BOARD'S REPORT

Your Directors take pleasure in presenting the Thirty Ninth Annual Report of your Company together with Audited Financial Statements (including Audited Consolidated Financial Statements) for the year ended on March 31, 2022.

1. FINANCIAL RESULTS

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

(₹ in lacs)

Particulars	Standalone		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Total Income	**20,999**	11,444	**20,999**	11,444
Profit / (Loss) before Finance Costs, Depreciation and Amortization Expenses, Exceptional Items & Tax Expenses	**(453)**	773	**(453)**	773
Less: Finance Costs	**229**	198	**229**	198
Profit/(Loss) before Depreciation and Amortization Expenses, Exceptional Items & Tax Expenses	**(682)**	575	**(682)**	575
Less: Depreciation and Amortization	**311**	335	**311**	335
Profit / (Loss) before Exceptional Items & Tax Expenses before share of profit in associate	**(994)**	240	**(994)**	240
Share of profit in associate	**-**	-	**-**	29
Profit/(loss) before Exceptional Items & Tax Expenses	**(994)**	240	**(994)**	269
Add: Exceptional Item (Income)	**3,579**	-	**3,579**	-
Profit Before Tax	**2,585**	240	**2,585**	269
Less: Tax Expenses	**0**	17	**0**	17
Profit After Tax	**2,585**	223	**2,585**	252
Profit/(Loss) from Discontinued operations				
Profit/(Loss) from Discontinued operations	**(477)**	(1399)	**(477)**	(1399)
Exceptional Items from Discontinued operations	**(316)**	-	**(316)**	-
Profit/(Loss) from Discontinued operations	**(793)**	(1399)	**(793)**	(1399)
Profit/(Loss) After Tax	**1,792**	(1176)	**1,792**	(1147)
Other Comprehensive Income	**(90)**	(25)	**(90)**	(25)
Total Comprehensive Income	**1,702**	(1201)	**1,702**	(1172)

2. DIVIDEND

Your Directors do not recommend any dividend on the equity shares as well as preference shares.

3. RESERVES

During the year under review, no amount has been transferred to any reserve.

4. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

The company has reported a profit of ₹ 1,792 lacs for the year as compared to a loss of ₹ 1,176 lacs in the preceding year. Profit for the year includes exceptional items of ₹ 3,579 lacs towards profit on sale of land and a loss of ₹ 316 lacs related to discontinued operations.

The Company has almost doubled its operational revenue driven by volume growth across all its textile divisions and mainly from domestic segment. The textile operations have also been able to improve its contribution levels. However, certain factors such as severe second wave of Covid disrupting business activities during first quarter and stoppage of wet processing operations from end November 2021, on account of disconnection of effluent discharge facility by the Ahmedabad Municipal Corporation as per directions of the Hon'ble Gujarat High Court in a Suo moto public interest litigation, had adversely affected the bottom line.

Denim Division: The division achieved significant growth in production and sales volumes during the year despite taking a hit during the first quarter due to Covid wave. However, with the easing of Covid situation and the opening up of the economy, division was able to regain its markets. Larger part of the growth is from the domestic markets and export business has not been able to recover as yet. On the other hand, the input costs of all the materials including yarn, dyes, chemicals and fuel have seen unprecedented rise during the year, hampering all the gains realized by adding substantial volumes. The division also suffered on account of stoppage of its dyeing and finishing activities during the latter half of the year, resulting into additional outsourcing costs.

Spinfab Division: The division suffered heavily during the Covid-19 pandemic times. After careful consideration of various technical and commercial factors, the company decided to close down the Spinfab Division effective from the end of the financial year 2021-22. The Division was able to realise most of its inventory and trade receivables without any losses.

Dyecot Division: During the year under review, the volumes across various market segments have moved up considerably and improved demand from brands, large format stores upon opening up of the retail sector as well as higher demand from garment exporters have helped the division achieve higher volumes. However, the division suffered due to adverse impacts caused by Covid second wave during the first half and by the plant shutdown during the second half of the year. The division has further strengthened its product development capabilities and continues working on new and value-added products on a continuous basis.

Garment Division: The division has reported improved financials in terms of growth in volumes and profitability. The demand recovery during the year helped the division attain better volumes which went up by more than 50%. The division has been able to focus on a few key customers where volume and consistency have been quite favourable. The export markets still pose many challenges and efforts are underway to achieve improved performance.

Brand business and others: Profitability of brand and other businesses has improved as compared to previous year, on account of impressive volume growth.

Outlook:

The operations and the profitability of the company are likely to remain under stress due to the impact of the ongoing Russia-Ukraine war and the effluents discharge matter. The company has decided to go for Zero Liquid Discharge (ZLD) facility, which will take about six months to get operationalised. The Real Estate activities of the company is also likely to pick up pace and add to the revenues and profitability of the company during the latter part of the current year.

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

5. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company are prepared in accordance with relevant Indian Accounting Standards issued by the Institute of Chartered Accountants of India and form part of this Annual Report.

6. **MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF OUR COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

The disconnection of effluent discharge connection as mentioned hereinbefore continues to involve additional costs and impact the profitability.

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

The Company has one Associate Company namely Shardul Garments Private Limited as on March 31, 2022. Except this, no company has become or ceased to be Company's subsidiary, Joint Venture. Pursuant to the provisions of the Section 129(3) of the Companies Act, 2013 and rules made there under, a statement containing salient features of financial statements of Associate Company in Form AOC-1 is attached at **Annexure-1**.

8. **DEPOSITS**

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. There were no unpaid or unclaimed deposits as on March 31, 2022.

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

Pursuant to Section 134(3) (m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, information on conservation of energy, technology absorption and foreign exchange earnings and outgo forms part of this Report and annexed at **Annexure-2**.

10. **RISK MANAGEMENT**

The Company has framed and adopted a "Risk Management Policy" to identify, monitor, minimize and mitigate risks and determine the responses to various risks to minimize their adverse impact on the organization. The Company is exposed to various financial risks viz. credit risk, liquidity risk, foreign currency risk, interest rate risk etc. The executive management oversees the risk management framework and the Audit Committee evaluates internal financial controls and risk management systems. However, the details of risk management objectives and policies made by the Company under the said provision is given in the notes to the Financial Statements. In the opinion of Board, there are no risk which may threaten the existence of the Company. The Risk Management Policy is available on the website of the Company and weblink of the same is https://ashima.in/wp-content/uploads/2018/08/Risk-Management-Policy.pdf.

11. **CORPORATE SOCIAL RESPONSIBILITY INITIATIVE**

In terms of requirements of Section 135(1) of the Companies Act, 2013, the Board of Directors at its meeting held on August 11, 2017 has constituted a Corporate Social Responsibility (CSR) Committee. The CSR Committee consists of 3 (Three) Directors viz., Mr. Chintan N. Parikh-Chairman & Managing Director, Dr. Bakul Dholakia- Independent Director and Mrs. Koushlya Melwani- Independent Director, as on March 31, 2022.

During the financial year, the said Committee met on October 26, 2021 for consideration, review and recommendation to the Board of Directors of the Company for CSR expenditure. The Committee has noted that no amount was required to be spent towards CSR expenditure for the FY 2021-22 in terms of Section 135(5) of the Companies Act, 2013. Necessary amendments were carried out in CSR Policy and the amended policy is placed on the website of the Company is available on the website of the Company and weblink of the same is https://ashima.in/wp-content/uploads/2021/10/CSR-Policy.pdf.

12. **CHANGE IN NATURE OF BUSINESS**

The Company operates in the textile industry since a long time. Recently, the company has started activities in the real estate business and has also started investment activities with long-term focus. The revenue or assets of both these activities have not yet exceeded the prescribed threshold and do not necessitate segment reporting.

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

During the year under review, the Company has made investments. However, there were no loans or advances granted or guarantees given or security provided under Section 186 of the Companies Act, 2013 during the year. The details of loans or advances granted and investments made as on March 31, 2022 are given in the Notes to the Financial Statements forming part of the Annual Report.

14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the transactions with Related Parties are placed before the Audit Committee for its approval and at the Board of Directors for information. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseeable and repetitive nature. The transactions entered into pursuant to omnibus approval are placed before Audit Committee and Board of Directors on quarterly basis. The policy on Related Party Transaction (RPT) is available on the website of the Company and weblink of the same is https://ashima.in/wp-content/uploads/2022/05/Related-Party-Transactions-Effective-from-April-1-2022.pdf.

All the related party transactions were on arm's length basis and hence disclosure in Form AOC-2 is not required. There were no materially significant transactions with any of the related parties that may have potential conflict with the interest of the Company at large.

Transactions with related parties as per requirements of IND-AS are disclosed in the notes to the Financial Statements.

15. NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The same is available on the website of the Company and weblink of the same is https://ashima.in/wp-content/uploads/2019/02/Nomination-and-Remuneration-Policy-Effective-from-April-1-2019.pdf.

16. ANNUAL EVALUATION OF BOARD'S PERFORMANCE

The Nomination and Remuneration Committee have laid down the manner in which formal evaluation of the performance of the Board, its Committees and individual Directors has to be made, which is broadly in compliance with the Guidance Note on Board Evaluation issued the by SEBI vide its Circular dated January 5, 2017. The Board has carried out the annual performance evaluation of its own performance, Board Committees and Individual Directors pursuant to the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman & Managing Director was evaluated.

The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

17. ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on March 31, 2022 is available on the website of the Company and weblink of the same is https://ashima.in/wp-content/uploads/2022/07/Form-MGT-7-for-the-year-2021-22.pdf.

18. WEBSITE OF YOUR COMPANY

Your Company maintains a website www.ashima.in where detailed information of the Company and specified details in terms of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 has been provided.

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

During the year, 4 (four) meetings of the Board of Directors were held, as required under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The details of Board meetings held during the financial year 2021-22 have been furnished in the Corporate Governance Report forming part of this Annual Report.

During the year, your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

20. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment/Re-appointment during the year:

The shareholders at the 38th Annual General Meeting held on August 17, 2021 approved appointment of Directors as follows:

i. Appointment of Mr. Shrikant Pareek (DIN: 02139143) as Director retiring by rotation.

ii. Appointment of Mr. Krishnachintan C. Parikh (DIN: 07208067) as Whole-Time Director and designated as Executive Director of the Company for a period of three (3) years effective from June 5, 2021.

iii. Re-Appointment of Mr. Neeraj Golas (DIN: 06566069) as an Independent Director of the Company for a second term of five (5) consecutive years effective from August 12, 2021.

Retirement by Rotation:

In accordance with the Articles of Association and the relevant provisions of the Companies Act, 2013, Mr. Chintan Parikh, Director retires by rotation at the ensuing Annual General Meeting of the Company and being eligible seeks re-appointment. Your Board recommends his re-appointment.

Except as stated above, there was no change in the composition of the Board of Directors and Key Managerial Personnel.

21. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) and 134(5) of the Companies Act, 2013, the Board of Directors confirms that to the best of its knowledge and belief:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. the directors had prepared the annual accounts on a going concern basis; and

e. the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;

f. the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

22. DECLARATION OF INDEPENDENT DIRECTORS

All the Independent Directors have given their declaration to the Company stating their independence pursuant to Section 149(6) and Regulation 16(1) (b) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. They have further declared that they are not debarred or disqualified from being appointed or continuing as directors of companies by the SEBI /Ministry of Corporate Affairs or any such statutory authority. In the opinion of Board, all the Independent Directors are person of integrity and possess relevant expertise and experience including the proficiency.

The terms and conditions of the appointment of Independent Directors have been disclosed on the website of the Company and weblink of the same is https://ashima.in/wp-content/uploads/2019/07/Terms-and-Conditions-of-Appointment-of-Independent-Directors.pdf.

23. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

In compliance with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has put in place a Familiarization Program for the Independent Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The same is available on the website of the Company and weblink of the same is https://ashima.in/wp-content/uploads/2022/05/Details-of-Familiarisation-Programmes-imparted-to-Independent-Directors-under-SEBI-_LODR_-Regulations-2015-2022.pdf.

24. INSURANCE

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

25. PARTICULARS OF EMPLOYEES

a. Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report and is annexed as **Annexure-3** to this Report.

b. The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report. However, the said statement is not being sent along with this Annual Report to the members in line with the provisions of Section 136 of the Companies Act, 2013. The same is open for inspection at the Registered Office of the Company. Copies of this statement may be obtained by the members by writing to the Company Secretary.

26. AUDITORS

a. STATUTORY AUDITORS

M/s. Mukesh M. Shah & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 106625W) were appointed as Statutory Auditors of the Company for a period of five years at the 34th Annual General Meeting (AGM) held on August 11, 2017 to hold office from the conclusion of the said meeting till the conclusion of the 39th AGM to be held in the year 2022. The term of office of the said Statutory Auditors will come to an end from the close of the forthcoming AGM of the Company.

The Board of Directors of the Company at its meeting held on May 14, 2022 appointed M/s. Mukesh M. Shah & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 106625W) as the Statutory Auditor of the Company for a second term of five (5) consecutive years to hold office from the conclusion of the 39th AGM till the conclusion of the 44th AGM to be held in the year 2027, based on the recommendation of the Audit Committee and subject to the approval of the shareholders at the ensuing 39th AGM. The Statutory Auditors have confirmed their independent status and eligibility for the said appointment. The remuneration payable to the Statutory Auditor shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

The Auditors' Report for FY 2021-22 forms part of this Annual Report and do not contain any qualification, reservation or adverse remark or disclaimer.

b. COST AUDITOR

On recommendation of the Audit Committee, the Board of Directors have appointed M/s. Ankit Sheth & Co., Cost Accountants (Firm Registration No: 102785) as Cost Auditor of the Company for the financial year 2022-23 under Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, on a remuneration as mentioned in the Notice convening the 39th Annual General Meeting for conducting the audit of the cost records maintained by the Company.

M/s. Ankit Sheth & Co., Cost Accountants have confirmed that they are free from any disqualification specified under section 141 and 148 of the Companies Act, 2013 and Rules framed thereunder.

The Company has filed the Cost Audit Report for the financial year 2020-21 within the stipulated timeline prescribed under the Companies (Cost Records and Audit) Rules, 2014.

c. SECRETARIAL AUDITOR

Pursuant to provisions of Section 204 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended, the Company has appointed Mr. Tapan Shah, Practicing Company Secretary, Ahmedabad, to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2022. The Secretarial Audit Report is annexed herewith as **Annexure-4**.

The Secretarial Audit Report for the year ended on March 31, 2022 does not contain any qualifications, reservations or adverse remarks.

27. REPORTING OF FRAUD BY AUDITORS

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

28. VIGIL MECHANISM

Your Company has established Vigil Mechanism (whistle blower policy) for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report is available on the website of the Company and weblink of the same is https://ashima.in/wp-content/uploads/2021/08/Ashima-Ltd.-Vigil-Mechanism_Whistle-Blower-Policy.pdf.

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

There has been no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations, except the Gujarat High Court Order in effluent discharge matter as reported at Sr. 4 of this Report, which affected the Company's wet processing operations, but does not affect the going concern status.

30. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

31. LISTING WITH STOCK EXCHANGES

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

32. AUDIT COMMITTEE

The Company has an Audit Committee pursuant to the requirements of the Companies Act, 2013 read with the rules framed thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The details of composition of Audit Committee and other details relating to the same are given in the Report of Corporate Governance forming part of this Report. During the Financial Year 2021-22, there has been no instance where the Board has not accepted the recommendations of the Audit Committee.

33. CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34 (3) read with Schedule V (C) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a report on Corporate Governance along with certificate of compliance from M/s. Mukesh M. Shah & Co., Chartered Accountants, Statutory Auditors and Management Discussion and Analysis Report forms part of this report as **Annexure 5 & 6** respectively.

34. SHARE CAPITAL

There has been no change in the Authorised Share Capital or Paid up Share Capital during the year under review.

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

a. Issue of equity shares with differential rights as to dividend, voting or otherwise.

b. Issue of shares (including sweat equity shares) to employees of the Company under any scheme including Employee Stock Option Scheme.

c. Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees.

35. COST RECORDS

The Company is required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the reporting year and accordingly such accounts and records are made and maintained.

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

The Company has constituted an Internal Complaints Committee (ICC) in due compliance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassment.

Your Directors state that during the year under review, no complaints relating to sexual harassment were received nor any cases filed pursuant to the said Act.

37. GENERAL

a. There was no application made or proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

b. There has been no instance of valuation for settlement or for taking loan from the Banks or Financial Institutions

38. APPRECIATION

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

39. ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to the customers, vendors, investors and banks for their 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

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

Place : Ahmedabad
Date : May 14, 2022