombay Stock Exchange Limited
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- d. Listing fees : Paid for all the above stock exchanges for financial year 2013-2014.
- e. Address of registered office : Texcellence Complex, Khokhara-Mehmedabad, Ahmedabad - 380021.
- f. Financial calendar : April 1, 2014 to March 31, 2015.
 Results for 1st quarter ending on June 30, 2014 : Last week of July, 2014
 Results for 2nd quarter ending on September 30, 2014 : Last week of October, 2014
 Results for 3rd quarter ending on December 31, 2014 : Last week of January, 2015
 Results for 4th quarter ending on March 31, 2015 : Last week of April, 2015
 Annual General Meeting : September, 2015.
- g. Stock exchange security code:
 ➤ The Ahmedabad Stock Exchange Ltd : ASHIMA/05530
 ➤ The Bombay Stock Exchange Ltd : 514286
 ➤ The National Stock Exchange of India Ltd : ASHIMASYN
 Demat ISIN numbers in NSDL and CDSL for equity shares : ISIN No. : INE 440A01010
- h. Monthly high and low quotations along with the volume of shares traded at National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) during the financial year ended March 31, 2014:

MONTH	NSE			BSE		
	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.
April, 2013	3.80	3.00	11795	3.73	2.53	20667
May, 2013	3.25	2.35	13909	3.55	2.51	71144
June, 2013	3.95	2.55	10275	4.25	2.21	71227
July, 2013	3.50	3.30	1275	3.98	3.30	29864
August, 2013	3.15	2.80	1201	3.80	3.00	22954
September, 2013	2.75	2.55	8800	3.30	2.74	31087
October, 2013	2.85	2.70	20843	3.38	2.78	29790
November, 2013	3.15	2.75	16712	3.20	2.61	86912
December, 2013	3.25	2.75	38452	3.50	2.79	116805
January, 2014	4.10	3.25	22733	4.39	3.15	87235
February, 2014	3.45	2.75	12169	3.67	2.70	41981
March, 2014	3.50	2.65	189559	3.57	2.69	199113

- i. Distribution of shareholding:

As on March 31, 2014 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	16766	80.30	2677347	8.02
501-1000	1933	9.26	1743546	5.23
1001-5000	1710	8.19	4164094	12.48
5001-10000	256	1.23	1919197	5.75
10001 and above	213	1.02	22864603	68.52

**Shareholding Pattern of the Company:**

Sr. No.	Category	No. of shares held	Percentage (%) of share holding
A.	Promoters' holding		
	Indian Promoters & Promoter Group	11137293	33.38
	Sub Total	11137293	33.38
B.	Non- Promoter holding		
	1. Institutional Investors		
	a. Mutual Funds and UTI	3300	0.01
	b. Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions/ Non-government institutions)	23074	0.07
	c. FIIs	-	-
	Sub Total	26374	0.08
C.	Others		
	a. Private Corporate Bodies	4398815	13.18
	b. Indian Public	16466902	49.35
	c. NRI/ OCBs	1339403	4.01
	d. Any other (FDIs)	-	-
	Sub Total	22205120	66.54
	Grand Total	33368787	100.00

j. Registrar and Share Transfer Agents:

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

k. Share Transfer System :

All the shares related work is undertaken by Link Intime India Pvt. Ltd, Ahmedabad in pursuance of SEBI guidelines. All the statements relating to share transfer, transmission, split 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.

l. Dematerialisation Details:

The shares of the company have been under compulsory trading in demat effective from March 24, 2000. The company had entered into tripartite agreement with NSDL, CDSL and Link Intime India Private Ltd, for dematerialisation of the securities. Upto March 31, 2014, 13426 shareholders have sought dematerialisation of their 3,21,35,658 equity shares which constitutes 96.30% of total share capital of the company.

m. Liquidity:

The company's shares are among the most liquid and actively traded shares on Bombay Stock Exchange and National Stock Exchange. The monthly trading volumes of company's shares have been given at point h hereinabove.

n. Dividend:

The board of directors of the company have not recommended any dividend for the year ended on March 31, 2014.

o. Plant Location:

Texcellence Complex, Khokhara – Mehmedabad, Ahmedabad – 380021.

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

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

All the other investors related complaints be addressed to:-

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

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

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

Pursuant to the provisions of section 205A (5) of the Companies Act, 1956 dividends on equity shares remaining unclaimed for a period of seven years from the date they became due for payment will have to be transferred to the Investors Education and Protection Fund (IEPF) set up by the Central Government. There is no unclaimed dividend on equity shares which are falling due for transfer to IEPF in the next financial year i.e. 2014-2015.

During the year under review the company has credited a sum of Rs.35,051/- and Rs.1,06,000/- respectively towards unclaimed interest on fixed deposit and unclaimed matured fixed deposits in respect of financial year 2006-2007 to Investors Education Protection (IEPF), pursuant to section 205C of the Companies Act, 1956 and Investor Education Protection Fund (Awareness and Protection of Investor) Rules, 2001.

The above report has been placed before the board of directors of the company at their meeting held on May 30, 2014 and the same was approved thereat.

For and on behalf of the board

Ahmedabad
May 30, 2014

Chintan N. Parikh
Chairman and Managing Director



AUDITORS' CERTIFICATE

To,
The members of
Ashima Limited
Ahmedabad.

We have examined the compliance of conditions of corporate governance for the year ended on March 31, 2014, as stipulated in clause 49 of 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 above mentioned listing agreement.

On the basis of our verification, and as certified by Compliance Officer (Company Secretary), we have to state that no investor grievances were remaining unattended / pending for a period exceeding one month against the Company as per records maintained by Shareholders/Investors' Grievance Committee.

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

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

Date : May 30, 2014
Place : Ahmedabad

Kaushik D. Shah
Partner
Membership No. 016502

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

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

I confirm that the company has in respect of the financial year ended on March 31, 2014, received from the members of the board and senior management personnel declaration of compliance with the code of conduct as applicable to them.

Date : May 30, 2014
Place : Ahmedabad

Chintan N. Parikh
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS**OVERVIEW**

The Indian economy witnessed a phase of stagnancy during the year under review, as the pace of policy changes slowed down. The high interest regime that has been affecting the economy due to its negative impact on liquidity position in the market continued without any positive interventions from regulators to remedy the situation. This has adversely affected the Indian economy including the textile industry. However, with the new government taking over, it is expected that there would be policy changes in the coming months aimed at propelling growth of the economy and moderating interest rates, which may lead to improvement in the economy as well as the textile markets over a medium term.

The textile market passed through tough times during the year under review. Substantial rise in prices of cotton and yarn due to change in global market dynamics inflicted heavy cost burden on fabric manufacturers. Most significantly, the Denim market was extremely distressed during the year by several adverse factors. There was glut of supplies in domestic market due to overcapacity on one hand and lower demand due to severe liquidity problems on the other hand. Against an industry capacity of 1.3 billion mtrs, domestic demand is about 600-700 million mtrs and export demand is about 200-300 million mtrs. As a result of overcapacity, manufacturers were forced to reduce fabric prices and also to reduce capacity utilisation by 20-30%. Some manufacturers were even compelled to switch to non-denim fabrics for part of their capacities. Only those manufacturers could withstand the pressure, who had capabilities to offer specialty fabrics that were in demand and offered reasonable margins. There was also pressure on manufacturers to offer higher credit period due to liquidity crunch. On the export front, Rupee volatility prevailed most time of the year, which created uncertainty about pricing and cost to the customer, due to which customers were cautious and went slow in placing orders.

The profitability of the company suffered during the year mainly due to sharp fall in performance of Denim Division. In a broader perspective, the company continues to be adversely affected by several limitations that hamper its profitability. Its machinery is very old and it cannot upgrade the same due to financial constraints. This has led to lower efficiency and has affected quality of fabrics. It also restricts product innovation which is essential so as to cater to the changing needs of the customers. This has affected sales volumes, overall sales realisation and margins.

Structural limitations faced by the company:

The company has been facing a major structural handicap, as it does not have adequate spinning and processing capacity. The Spinfab Division does not have spinning capacity. The spinning capacity of Denim division is not fully operated due to its product limitations, since it cannot manufacture finer and specialty yarn varieties required for high-value added denim fabric varieties. So, the company has to source sizeable volume of costly yarn from the market, which affects its profitability. At the industry level, profitability margin of spinning operations has been very high, whereas that of weaving operations has been quite low. Huge import of yarn by China has only added to the glitter of spinning units and in turn affected profitability of weaving units due to yarn becoming costlier.

The company does not have fabric processing facility, so both its divisions have to outsource processing and specialty finishes of entire fabric production. Fabric processing is an important part of textile business and the rising trend for specialty finishes in the market has enhanced value addition scope in processing. This also affects profitability of the company.

Thus, structurally, the company has limitations which restrict its profitability to a very low level, much below that of integrated textile units or stand alone spinning units.

SEGMENT ANALYSIS AND REVIEW

The company has continued to operate 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 recorded sharp reversal in performance in the later half of the year. Denim market faced one of its worst phases during the year, as adverse factors of liquidity crunch and supply glut due to overcapacity led to fall in volumes and prices, affecting profitability. Good export volume in the first half of the year could not be sustained during the rest of the year. The Division made efforts to protect the slide in volumes by introducing value added product variants with its limited product development capabilities. This resulted in higher costs, which could not be recovered due to pricing pressure. Also, cotton prices went up significantly throughout the year, pushing cotton cost. Volumes went down due to the inability of the company to give extended credit to customers. Also, the major part of spinning capacity of the Division is of open-end yarn, which is used for commodity denim fabric that has lost favour with the market. As a result, the division could not utilize its capacity optimally.

Spinfab Division:

The Division has managed to reduce its losses to significant extent during the year despite rise in yarn prices. Order book position remained good during the year, which helped the Division sustain volumes and improve its sale realisations. Higher volume of sale to brands helped the Division to some extent, as it offers higher sales realisations compared to other market segments. Yarn prices have increased substantially during the year. The Division could pass on the higher cost as the yarn dyed fabric market remained strong.

Attires Division:

The sales turnover of the division declined slightly, but the division almost sustained its profit margin.

FINANCIAL RESULTS AND OUTLOOK**Financial performance:**

The performance of the company, showed marginal improvement over previous year, with loss at PBT stage at Rs.1284.02 lacs compared to loss of Rs.1394.80 lacs in year 2012-13. While Spinfab Division profitability improved significantly during the year, it was mostly offset by sharp decline in performance of Denim Division as explained hereinabove.

Raw material:

Prices of both cotton as well as yarn went up sharply during the year, which did not allow the company to perform better.

Dyes and Chemicals:

Cost of dyes and chemicals went up due to rise in prices, as falling Rupee led to higher cost of imported dyes. Also, there was higher consumption of costlier dyes due to change in product mix.

Utilities:

Overall utility costs have come down due to lower volumes in Denim Division. At the same time, the company made marginal gain in power trading. Higher coal costs have pushed up fuel cost during the year.

Other expenses:

Other manufacturing expenses have gone up mostly due to higher job-work charges, as job-work volumes went up both in Spinfab and Denim Divisions. Also, Denim Division had to go for costlier specialty finishes for fabrics. Cost of repairs and maintenance went up, but was lower than what was required, since spending

was restricted due to liquidity crunch. There was increase in fixed costs. Wages were higher due to regular rise in dearness allowance as well as certain one-time hike in previous year on account of wage settlement subsequent to strike by workers, which had its full impact in current year. Salary cost also increased marginally.

Interest:

Interest cost, mainly consisting of interest paid to overdue trade creditors, has gone up during the year, as the company has to resort to market credit in absence of working capital facilities. The company has not made provision for unpaid interest on secured debt and unsecured debt, considering the ongoing comprehensive debt restructuring. The actual interest cost would be known only upon conclusion of debt restructuring. The debt restructuring exercise is expected to give due weightage to the earning capacity of the company and its limitations in terms of old and ageing machinery.

Outlook:

The outlook for the industry remains cautious due to the fact that recovery of Denim market would take longer, as it suffers due to overcapacities. Inflationary pressure and low demand due to reduced spending power of consumers will keep volumes and margins under pressure. The recent hike in power tariff approved by the regulator would add significantly to the power cost of the company, thus affecting its future profitability. In case there are major policy changes in the coming months aimed at propelling growth of the economy and moderating interest rates, it may lead to improvement in overall textile markets over a medium term. There is a possibility of a weak monsoon, which can affect the economy and the textile market adversely.

RESOURCES AND LIQUIDITY

The company continues to face constraints on resources, which has halted upgradation of manufacturing equipments and facilities for years. This affects product quality and hampers productivity and product development efforts, having adverse impact on the competitiveness and performance of the company.

The company is experiencing the problem of high level of debt. The company is in continuous touch with its secured lenders for an effective debt restructuring. The company can achieve better operational performance and thereby improve its liquidity position once a debt restructuring is carried out.

OPPORTUNITIES

The company endeavours to enhance its performance by focusing on better operational productivity, effective and judicious management of resources and result-oriented market development despite constrained finances. A stable government can ease up the economic conditions, in which case the company may perform better, as the Indian markets may open up and the Rupee may stabilize in such a situation.

THREATS, RISKS AND CONCERNS

Inflationary pressure in general and rise in raw material prices and wages in specific affect the cost competitiveness of the industry. Cotton prices have consistently gone up in last few years and yarn prices have also shot up in the year under review. Wage costs have gone up substantially in last two years. This enormous cost burden could hardly be passed on to customers as market conditions have not been favourable in recent period. Thus, rise in cost has affected profitability. It has affected competitiveness of the company in global markets. The company is unable to penetrate newer markets on account of limitation in product innovation due to old machinery.

Since cotton textile depends on agro-based raw materials, abnormal monsoons hit their supplies and push up their prices, which affects profitability of textile industry. The prices of cotton and yarn also get influenced in a big way by the policies and actions of major countries and players in global cotton markets, like China, upsetting business profitability. Frequent changes in the government policy has also been influencing the price movement of cotton.



Volatility in foreign currency market creates uncertainty in export sales as buyers try to optimize their decisions by going slow on orders.

Indian textile industry also gets affected by change in trade policies of other countries which are major textile markets for India. This is in the form of steps like duty concessions and easier market access granted by major trade powers. Concessions given to Pakistan by the European Union recently in terms of duty-free access for all textile goods is an example of such actions.

The company faces threat of new entrants in the industry, who would have a competitive edge over it due to their modern technology and new machinery.

INTERNAL CONTROL SYSTEMS

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

RESEARCH AND DEVELOPMENT

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

HEALTH, SAFETY AND ENVIRONMENT

The company understands the importance of having a healthy workforce and safe work practices. It accords due importance to safety, health and welfare of its workers and employees. The safety committee of the company looks after various aspects of working conditions of workers, health related issues, minimizing risk of accidents at workplace etc. All aspects relating to environment protection, including compliance with emission standards are fully taken care of. As a measure of environment protection and providing pleasant ambience to its employees, the company maintains green cover in its manufacturing complex.

HUMAN RESOURCES DEVELOPMENT

The company attaches due importance to human resources development. The human resources policy of the company ensures that right talent is attracted and retained. The company takes employee friendly measures in normal course so as to enhance employee welfare and satisfaction.

CAUTIONARY STATEMENT

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

INDEPENDENT AUDITORS' OPINION

To
The Members of
Ashima Limited
Ahmedabad

Report on the Financial Statements

We have audited the attached Balance Sheet of Ashima Limited as at March 31, 2014 and the related Profit and Loss Account and 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Attention is required to following notes forming parts of accounts-

1. Note no. 39 relating to non provision of interest amounting to Rs. 32,213.63 lacs on secured/unsecured debt.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the 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:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;
 - (ii) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
 - (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.
-



Emphasis Matter

We draw **attention to Note No 42 relating to preparation of accounts on a going concern basis**. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion **subject to note no. 39 of notes forming part of the accounts regarding non provisions of interest and reconciliation of outstanding dues of the lenders**, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
 - e. On the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Date : May 30, 2014
Place : Ahmedabad

Kaushik D. Shah
Partner
Membership No. 016502

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF THE AUDITORS

1. The nature of the company's business/activities during the year is such that the requirements of clauses (xii),(xiii) and (xiv) of paragraph 4 of the Order are not applicable to the company.
 2. (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 programme 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 given to us, the company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
 3. (a) As explained to us, the inventories have been physically verified during the year by the management except inventories lying with third parties (other than stock lying with Ashima Dyecot Limited) which have been confirmed and stock in transit which have been subsequently received. In our opinion, the frequency of verification is reasonable.
(b) As explained to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the inventory records, we are of the opinion that, the company is maintaining proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to book records were not material and the same have been properly dealt with in the books of account.
 4. (a) As explained 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 301 of the Companies Act, 1956.
(b) Not applicable in view of (a) above.
(c) Not applicable in view of (a) above.
(d) Not applicable in view of (a) above.
(e) As explained to us, the company has not taken any loans, secured or unsecured from the parties covered in the register maintained under section 301 of the Companies Act, 1956.
(f) Not applicable in view of (e) above.
(g) Not applicable in view of (e) above.
 5. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
 6. (a) We have been informed that particulars of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanation given to us, all the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
-



7. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public. Further, no order has been passed by the Company Law Board or any other court or tribunal.
8. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
9. According to the information and explanations given to us, the company has maintained proper cost records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however made a detailed examination of the same.
10. (a) According to the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, municipal tax, sales tax, value added tax, wealth tax, service tax, custom duty, excise duty, 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, investor education and protection fund, employee's state insurance, income tax, sales tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it were in arrears, as at March 31, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, the details of disputed statutory dues are as follows:

Sr. No.	Nature of statute	Nature of dues	Amount Rupees in lacs	Period to which the amount relates	Forum where dispute is pending
1	Foreign Trade (Dev. & Regu. Act), 1992	Custom Duty and Interest	56.55	1997	Gujarat High Court
2	The Income Tax Act, 1961	Income tax	41.04	A.Y. 1994-95	Gujarat High Court
3	The Income Tax Act, 1961	Income tax	676.66	A.Y. 1996-97	Assessment Officer (matter remanded by ITAT)
4	The Income Tax Act, 1961	Income tax	0.87	A.Y. 2001-02	Assessment Officer
5	Gujarat Sales Tax Act, 1969	Sales Tax	1906.01	A.Y. 1999-2000 and 2000-2001	Joint Commissioner (Appeals) of Commercial Tax

11. In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. Further, the company has incurred cash losses during the financial year covered by our audit.

12. According to the information and explanations given to us, the company has defaulted in repayment of dues to banks, financial institutions and debenture holders. This amount relates to dues to such specified lenders and does not cover entire debt of the company. The details of which are as follows:

(Rs. in Lacs)			
Year of default	Principal	Interest	Total
Within the year under review	-	5,527.93	5,527.93
Since prior to the year under review	4,060.54	25,344.66	29,405.20
Total	4,060.54	30,872.59	34,933.13

Apart from the above the amount of Rs. 750 lacs in suspense account also remains unsettled. Refer note no. 40 of notes forming parts of accounts.

13. According to the information and explanations given to us, in respect of guarantees given by the company for loans taken by others from banks, the terms and conditions of such guarantee are not prejudicial to the interest of the company.
14. According to the information and explanations given to us, the company has not taken term loans during the year. However, in respect of term loans availed in past the same were applied for the purpose for which the loans were obtained.
15. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
16. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
17. According to the information and explanations given to us, proper securities or charge have been created in respect of debentures issued by the company.
18. According to the information and explanations given to us, the company has not raised any money by way of public issue during the year under audit.
19. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

Date : May 30, 2014
Place : Ahmedabad

Kaushik D. Shah
Partner
Membership No. 016502

**BALANCE SHEET AS AT MARCH 31, 2014****(Rupees in lacs)**

	Note Number	As at Mar. 31, 14	As at Mar. 31, 13
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	5,386.88	5,386.88
(b) Reserves and surplus	3	(31,091.47)	(29,798.60)
2 Non-current liabilities			
(a) Long-term borrowings	4	46,809.23	46,810.89
(b) Other Long term liabilities	5	516.62	540.37
(c) Long-term provisions	6	221.35	223.38
3 Current liabilities			
(a) Trade payables	7	3,033.26	2,827.14
(b) Other current liabilities	8	614.31	580.65
(c) Short-term provisions	9	41.99	55.83
TOTAL		25,532.17	26,626.54
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		16,107.92	17,297.94
(ii) Intangible assets		55.81	70.81
(b) Long term loans and advances	11	254.13	431.56
(c) Other non-current assets	12	111.47	152.93
2 Current assets			
(a) Inventories	13	5,659.49	5,752.19
(b) Trade receivables	14	2,348.98	2,194.62
(c) Cash and cash equivalents	15	619.63	499.28
(d) Short-term loans and advances	16	173.65	40.30
(e) Other current assets	17	201.10	186.91
TOTAL		25,532.17	26,626.54
Significant Accounting Policies	1		

As per our report of even date attached

For Dhirubhai Shah & Doshi
Chartered Accountants

Kaushik D. Shah
Partner

Ahmedabad
May 30, 2014

Chintan N. Parikh
Chairman & Managing Director

Hiren S. Mahadevia
Chief Financial Officer
and Company Secretary

Atul Kumar Singh
Director

Ahmedabad
May 30, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Rupees in lacs)

	Note Number	For the year ended Mar. 31, 14	For the year ended Mar. 31, 13
I. Revenue from operations	18	26,792.90	26,810.43
II. Other income		119.51	62.79
III. Total Revenue (I + II)		26,912.41	26,873.22
IV. Expenses:			
Cost of materials consumed	19	12,932.91	13,958.79
Purchases of stock-in-trade	20	1,160.34	1,556.34
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(231.56)	(1,185.99)
Employee benefits expense	22	3,459.92	3,238.85
Finance costs	23	191.80	166.33
Depreciation and amortization expense	24	1,234.17	1,326.93
Other expenditure	25	9,448.85	9,206.77
Total expenses		28,196.43	28,268.02
V. Loss before tax (III-IV)		1,284.02	1,394.80
VI. Tax expense - Current tax		0.39	0.35
VII. Loss for the period from continuing operations (V-VI)		1,284.41	1,395.15
VIII. Loss for the period		1,284.41	1,395.15
IX. Earnings per equity share:			
(1) Basic		(4.55)	(4.88)
(2) Diluted		(4.55)	(4.88)
Significant Accounting Policies	1		

As per our report of even date attached

For Dhirubhai Shah & Doshi
Chartered Accountants

Kaushik D. Shah
Partner

Ahmedabad
May 30, 2014

Chintan N. Parikh
Chairman & Managing Director

Hiren S. Mahadevia
Chief Financial Officer
and Company Secretary

Atul Kumar Singh
Director

Ahmedabad
May 30, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014****(Rupees in lacs)**

Sr. PARTICULARS No.	2013-14	2012-13
(A) CASH FLOW FROM OPERATING ACTIVITIES		
LOSS BEFORE TAX, EXCEPTIONAL AND EXTRAORDINARY ITEMS (NET)	(1,284.02)	(1,394.80)
Add:		
Depreciation	1,219.98	1,312.74
Amortization of expenditure	14.19	14.19
Interest expenses (Net)	191.80	166.33
(Excess)/Short provision of Income Tax/ Current tax written back	1.23	0.08
Provision for doubtful debts	192.00	-
(Profit)/Loss on sale of fixed assets and investments (Net)	23.75	3.82
	1,642.93	1,497.15
	358.91	102.35
Deduct:		
Sundry balances written off/(back)	(76.49)	(12.65)
Excess provision written back	(1.68)	(0.27)
Rent income	(40.36)	(44.79)
	(118.53)	(57.71)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	240.38	44.64
Add/(Less): Decrease/(Increase) in inventories	92.70	(1,497.98)
Add/(Less): Decrease/(Increase) in sundry debtors	(155.94)	145.18
Add/(Less): Decrease/(Increase) in other trade receivables	(123.39)	(82.19)
Add/(Less): Increase/(Decrease) in current liabilities	277.61	1,691.90
	90.98	256.91
CASH GENERATED FROM OPERATIONS	331.36	301.55
Less:		
Interest paid (Net)	(196.48)	(168.44)
Tax paid	(4.99)	(3.04)
	(201.47)	(171.48)
NET CASH INFLOW FROM OPERATING ACTIVITIES	129.88	130.07

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(Rupees in lacs)				
Sr. PARTICULARS No.	2013-14		2012-13	
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(54.36)		(107.43)	
Sale of fixed assets and investments	3.88		8.15	
Decrease/(Increase) in bank FDR	(16.40)		(15.27)	
Rent received	40.36	(26.53)	44.79	(69.73)
NET CASH FLOW FROM INVESTING ACTIVITIES		(26.53)		(69.73)
(C) CASH FLOW FROM FINANCING ACTIVITIES				
(Decrease)/increase in other borrowings	0.59	0.59	(249.81)	(249.81)
NET CASH FLOW FROM FINANCING ACTIVITIES		0.59		(249.81)
TOTAL CASH INFLOW (A + B + C)		103.94		(189.47)
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		149.36		45.42
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	45.42	103.94	234.89	(189.47)

As per our report of even date attached

For Dhirubhai Shah & Doshi
Chartered Accountants

Kaushik D. Shah
Partner

Ahmedabad
May 30, 2014

Chintan N. Parikh
Chairman & Managing Director

Hiren S. Mahadevia
Chief Financial Officer
and Company Secretary

Atul Kumar Singh
Director

Ahmedabad
May 30, 2014



Notes forming part of the accounts

1. ACCOUNTING POLICIES

- a. 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.

d. **Capital Work-In-Progress**

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

e. **Expenditure During Construction Period**

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.

f. **Depreciation**

The company has provided depreciation under straight-line method on all assets at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, as amended by notification no. GSR 756 (E) dated December 16, 1993 together with circular no. 14 dated December 20, 1993, issued by the Department of Company Affairs.

g. **Insurance**

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

h. **Investments**

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

i. **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 |
-

Notes forming part of the accounts

j. 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.

k. 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.

l. Foreign Currency Transactions

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

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

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

m. Premium on Redemption of Debentures

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

n. 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.



Notes forming part of the accounts

o. Excise Duty

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

p. Deferred Revenue Expenditure

- (i) Compensation and gratuity paid on account of Voluntary Retirement Scheme (VRS) is treated as revenue expenditure and charged to profit & loss account. Also the amount of compensation relating to employees who have yet not opted for VRS is treated as contingent liability and disclosed appropriately.
- (ii) Premium on account of reduction in rate of interest in respect of term loans and non-convertible debentures has been deferred and is written off over a period of ten years.

q. Recognition of Income and Expenditure

Income and expenditure are recognised on accrual basis.

r. Contingent Liabilities

Contingent liabilities are not provided for in the books of accounts. The same are separately disclosed in the notes forming part of accounts.

s. 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.

t. 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.

u. 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. Contingent assets are neither recognised nor disclosed.

Notes on Accounts:

Notes in compliance of Schedule VI to the Companies Act, 1956

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, 14	As at Mar. 31, 13
AUTHORISED SHARE CAPITAL		
6,00,00,000 Equity shares of Rs. 10/- each (Previous year 6,00,00,000)	6,000.00	6,000.00
40,00,000 Preference shares of Rs. 100/- each (Previous year 40,00,000)	4,000.00	4,000.00
TOTAL	10,000.00	10,000.00
ISSUED SHARE CAPITAL		
3,40,73,360 Equity shares of Rs. 10/- each (Previous year 3,40,73,360)	3,407.34	3,407.34
4,50,000 13% redeemable cumulative preference shares of Rs. 100/- each fully paid (Previous year 4,50,000)	450.00	450.00
16,00,000 11% redeemable cumulative preference shares of Rs. 100/- each fully paid (Previous year 16,00,000)	1,600.00	1,600.00
	5,457.34	5,457.34
SUBSCRIBED AND PAID UP CAPITAL		
3,33,68,787 Equity shares of Rs. 10/- each fully paid (Previous year 3,33,68,787)	3,336.88	3,336.88
4,50,000 13% redeemable cumulative preference shares of Rs. 100/- each fully paid (Previous year 4,50,000) to be redeemed in three equal instalments at the end of 3rd, 4th and 5th year from the date of allotment	450.00	450.00
16,00,000 11% redeemable cumulative preference shares of Rs. 100/- each fully paid (Previous year 16,00,000) to be redeemed at the end of 24 months from the date of allotment	1,600.00	1,600.00
TOTAL	5,386.88	5,386.88

**Notes on Accounts:****2.2 Reconciliation of number of shares outstanding:**

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

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

Out of issued, subscribed and paid up capital:

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

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

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

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

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

Name of Shareholder	As at Mar. 31, 14		As at Mar. 31, 13	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Albus Investments Pvt. Ltd.	4,937,871	14.80	4,937,871	14.80
Apus Investments Pvt. Ltd.	4,934,221	14.79	4,934,221	14.79
Geek Technologies Pvt. Ltd.	2,194,200	6.58	2,194,200	6.58

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

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

2.6 Details of Unpaid calls due from Directors or officers

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

2.7 Rights of Shareholders, Dividend and Repayment of Capital:**Rights of Equity Share holders**

- Holder of equity shares is entitled to one vote per share.
- The Company declares and pays dividends in Indian Rupees. The Companies Act, 1956 provides that any dividend be declared out of accumulated distributable profits only after the transfer to a general reserve of a specified percentage of net profit computed in accordance with current regulations.
- 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

- Preference shareholders shall have right to vote only on resolutions placed before company which directly affect their rights attached to preference shares. As per explanation to Sec. 87 (2)(a) any resolution for winding up the company or for repayment or reduction of share capital shall be deemed directly to affect their rights.

Notes on Accounts:

- b** The holders of preference Shares (whether cumulative or non cumulative) have a right to vote on any resolutions of the company where dividends are in arrears -
- 1 In case of cumulative preference shares, on all resolutions of the company at any meeting if dividends are in arrears for aggregate period of not less than 2 years on the date of meeting.
 - 2 In case of non cumulative preference shares, if arrears of 2 financial years immediately preceding date of such meeting or any 3 years arrears out of 6 years preceding date of meeting.
 - 3 Such voting right is proportionate to preference paid up capital bears to total paid up equity capital.

3 RESERVES & SURPLUS**(Rupees in lacs)**

	As at Mar. 31, 14	As at Mar. 31, 13
3.1 The Reserves & Surplus includes:		
(A) Capital Reserve (Created on account of reissue of shares/ debentures forfeited)	38.05	38.05
(B) Capital Redemption Reserve - I	1.50	1.50
(C) Capital Redemption Reserve - II	37.50	37.50
(D) Securities Premium Account	12,388.07	12,388.07
(E) Debenture Redemption Reserve	2,900.50	2,900.50
(F) Reconstruction Reserve	526.10	526.10
(G) Revaluation Reserve		
Balance As per last Balance Sheet	4,900.41	4,900.41
Less: Adjusted upon sale of scrapped assets	8.46	-
Sub total	4,891.95	4,900.41
(H) Surplus (being balance of Profit & Loss Account)		
Debit Balance As per last Balance Sheet	(50,590.73)	(49,195.58)
Add: Net Profit/(Net Loss) For the current year	(1,284.41)	(1,395.15)
Closing Debit Balance	(51,875.15)	(50,590.73)
TOTAL	(31,091.47)	(29,798.60)

3.2 Appropriations out of Balance in Profit and Loss Account:

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

**Notes on Accounts:****4 LONG TERM BORROWINGS****(Rupees in lacs)**

		As at Mar. 31, 14	As at Mar. 31, 13
4.1 SECURED BORROWINGS			
(A) NON CONVERTIBLE DEBENTURES	1	4,060.53	4,060.53
(B) TERM LOANS			
[1] From Parties other than Banks	1	32,410.36	32,413.62
[2] Interest accrued and due on borrowings (from parties other than Banks)		104.14	104.14
	Sub total	32,514.50	32,517.76
(C) WORKING CAPITAL FACILITIES	2	8,508.94	8,508.94
(from parties other than Banks)			
	SUB TOTAL	45,083.97	45,087.23
4.2 UNSECURED LOANS			
(A) TERM LOANS		1,543.64	1,543.64
from companies and others			
(B) DEPOSITS		181.63	180.02
	SUB TOTAL	1,725.26	1,723.66
TOTAL		46,809.23	46,810.89

Notes :

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

4.3 Terms of Repayment of Debentures and Loans:

Nature of Borrowing	Rate of Interest	Repayment Schedule
Non Convertible Debentures	Interest rate ranges from 14.00% p.a. to 19.79% p.a.	Total 1 to 24 quarterly / yearly installments. First installment due date ranges from 02.01.1999 to 03.03.2005.
Term Loans	Interest rate ranges from 6.04% p.a. to 19.90% p.a.	Total 3 to 32 quarterly / half-yearly / yearly installments. First installment due date ranges from 31.03.1998 to 01.01.2008.
Working Capital Loans	Interest rate ranges from 8.00% p.a. to 14.50% p.a.	Subject to renewal annually.

Notes on Accounts:**4.4 Period and Amount of Default****(Rupees in lacs)**

Nature of Borrowing	Period Of Default	Principal	Interest	Total
Non Convertible Debentures	Various Years Starting From 1998-99	4,060.53	-	4,060.53
Term Loans	Various Years Starting From 2001 - 02	32,410.35	-	32,410.35
Working Capital Loans	Various Years Starting From 2005 - 06	9,292.05	104.14	9,396.19
Total		45,762.93	104.14	45,867.07

(Rupees in lacs)

	As at Mar. 31, 14	As at Mar. 31, 13
5 OTHER LONG TERM LIABILITIES		
(A) Bills Payable	462.65	462.65
(B) Trade Payables	53.97	77.72
TOTAL	516.62	540.37
6 LONG TERM PROVISIONS		
(A) Provision for employee benefits		
- For Gratuity	75.33	74.05
- For Leave Encashment	90.64	82.84
(B) Others (For wealth tax, service tax & for premium on redemption of debentures)	55.37	66.49
TOTAL	221.35	223.38
7 TRADE PAYABLES		
(A) Micro, Small and Medium Scale Industries	-	6.43
(B) Others	3,033.26	2,820.71
TOTAL	3,033.26	2,827.14
8 OTHER CURRENT LIABILITIES		
(A) Unclaimed matured deposits and interest accrued thereon	0.15	1.16
(B) Interest accrued on Unclaimed matured debentures	-	13.32
(C) Other payables		
[1] Statutory Authorities	118.67	75.17
[2] Other liabilities	495.48	491.01
TOTAL	614.31	580.65
9 SHORT-TERM PROVISIONS		
(A) Provision for Gratuity	41.99	55.83
TOTAL	41.99	55.83



Notes on Accounts:

10 FIXED ASSETS

(Rupees in lacs)

Name of assets	GROSS BLOCK			DEPRECIATION			IMPAIRMENT LOSS	NET BLOCK	
	As at April 1, 2013	Additions during the year	Disposals during the year	As at Mar. 31, 2014	Upto Mar. 31, 2013	For the year ending during the year	On Disposals during the year	Upto Mar. 31, 2014	As at Mar. 31, 2014
A. TANGIBLES									
Land									
Freehold	98.32	-	-	98.32	-	-	-	-	98.32
Leasehold	9,380.14	-	-	9,380.14	-	-	-	-	8,546.04
Buildings #	6,383.58	2.20	-	6,385.78	1,588.16	188.28	-	1,776.44	4,461.69
Plant and equipment	13,879.32	29.09	108.15	13,800.25	9,079.70	986.72	74.60	9,991.82	3,991.83
Furniture and fixtures	147.79	3.31	-	151.10	76.26	9.37	-	85.63	71.53
Vehicles	74.25	0.32	4.37	70.20	21.80	6.72	2.20	26.32	52.45
Office equipment	192.89	14.23	3.82	203.30	116.79	8.67	0.12	125.34	76.10
(A)	30,156.29	49.15	116.35	30,089.10	10,882.71	1,199.77	76.92	12,005.55	16,107.92
B. INTANGIBLES									
Computer softwares	145.73	5.21	-	150.94	74.92	20.22	-	95.13	70.81
(B)	145.73	5.21	-	150.94	74.92	20.22	-	95.13	70.81
TOTAL (A+B)	30,302.01	54.36	116.35	30,240.04	10,957.64	1,219.98	76.92	12,100.68	16,163.73
Previous year	30,221.56	107.43	26.97	30,302.01	9,659.90	1,312.74	15.00	10,957.64	17,368.75

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

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

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

Notes on Accounts:

(Rupees in lacs)		
	As at Mar. 31, 14	As at Mar. 31, 13
11 LONG TERM LOANS AND ADVANCES		
(A) Security Deposits		
Unsecured, considered good	181.43	181.30
Balance with Excise Authorities	0.08	0.08
(B) Advance Tax	63.32	59.90
(C) Loans and advances to parties other than related parties (Advance receivable in cash or kind)		
Unsecured, considered good	9.30	190.28
Considered Doubtful	178.39	7.72
Less: Provision for Doubtful Advances	178.39	7.72
Sub total	9.30	190.28
TOTAL	254.13	431.56
12 OTHER NON CURRENT ASSETS		
(A) Deferred Revenue Expenditure	39.02	53.24
(B) Claims and other receivables	78.03	105.26
Less: Provision for doubtful receivables	5.57	5.57
TOTAL	111.47	152.93
13 INVENTORIES		
(A) Raw Materials and components	826.41	1,068.78
Add: Goods-in transit	153.56	131.32
	979.97	1,200.10
(B) Work-in-progress	1,293.01	1,284.81
(C) Finished goods	2,534.08	2,439.38
(D) Stock-in-trade	414.33	286.63
(E) Stores and spares	384.57	497.36
Add: Goods-in transit	10.72	14.47
	395.30	511.83
(F) Others (Waste and stock of DEPB/FPS)	42.80	29.44
TOTAL	5,659.49	5,752.19
14 TRADE RECEIVABLES		
(A) Trade receivables outstanding for a period less than six months		
Unsecured, considered good	2,334.74	2,177.99
(B) Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	14.25	16.63
Unsecured, considered doubtful	51.64	30.31
Less: Provision for doubtful debts	51.64	30.31
Sub total	14.25	16.63
TOTAL	2,348.98	2,194.62

**Notes on Accounts:****(Rupees in lacs)**

	As at Mar. 31, 14	As at Mar. 31, 13
15 CASH AND CASH EQUIVALENTS		
(A) Balances with banks		
In Current Accounts	146.11	41.92
(B) Bank deposits maturing within 12 months*	470.26	453.86
(C) Cash on hand	3.25	3.50
TOTAL	619.63	499.28
* The Bank Deposits include amount of Rs.459.03 Lacs which is subject to repatriation restrictions.		
16 SHORT-TERM LOANS AND ADVANCES		
Advance receivable in cash or kind from parties other than related parties		
Unsecured, considered good	173.65	40.30
TOTAL	173.65	40.30
17 OTHER CURRENT ASSETS		
(A) Interest receivable	27.70	23.02
(B) Assets held for sale	6.85	3.50
(C) Claims and other receivables	140.04	109.78
(D) Prepaid Expenses	12.31	36.45
(E) Deferred Revenue Expenditure	14.19	14.16
TOTAL	201.10	186.91

(Rupees in lacs)

	For the Year ended Mar. 31, 14	For the Year ended Mar. 31, 13
18 REVENUE FROM OPERATIONS		
(A) Sale of products	26,563.84	26,494.21
(B) Other operating revenues	229.07	316.22
TOTAL	26,792.90	26,810.43
19 DETAILS OF RAW MATERIAL CONSUMED		
(A) Cotton/Yarn	10,997.75	11,633.88
(B) Fabrics	1,935.16	2,324.91
TOTAL	12,932.91	13,958.79
20 DETAILS OF STOCK IN TRADE PURCHASED		
Fabrics	1,160.34	1,556.34
TOTAL	1,160.34	1,556.34

Notes on Accounts:

(Rupees in lacs)		
	For the Year ended Mar. 31, 14	For the Year ended Mar. 31, 13
21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Closing Stock	4,251.00	4,019.44
Less: Opening Stock	4,019.44	2,833.45
NET	231.56	1,185.99
22 EMPLOYEE BENEFITS EXPENSES		
(A) Salaries and Wages	3,021.48	2,870.79
(B) Contribution to Provident and Other Funds	318.57	275.02
(C) Staff welfare expenses	119.87	93.04
TOTAL	3,459.92	3,238.85
23 FINANCE COST		
(A) Interest expense (Net)	139.68	127.11
(B) Other borrowing costs	52.12	39.22
TOTAL	191.80	166.33
24 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation	1,219.98	1,312.74
Amortization	14.19	14.19
TOTAL	1,234.17	1,326.93
25 OTHER EXPENDITURE		
(A) Payments to the auditor		
As auditor	9.55	9.55
For taxation matters	1.26	1.28
Sub total	10.81	10.83
(B) Consumption of Stores, Spares, Dyes and Chemicals	2,045.98	2,209.74
(C) Power & Fuel	2,565.98	2,930.34
(D) Rent	8.78	11.19
(E) Repairs to Buildings	10.28	8.99
(F) Repairs to Machinery	138.94	119.45
(G) Insurance	69.36	71.31
(H) Rate and Taxes	124.97	54.46
(I) Job Charges	2,928.11	2,563.34
(J) Selling and Distribution Expenses	503.74	443.50
(K) Travelling & Convenyance	155.35	134.38
(L) Provision for doubtful debts & advances	192.00	-
(M) Miscellaneous Expenses	694.56	649.24
TOTAL	9,448.85	9,206.77

**Notes on Accounts:****(Rupees in lacs)**

	As at Mar. 31, 14	As at Mar. 31, 13
26 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
(A) Claims against the company not acknowledged as debt	2,691.44	2,689.89
(B) Guarantees	24,625.14	24,625.14
(C) Other money for which the company is contingently liable	40.73	37.92
TOTAL	27,357.31	27,352.95
27 DIVIDEND		
Arrears of fixed cumulative dividend (including Dividend Tax) on cumulative preference shares for the following period.		
- 11% cumulative preference shares for the period from March 26, 2001 to March 31, 2014	2,681.92	2,476.01
- 13% cumulative preference shares for the period from July 1, 2000 to March 31, 2014	941.69	873.25
TOTAL	3,623.61	3,349.26
28 DETAILS OF WORK-IN-PROGRESS		
(A) Up to Yarn Stage	763.39	754.26
(B) Fabrics	529.62	530.55
TOTAL	1,293.01	1,284.81
29 VALUE OF IMPORTS ON CIF BASIS		
(A) Raw Materials	85.65	100.77
(B) Components, Stores, Spares, Dyes and Chemicals	217.63	456.86
TOTAL	303.28	557.64
30 DETAILS OF EXPENDITURE IN FOREIGN CURRENCY		
(A) Travelling Expenses	23.98	24.92
(B) Fees & Services	11.71	14.82
(C) Sales and Distribution exp.	0.22	4.32
(D) Others	10.81	12.61
TOTAL	46.72	56.67

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

	Raw Materials		Stores, Spares, Dyes and Chemicals	
	In %	Rs. In Lacs	In %	Rs. In Lacs
Imported	0.82 (0.73)	106.43 (101.95)	20.19 (22.61)	413.04 (499.52)
Indigenous	99.18 (99.27)	12,826.48 (13,856.84)	79.81 (77.39)	1,632.94 (1,710.22)
TOTAL	100.00 (100.00)	12,932.91 (13,958.79)	100.00 (100.00)	2,045.98 (2,209.74)

Notes forming part of the accounts

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 for derivative instruments for trading or speculative purposes. The foreign currency exposure not hedged as at March 31, 2014 are as under:

Particulars	As at Mar. 31, 14		As at Mar. 31, 13	
	Amount in US \$	INR Equivalent	Amount in US \$	INR Equivalent
Export of Goods and services.	3.11	186.36	2.74	148.93
Total		186.36		148.93

33. Loans and advances to staff include Rs.0.63 lacs (Previous year Rs. 2.71 lacs) due from officers of the company.
34. 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.
35. During the year under review due to loss the company has not provided for Income-tax for the Assessment Year (A.Y.) 2014-15 (Previous year Rs. NIL). Provision for wealth-tax is made of Rs.0.39 lacs (Previous year Rs. 0.35 lacs).

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

The Income-tax assessments of the company are completed up to A.Y. 2011-12. 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.

36. The cost of purchase is arrived at after considering effect of any settlement reached with the suppliers during the year.
37. 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 209 of the Companies Act, 1956.
38. 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.0.07 lacs (Previous year Rs.0.19 lacs) on outstanding for more than 45 days payable to Micro, Small and Medium enterprises. The total amount due to these parties is Rs.NIL (Previous year Rs.6.43 lacs) 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.

39. In view of ongoing comprehensive debt restructuring, the company has not made provision of Rs.32,213.63 lacs for unpaid interest (Previous year Rs.27,409.57 lacs). The loss for the year is

**Notes forming part of the accounts**

understated by Rs. 32,213.63 lacs (Previous year Rs. 27,409.57 lacs). This amount and the amount due to the lenders is disclosed based on information available with the management. As a result, outstanding dues of lenders are subject to reconciliation.

40. The unsecured loans include Rs. 750.00 lacs in the suspense account representing amount of a cheque drawn on HDFC Bank given by the company to Bank of Bahrain & Kuwait (BBK) and paid to BBK by clearing house because of the delay by HDFC Bank in returning the cheque to BBK. The dispute is the subject matter of notice correspondence between HDFC Bank and BBK and under dispute between the company, BBK and HDFC Bank in various courts.
41. The expenditure incurred in respect of assets damaged for which insurance claim has been received has been debited under respective heads.
42. The net worth of the company has eroded. However, the company expects to revive its financial position in view of the ongoing debt restructuring and good prospects of improvement in its operational performance in future. Considering these facts, the accounts of the company are prepared on going concern basis.

43. 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”.

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

Sr. Particulars No.	(Rs. In lacs)	
	For the year ended Mar. 31, 14	For the year ended Mar. 31, 13
1 Assumptions:		
Interest rate	9.10%	8.10%
Estimated rate of return on plan assets	9.00%	8.60%
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	815.93	715.76
Add: Service cost	45.87	45.08
Add: Interest cost	63.59	58.30
Add: Actuarial loss	(17.43)	56.45
Less: Benefits paid	31.32	59.66
Net being present value of obligation as at end of the year	876.64	815.93
3 Changes in the fair value of plan assets		
Fair value of plan assets at beginning of the year	686.06	608.85
Add: Expected return on plan assets	65.63	53.01
Add /(Less) : Actuarial gain / (loss)	(2.28)	6.31
Add: Contributions	116.55	77.55
Less: Benefits paid	31.32	59.66
Net being fair value of plan assets at end of the year	834.64	686.06
4 Actuarial Loss recognised		
Actuarial Loss for the year – Obligation	(17.43)	56.45
Less/ (Add) : Actuarial Gain / (Loss) for the year - plan assets	(2.28)	6.31
Net being Actuarial loss / (gain) recognised in the year	(15.16)	50.14

Notes forming part of the accounts

Sr. Particulars No.	(Rs. In lacs)	
	For the year ended Mar. 31, 14	For the year ended Mar. 31, 13
5 The amounts to be recognised in Balance sheet		
Present value of obligations as at the end of the year	876.64	815.93
Less: Fair value of plan assets as at the end of the year	834.64	686.06
Net being liability recognised in the balance sheet as at the end of the year	42.00	129.88
6 Expenses Recognised in Statement of Profit and Loss		
Current Service cost	45.87	45.08
Add: Interest cost	63.59	58.30
Less: Expected return on plan assets	65.63	53.01
Add: Actuarial loss recognised in the year	(15.16)	50.14
Net being expenses recognised in statement of Profit and Loss-Note	28.67	100.52
7 Estimated amount of contribution to be paid to the plan within the next year	41.99	55.83

Note : The company has not recognised positive impact of Rs.75.33 lacs (P.Y. Rs.Nil) in the Profit & Loss Account for the year ended March 31, 2014 as a measure of prudence.

44. Segment reporting (Accounting Standard - 17):

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

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

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

Secondary segment reporting:		(Rupees in lacs)	
Particulars	In India	Outside India	Total
Sales	22,037.98 (23,180.55)	4,754.92 (3,629.88)	26,792.90 (26,810.43)
Debtors	2,162.62 (2,045.69)	186.36 (148.93)	2,348.98 (2,194.62)

45. Related parties disclosures (Accounting Standard – 18):**(i) Relationships****(a) Key management personnel:**

Mr. Chintan N. Parikh - Chairman & Managing Director

(b) Other related parties where control exists:

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

**Notes forming part of the accounts**

- (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 parties where control exists
Purchases	-	40.63
	(-)	(62.14)
Sales	-	1,480.78
	(-)	(1,200.26)
Expenses	-	2,781.83
	(-)	(2,376.02)
Directors' remuneration	74.98	-
	(66.44)	(-)
Income	-	36.41
	(-)	(36.41)
Other receipts	-	9.69
	(-)	(7.67)
Outstanding		
Payables	-	2.35
	(-)	(91.25)
Receivables	-	-
	(-)	(0.02)

46. Earning per share (Accounting Standard - 20): (Rupees in lacs)

Particulars	2013-14	2012-13
Loss for the year	(1284.41)	(1395.15)
Add: Preference dividend		
13% Redeemable	58.50	58.50
11% Redeemable	176.00	176.00
Loss for the year including preference dividend	(1518.91)	(1629.65)
No. of equity shares outstanding during the year	3,33,68,787	3,33,68,787
Nominal value of ordinary shares	Rs. 10	Rs. 10
Basic and diluted earning per share (Rs.)	(4.55)	(4.88)

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

47. Based on review carried out as on March 31, 2014, no impairment loss is required to be provided for as per Accounting Standard 28 on "Impairment of Assets".
48. Previous year figures have been regrouped / rearranged wherever necessary to confirm to this year's figures.
49. Remittances in foreign currency on account of dividend: NIL

50. Earnings in foreign currency: (Rupees in lacs)

Particulars	For the year ended Mar. 31, 14	For the year ended Mar. 31, 13
Total export sales	4,754.92	3,629.88
Of which F.O.B. value of exports	4,644.53	3,551.20

51. 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

Kaushik D. Shah
Partner

Ahmedabad
May 30, 2014

Chintan N. Parikh
Chairman & Managing Director

Hiren S. Mahadevia
Chief Financial Officer
and Company Secretary

Atul Kumar Singh
Director

Ahmedabad
May 30, 2014

**ASHIMA LIMITED**

**Regd. Office: Texcellence complex,
Khokhara-Mehmedabad, Ahmedabad – 380021.
CIN No. 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 31st Annual General Meeting of the Company at Texcellence Complex,
Khokhara, Mehmedabad, Ahmedabad – 380 021 on Monday, September 29, 2014 at 10.30 a.m.

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

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

Form No. 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	: Texcelence Complex,Khokhra, Mehmedabad, Ahmedabad – 380 021.
Name of the member(s)	:
Registered Address	:
Email Id	:
Folio No/Client 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 _____
Signature _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the company, to be held on Monday, September 29, 10.30 a.m. at Texcellence Complex, Khokhra, Mehmedabad, Ahmedabad – 380 021.

Signed this _____ day of _____ 2014.

Signature of Shareholder : _____

Signature of Proxy holder(s) : _____

Affix a
1 Re.
Revenue
Stamp

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

If undelivered
Please return to :

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