


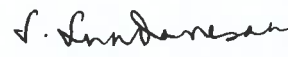






FORM A

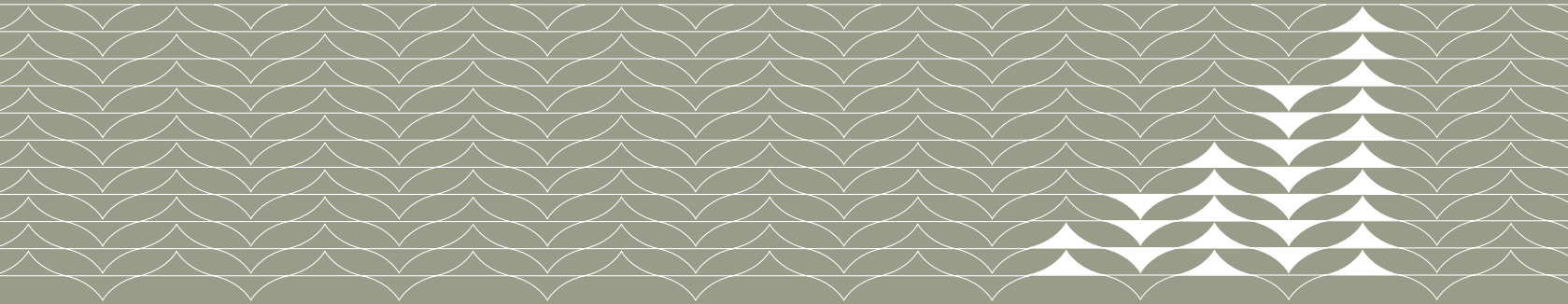
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|---|---|--|
| 1 | Name of the Company | Himatsingka Seide Limited |
| 2 | Annual standalone financial statements for the year ended | 31 st March, 2014 |
| 3 | Type of Audit observation | Un-qualified/ Matter of Emphasis |
| 4 | Frequency of observation | Not applicable |
| 5 | To be signed by – | |
| | <ul style="list-style-type: none"> • CEO/ Managing Director • CFO • Audit Committee Chairman • Auditor of the Company | <p>D.K.Himatsingka ✓ </p> <p>Pradeep K.P. </p> <p>Dilip J. Thakkar </p> <p>Refer to our Audit Report dated May 15, 2014 on the standalone financial statements of the Company</p> <p>For Deloitte Haskins & Sells Chartered Accountants (Reg. No. 008072S)</p> <p></p> <p>S. Sundaresan Partner (M. No. : 25776)</p> |

FORM A

| | | |
|---|--|--|
| 1 | Name of the Company | Himatsingka Seide Limited |
| 2 | Annual consolidated financial statements for the year ended | 31 st March, 2014 |
| 3 | Type of Audit observation | Un-qualified/ Matter of Emphasis |
| 4 | Frequency of observation | Not applicable |
| 5 | To be signed by – • CEO/ Managing Director • CFO • Audit Committee Chairman • Auditor of the Company | <p>D.K.Himatsingka </p> <p>Pradeep K.P. </p> <p>Dilip J. Thakkar </p> <p>Refer to our Audit Report dated May 15, 2014 on the consolidated financial statements of the Company</p> <p>For Deloitte Haskins & Sells Chartered Accountants (Reg. No. 008072S)</p> <p></p> <p>S. Sundaresan Partner (M. No. : 25776)</p> |

2014

ANNUAL REPORT



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OUTLOOK

Dinesh Himatsingka - Managing Director



Dear Shareholders

It gives me great pleasure to report that the Fiscal Year 2014 was a period of growth with stability for the company and we further consolidated our pivotal position in the Home Textile Industry.

As members are aware, we have consciously embraced a philosophy that “while we may not be the biggest we will strive to be the best”. I am happy that the initiatives in the last year and the consequent financial performance helped us reiterate this philosophy.

We operate two manufacturing facilities in India catering to High End Furnishings and Bedding products. Our four distribution entities across North America, Europe, India and Asia address branded and private Label requirements in Drapery, Upholstery, Bedding and Bath products, The distribution businesses cater to requirements from large box retail formats, institutions in the hospitality and real estate segment, Wholesale, architects and interior designers, Multi Brand Outlets (MBO), Shop in shops, and direct consumers.

FINANCIAL HIGHLIGHTS

The company crossed the ₹2000 crore mark for the first time with a consolidated Net Revenue of ₹2028.22 crores as against ₹1689.43 crores in the previous year, a growth of 20.05%. The growth in business, coupled with the various initiatives on the cost side, have helped drive a

better financial performance. The EBITDA grew by 22.7% to ₹204.77 crores as compared to ₹166.83 crores in the previous year. The Profit After Tax grew by 10.5% to ₹63.35 crores as compared to 57.32 crores in the previous year.

RETAIL AND DISTRIBUTION

The North American market which includes the United States, Canada, Mexico exhibited a growth of 18.6 %. The private label distribution business grew 21.6% and the branded business grew 11.40%. We see stable demand for our brands as well as our private label business. It was also a year in which we consolidated our corporate offices from two different locations to one office at New York. We also consolidated our warehousing facilities across two locations at Greenville and Roxboro to one location in Spartanburg in South Carolina, United States. We anticipate these consolidation initiatives to significantly enhance our capabilities in those markets.

Our heritage brand “Bellora” continues to be high on recall in the Italian markets. The revenues in this division grew by 8.80% signalling a small positive shift in an otherwise difficult market. We had initiated several cost rationalisation measures which have started to show results. To increase the visibility of the brand and to enhance royalty streams we have launched the “Bellora” brand in a large box retail format in the United States. We expect to see some positive results in the future.

The distribution businesses across India and Asia are represented by Atmosphere. As members are aware we have an e-commerce platform "atmospheredirect.com" which offers the entire range of products viz., drapery and upholstery fabrics, bedding products and exclusive range of decorative pillows. We closed two stores one in Pune and the other in Powai as part of our rationalisation efforts in this division. We also opened an atmosphere "outlet" store in Whitefield Bangalore as part of our initiative to address a wider customer base. With this we have 13 stores in this division 11 in India, one each in Singapore and Dubai.

MANUFACTURING

The Revenues from Manufacturing activities grew 37.70% to ₹983.68 crores from ₹714.47 crores during the previous year. The growth was led by increased capacity utilizations at the Bed Linen Plant. We remain focused on sweating our manufacturing assets in both the Bed Linen and the Drapery and Upholstery Plant while we continue to optimize our product mix and realizations.

FUTURE OUTLOOK

ERP platform The Company had embarked on a program to integrate its various businesses. Consequent to this, we had successfully implemented the SAP ERP platform across all our manufacturing and retail locations in India. We have started the implementation of this platform

across the distribution locations in the United States. Post implementation, we expect to see benefits through efficiencies as a result of the integration.

It gives me immense satisfaction that the company has over time exhibited a significant distribution footprint across the globe in the Home Textile industry. This Distribution strength along with Design, strategic global sourcing capabilities, Supply chain capabilities and world class Manufacturing make the Himatsingka experience a name to reckon with in the Home Textile space. I see great opportunity to leverage this strength for our growth in the future.

DIVIDEND FOR THE YEAR 2014

We have always been a company that rewards our shareholders when we have had a good year. In line with our good performance this year, the Board of Directors have recommended a dividend of 30% to its shareholders.

In conclusion, on behalf of our Board of Directors, I would like to thank our employees and our Shareholders for their trust in the Management. We look forward as always, to your support and encouragement.

Thank You

Dinesh Himatsingka
Managing Director
Himatsingka Seide Limited

CORPORATE INFORMATION

Board of Directors

Dilip J. Thakkar
Chairman

A.K. Himatsingka
Vice Chairman

Dr. K.R.S. Murthy

Berjis M. Desai

A.K. Dasgupta - upto 12.8.2013

Rajiv Khaitan

Samuel Joseph Jebaraj
Nominee Director of
Export-Import Bank of India
- upto 10.01.2014

D.K. Himatsingka
Managing Director

Aditya Himatsingka
Executive Director

Shrikant Himatsingka
Executive Director

Audit Committee

Dilip J. Thakkar - Chairman

Rajiv Khaitan - Member

Dr. K.R.S. Murthy - Member

Shareholders/ Investors

Grievance Committee

Rajiv Khaitan - Chairman

A.K. Himatsingka - Member

Dr. K R S Murthy - Member

Investment Committee

D.K. Himatsingka - Member

A.K. Himatsingka - Member

Rajiv Khaitan - Member

Share Transfer Committee

A.K. Himatsingka - Member

D.K. Himatsingka - Member

Aditya Himatsingka - Member

Remuneration Committee

Rajiv Khaitan - Chairman

Dr. K.R.S. Murthy - Member

Dilip J Thakkar - Member

Risk Management Committee

Dr. K.R.S. Murthy - Member

Aditya Himatsingka - Member

Shrikant Himatsingka - Member

QIP Committee

Dr. K.R.S. Murthy - Member

D.K. Himatsingka - Member

Aditya Himatsingka - Member

Shrikant Himatsingka - Member

Senior Executives

David Greenstein
President & CEO
Himatsingka America Inc., U.S.A

Pradeep K.P.
President - Finance & Group CFO

Vasudevan V
President - Manufacturing Operations

Y. R. Wilson Maria Doss
President - Corporate HR (India)

Jayshree Poddar
Head of Design

Company Secretary

Ashok Sharma

Bankers

Canara Bank

Export - Import Bank of India

The Hongkong & Shanghai
Banking Corporation Ltd

ICICI Bank Ltd

Statutory Auditors

Deloitte Haskins & Sells

Registered Office

10/24, Kumara Krupa Road
High Grounds
Bangalore - 560 001

Works

Drapery and Upholstery Unit :
23A KIADB Industrial Area
Veerapura Village
Doddaballapur Taluk
Bangalore District

Bed Linen Unit :

Plot No.1, SEZ, Textile Specific
KIADB Industrial Area
Gorur Road
Hanumanthapura P O
Hassan-573201

MANAGEMENT DISCUSSION AND ANALYSIS

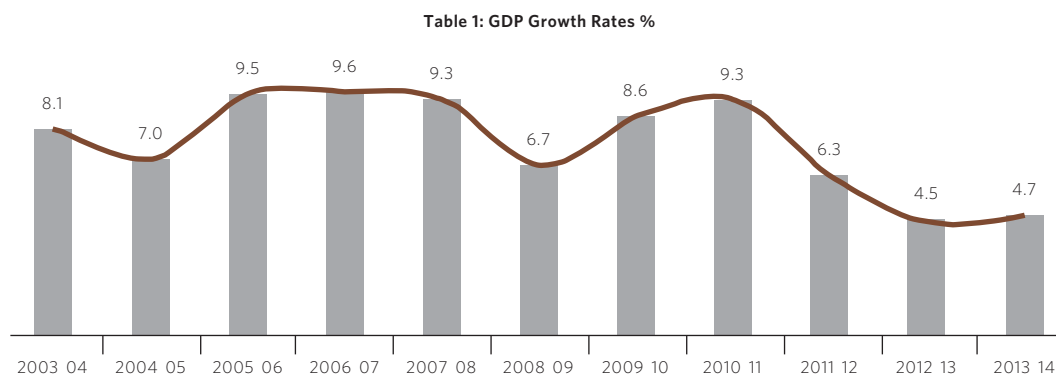
Global Economic Overview

The World economic growth for the year 2013 was subdued and stood at 2.1 percent. While most developed economies struggled to take appropriate fiscal and monetary policy action in the aftermath of the financial crisis, emerging economies that had already experienced a notable slowdown in the past two years encountered new domestic and international headwinds. However, there seem to be signs of improvement on the horizon. Global GDP (Gross Domestic Product) is forecast to grow at a pace of 3.0 and 3.3 percent in 2014 and 2015, respectively.

On the Global trade front, the growth of world merchandise trade slipped to 2.3 percent for 2013 as against 3.1 percent in 2012. The prospects for global trade are expected to improve, driven by better economic conditions in Europe, further recovery in the United States and dynamic trade in East Asia.

Indian Economic Overview

The Indian economy has been going through challenging times that culminated in a lower than 5 percent GDP growth for two consecutive fiscals, during FY 2012-13 and FY 2013-14. Persistent uncertainty in the global outlook, caused by the crisis in the Euro area, a general slowdown in the global economy compounded by domestic structural constraints and inflationary pressures, resulted in a protracted slowdown. This growth rate is in sharp contrast to an average growth rate of 8.3 per cent per annum from FY 2004-05 to FY 2011-12. (Source: MOSPI).



(Source: MOSPI – Ministry of Statistics and Programme Implementation)

This moderation in growth was primarily on the back of a less than desirable services sector performance and a significant contraction in the industrial sector. The Industrial sector saw the Index of Industrial Production (IIP) contracting for the first time in over three decades. However, a stable government at the center and a renewed vigor to pursue fiscal consolidation should provide a fresh impetus to the manufacturing and service sectors. In addition to the above, potential new policy reform measures are likely to put the Indian economy back on a high growth trajectory.

While India continued to witness sluggish GDP growth, it made considerable progress on containing its Trade Deficit for FY 2013-14. Total exports for FY 2013-14 grew 4% to USD 312.6 billion. Total imports, however, contracted 8.1% and thus lead to a reduction in Trade deficit by approximately 20% vis-à-vis the previous fiscal. The favorable trend on the export front, coupled with a reduction in imports seems to augur well for the Indian economy as this has contributed to a significant reduction of the current account deficit and is also helping the Indian currency stabilize from the levels it witnessed during 2013. FY 2013-14 was also a good year for the Indian economy as, in addition to bridging its Trade Deficit, it witnessed a significant improvement in containing its Fiscal Deficit. The government contained the Fiscal deficit to 4.5% of GDP vs. 4.9% during the previous year.

The economic slump witnessed over the last two fiscals had negatively impacted investor confidence. However, a stable government and improving economic fundamentals are likely to bring back sustained investor confidence in the Indian economy as has been witnessed during the latter half of FY 2013-14.

Global Textile Industry

The Global Textile & Apparel trade stood at USD 708 Billion and contributed to 4% of Global trade during 2012. Of USD 708 Billion, USD 423 Billion came from the Apparel sector and USD 285 Billion came from the Textiles sector. (Source: *International Trade Statistics 2013*, WTO)

The global Textile and Apparel trade has witnessed a Compounded Annual Growth Rate (CAGR) of 5.7% from 2004 through 2012. At this rate of growth, Global trade of Textile and Apparel products is expected to cross USD 1 Trillion by 2021.

While developed economies continue to be major consumption centers for textile products, emerging market economies, India and China in particular, are also contributing to the enhanced global demand for textile products. On the manufacturing front however, the structural shift to the east continues and India and China dominate the textile manufacturing space with large capacities, fresh investments in addition to access and proximity to vast raw material resources.

Global Home Textile Scenario

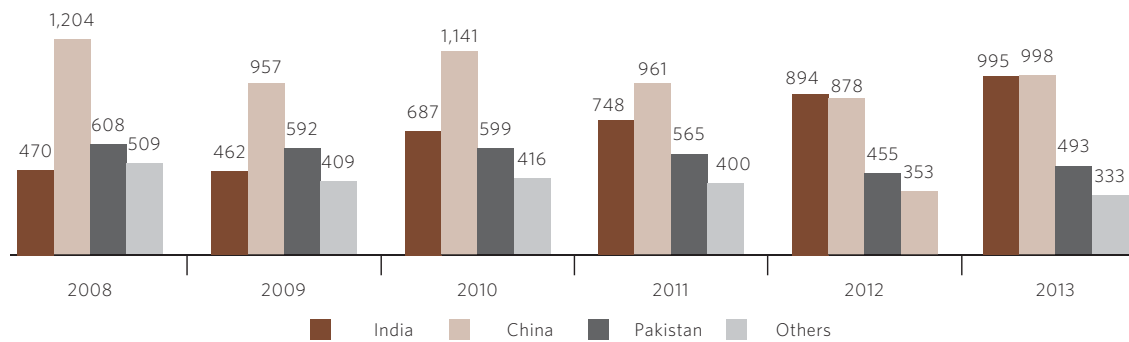
The United States continues to dominate the Global Home Textiles market. With an estimated market size pegged at USD 28 - 30 Billion (Source: Home Textiles Today), the United States constitutes an estimated 40% of the Global Home Textile market valued at USD 70 - 75 Billion.

The United States Home Textile market is an extremely mature market with the organized retail sector contributing over 99% of total throughput in that geography. The market is dominated by retailers who operate large Specialty store chains, Department store chains and Big Box discount chains.

Given the strong presence of Himatsingka in the bedding segment and its large presence in the North American market, the import data of the United States pertaining to cotton based bedding products is of particular significance.

The sourcing of Cotton based bedding products for the United States market is predominantly from India, China and Pakistan, among other countries. As seen in Table 2 below, the United States has increased its sourcing of Cotton Sheets, Pillow Cases, Bed Spreads and Quilts from India over the years. While total imports from India of these products stood at USD 470 Million in 2008, the same has grown to USD 1 Billion in 2013. This translates to a CAGR of 16.2% over the same period. China, however, has clocked CAGR of a negative 3.7% during the same period. This demonstrates India's manufacturing competitiveness in cotton based bedding products, which is likely to continue, given India's vast Cotton resources and a strong manufacturing platform for the usage of this fiber.

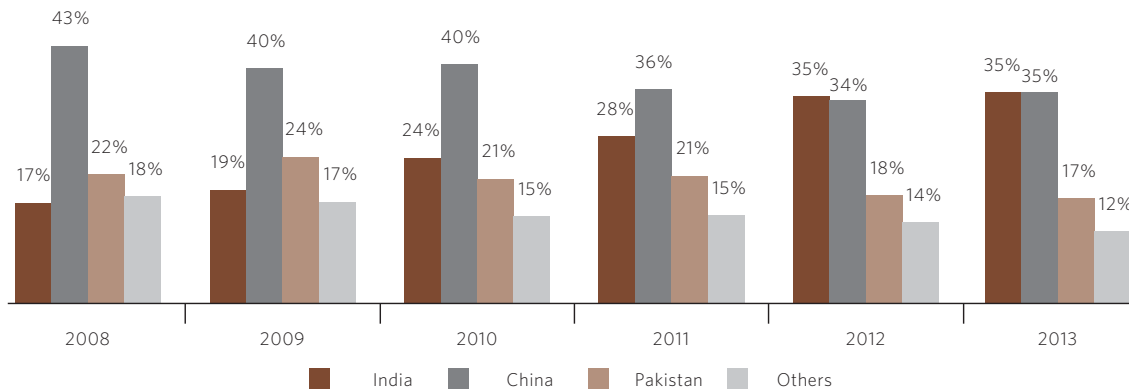
Table 2: US Imports USD Million



(Source: OTEXA, Department of Commerce, United States of America)

Further, Table 3 below demonstrates the percentage share of the United States imports of Cotton Sheets, Pillow Cases, Bed Spreads and Quilts. India and China clearly dominate the market with a 70% share of Imports. India's share of imports of the above products has grown from 17% in 2008 to 35% in 2013.

Table 3: US Imports Share of Countries



(Source: OTEXA, Department of Commerce, United States of America)

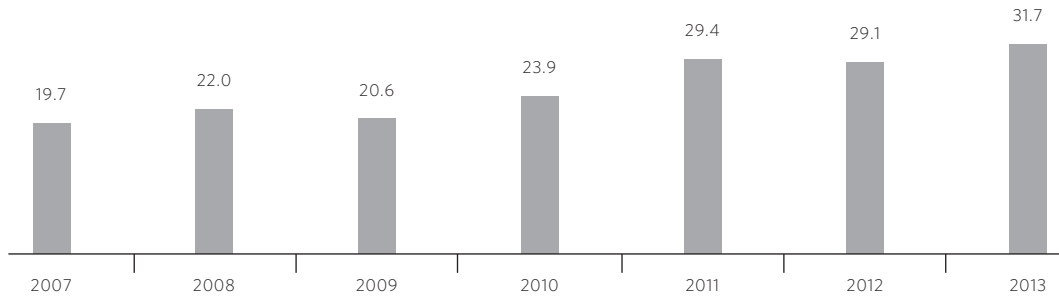
Indian Textile Scenario

The Indian Textile industry has kept pace with the growth India has witnessed over the years. The industry continues to substantially contribute to the country's GDP, employment and foreign exchange earnings.

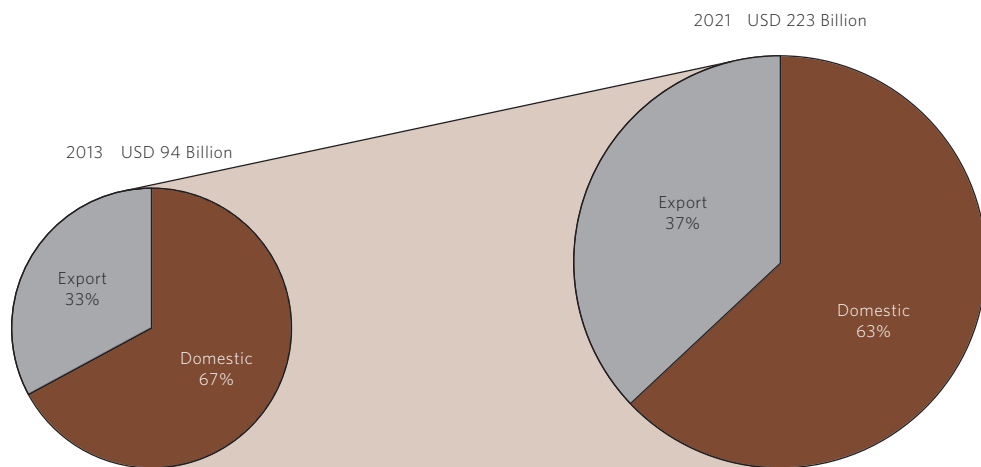
With a contribution of close to 4% of GDP, a direct employment base of approximately 40 million people, an 11% share of India's exports basket and a contribution of 12% to Industrial production, the Indian Textile Industry is a powerful sector and will play an important role in the economic growth of the country.

The size of India's Textile and Apparel Industry (Domestic and Exports) is estimated at USD 94 Billion in the year 2013. This is projected to grow to USD 223 Billion by 2021. The growth will be driven by both the domestic and export segments of the industry. While exports are likely to grow from USD 31 Billion in 2013 to USD 82 Billion in 2021, the domestic market is likely to grow from USD 63 Billion to USD 141 Billion during the same period. (Source: FICCI, Ministry of Textiles). As seen in Table 4 below, Indian textile and apparel exports have seen a steady rise over the years. Exports have clocked a CAGR of 8.2% from 2007 through 2013.

Table 4: India Exports of Textiles and Clothing (USD Billion)



(Source :International Trade Statistics 2013, WTO)



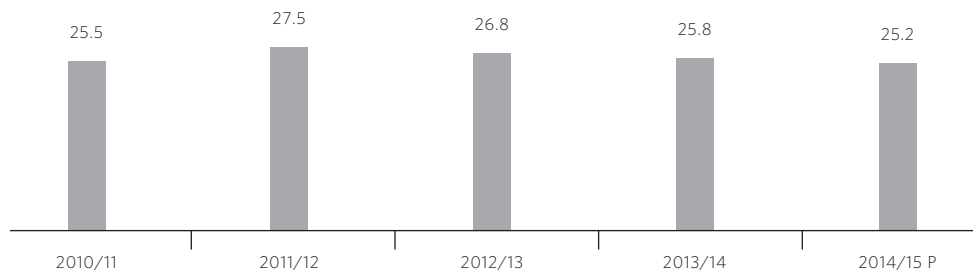
With a potential to cross USD 200 Billion by the end of the 13th Five Year Plan, it is evident that the Indian Textile Industry is poised to occupy an important place in the Global textile map. This growth will be fueled by the significant strengths and advantages India enjoys particularly in Cotton based textile products among other textile categories. The same will be leveraged to enhance its share of global textile trade and enable it to keep pace with the growing domestic demand.

India enjoys five significant strengths and advantages in the cotton textile sector. Below is an analysis of each of these strengths.

Raw Material Availability

Cotton is amongst the most extensively used fibers in the Global Textile space. India's vast cotton resources give it a strong competitive edge to be able to compete for a larger share in Global Textile and Apparel trade as well as position it to address the growing domestic demand for cotton textiles. World cotton production has been range bound over the last five years and stood at approximately 26 million tons during 2013-14. Table 5 below shows the Global Cotton Production over the last five years.

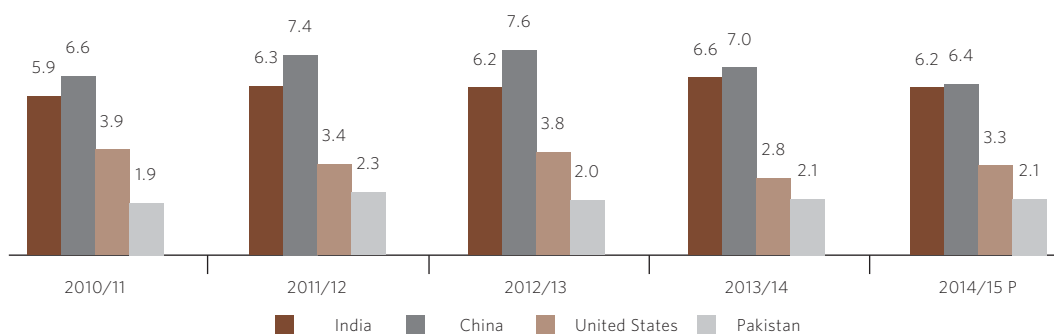
Table 5: World Cotton Production - Million Metric Tons



(Source: United States Department of Agriculture)

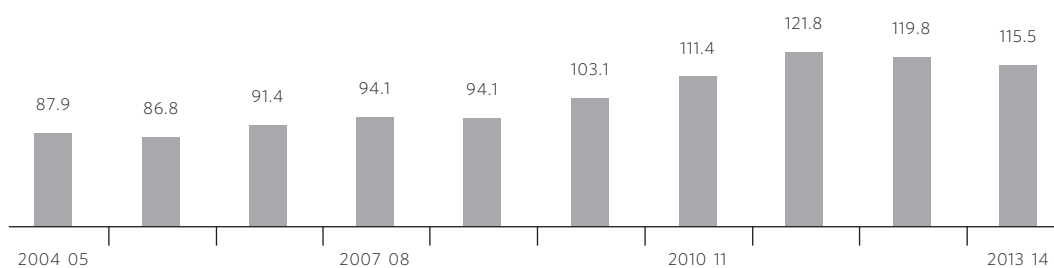
India and China contribute to close to 50% of global cotton output. With over 115.5 lakh hectares under cultivation and yields of approximately 552 kgs per hectare, the total output of cotton from India is close to 6.2 million tons per annum. (Source: Cotton Advisory Board, India). This makes India the second largest producer of cotton in the world and the largest from a perspective of the total area under cultivation. Table 6 and 7 below show India's cotton production vis-à-vis China, USA and Pakistan and the steady rise in the area under cultivation over the last ten years.

Table 6: Cotton Production - Million Metric Tons



(Source: United States Department of Agriculture)

Table 7: Area under Production - Lakh Hectares



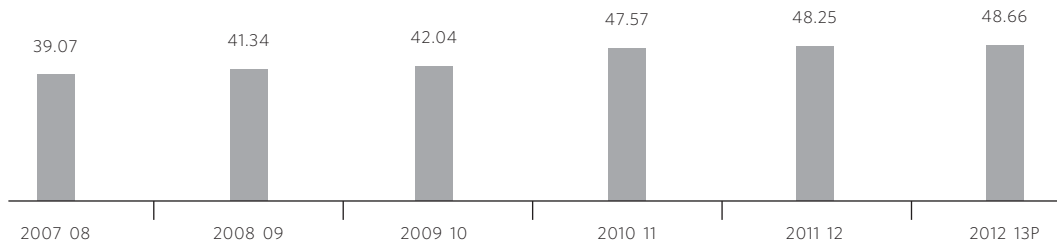
(Source: Cotton Advisory Board, Cotton Corporation of India)

Strong Manufacturing Base

On the manufacturing front, India has a great advantage given its superior manufacturing capabilities, expertise and access to vast raw material resources. Over the last two decades, India has consistently invested in fresh capacities across the cotton value chain including Spinning, Weaving, Processing and Confectioning capacities.

Therefore, as shown in Table 8 below, the estimated installed spindlage has grown from 39.07 million spindles in 2008 to 48.66 million spindles in 2013, a CAGR of 4.5%.

Table 8: Installed Capacity - in Million Spindles



(Source : Ministry of Textiles, India)

On the loomage front, the installed capacity of shuttle-less looms shows a degrowth from 56 thousand numbers in 2008 to 52 thousand numbers in 2013, a CAGR of a negative 1.5%. While the number of looms shows a degrowth, it is actually reflective of both a larger capacity and better efficiencies as new generation weaving machines take the place of older, less efficient weaving machines. Therefore, the underlying capacity to produce fabric stands enhanced.

Table 9: Installed Capacity - Shuttle-less Looms in Thousands

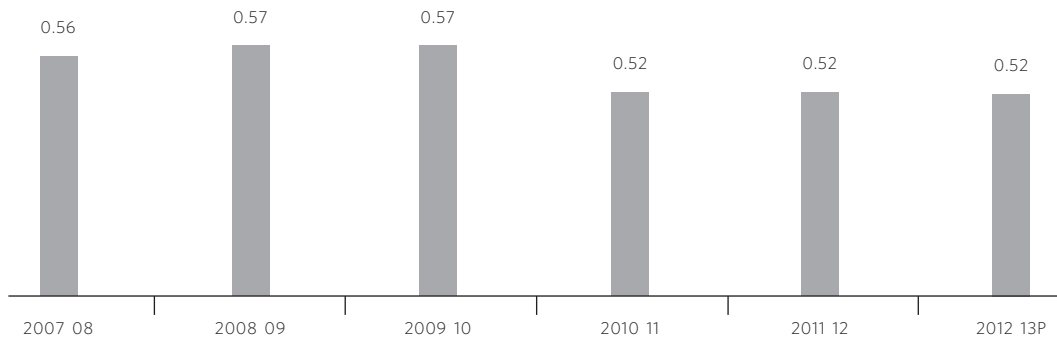


Table 9: (Source : Ministry of Textiles, India)

Manpower Advantage

On the employment front, The Textiles Sector is the second largest employer after agriculture. As per the National Skill Development Council report, the overall employment in the Textile sector is likely to grow from an approximate 40 million in the current year to about 60 to 62 million by 2022. (Source: *Ministry of Textiles*). This would translate to an incremental human resource requirement of about 25 million persons. Given India's vast manpower resources, it is well positioned to absorb this additional requirement over the years to come. In addition, the cost of manpower will continue to be largely competitive vis-à-vis competing countries, given the sheer size of India's resources vis-à-vis most major textile producing countries.

Robust Domestic Demand

In addition to India playing a strong role in the Global Textile market, a strong domestic demand in India will continue to aid the growth of the textile sector.

The domestic textile market in India is expected to grow from USD 63 Billion in 2012 to USD 141 Billion in 2021. This growth is likely to be driven by the significant increase in urbanization, changing consumer habits and rising disposable incomes of a vast section of the Indian population.

Positive Policy Framework

All these advantages are aided by the pro investment policy regime promoted by the Government of India for the textile sector. The Technology Upgradation Fund Scheme (TUFS), which is the "flagship" Scheme of the Ministry of Textiles, is the scheme for modernisation and technology upgradation in the textile sector. This Scheme aims at making funds available to the domestic textile industry for technology upgradation of existing capacities as well as to set up new capacities with state-of-the-art technology so that its viability and competitiveness in the domestic as well as international markets stands enhanced. Over ₹2,00,000 Crores have been sanctioned under the TUF Scheme till the year 2013. (Source: *Office of the Textile Commissioner, India*) and the TUF scheme is likely to continue through the 12th Five Year Plan.

Himatsingka Group Overview

The Himatsingka Group (Himatsingka Seide Limited and its subsidiaries, herein referred to as The Group) is a vertically integrated home textile group that manufactures, retails and distributes bedding, bath, drapery, upholstery and lifestyle accessory products. The Group operates two manufacturing facilities in India and retail and distribution businesses across North America, Europe and Asia.

With an installed capacity of 25 mmpa (million meters per annum), the Group is amongst the largest manufacturers of Drapery, Upholstery and Bedding products out of India. The manufacturing facilities are state-of-the-art and vertically integrated.

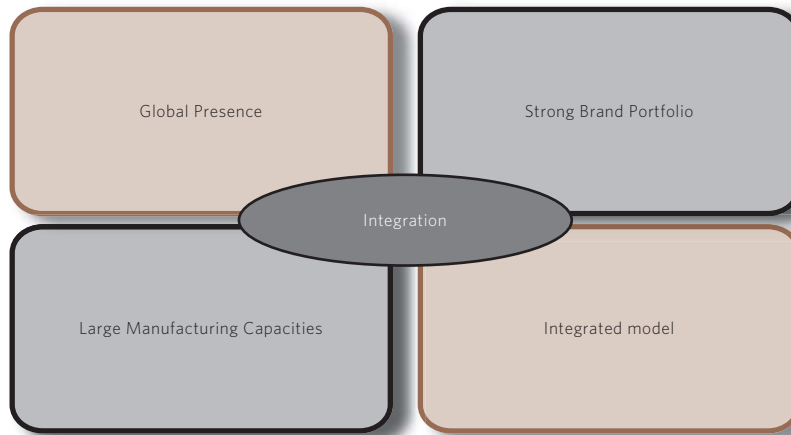
On the retail and distribution front, North America is the largest market for the Group. Revenues from North America stood at 84.6% of Consolidated Revenues of the Group. The Group has an extremely strong presence in the North American market through its subsidiaries DWI Holdings Inc. (DWI) and Divatex Home Fashion Inc. (DHF). The Group operates a strong portfolio of brands that caters to the North American markets including marquee brands like Calvin Klein Home, Barbara Barry and Esprit among others.

The Group also has a strong presence in India and Europe through its Atmosphere and Bellora brands respectively. While in North America the Group is focused on servicing major retailers, in Europe and India/Asia, the Group operates exclusive stores for its brands and also reaches the end consumer through high end Multi Brand Outlets and Department stores.

Globally, the Group has substantial reach in the Home Textile market and its products are present in over 7000 points of sale.

The Himatsingka Advantage

The Himatsingka Group has continued to build on its vertically integrated model. The Group has made significant investments in the four key areas it believes will strengthen its global leadership in the Home Textile industry.



The strong portfolio of brands gives the Group an edge in tapping global shelf space to reach the end consumer. These brands are either owned or exclusively licensed by the Group.



Human Resources

Our approach to Human Resources has enabled us to be able to attract, integrate, develop and retain the talent required for driving sustainable growth. The continued focus on enhancing employee capabilities and benchmarking to be able to deliver best in class working environments have helped the Group to maintain its leadership in the Home Textile industry.

Our HR processes and systems have enabled us to be agile and responsive to the dynamic global environment that prevails today. We are focused to create a culture that is performance driven and recognizes innovation across the spectrum of activities within the Group. The Group employs over 4,500 people across its businesses.

Internal control systems and their adequacy

The Company's internal control systems ensure proper safeguarding of assets, maintaining proper accounting records and reliable financial information.

An external independent firm carries out the internal audit of the Company's operations and reports its findings to the Audit Committee on a regular basis. Internal Audit also evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting.

The combination of policies and processes address the various risks associated with the Company's business. The Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

Risks, Threats and Concerns

The Company's risks, threats and concerns have been discussed comprehensively under the segment, Risk Management, later in this section.

Emerging Opportunities and Outlook

With the growth in Global Textile & Apparel trade, several opportunities continue to emerge for the Group.

- The Group is seeing enhanced demand for its products and offerings in certain markets like North America driven by the positive economic environment that prevails in those geographies that in turn stimulates product demand.
- There is potential to tap new markets where the Group has negligible or no presence. With the current concentration in North America, there is scope to look at new markets where Home Textile product categories are seeing significant growth.
- We believe that the shift to the East in reference to manufacturing activities will continue, thereby positioning geographies like India to be desirable sourcing hubs catering to the growing global demand.

The Group remains focused on strengthening its manufacturing capabilities and enhancing its global distribution reach. On the manufacturing front, the group continues to invest in technology, research and development and capacities. The manufacturing divisions are capital intensive and therefore it is imperative for the group to focus on driving production efficiencies by driving technology, research and development and scale.

On the retail and distribution front, the Group has a rich portfolio of brands that address various tiers of the market and a strong presence in the private label market. Himatsingka continues to explore ways to strengthen its brand portfolio further and drive global presence by enhancing points of sale serviced via its branded and private label products.

Discussion on Consolidated Financial Performance

A summary of our financial performance for the year ended March 31, 2014 and 2013 is as follows:

₹ in Lakhs

| Particulars | 2013-14 | 2012-13 | Change % |
|---------------------------------|---------------|---------------|--------------|
| Revenue and Other income | 203,288 | 169,841 | 19.7% |
| Cost of Materials consumed | 131,920 | 110,073 | 19.8% |
| As a % of Revenue | 64.9% | 64.8% | |
| Employee benefit expenses | 20,014 | 17,183 | 16.5% |
| Other expenses | 30,877 | 25,902 | 19.2% |
| EBITDA | 20,476 | 16,683 | 22.7% |
| Depreciation | 5,438 | 5,216 | 4.3% |
| EBIT | 15,038 | 11,467 | 31.1% |
| Interest and finance costs | 8,283 | 6,528 | 26.9% |
| Profit before exceptional items | 6,755 | 4,939 | 36.8% |
| Exceptional gain / (loss) | (414) | 235 | |
| Profit before tax | 6,342 | 5,175 | 22.6% |
| Profit after tax | 6,335 | 5,732 | 10.5% |

Revenue analysis

Consolidated Revenue for the year increased by 19.7% to ₹203,288 lakhs.

- **Manufacturing business**

Revenues from the Bed Linen manufacturing unit increased by 41.0%. The capacity utilization for the current year was 88.8%.

Revenues from the Drapery and Upholstery manufacturing unit increased by 18.1%. The capacity utilization for the current year was 53.6%.

- **Retail and Distribution business**

Revenue from the distribution business in North America increased by 18.6%.

Revenue from the distribution business in Europe increased by 8.8%.

Revenue from our 'atmosphere' brand declined by 3.1%.

Expenditure analysis

- The Cost of Materials consumed stood at ₹131,920 lakhs during the year. Material costs as a percentage of revenue increased marginally from 64.8% to 64.9% given the variation in product mix and the ratio of distribution revenue streams from North America as a percentage of Consolidated Revenues.
- Employee benefit expenses increased by 16.5% to ₹20,014 lakhs reflecting increased manufacturing activities and ordinary course inflation.
- Interest and Finance charges increased by 26.9% to ₹8,283 lakhs. This includes foreign exchange losses of ₹1,147 lakhs on account of loans denominated in foreign currency classified as finance charges as per requirement of Accounting Standard 16- Borrowing costs. Excluding the above classification the Interest and Finance charges have increased by 23.0% to ₹7,136. This increase was mainly due to reset of interest rate as per 'interest reset' clause in the agreement on TUFS loan taken for Bed Linen unit and higher working capital borrowings.
- Exceptional items a loss of ₹414 lakhs include an income of ₹1,236 lakhs on account of a subsidy under the Industrial Policy of the Government of Karnataka and one-time expenses of ₹1,153 lakhs on account of manpower rationalization, costs of closure of some retail shops and outlets in Italian subsidiary. In addition, the Group incurred ₹497 lakhs on Warehouse consolidation in the North America and resulting manpower rationalization included in the Exceptional items.

Profitability analysis

- EBITDA increased by 22.7% to ₹20,476 lakhs. The EBITDA margins improved marginally to 10.1% compared to 9.8% in the previous year.
- The Consolidated Profit after tax for the year increased by 10.5% to ₹6,335 lakhs.

Consolidated Balance Sheet

An analysis of our Consolidated Balance Sheet as at the year ended March 31, 2014 and 2013 is as follows:

| Particulars | ₹ in Lakhs | |
|---|------------------|------------------|
| | As on 31.03.2014 | As on 31.03.2013 |
| Share capital | 4,923 | 4,923 |
| Reserves and surplus | 69,578 | 58,635 |
| Shareholders' funds | 74,501 | 63,558 |
| Total Borrowings | 81,357 | 70,301 |
| Deferred tax liabilities | 1,553 | 648 |
| Other long term and current liabilities | 37,445 | 27,238 |
| Minority interests | (3,322) | (1,998) |
| Total liabilities | 191,534 | 159,748 |
| Fixed assets | 45,363 | 46,277 |
| Goodwill | 60,083 | 53,263 |
| Investments | 21 | 328 |
| Inventories | 63,825 | 40,750 |
| Trade receivables | 2,252 | 6,722 |
| Cash and cash equivalents | 2,656 | 2,897 |
| Loans and advances | 14,712 | 9,132 |
| Other current assets | 2,622 | 379 |
| Total current assets | 86,068 | 56,065 |
| Total assets | 191,534 | 159,748 |

Analysis of Liabilities

- Total borrowings increased by ₹11,056 lakhs to ₹81,357 lakhs due to an impact of ₹4,572 lakhs on account translation of foreign currency loans at higher exchange rate and increase in working capital borrowings by ₹17,045 lakhs. During the year, the Group repaid long term loans of ₹10,082 lakhs and borrowed ₹1,018 lakhs.
- Deferred tax liabilities increased by ₹905 lakhs to ₹1,553 lakhs during the year. This amount is on account of tax deductible amortization of goodwill arising out of acquisition of Divatex Home Fashion Inc. and DWI Holdings Inc.
- Current liabilities increased by ₹10,207 lakhs to ₹37,445 lakhs mainly due to increase in trade payables, higher provision for dividend including tax thereon and provision for tax by ₹9,043 lakhs, ₹576 lakhs and ₹490 lakhs.
- Minority interest of ₹3,322 lakhs is shown as a receivable from the minority interest since the minority has a binding obligation to and will be able to make good the losses made by the subsidiary.

Analysis of Assets

- Fixed assets including capital work-in-progress decreased by ₹914 lakhs to ₹45,363 lakhs mainly due to the depreciation and amortization expense of ₹5,438 lakhs and addition of ₹3,652 lakhs to the fixed assets and increase in capital work-in-progress by ₹488 lakhs during the year.
- Goodwill increased by ₹6,820 lakhs to ₹60,083 lakhs mainly due to translation impact on account of rupee depreciation.
- Investments decreased by ₹307 lakhs to ₹21 lakhs mainly due to a provision in diminution in the value of investments by Giuseppe Bellora S.p.A.
- Inventories increased by ₹23,074 lakhs mainly due to an increase of ₹14,000 lakhs in the North American subsidiaries on account of build-up of stocks for a new program and ₹3,600 lakhs due to increase in foreign exchange rates used for translation.
- Trade receivable decreased by ₹4,469 lakhs.
- Loans and advances and other current assets increased by ₹7,823 lakhs to ₹17,334 lakhs due to increase in prepaid expenses, advances to suppliers, Advance tax and MAT credit entitlement by ₹1,732 lakhs, ₹707 lakhs, ₹608 lakhs and ₹1,195 lakhs respectively.

Key Financial Parameters

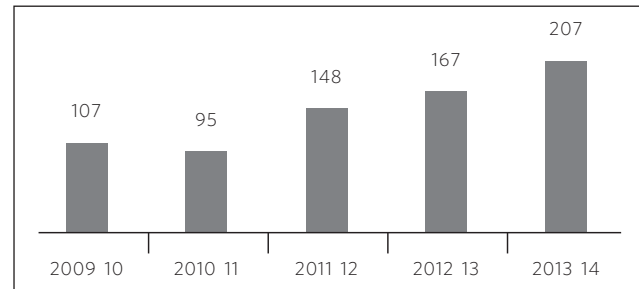
Consolidated Revenue

₹ Crores



EBITDA

₹ Crores



EBIT

₹ Crores



Networth

₹ Crores



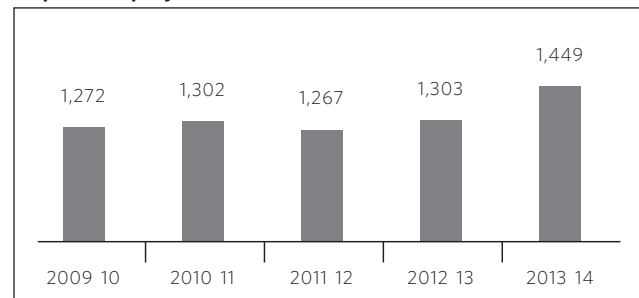
Gross Block

₹ Crores

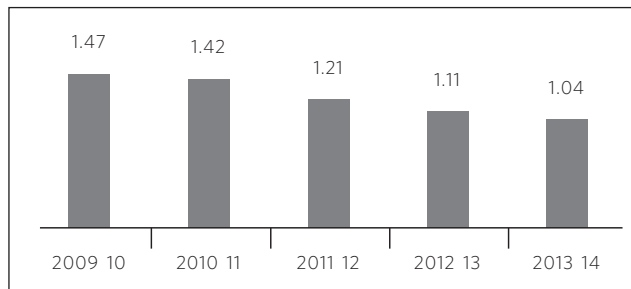


Capital Employed

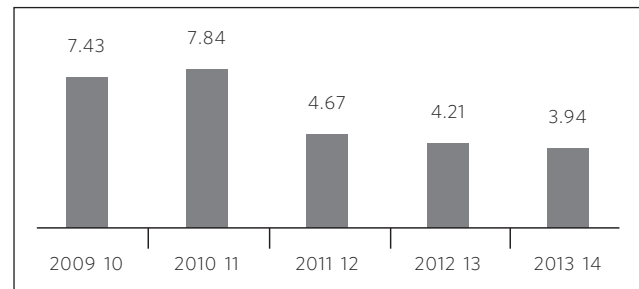
₹ Crores



Total Debt/Equity

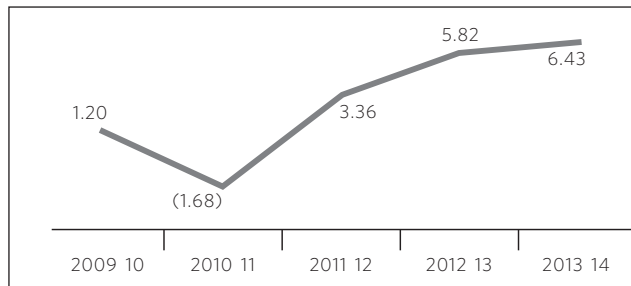


Total Debt/EBITDA

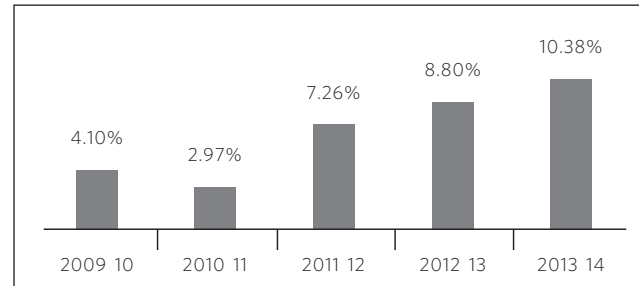


EPS

₹



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RISK MANAGEMENT

The key objective of the Group's risk management system is to protect and further shareholder value through an opportunity-focused but risk-aware decision making framework.

The Group has well established internal control systems for operation of the Company and its subsidiaries. Finance department in partnership with other departments plans, implements and monitors the internal control systems. In addition, an independent audit firm undertakes an assessment of internal controls and compliance with the Group operating policies.

In this section, we have highlighted the Group's most important risks and opportunities. Risks are summarized in two categories: Business and Operational Risks and Financial Risks.

Business and Operational risk:

Business Concentration risk

Risks arise from a dependence on particular customers, suppliers, other business partners, products or markets. An over reliance on a customer or on a supplier for a substantial part of the Group's business increases the Group's vulnerability to delivery and sales and could lead to significant margin pressure. A dependence on certain markets could make the Group susceptible to swings in customer demand or changes in the market environment.

The Group is actively pursuing opportunities in other geographies and evaluating alternative distribution networks in existing markets. We are continuously investing in strengthening brand equity to increase the consumer appeal of our products. Building strong relationships with customers to be a valuable and reliable business partner for them is one of the guiding principles of the Group.

Commodities risk

Raw material costs account for approximately 65% of the Group's sales. Our operating results may be adversely affected by increased costs, disruption in supply or shortages of raw materials and other supplies.

The Group continues to evaluate various alternative sourcing options so as to address requirements optimally. In the medium term, we also have the ability to adapt our sourcing structure to take advantage of more competitive pricing in other geographies.

Competition risk

Competition in the home textiles industry from producers in India, China and other developing countries may adversely affect our performance.

The Group is also exposed to risks from the increase of retailers' own private label businesses. As a result, we may experience a reduction of shelf space allocation and lower sales and margin due to price arbitrage.

The Group maintains its competitive advantage by continuous investments in portfolio of brands, product designing and manufacturing capabilities and ensuring timely deliveries at competitive prices.

Financial risk:

Foreign exchange risk

The Group owns assets, incurs liabilities, earns revenues and pays expenses in currencies other than the Indian Rupee. Additionally, consolidated financial statements are presented in the Indian Rupee and hence financial statements are translated at exchange rates in effect during or at the end of each reporting period. Therefore, fluctuations in the exchange rates may have an adverse effect on our business results and financial position.

In order to control and limit risks arising from fluctuations in foreign exchange rates, the Board of Directors through its Risk Management Committee (RMC) has established Treasury Risk Management Policy (Policy). As per guidelines set by the Policy, a certain portion of the anticipated net flow of receipts and payments of the parent Company is hedged continuously during the year with maximum specified duration. In addition, contract based flows are fully hedged to protect the gross margin.

The Group does not hedge balance sheet risks and risks arising due to translation of financial statements of overseas subsidiaries.

Interest rate risk

Interest expenses are sensitive to fluctuations in level of interest rates.

The Group has a balanced portfolio of fixed rate and floating rate loans thereby minimizing impact on financial performance due to change in interest rates.

CORPORATE GOVERNANCE

1. Company's Governance Philosophy

The Corporate Governance Code was introduced by the Securities and Exchange Board of India (SEBI) through the incorporation of new clause in the Listing Agreement of the Stock Exchanges and also through applicable provisions of the Companies (Amendment) Act, 2000. Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices which ensure that a Company meets obligations to optimize shareholders value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society. Some of the important best practices of corporate governance framework are timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company.

Over the years, your Company has complied with the principles of Corporate Governance emphasizing on transparency, empowerment, accountability and integrity. These have helped the Company enhance its stakeholder values.

Your Company will continue to focus its resources, strengths and strategies for creation and safeguarding of shareholders' wealth and at the same time protect the interests of all its shareholders while upholding the core values of excellence, integrity, responsibility, unity and understanding which are imperative to the Himatsingka Group.

2. Board of Directors (Board)

As on March 31, 2014 the Board of the Company comprised of eight Directors. The Company has a Non-Executive Chairman. The number of Non-Executive Directors is four, all of them being independent directors. The composition of the Board is in accordance with the Clause 49 of the Listing Agreement and exceeds the percentages stipulated in the subject clause.

The Non-Executive Directors are professionals with rich experience in management, finance, law and banking.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the listing agreement), across all the companies in which he is a Director. All the directors have made the necessary disclosures regarding their Committee positions in other companies as on March 31, 2014.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below:

Executive Directors:

| Name | Designation | Board Meetings Attended/Held | Attendance at last AGM | No. of Directorships held@ | No. of Memberships and Chairmanship in Committees of other Companies* |
|--------------------------|--------------------|------------------------------|------------------------|----------------------------|---|
| A K Himatsingka, Founder | Vice Chairman | 3/5 | No | 4 | Nil |
| D K Himatsingka, Founder | Managing Director | 5/5 | Yes | 1 | Nil |
| Aditya Himatsingka | Executive Director | 5/5 | Yes | 4 | 1 |
| Shrikant Himatsingka | Executive Director | 5/5 | Yes | 1 | Nil |

Non-Executive and Independent Directors

| Name | Designation | Board Meetings Attended/Held | Attendance at last AGM | No. of Directorships held@ | No. of Memberships and Chairmanship in Committees of other Companies* |
|-------------------|-------------------------------------|------------------------------|------------------------|----------------------------|---|
| Dilip J Thakkar | Chairman | 5/5 | Yes | 12 | 8 and 4 |
| Dr. K R S Murthy | Director | 4/5 | Yes | 2 | 2 and 2 |
| Berjis M Desai | Director | 1/5 | No | 7 | 7 and 1 |
| A K Dasgupta \$ | Director | 1/2 | No | -- | -- |
| Rajiv Khaitan | Director | 4/5 | Yes | 2 | 1 and Nil |
| Samuel J Joseph # | Nominee-Export-Import Bank of India | 3/4 | No | -- | -- |

Note :

\$ retired by rotation and did not seek re-appointment in the annual general meeting held on - 12.08.2013.

withdrawal of nominee director from Export Import Bank of India w.e.f. 10.01.2014

@ For the purpose of considering the limit of directorship, foreign companies, private companies and companies under Section 25 of the Companies Act, 1956 have been excluded.

* For the purpose of considering limit of committee membership, private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956 have been excluded. Chairmanship of only Audit Committee and Shareholders Grievance Committee is considered.

During the year 2013-14, the Board of Directors met five times on the following dates: April 2, 2013, May 25, 2013, August 12, 2013, October 29, 2013, and February 6, 2014.

The Company has adopted the Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The Company has received confirmations from the Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review. Both the Codes are posted on the website of the Company.

The following represent the details of pecuniary transactions entered by the Company where the non-executive Directors are interested:-

(₹ lakhs)

| Name of the Director | Purpose | Amount |
|----------------------|---|--------|
| Dr. K R S Murthy | Listing fees paid to National Stock Exchange of India Limited | 1.57 |

Apart from the above, none of the other non-executive directors have any pecuniary relationship or transaction with the Company, its promoters, its management or its subsidiaries.

During the year, information as required under Annexure IA to Clause 49 of the Listing Agreement has been placed to the Board for its consideration.

3. Audit Committee

An independent Audit Committee in line with the Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956 was set up on 13th January 2001.

The Audit Committee of the Board, *inter alia*, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations;
- safeguarding of assets and adequacy of provisions for all liabilities;
- reliability of financial and other management information and adequacy of disclosures;
- compliance with all relevant statutes.

The role of the Committee includes the following:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Reviewing the Company's financial and risk management policies;
- Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
- Reviewing with the management and internal auditors,
 - the adequacy of internal control systems;
 - internal audit function;
 - internal audit scope, coverage and frequency;
 - reports of internal audit for any significant findings, including matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and follow-up thereon.

- Reviewing with the management and external auditors,
 - Nature and scope of audit;
 - Any areas of concern and comments contained in their management letter;
 - and the financial statements prior to endorsement by the Board;
 - Compliance with Stock Exchange and legal requirements concerning financial statements;
 - Related party transactions;
 - Report of the Directors & Management Discussion and Analysis.
- Review of the financial statements of unlisted subsidiary companies
- Looking into the reasons for substantial defaults, if any, in payment to shareholders (in case of non-payment of declared dividends) and creditors;
- Considering such other matters as may be required by the Board;
- Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

The minutes of the Audit Committee meetings are placed before the Board of Directors in the subsequent Board Meeting.

During the year 2013-14, the Audit Committee met on four occasions i.e. May 25, 2013, August 12, 2013, October 29, 2013 and February 6, 2014.

The Constitution of Audit Committee and attendance of the Members for the year 2013-14 is as under:

| Name of Director | Position | No. of Meetings attended |
|------------------------|----------|--------------------------|
| Dilip J Thakkar | Chairman | 4/4 |
| Rajiv Khaitan | Member | 3/4 |
| Dr. K.R.S. Murthy | Member | 4/4 |
| Samuel Joseph Jebaraj* | Member | 3/3 |

* withdrawal of nominee director from Export Import Bank of India w.e.f. 10.01.2014 and ceased to be a member of Audit Committee on 10.01.2014.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

The Statutory Auditor, Internal Auditor, and the Chief Financial Officer are invited to attend and participate at meetings of the Committee.

The Company Secretary acts as the secretary to the Committee.

4. Remuneration Committee

The Remuneration Committee of the Board comprises of three Independent Directors. During the year 2013-14, the Remuneration Committee met on May 25, 2013 & February 6, 2014.

The annual compensation of the Executive Directors is approved by the Remuneration Committee within the parameters set by the shareholders at their meetings.

The following Directors are the members of the Remuneration Committee:

Rajiv Khaitan – Chairman, Dr. K.R.S. Murthy, Dilip J Thakkar and A.K. Dasgupta*

*Remuneration committee reconstituted on 12th August, 2013. In place of Mr. A.K. Dasgupta, Mr. Dilip J Thakkar has been appointed as member.

The Company Secretary acts as the secretary to the Committee.

Reappointment of directors

In accordance with the provisions of the Companies Act, 2013, and Articles of Association of the Company, Mr. Shrikant Himatsingka retires by rotation and being eligible, offers himself for re-appointment. His re-appointment will be placed as one of the agenda in the ensuing Annual General Meeting.

5. Remuneration and Shareholding of Directors

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to the Managing and Executive Directors. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year, subject to overall ceiling stipulated in Sections 197 of the Companies Act, 2013 (Section 198 of the erstwhile Companies Act, 1956). The remuneration is closely linked to the performance of the Company.

Given below are the details of shareholding of Directors as on March 31, 2014 and remuneration during the financial year 2013-14 to the Directors.

(₹ in Lakhs except for No. of Shares held)

| Director | No. of shares held | Sitting fees | Salaries and perquisites | Commission | Total |
|---|--------------------|--------------|--------------------------|------------|--------|
| Dilip J Thakkar (DIN: 00007339) | Nil | 1.00 | Nil | 7.00 | 8.00 |
| A K Himatsingka* (DIN: 00183698) | 25,60,675 | Nil | 55.03 | Nil | 55.03 |
| A K Dasgupta (DIN: 00043075) | Nil | 0.20 | Nil | Nil | 0.20 |
| Rajiv Khaitan (paid to Khaitan & Co.,) (DIN: 00071487) | 4,200 | 0.90 | Nil | 3.00 | 3.90 |
| Dr. K R S Murthy (DIN: 00167877) | 1,000 | 1.10 | Nil | 3.00 | 4.10 |
| Berjis M Desai (DIN: 00153675) | Nil | 0.10 | Nil | 3.00 | 3.10 |
| Samuel Joseph Jebaraj (paid to Export Import Bank of India) (DIN: 02262530) | Nil | 0.60 | Nil | Nil | 0.60 |
| D K Himatsingka (DIN: 00139516) | 1,11,35,424 | Nil | 86.58 | 33.00 | 119.58 |
| Aditya Himatsingka (DIN: 00138970) | 29,78,200 | Nil | 47.42 | 45.00 | 92.42 |
| Shrikant Himatsingka (DIN: 00122103) | 66,80,964 | Nil | 60.52 | 70.00 | 130.52 |

None of the Directors are related to each other, except A K Himatsingka and D K Himatsingka who are brothers and Aditya Himatsingka and Shrikant Himatsingka who are sons of A K Himatsingka and D K Himatsingka respectively.

Rajiv Khaitan is a senior partner of M/s Khaitan & Co., Solicitors and Advocates who have professional relationship with the Company.

The Contract tenures of the Executive Directors are as follows

| | | |
|----------------------|---|---|
| D. K. Himatsingka | : | From April 1, 2014 to March 31, 2019#, |
| A.K. Himatsingka | : | From April 1, 2014 as Non-Executive Director* |
| Aditya Himatsingka | : | From June 2, 2014 to June 1, 2019@, |
| Shrikant Himatsingka | : | From June 3, 2013 to June 2, 2018 |

The Contract of Appointment of Mr. D.K. Himatsingka expired on March 31, 2014. The Board approved the Appointment of Mr. D.K. Himatsingka for a period of 5 years from April 1, 2014 to March 31, 2019, at its meeting held on February 6, 2014 subject to the approval of the shareholders of the meeting. The Approval for Reappointment of Mr. D.K. Himatsingka is being placed before the ensuing Annual General Meeting.

* The Contract of Appointment of Mr. A.K. Himatsingka expired on March 31, 2014. Mr. A.K. Himatsingka, at the meeting of the Board of Directors held on February 6, 2014 had offered himself for appointment as non-executive director after the expiry of his term of office on March 31, 2014, and not for wholtime involvement in the Company due to his advancing years. The Board at its meeting held on February 6, 2014 has approved the reappointment of Mr. A.K. Himatsingka as a Non-Executive Director of the Company, liable to retire by rotation and will be entitled for a sitting fees and commission as payable to the non-executive director of the Company. The approval for reappointment of Mr. A.K. Himatsingka is being placed before the ensuing Annual General Meeting.

@ The Contract of Appointment of Mr. Aditya Himatsingka expired on June 1, 2014. The Board approved the Appointment of Mr. Aditya Himatsingka for a period of 5 years from June 2, 2014 to June 1, 2019, at its meeting held on May 15, 2014 subject to the approval of the shareholders of the meeting. The Approval for Reappointment of Mr. Aditya Himatsingka is being placed before the ensuing Annual General Meeting.

Criteria for making payments to non-executive Directors:

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval obtained at the AGM held on September 23, 2009, the Commission is paid at a rate not exceeding 1% per annum of the profits of the Company (computed in accordance with Section 198 of the Companies Act, 1956 till March 31, 2014 and thereafter Section 197 of the Companies Act, 2013). The approval for payment of commission to NEDs was valid upto 31st March, 2014. A fresh approval under Section 197 of the Companies Act, 2013 for a further period of 5 years w.e.f. 1st April 2014 are being placed for approval of the shareholders at the ensuing annual general meeting of the company. The distribution of Commission amongst the NEDs is placed before the Board. The Commission is distributed on the basis of their attendance and contribution at the Board and certain Committee Meetings as well as time spent on operational matters other than at the meetings.

A sitting fee of ₹10,000/- for attendance at each meeting of the Board, Audit Committee, Remuneration Committee and Risk Management Committee is paid to its Members (excluding Executive Directors).

The Company also reimburses out-of-pocket expenses to Directors for attending meetings.

6. Share Transfer Committee

The Company has a Share Transfer Committee. This comprises three directors. The Committee deals with various matters relating to share transfer, share transmission, issue of duplicate share certificates, the approval of split and consolidation requests, the de-materialisation and re-materialisation of shares as well as other matters that relate to the transfer and registration of shares. The members of this committee are D.K. Himatsingka, A.K. Himatsingka and Aditya Himatsingka.

7. Shareholder/Investors Grievance Committee

The Company has a Shareholder/ Investors Grievance Committee comprising of three directors and the chairman is an independent, non executive director. The Committee looks into redressing of shareholder and investors complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividend and related matters.

Three meetings of the committee were held during the year - on May 25, 2013, October 29, 2013, February 6, 2014. The Chairman of the Committee was present in all the meetings.

The minutes of the Shareholder/ Investors Grievance Committee meetings are placed before the Board of Directors in the subsequent Board meeting.

Constitution of Shareholder/ Investors Grievance Committee as on March 31, 2014 and related information:

| Name of the Director | Position | No. of Meetings Attended |
|----------------------|----------|--------------------------|
| Rajiv Khaitan | Chairman | 2/3 |
| A K Himatsingka | Member | 3/3 |
| A K Dasgupta* | Member | 1/1 |
| Dr K R S Murthy | Member | 2/2 |

* In place of Mr. A.K. Dasgupta, Dr. K. R. S. Murthy has been appointed w.e.f. August 12, 2013.

The Company Secretary acts as the secretary to the Committee.

There were no pending investor complaints at the beginning of the year. During the year 2013-14, the Company received 60 investor complaints, which have been attended to and no complaints remain unresolved at the end of the year.

8. Risk Management Committee

The Board constituted a Risk Management Committee on July 28, 2009. The Committee looks into matters concerning the risks arising out of foreign exchange exposures of the Company.

During the year, one meeting of the committee was held on July 1, 2013.

The minutes of the Risk Management Committee meetings are placed before the Board of Directors in the subsequent Board meeting.

Constitution of Risk Management Committee as on March 31, 2014 and related information:

| Name of the Director | Position |
|----------------------|----------|
| Dr K R S Murthy | Chairman |
| Aditya Himatsingka | Member |
| Shrikant Himatsingka | Member |

The Chief Financial Officer, Head of Marketing, Head of Treasury, and Vice President (Corporate Finance) are permanent invitees to the Committee.

9. General Body Meetings

The last three Annual General Meetings of the Company were held on the following dates, time and venue :

| Date | Year | Type | Time | Venue | No. of special Resolutions passed |
|-----------------|---------|------------------------|-----------|--|-----------------------------------|
| August 12, 2013 | 2012-13 | Annual General Meeting | 4.00 p.m | The LaLiT Ashok Kumara Krupa Road, High Grounds, Bangalore - 560 001 | Nil |
| August 25, 2012 | 2011-12 | Annual General Meeting | 3.30 p.m. | The LaLiT Ashok Kumara Krupa Road, High Grounds, Bangalore - 560 001 | 1 |
| August 23, 2011 | 2010-11 | Annual General Meeting | 3.30 p.m. | The LaLiT Ashok Kumara Krupa Road, High Grounds, Bangalore - 560 001 | 1 |

The last Extraordinary General Meeting of the Company was held on the following date, time and venue:

| Date | Year | Type | Time | Venue | No. of special Resolutions passed |
|------------------|---------|-------------------------------|-----------|--|-----------------------------------|
| December 8, 2010 | 2010-11 | Extraordinary General Meeting | 3.30 p.m. | The Capitol No. 3, Rajbhavan Road, Bangalore - 560 001 | 5 |

None of the special resolution was put through postal ballot during the previous year. No special resolution requiring a postal ballot is being proposed for the ensuing Annual General Meeting.

10. Means of Communication

- The relevant information relating to the Directors who would be appointed/ re-appointed at the ensuing Annual General Meeting is given in the Notice convening the Annual General Meeting.
- The Quarterly and Annual Financial Results of the Company are forwarded to the Stock Exchanges and were published in Business Standard - English Newspaper (all editions) and Business Line & Financial Express and Vartha Bharati - Kannada newspaper, Bangalore.
- The financial results and official news releases are also displayed on our website www.himatsingka.com and the website of the Company displays the Investor Updates and presentations made to the institutional investors and analysts from time to time.
- Reminders for unclaimed dividend are sent to the shareholders, as per records, every year.
- The Company has designated investors@himatsingka.com as the Designated Exclusive email-id, for redressal of investor grievances.

11. Code for Prevention of Insider Trading

The Company has adopted a code of conduct for Prevention of Insider Trading in the shares of the Company. The code, *inter-alia*, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

12. CEO/CFO Certification

The CEO and CFO give quarterly and annual certification of the financial statements to the Board, as required under clause 49.

13. Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carries out quarterly Reconciliation of Share Capital audits to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

14. Compliance

The certificate regarding compliance of the conditions of corporate governance obtained from our statutory auditors M/s. Deloitte Haskins & Sells is given elsewhere in this Annual Report.

15. Compliance Officer

The name and designation of the Compliance Officer of the Company is :-

Ashok Sharma,
Asso. Vice President - Treasury, Taxation & Company Secretary
His contact details are -
Telephone : 080- 22378000, Fax No. 080- 4147 9384
e-mail ID : investors@himatsingka.com

16. Disclosures

a. Subsidiary Companies

- i) None of the Company's Indian subsidiaries fall under the definition of "material non listed Indian subsidiary" as defined under the listing agreement.
- ii) The Audit Committee of the Company reviews the financial statements and in particular the investments made by unlisted subsidiaries of the Company.
- iii) The minutes of the board meetings of unlisted subsidiaries are periodically placed before the Board of the Company. The Board is periodically informed about all significant transactions and arrangements entered into by the unlisted subsidiaries of the Company.

b. Related party transactions

The statutory disclosure requirements relating to related party transactions have been complied within the Annual Accounts (Note 28).

There were no material transactions during the year 2013-2014 that are prejudicial to the interest of the Company.

c. Disclosure of Accounting Treatment

There is no deviation in following the treatments prescribed in any Accounting Standard in preparation of financial statements for the year 2013-14.

d. Board Disclosures- Risk Management

The risk assessment and minimization procedures are in place and the Board is regularly informed about the business risks and the steps taken to mitigate the same. A report on Risk Management is included elsewhere in this Annual Report.

- e. The Management Discussion and Analysis report is included elsewhere in this Annual Report.

17. Statutory Compliance, Penalties and Strictures

The Company complied with all the requirements of the Stock Exchanges/ SEBI/ and other statutory authorities on all matters related to the capital markets during the last three years. There were no penalties or strictures imposed on the Company by the Stock Exchanges, the SEBI or any statutory authority on matters relating to capital markets.

18. General Shareholders' information

Corporate

Himatsingka Seide Limited was incorporated at Bangalore, in the State of Karnataka, on January 23, 1985. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L17112KA1985PLC006647. The address of our Registered office is 10/24, Kumara Krupa Road, High Grounds, Bangalore 560 001.

| | |
|----------------------------|--|
| Listing on Stock Exchanges | Bangalore Stock Exchange Ltd Stock Exchange Towers, No. 51, 1st Cross, J C Road, Bangalore 560 027 Stock Exchange Code : HIMATSEIDE |
| | Bombay Stock Exchange Ltd Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Stock Exchange Code : 514043 |
| | National Stock Exchange of India Ltd Exchange Plaza, 5th Floor, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E), Mumbai 400 051 Stock Exchange Code : HIMATSEIDE |

Listing Fees Paid for 2013-2014 and 2014-2015 for all the above stock exchanges

Custodial Fees Paid to Central Depository Services (India) Ltd for 2013-14 & 2014-15. The Company has paid one time fees to National Securities Depository Limited.

Demat ISIN : INE049A01027

Unclaimed Dividends

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid/ unclaimed for a period of seven years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF). Given below are the dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to IEPF.

| Year | Type of dividend | Dividend per share (₹) | Date of declaration of dividend | Due date for transfer to IEPF |
|------|-------------------------|------------------------|---------------------------------|-------------------------------|
| 2007 | 2 nd Interim | 1.25 | March 12, 2007 | April 18, 2014 |
| 2010 | Dividend | 0.25 | September 8, 2010 | October 15, 2017 |
| 2012 | Dividend | 0.50 | August 25, 2012 | October 2, 2019 |
| 2013 | Dividend | 1.00 | August 12, 2013 | September 18, 2020 |

Members who have so far not encashed their dividend warrants are requested to write to the Company/Registrar to claim the same, to avoid transfer to IEPF. Members are advised that no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred to the said Fund.

Investor Information

Annual General Meeting 23.09.2014 at 2.00 pm
The LaLiT Ashok Bangalore,
Kumara Krupa Road, High Grounds,
Bangalore - 560 001

Financial year 1st April to 31st March

Financial Calendar Board Meetings for approval of

| | |
|---|----------------------------|
| Financial Results for 1 st Quarter 2014-15 | July- August 15, 2014 |
| Financial Results for 2 nd Quarter 2014-15 | October-November 15, 2014 |
| Financial Results for 3 rd Quarter 2014-15 | January- February 15, 2015 |
| Annual Accounts 2014-15 | April- May 30, 2015 |

Date of Book Closure 10.09.2014 to 23.09.2014
(both days inclusive)

Share Price

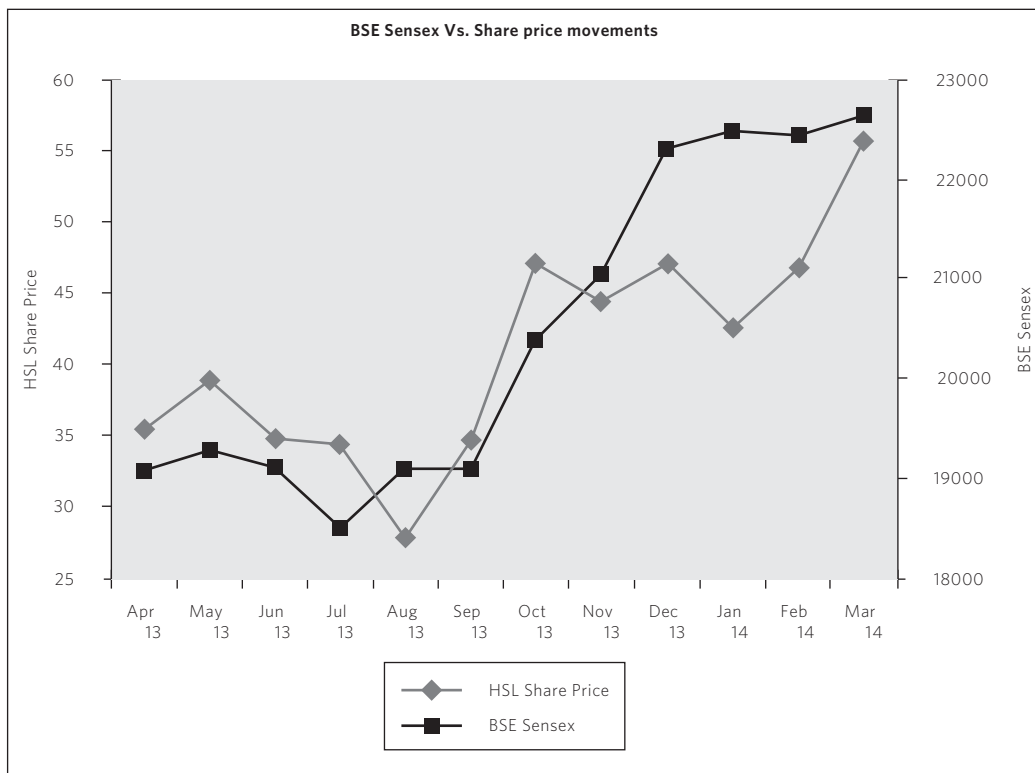
The monthly high and low quotations of the closing price and volume of shares traded at Bombay Stock Exchange and National Stock Exchange during the year were as follows:

| Month | Bombay Stock Exchange | | | National Stock Exchange | | |
|--------------|-----------------------|---------|-------------------|-------------------------|---------|-------------------|
| | High (₹) | Low (₹) | Volume (Nos.) | High (₹) | Low (₹) | Volume (Nos.) |
| Apr-13 | 34.91 | 31.05 | 177,740 | 34.85 | 31.20 | 535,315 |
| May-13 | 35.15 | 32.10 | 439,974 | 35.15 | 32.15 | 590,718 |
| Jun-13 | 35.40 | 31.15 | 368,001 | 35.45 | 31.25 | 2,883,210 |
| Jul-13 | 33.00 | 28.45 | 212,877 | 33.00 | 28.35 | 702,502 |
| Aug-13 | 32.70 | 26.50 | 230,743 | 32.90 | 26.50 | 737,317 |
| Sep-13 | 34.50 | 31.30 | 583,478 | 34.80 | 31.25 | 921,422 |
| Oct-13 | 42.65 | 32.25 | 1,325,243 | 42.75 | 32.70 | 3,290,848 |
| Nov-13 | 48.35 | 41.95 | 1,168,156 | 48.50 | 41.85 | 2,813,388 |
| Dec-13 | 55.15 | 46.80 | 2,420,585 | 55.25 | 46.70 | 5,302,731 |
| Jan-14 | 62.10 | 54.70 | 2,196,809 | 62.10 | 54.65 | 5,389,023 |
| Feb-14 | 58.15 | 50.20 | 671,810 | 58.25 | 50.60 | 1,970,479 |
| Mar-14 | 59.10 | 54.70 | 762,450 | 59.40 | 54.80 | 2,562,259 |
| Total | | | 10,557,866 | | | 27,699,212 |

Stock Split 1 equity share of ₹10/- each split into 2 equity shares of ₹5/- each in October 2005

Bonus History 1994 1:2
1999 1:1
2005 1:1

Share price movement



Share Transfers and other communication regarding share certificates, dividends, and change of address, etc., may be addressed to

Karvy Computershare Private Limited
 Plot No.17 to 24, Near Image Hospital
 Vittalrao Nagar, Madhapur, Hyderabad - 500 081
 Phone : (040) 23420815 to 18 & 2311 4074
 Fax : (040) 2342 0814, E-mail : madhusudhan@karvy.com

Share Transfer System

Share transfers are registered and returned within a period of 10/15 days from the date of receipt if the documents are in order. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

| Transfer period in days | 2013-2014 | |
|-------------------------|---------------|---------------|
| | No. of shares | Percentage |
| 1 - 10 | 400 | 22.22 |
| 11 - 20 | 400 | 22.22 |
| 21 - 30 | 1000 | 55.56 |
| Total | 1800 | 100.00 |

Complaints received from Investors during the year

| Nature of Complaints | Received | Cleared |
|--|-----------|-----------|
| 1. Non-receipt of share certificates | -- | -- |
| 2. Non-receipt of dividend warrants | 54 | 54 |
| 3. Non-receipt of Annual Report | 6 | 6 |
| 4. Complaints received through SEBI (SCORES) | -- | -- |
| TOTAL | 60 | 60 |

The Company attended to most of the investors' grievances/ correspondence within seven days from the date of receipt of the same during the year 2013-14.

Distribution of shareholding as on March 31, 2014

| No. of equity shares | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|----------------------|---------------------|-------------------|--------------------|-------------------|
| 1 - 5000 | 15,569 | 81.41 | 4,067,138 | 4.13 |
| 5001 - 10000 | 1,583 | 8.28 | 2,487,798 | 2.53 |
| 10001 - 20000 | 885 | 4.63 | 2,629,780 | 2.67 |
| 20001 - 30000 | 374 | 1.95 | 1,902,478 | 1.93 |
| 30001 - 40000 | 151 | 0.79 | 1,079,044 | 1.10 |
| 40001 - 50000 | 132 | 0.69 | 1,225,744 | 1.24 |
| 50001 - 100000 | 226 | 1.18 | 3,219,841 | 3.27 |
| 100001 and above | 204 | 1.07 | 81,845,337 | 83.13 |
| Total | 19,124 | 100.00 | 98,457,160 | 100.00 |

Shareholding Pattern as on March 31, 2014 :-

| Category of Shareholder | No. of Shareholders | No. of Equity shares | As a percentage of (A+B+C) |
|--|---------------------|----------------------|----------------------------|
| Shareholding of Promoter and Promoter Group Indian | | | |
| Individuals/Hindu Undivided Family | 10 | 37,062,059 | 37.64 |
| Bodies Corporate | 6 | 17,891,420 | 18.17 |
| Sub Total (A)(1) | 16 | 54,953,479 | 55.81 |
| Foreign | | | |
| Individual (Non-Resident Individual/Foreign Individual) | 2 | 1,237,800 | 1.26 |
| Sub Total (A)(2) | 2 | 1,237,800 | 1.26 |
| Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2) | 18 | 56,191,279 | 57.07 |
| Public Shareholding | | | |
| Institutions | | | |
| Mutual Funds/UTI | 17 | 11,728,577 | 11.91 |
| Financial Institutions/ Banks | 7 | 36,315 | 0.04 |
| Foreign Institutional Investors | 9 | 885,099 | 0.90 |
| Sub-Total (B)(1) | 33 | 12,649,991 | 12.85 |

| Category of Shareholder | No. of Shareholders | No. of Equity shares | As a percentage of (A+B+C) |
|--|---------------------|----------------------|----------------------------|
| Non-Institutions | | | |
| Bodies Corporate | 577 | 4,857,501 | 4.93 |
| Individuals | | | |
| i. Individual Shareholders holding nominal share capital up to ₹1 lakh | 17,919 | 14,542,165 | 14.77 |
| ii. Individual Shareholders holding nominal share capital in excess of ₹1 lakh | 133 | 8,652,281 | 8.79 |
| Any other (specify) | | | |
| - NRI/OCB | 355 | 1,304,678 | 1.33 |
| Trusts | 1 | 12,200 | 0.01 |
| - Clearing Member | 88 | 247065 | 0.25 |
| Sub-Total (B)(2) | 19,073 | 29,615,890 | 30.08 |
| Total Public Shareholding (B)(1)+(B)(2) | 19,106 | 42,265,881 | 42.93 |
| Total (A)+(B) | 19,124 | 98,457,160 | 100 |
| Shares held by Custodians and against which Depository Receipts have been issued (C) | Nil | Nil | Nil |
| Grand Total (A+B+C) | 19,124 | 98,457,160 | 100 |

Note: Promoter Group has not pledged any of their shares as on March 31, 2014

Dematerialisation of shares and liquidity

The equity shares of the Company are available for dematerialisation with National Securities Depository Limited (NSDL) and Central Depository Services of India Limited (CDSL). The equity shares of the Company have been notified by SEBI for settlement only in the demat form for all investors from 21st March 2000.

As on March 31, 2014, 98.46% of the Company's share capital is dematerialized and the rest is in Physical form. The Company's shares were regularly traded on the National Stock Exchange and Bombay Stock Exchange.

Shares held in demat and physical mode as on March 31, 2014

| Category | Number of | | % to total equity |
|--------------------|---------------|-------------------|-------------------|
| | Shareholders | Shares | |
| Demat Mode | | | |
| NSDL | 13,204 | 90,229,973 | 91.64 |
| CDSL | 4,984 | 6,715,257 | 6.82 |
| Total | 18,188 | 96,945,230 | 98.46 |
| Physical Mode | 936 | 1,511,930 | 1.54 |
| Grand Total | 19,124 | 98,457,160 | 100.00 |

Service of documents through electronic mode:

As a part of Green initiative, the members who wish to receive documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report etc., through e-mail, may kindly intimate their e-mail address to Company/ Registrars (for shares held in physical form) and Depository Participants (for shares held in dematerialized form).

Other useful information to shareholders

- Equity shares of the Company are under compulsory demat trading by all investors, with effect from March 21, 2000. Considering the advantages of scripless trading, shareholders are requested in their own interest to consider de-materialisation of their shareholding so as to avoid inconvenience in future.
- Shareholders/Beneficial Owners are requested to quote their Registered Folio No. / DP & Client ID Nos. as the case may be, in all correspondence with the RTA / Company. Company has also designated an exclusive E-mail ID: investors@himatsingka.com for effective investors' services where they can complain / raise query and request for speedy and prompt redressal.
- Shareholders holding shares in physical form are requested to notify to the RTA / Company, change in their address / Pin Code number with proof of address and Bank Account details promptly by written request under the signatures of sole / first joint holder. Shareholders may note that for transfer of shares held in physical form, as per circular issued by SEBI, the transferee is required to furnish copy of their PAN card to the Company / RTAs for registration of transfer of shares.
- Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, bank details, nomination, power of attorney, etc., directly to their Depository Participants only.
- Non-resident members are requested to immediately notify the following to the Company in respect of shares held in physical form and to their Depository Participants in respect of shares held in dematerialized form:
 - Indian address for sending all communications, if not provided so far;
 - Change in their residential status on return to India for permanent settlement;
 - Particulars of the Bank Account maintained with a bank in India, if not furnished earlier; and
 - E-mail ID and Fax No(s), if any.
- In case of loss / misplacement of shares, investors should immediately lodge FIR / Complaint with the Police and inform to the Company along with original or certified copy of FIR / Acknowledged copy of the Police complaint.
- For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.
- Shareholders are requested to keep record of their specimen signature before lodgement of shares with the Company to obviate the possibility of difference in signature at a later date.
- Shareholders of the Company, who have multiple accounts in identical name(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s), are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.
- Section 72 of the Companies Act, 2013 extends nomination facility to individuals holding shares in physical form in Companies. Shareholders, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form.
- Shareholders are requested to give their valuable suggestions for improvement of the Company's investor services.

Investors' correspondence may be addressed to Ashok Sharma, Asso Vice President - Treasury, Taxation & Company Secretary, Himatsingka Seide Limited, 10/24, Kumara Krupa Road, High Grounds, Bangalore 560 001. Phone (080) 2237 8000 Fax (080) 4147 9384, e-mail: investors@himatsingka.com

Mandatory/Non Mandatory Requirements

The Company has complied with all the mandatory requirements of clause 49 of the Listing agreement relating to Corporate Governance. At present, the Company has not adopted the non-mandatory requirements of clause 49 except constitution of the remuneration committee.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with Himatsingka Seide Limited Code of Business Conduct and Ethics for the year ended March 31, 2014.

Bangalore
August 7, 2014

Dinesh Himatsingka
Managing Director

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty - Ninth Annual Report on the operations and performance of your Company, together with audited financial statements and auditors' report for the year ended March 31, 2014.

The financial highlights for the year under review are given below:

₹ in Lakhs

| Particulars | Standalone | | | Consolidated | | |
|---------------------------------|------------|---------|----------|--------------|---------|----------|
| | 2013-14 | 2012-13 | Change % | 2013-14 | 2012-13 | Change % |
| Revenue | 99,621 | 72,755 | 36.9% | 203,288 | 169,841 | 19.7% |
| Material cost | 60,083 | 40,818 | 47.2% | 131,920 | 110,073 | 19.8% |
| % to Revenue | 60.3% | 56.1% | | 64.9% | 64.8% | |
| EBITDA | 15,154 | 12,098 | 25.2% | 20,477 | 16,683 | 22.7% |
| EBIT | 10,508 | 7,482 | 40.4% | 15,039 | 11,468 | 31.2% |
| Profit before exceptional items | 5,832 | 3,878 | 50.4% | 6,756 | 4,939 | 36.8% |
| Exceptional items | 47 | 356 | | (414) | 235 | |
| Profit before tax | 5,879 | 4,234 | 38.8% | 6,342 | 5,175 | 22.6% |
| Profit after tax | 5,884 | 4,234 | 38.9% | 6,335 | 5,732 | 10.5% |

Dividend

Your directors have recommended a dividend of 30% (₹1.50 per equity share), subject to approval by the shareholders at the ensuing Annual General Meeting.

Transfer to reserves

The Company proposes to transfer ₹588.50 lakhs to the General Reserve and an amount of ₹400 lakhs to the Debenture Redemption Reserve.

Business Operations Overview

In the Fiscal year 2013 - 14, the company delivered a good performance with the Group revenue increasing by 19.7% to ₹203,288 lakhs and EBITDA growing by 22.7% to ₹20,477 lakhs. The increase in EBITDA was driven mainly by growth in sales, stable raw-material pricing and continued optimization of costs across the group.

Commodity prices globally appeared to be stabilizing as against the previous year. Our critical raw-material is derived from cotton and silk. Both cotton and silk prices which surged to historic highs in the year 2010-11 declined significantly to a more reasonable level during the year.

Exceptional gain of ₹47 Lakhs in standalone results includes an income of ₹12.36 crores on account of a Subsidy under the Industrial Policy of the Government of Karnataka. It also includes an expense of ₹11.89 crores towards a write off of investment made during the year in Giuseppe Bellora SpA, the European Retail and Distribution subsidiary.

Exceptional loss of ₹4.14 Crores in Consolidated Results includes an income of ₹12.36 crores on account of a Subsidy under the Industrial Policy of the Government of Karnataka and one-time expenses on account of

- Manpower rationalisation, costs of closure of some retail shops and MBOs in Italian subsidiary - ₹11.52 crores
- Warehouse consolidation in the North America and resulting manpower rationalisation - ₹4.97 crores

Prospects

Growth and efficiency initiatives during the year

During the year 2013-14, the Group made significant progress and is expecting to experience benefits from many of the initiatives. Some of the initiatives are detailed below

- 'VectorFlow', software based on the principle of Theory of Constraints, was implemented in the Bed Linen unit aiming to reduce material wastages, increase capacity and enhance On-Time-In-Full Order deliveries.
- Warehousing Consolidation activity was taken up in North America. This is expected to bring in efficiencies in operating costs from the next year.
- Focus on Private Label manufacturing in European markets to reduce reliance on Italian retail sales.
- Bellora stores were opened in Russia.

Annual accounts of the subsidiary companies and Consolidated financial statements

As on March 31, 2014, the Company had the following subsidiaries:

Himatsingka Wovens Private Limited, Himatsingka America Inc., Divatex Home Fashion Inc., DWI Holdings Inc., Giuseppe Bellora S.p.A. Himatsingka Singapore Pte. Limited and Twill & Oxford LLC.

There has been no material change in the nature of business of these subsidiaries.

The Ministry of Corporate Affairs, Government of India has issued a Circular No. 2/2011 dated February 8, 2011 granting general exemption to companies under Section 212(8) from attaching the documents referred to in Section 212(1) pertaining to its subsidiaries, subject to approval by the Board of Directors of the Company and furnishing of certain financial information in the Annual Report.

The Board of Directors of the Company has accordingly decided to dispense with the requirement of attaching to its Annual Report the annual audited accounts of the subsidiaries. Accordingly, the Annual Report of the Company does not contain the individual financial statements of these subsidiaries, but contains audited Consolidated financial statements of the Company and its subsidiaries.

The Consolidated financial statements presented by the Company include the financial results of its subsidiary companies. Further, a statement containing the particulars prescribed under the terms of the said exemption for each of the Company's subsidiaries is also forming part of the Consolidated financial statements.

The Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are kept for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Company will make available the annual accounts of the subsidiary companies and the related information to any member of the Company who may be interested in obtaining it.

Research and development

Research and development continues to provide valuable support to our exports and has helped us to keep pace with a dynamically changing market. We continue to give in-house research and innovation the highest priority.

Environment, safety, energy conservation and technology absorption

Safety and environmental protection remain a key area of focus for the Company. Investments are continuously made in projects that reduce/treat waste and increase energy efficiencies.

We regularly upgrade our effluent treatment and water recycling plants to keep abreast with technological advancements. By avoiding carcinogenic azo class dyes, we ensure eco-friendly production and worker safety. Our endeavor has been to maximize the efficient use of energy and ensure the safe and responsible discharge of residual wastes, while minimizing any adverse environmental impact and waste generation.

Information under section 217(1)(e) read with Companies (Disclosure of particulars in the report of Directors) Rules, 1988 are given in the Annexure, forming part of this report.

Foreign Exchange Earnings and Outgoings

| | (₹ in lakhs) |
|--|------------------|
| Earnings | |
| Export (FOB Value) | 93,102.89 |
| Interest | 901.26 |
| Outgo | |
| Import of raw material and other inputs | 24,419.04 |
| Other expenses | 908.00 |
| Net foreign exchange earnings from operations | 68,677.10 |
| Import of capital goods | 220.64 |

Corporate Governance

We comply with the corporate governance code as prescribed by the stock exchanges under the listing agreement. You will find a detailed report on corporate governance as part of this annual report. The auditors' certificate on compliance with the mandatory recommendations on corporate governance is annexed to this report.

Insurance

The Company's assets are prone to risks/ peril. The major risks/ peril are adequately insured.

Directors' Responsibility Statement

As required by the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors' Responsibility Statement is attached as Annexure, forming part of this report.

Directors

In accordance with the provisions of the Companies Act, 2013, and Articles of Association of the Company, Mr. Shrikant Himatsingka retires by rotation and being eligible, offers himself for re-appointment. His re-appointment will be placed as one of the agenda in the ensuing Annual General Meeting.

Particulars of employees

In terms of provisions of section 217 (2A) of the Companies Act, 1956 and rules made thereunder the names and other particulars of employees are set out in the Annexure to the Directors' Report. However as per the provisions of Sections 219 (1)(b)(iv) of the Companies Act 1956, the Annual Report excluding the aforesaid information is being sent out to all members of the Company and other entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Public Deposits

The Company has not accepted any deposits from the public during the year within the meaning of Section 58A of the Companies Act, 1956.

Auditors

Deloitte Haskins & Sells (Firm Registration No. 008072S) Chartered Accountants, the Company's Auditors, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Board at its meeting held on August 7, 2014 has proposed appointment of Auditors for a period of 3 years, i.e., from the date of the ensuing Annual General Meeting till the conclusion of Annual General Meeting for the year 2016-17. Members are requested to appoint the auditors and fix their remuneration for the period of appointment.

Cost Auditors

The Ministry of Corporate Affairs vide its General Circular No. 11/2012 dated May 25, 2012, has exempted the mandatory cost audit under the provisions of Section 233B of the Companies Act, 1956, in respect of units located in Special Economic Zones (SEZ) and for 100% Export Oriented Units (EOU). In view of this, there is no requirement to furnish cost audit of cost records of the Company for its units at Hassan (SEZ) and Doddaballapur (EOU).

Acknowledgement

Your Directors wish to place on record their appreciation of the unstinting efforts made by all employees in ensuring excellent all-round operational performance. We also wish to thank our Customers, Vendors, Shareholders and Bankers for their continued support. Your Directors would like to express their grateful appreciation to the Central Government and Government of Karnataka for their continued co-operation and assistance.

Place: Bangalore
Date: August 7, 2014

For and on behalf of the Board

Dilip J Thakkar
Chairman

ANNEXURES TO THE DIRECTORS' REPORT

Directors' Responsibility Statement

We, the Directors of Himatsingka Seide Limited, confirm the following:

That in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;

That the Directors had selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for that period;

That the Directors had taken proper and sufficient care 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;

That the Directors had prepared the annual accounts on a going concern basis.

Place: Bangalore
Date: August 7, 2014

For and on behalf of the Board

Dilip J Thakkar
Chairman

ANNEXURES TO THE DIRECTORS' REPORT

Additional Information as required under Section 217(1)(e) of The Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988:

Conservation of energy:

| (A) | Power and fuel consumption: | | 2013-14 | 2012-13 |
|-----|---|-----------|-------------|-------------|
| 1. | Electricity | | | |
| a) | Purchased | Units | 10,989,984 | 9,222,534 |
| | Total amount | ₹ | 68,938,889 | 61,732,152 |
| | Rate / unit | ₹ | 6.27 | 6.69 |
| b) | Own generation | | | |
| i) | Through Diesel generator | | | |
| | Units | Units | 27,436 | 86,450 |
| | Units/ Litre of Diesel Oil | Units | 3.17 | 2.56 |
| | Cost / unit | ₹ | 14.96 | 6.59 |
| ii) | Through Steam turbine / Generator | | | |
| | Units | Units | 69,538,264 | 89,178,344 |
| | Cost / unit | ₹ | 8.08 | 6.94 |
| 2. | Coal | | | |
| | Quantity | Tons | 99,480 | 115,800 |
| | Total amount | ₹ | 421,809,292 | 452,144,001 |
| | Average rate / tonne | ₹ | 4,240 | 3,905 |
| 3. | Furnace oil | | | |
| | Quantity | KL | 1,066 | 1,073 |
| | Total amount | ₹ | 47,897,684 | 44,656,904 |
| | Average rate / KL | ₹ | 44,947 | 41,625 |
| 4. | Other/Internal Generation | | | |
| | Liquefied Petroleum Gas | | | |
| | Quantity | Kg | 374,718 | 345,969 |
| | Total amount | ₹ | 24,167,701 | 20,376,937 |
| | Average rate / kg | ₹ | 64 | 59 |
| | | | | |
| (B) | Consumption: | | | |
| | Product | | | |
| (a) | Natural Silk / Blended fabrics (per meter) | | | |
| | Electricity | Unit | 7.99 | 8.67 |
| | Furnace oil | Litre | 1.03 | 1.13 |
| | Coal / Others | | Nil | Nil |
| | Reasons for variation: Due to changes in product-mix. | | | |
| (b) | Spun Silk/ Blended yarns (per Kg) | | | |
| | Electricity | Units/Kg | 21.17 | 17.81 |
| | Furnace oil | | Nil | Nil |
| | Liquefied Petroleum Gas | ₹ /Kg | 32.40 | 17.41 |
| | Coal / Others | | Nil | Nil |
| | Reasons for variation: Due to changes in product-mix. | | | |
| | LPG costs are higher due to higher prices. | | | |
| (c) | Cotton/ Bed linen (per set) | | | |
| | Electricity | Unit/ set | 12.31 | 21.51 |
| | Furnace oil | Liter/set | 0.00 | 0.00 |
| | Liquefied Petroleum Gas | ₹ /set | 3.77 | 4.35 |
| | Coal / Others | ₹ /set | 71.67 | 107.97 |

C. 1) Energy conservation measures taken:

- i. Regular preventive maintenance of electric motors
- ii. Installation of additional capacitor banks to improve power factor to 0.99
- iii. Frequency of steam trap checking has been increased and faulty traps were replaced
- iv. Installation of sky lighting and turbo ventilators to reduce the lighting loads
- v. Installation of heat recovery system in boiler thermic fluid heater and process machines to recover the heat
- vi. Light fitting were fixed on loom sphere duct to increase the lux level and thereby reducing number of light fittings in weaving
- vii. Higher system efficiency of boiler due to steam generated at high pressure and used at lower pressure
- viii. Timers were installed for streetlights
- ix. Installation of soft starter to reduce the energy in higher torque application
- x. Electronic ballast were installed in lighting system
- xi. Solar street lights installed for new locations wherever required
- xii. LED Light fittings installed in general area lighting
- xiii. Modification of motor circuit and lowering the capacity (HP) of twisting machines
- xiv. Modification of compressed air lines, inter linking & grid of compressed lines
- xv. Optimizing / adjusting the humidity plant fans blade angle.

2) Impact of the measures taken for reduction of energy consumption and consequent impact on the cost of production:

- i. Improvement in productivity
- ii. Improvement in the life of electrical equipments
- iii. Improved efficiency and product quality
- iv. Reduction in electrical energy consumption and better illumination
- v. Better power factor, better utilization of power plant and lower demand in KVA
- vi. Optimization of compressor utilization
- vii. Reduction in power requirement & Better utilization of the plants
- viii. Improved efficiency of boilers.

Research and development (R&D)

a) Specific areas in which the Company carried out R&D:

- i. Improvement in the quality of current products
- ii. Innovation of new products and processes
- iii. Development and appraisal of alternative raw materials
- iv. Indigenous substitutes for imported inputs.

b) Benefits derived as a result of the above R&D:

- Improvement in the product quality and development of intricate fabric designs and weaves

c) Future plan of action

- Progression of R&D efforts towards quality enhancement, evolution of new designs and reduction in operational costs

d) Expenditure on R&D

- For the year 2013-14, the Company incurred ₹355.57 lakhs towards recurring expenditure on R&D. The total R&D expenditure as a percentage of turnover is 0.36%.

Technology Absorption:

a) Efforts in brief made towards technology absorption, adoption and innovations:

- i. Continuous interaction with R&D divisions of overseas designers and buyers
- ii. Adaptation of sophisticated technologies in developing new products and designs
- iii. Installation of Quantum Clearers in winding machines to eliminate foreign fibre contamination in spun yarn

b) Benefits derived as a result of the above efforts:

- i. Quality improvement
- ii. Reduced costs and increased productivity

c) Information regarding imported technology:

Not applicable

CERTIFICATE

TO THE MEMBERS OF HIMATSINGKA SEIDE LIMITED

We have examined the compliance of conditions of Corporate Governance by Himatsingka Seide Limited ("the company"), for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of 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 and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned listing agreement.

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

For DELOITTE HASKINS & SELLS,
Chartered Accountants
Registration No. 008072S

S. SUNDARESAN
Partner
Membership No. 25776

Place: Bangalore
Date: August 7, 2014

INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENT

TO THE MEMBERS OF HIMATSINGKA SEIDE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of HIMATSINGKA SEIDE LIMITED ("the Company") which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. 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.

Auditors' 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)

S. Sundaresan
(Partner)
(Membership No. 25776)

BANGALORE, May 15, 2014

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities during the year, clauses vi, xii, xiii, xiv, xix, xx of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of 2 years which, in our opinion, is reasonable having regard to size of the Company and nature of its assets. Pursuant to the programme, certain fixed assets are physically verified by the management. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us:
 - (a) The Company has granted loans aggregating ₹400 lakhs to one subsidiary during the year. At the year-end, the outstanding balances of such loans aggregated to ₹11,376.44 lakhs (from two subsidiaries) and the maximum amount involved during the year was ₹11,376.44 lakhs (from two subsidiaries).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie*, not prejudicial to the interests of the Company.
 - (c) The receipts of principal amounts and interest have been as per stipulations.
 - (d) There are no overdue amounts in respect of such loans remaining outstanding as at the year-end

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

 - (a) The Company has not taken any loans during the year. At the year-end, the outstanding balance of such loans taken aggregated ₹545.30 lakhs (from one party) and the maximum amount involved during the year was ₹2,145.30 Lakhs (from one party).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie*, not prejudicial to the interests of the Company.
 - (c) The payments of principal amounts and interest in respect of such loans are as per stipulations.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transactions is in excess of ₹5 lakhs in respect of any party, the transactions have been made at prices which are, *prima facie*, reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion, the internal audit function carried out during the year by firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and of are the opinion that, *prima facie*, the prescribed cost records has been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine if they are accurate or complete.

- (ix) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable, other than income tax dues of ₹343.76 Lakhs.
 - Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2014 on account of disputes are given below:

| Statute | Nature of Dues | Forum where Dispute is pending | Period to which the amount relates | Amount involved (₹ in lakhs) |
|--------------------|-----------------------|---|------------------------------------|------------------------------|
| Income Tax Act | Income Tax | Supreme Court | AY 1994-95 | 39.23 |
| Income Tax Act | Income Tax | High Court of Karnataka | AY 1995-96 | 125.75 |
| Income Tax Act | Income Tax | Commissioner of Income Tax (Appeals) | AY 2004-05 | 24.46 |
| Income Tax Act | Income Tax | Commissioner of Income Tax (Appeals) | AY 2006-07 | 61.71 |
| Income Tax Act | Income Tax | Commissioner of Income Tax (Appeals) | AY 2007-08 | 33.91 |
| Income Tax Act | Income Tax | Commissioner of Income Tax (Appeals) | AY 2009-10 | 6.82 |
| Central Excise Act | Excise Duty | Central Excise and Service Tax Appellate Tribunal | FY 2003-04 to 2008-09 | 265.40 |
| Central Excise Act | Excise Duty & Penalty | Central Excise and Service Tax Appellate Tribunal | February 2009 to December 2009 | 76.40 |

- The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Company.
- In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- In our opinion and according to the information and explanations given to us, the Company has not made any allotment of shares during the year.
- To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)

S. Sundaresan
(Partner)
(Membership No. 25776)

BANGALORE, May 15, 2014

BALANCE SHEET

Himatsingka Seide Limited | As at March 31, 2014

| | Note No. | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|---|----------|-----------------------------------|-----------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 4,922.86 | 4,922.86 |
| Reserves and surplus | 3 | 54,994.12 | 50,257.31 |
| | | 59,916.98 | 55,180.17 |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 22,106.18 | 29,298.07 |
| Other long-term liabilities | 5 | 318.89 | 210.70 |
| Long-term provisions | 6 | 604.02 | 390.61 |
| | | 23,029.09 | 29,899.38 |
| Current liabilities | | | |
| Short-term borrowings | 7 | 14,949.55 | 11,453.17 |
| Trade payables | 8 | 18,643.59 | 13,069.96 |
| Other current liabilities | 9 | 8,016.52 | 6,117.42 |
| Short-term provisions | 10 | 2,753.91 | 2,014.24 |
| | | 44,363.57 | 32,654.79 |
| TOTAL | | 127,309.64 | 117,734.34 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 11 | 36,380.88 | 40,175.79 |
| Intangible assets | 11 | 453.30 | 503.56 |
| Capital work-in-progress | | 806.73 | 602.69 |
| Intangible assets under development | | 139.41 | - |
| | | 37,780.32 | 41,282.04 |
| Non-current investments | 12 | 35,825.83 | 35,159.56 |
| Deferred tax asset (net) | 13 | 102.97 | 98.79 |
| Long-term loans and advances | 14 | 15,913.80 | 13,066.38 |
| Other non-current assets | | | |
| Long-term trade receivables (Refer Note 28) | | 1,541.43 | 976.60 |
| | | 91,164.35 | 90,583.37 |
| Current assets | | | |
| Inventories | 15 | 19,483.03 | 14,437.91 |
| Trade receivables | 16 | 10,612.46 | 7,224.71 |
| Cash and cash equivalents | 17 | 1,106.90 | 1,466.50 |
| Short-term loans and advances | 18 | 2,197.57 | 2,889.11 |
| Other current assets | 19 | 2,745.33 | 1,132.74 |
| | | 36,145.29 | 27,150.97 |
| TOTAL | | 127,309.64 | 117,734.34 |

See accompanying notes 1 to 38 forming part of the financial statements

In terms of our audit report attached
for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

S.Sundaresan
Partner

Shrikant Himatsingka
Executive Director

Dilip J. Thakkar
Chairman

Pradeep K.P.
Chief Financial Officer

D.K.Himatsingka
Managing Director

Ashok Sharma
Company Secretary

Bangalore, Date: May 15, 2014

Bangalore, Date: May 15, 2014

STATEMENT OF PROFIT AND LOSS

Himatsingka Seide Limited | For the year ended March 31, 2014

| | Note No. | For the year ended 31.03.2014 ₹ in lakhs | For the year ended 31.03.2013 ₹ in lakhs |
|---|----------|--|--|
| Revenue from operations | 20 | 98,368.70 | 71,446.73 |
| Other income | 21 | 1,252.51 | 1,307.94 |
| Total revenue | | 99,621.21 | 72,754.67 |
| Expenses: | | | |
| Cost of materials consumed | 22A | 62,397.51 | 39,302.45 |
| Purchase of traded goods | 22B | 808.69 | 1,516.62 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 23 | (3,123.58) | (0.81) |
| Employee benefit expenses | 24 | 9,620.18 | 7,616.87 |
| Interest and finance costs | 25 | 4,676.41 | 3,604.43 |
| Depreciation and amortization expenses | 11 | 4,645.34 | 4,616.12 |
| Other expenses | 26 | 14,764.29 | 12,221.14 |
| Total expenses | | 93,788.84 | 68,876.82 |
| Profit before exceptional items and tax | | 5,832.37 | 3,877.85 |
| Exceptional items - gain | 36 | 47.00 | 355.94 |
| Profit before tax | | 5,879.37 | 4,233.79 |
| Tax expense: | | | |
| Current tax | | 1,195.00 | 790.00 |
| Minimum alternate tax credit entitlement | | (1,195.00) | (752.00) |
| Provision for tax relating to prior years | | - | 60.79 |
| Deferred tax | | (4.18) | (98.79) |
| Profit for the year | | 5,883.55 | 4,233.79 |
| Basic and diluted earnings per equity share (₹) (Par value of ₹5 each) | 33 | 5.98 | 4.30 |

See accompanying notes 1 to 38 forming part of the financial statements

In terms of our audit report attached
for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

S.Sundaresan
Partner

Shrikant Himatsingka
Executive Director

Dilip J. Thakkar
Chairman

Pradeep K.P.
Chief Financial Officer

D.K.Himatsingka
Managing Director

Ashok Sharma
Company Secretary

Bangalore, Date: May 15, 2014

Bangalore, Date: May 15, 2014

CASH FLOW STATEMENT

Himatsingka Seide Limited | For the year ended March 31, 2014

| | For the year Ended 31.03.2014 ₹ in lakhs | For the year Ended 31.03.2013 ₹ in lakhs |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Profit before tax | 5,879.37 | 4,233.79 |
| Profit/(loss) on sale of assets | 11.94 | (230.98) |
| Profit on sale of investments | (84.66) | (110.80) |
| Reversal of impairment loss | - | (294.29) |
| Investment written off (Refer note 36 (c)) | 1,189.00 | - |
| Depreciation and amortisation expense | 4,645.34 | 4,616.12 |
| Exchange loss on non-operating activities | (499.99) | 453.67 |
| Interest income | (947.32) | (590.59) |
| Interest and finance costs | 4,676.41 | 3,604.43 |
| Operating cash profit before working capital changes | 14,870.09 | 11,681.35 |
| Increase in trade and other receivables | (3,952.58) | (943.55) |
| (Increase)/decrease in inventories | (5,045.12) | 1,222.41 |
| (Increase)/decrease in short-term loans and advances, long-term loans and advances and other current assets | (1,324.06) | 233.11 |
| Increase/(decrease) in current and non current liabilities and provisions | 6,485.41 | (731.55) |
| Cash generated from operations | 11,033.74 | 11,461.77 |
| Income tax (paid) /refund | (765.84) | 62.08 |
| Net cash from operations | 10,267.90 | 11,523.85 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Share application money | (1,855.27) | (2,322.86) |
| Purchase of investments | (9,290.74) | (3,732.00) |
| Sale of investments | 9,375.40 | 4,790.36 |
| Loans to subsidiaries (net) | (400.00) | (6,839.84) |
| Purchase of fixed assets | (1,320.14) | (950.62) |
| Sale proceeds of fixed assets | 3.05 | 249.24 |
| Interest received | 1,696.92 | 1,724.81 |
| Net cash from investing activities | (1,790.78) | (7,080.91) |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Interest and finance costs paid | (5,751.38) | (5,025.66) |
| Subsidy received | 808.51 | 1,625.81 |
| Proceeds from long-term borrowings | 524.00 | 9,413.65 |
| Repayment of long-term borrowings | (6,979.65) | (4,723.74) |
| Proceeds/(repayment) of short-term borrowings | 3,716.74 | (3,940.56) |
| Dividends paid | (987.61) | (497.51) |
| Tax on Distributed Profits | (167.33) | (79.86) |
| Net cash from financing activities | (8,836.72) | (3,227.87) |
| Total (Decrease)/increase in cash and cash equivalents | (359.60) | 1,215.07 |
| Cash and cash equivalents at the beginning of the period | 1,466.50 | 251.43 |
| Cash and cash equivalents at the end of the year (Refer Note 37) | 1,106.90 | 1,466.50 |

In terms of our audit report attached
for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

S.Sundaresan
Partner

Shrikant Himatsingka
Executive Director

Dilip J. Thakkar
Chairman

Pradeep K.P.
Chief Financial Officer

D.K.Himatsingka
Managing Director

Ashok Sharma
Company Secretary

Bangalore, Date: May 15, 2014

Bangalore, Date: May 15, 2014

NOTES TO FINANCIAL STATEMENTS

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting and preparation of financial statements

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention and on accrual basis. GAAP comprises mandatory accounting standards as notified under Section 211(3C) of the Companies Act, 1956 (“the 1956 Act”) (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and relevant provision of the 1956 Act / 2013 Act, as applicable. Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires, the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision is recognised prospectively in current and future periods.

3. Fixed assets

3.1. **Tangible assets:** Tangible assets are stated at cost less accumulated depreciation. Cost includes all costs relating to acquisition and installation of tangible assets including any incidental costs of bringing the assets to their working condition for their intended use.

3.2. **Intangible assets:** Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any duties and taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/ completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

3.3. **Capital work in progress:** Expenditure during construction period in respect of new projects, for tangible and intangible assets, is included under capital work-in-progress and the same is allocated to the fixed assets on the commissioning of the respective projects.

3.4. **Intangible assets under development:** Expenditure on Research and development eligible for capitalization are carried as Intangible assets under development where such assets are not yet ready for their intended use.

3.5. **Borrowing costs:** Borrowing costs directly attributable to acquisition or construction of qualifying fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

4. Depreciation

4.1 Depreciation is provided on straight line method in accordance with schedule XIV of the Companies Act, 1956, except in respect of assets referred in Para 4.2, 4.3, 4.4, 4.5 and 4.6 below, based on technical estimates that indicate that the useful lives would be comparable with or higher than those arrived at using these rates.

Pursuant to revision dated 16.12.1993 in Schedule XIV of the Companies Act, 1956, the Company has been providing depreciation as per the revised rates in respect of assets acquired on or after that date and all other assets have been depreciated at the old rates.

4.2 In respect of leasehold building and improvements to leasehold premises, depreciation has been provided over the unexpired portion of the primary lease period.

4.3 Leasehold land is amortised over the period of lease.

4.4 In the following cases, where the useful lives are estimated to be lower than those considered in determining the rates specified in Schedule XIV of the Companies Act, 1956, the Company has considered higher rates of depreciation:

| | | |
|------------------------------------|---|-----|
| EDP & Electronic Office Equipments | - | 25% |
| Other Office Equipments | - | 15% |
| Furniture and Fixtures | - | 10% |
| Vehicles | - | 15% |

4.5 In respect of assets for which impairment loss has been recognised, the depreciation charge has been adjusted to allocate the revised carrying amount, on a systematic basis over its remaining useful life.

4.6 In case of assets purchased during the year, individually costing less than ₹ 5,000 have been depreciated 100% in the year of purchase.

5. Impairment of assets

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

Impairment losses recognised in prior years, if any, are reversed when there is an indication that the recognised impairment losses for the asset, no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

6. Investments

Long term investments are stated at cost less provision for other than temporary diminution in value, if any.

Current investments, comprising investments in mutual funds, are stated at lower of cost and fair value, determined on a portfolio basis.

7. Inventories

Inventories of raw materials, stores and spares, work-in-progress and finished goods are valued at lower of cost and estimated net realisable value. Cost is ascertained on weighted average basis. Cost of finished goods and work-in-progress includes an appropriate proportion of conversion cost.

8. Government grants

Government grants are accounted on accrual basis in accordance with the terms of the grant.

9. Revenue recognition

Revenue from sale of goods is recognised on the transfer of title in the goods which generally coincides with dispatch and is stated net of discounts and sales tax but inclusive of excise duty.

Excise duty on turnover is reduced from turnover.

Dividend income is recognised when the right to receive the dividend is established.

Interest on investments is booked on a time-proportion basis taking into account the amounts invested and the rate of interest.

10. Employee benefits

a. Post-employment benefit plans :

Payments to defined contribution plans, such as provident fund are charged as an expense as they fall due.

For defined benefit plans, such as gratuity, the cost of providing benefits is determined based on actuarial valuation made by an independent actuary using projected unit credit method, as at each balance sheet date. The actuarial gains and losses are recognised in full in the statement of profit and loss for the period in which they occur. Past service cost is recognised immediately in the statement of profit and loss.

The benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

b. Short term employee benefits :

The undiscounted portion of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recognised during the period when the employee renders service. These benefits include compensated absences such as paid annual leave.

11. Foreign currency

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are restated at the rate prevailing on the date of balance sheet. The exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities are recognised as income or expense in the statement of profit and loss.

Premium or discount on forward contract, that are not intended for trading or speculation purposes, are amortised over the life of such contract and is recognised as an expense or income. Any profit or loss arising on cancellation, renewal or restatement of forward contract is recognised in the statement of profit and loss.

Refer Note 1 (12), below, for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

12. Derivative Contracts and Hedge Accounting

The Company is exposed to currency fluctuations risk on foreign currency assets, liabilities, net investment in non-integral foreign operations and forecasted cash flows denominated in foreign currency, and is also exposed to interest rate fluctuations on floating interest rate borrowings. The Company follows a risk management policy of covering this risk through a combination of forward contracts, options, swaps and other derivative contracts.

With effect from April 1, 2011, the Company has adopted the principles of derivative and hedge accounting specified under Accounting Standard 30 (AS 30), "Financial Instruments : Recognition and Measurement", to the extent they have not been dealt with and do not conflict with the accounting standards as notified under Section 211 (3C) of the Companies Act, 1956.

In accordance with the principles set out in AS 30, changes in fair value of designated derivative contracts being effective hedges, are recognised directly in Hedge reserve account under Reserves and Surplus and reclassified into Statement of Profit and Loss upon the occurrence of the underlying hedged transaction. In case, the hedging instrument expires, sold, terminated or the underlying transaction is no longer expected to occur the net gain or loss recognised in the Hedge reserve account is transferred to the Statement of Profit and Loss.

The changes in fair values of instruments designated at fair value through profit and loss are adjusted in the Statement of Profit and Loss.

13. Earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding for the period. The weighted average number of shares outstanding during the period are adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

14. Income tax

Income tax comprises the current tax, fringe benefit tax and the net change in the deferred tax asset or liability during the year.

Current tax and fringe benefit tax are determined in accordance with the provisions of the Income Tax Act, 1961 after considering tax allowances and exemptions.

Minimum alternate tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax assets and liabilities are recognised for the estimated future tax consequences of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates applicable on the balance sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable / virtual certainty (as applicable) that sufficient future taxable income will be available against which such deferred tax asset can be realised. The effect on deferred tax assets and liabilities resulting from change in tax rates is recognized in the income statement in the period of enactment of the change.

15. Research and development expenses:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of designs are also charged to the Statement of Profit and Loss unless a design's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use.

16. Provisions and contingencies

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

NOTES TO FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|---|-----------------------------------|-----------------------------------|
| NOTE 2 - SHARE CAPITAL | | |
| Authorised | | |
| 134,000,000 equity shares of ₹5 each (Previous year: 134,000,000 equity shares of ₹5 each) | 6,700.00 | 6,700.00 |
| Issued | | |
| 98,496,160 equity shares of ₹5 each fully called up (Previous year: 98,496,160 equity shares of ₹5 each) | 4,924.81 | 4,924.81 |
| Subscribed and paid-up | | |
| 98,457,160 equity shares of ₹5 each fully paid up (Previous year: 98,457,160 equity shares of ₹5 each) | 4,922.86 | 4,922.86 |
| | 4,922.86 | 4,922.86 |

(i) There is no movement in the shares outstanding from the prior year to the current year.

(ii) Details of the rights, preferences and restrictions attaching to each class of shares :

The Company has only one class of equity share, having a par value of ₹5/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. However, as on date no such preferential amounts exist. The distribution will be in proportion to number of equity shares held by the shareholders.

(iii) Number of equity shares held by each shareholder holding more than 5% shares in the Company:

| Shareholder | No. of shares | No. of shares |
|--------------------------------|---------------|---------------|
| D K Himatsingka | 16,567,480 | 14,792,484 |
| % of holding | 17% | 15% |
| Shrikant Himatsingka | 6,680,964 | 6,680,964 |
| % of holding | 7% | 7% |
| Bihar Mercantile Union Limited | 5,706,000 | 5,706,000 |
| % of holding | 6% | 6% |
| Rajshree Himatsingka | 5,457,260 | 5,457,260 |
| % of holding | 6% | 6% |

(iv) There were no instances of shares issued, on which there were any calls remaining unpaid or instances of any forfeitures during the years ended March 31, 2014 and 2013.

NOTES TO FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|--|-----------------------------------|-----------------------------------|
| NOTE 3 - RESERVES AND SURPLUS | | |
| Capital reserve | 620.88 | 620.88 |
| Securities premium account | 27,675.71 | 27,675.71 |
| Debenture redemption reserve | | |
| Opening balance | 400.00 | - |
| Add: Transferred from Statement of profit and loss | 400.00 | 400.00 |
| Closing balance | 800.00 | 400.00 |
| General reserve | | |
| Opening balance | 15,081.67 | 14,764.28 |
| Add: Transferred from Statement of profit and loss | 588.50 | 317.39 |
| Closing balance | 15,670.17 | 15,081.67 |
| Hedge reserve | | |
| Opening balance | 210.01 | (171.44) |
| Add: Effect of foreign exchange rate variations on hedging instruments transferred during the year | (3,384.47) | (297.24) |
| Less: Transferred to Statement of profit and loss | (3,965.58) | (678.69) |
| Closing balance (Refer Note 35(1)(a) and 35(2)) | 791.12 | 210.01 |
| Surplus in Statement of Profit and Loss | | |
| Opening balance | 6,269.04 | 3,904.54 |
| Add: Transferred from surplus in Statement of profit and loss | 5,883.55 | 4,233.79 |
| Less: Transferred to Debenture redemption reserve | 400.00 | 400.00 |
| Less: Transferred to General Reserve | 588.50 | 317.39 |
| Less: Proposed dividend | 1,476.86 | 984.57 |
| Less: Tax on proposed dividend | 250.99 | 167.33 |
| | 9,436.24 | 6,269.04 |
| | 54,994.12 | 50,257.31 |
| NOTE 4 - LONG TERM BORROWINGS | | |
| Secured | | |
| Term loan from financial institution (Refer (i) below) | 8,273.58 | 10,448.05 |
| Term loan from banks (Refer (i) below) | 12,387.30 | 15,404.72 |
| Unsecured | | |
| Non-Convertible Debentures (Refer (i) below) | 1,200.00 | 1,600.00 |
| Loan from related parties (Refer (i) below) | 245.30 | 1,845.30 |
| | 22,106.18 | 29,298.07 |

NOTES TO FINANCIAL STATEMENTS

Notes:

(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|--|-----------------------------------|-----------------------------------|
| Term loan from financial institution | | |
| Exim Bank - Loan 1 | 5,454.54 | 7,954.55 |
| [Nature of security : Secured by charge over moveable and certain immovable fixed assets, both present and future] | | |
| [Repayment terms : 33 Quarterly installments commencing 2 years from the date of first disbursement with step up repayment in the ratio of 1:2:3. The outstanding term as of March 31, 2014 was 8 installments] | | |
| [Interest rate : Long term minimum lending rate plus 100 basis points p.a.] | | |
| [The amount includes the current maturity of ₹2727.27 lakhs (Previous year: ₹2500 lakhs) included in Note 9] | | |
| Exim Bank - Loan 2 | 138.28 | 322.66 |
| [Nature of security : Secured by charge over moveable and certain immovable fixed assets, both present and future] | | |
| [Repayment terms : 32 Quarterly installments commencing 2 years from the date of first disbursement. The outstanding term as of March 31, 2014 was 3 installments] | | |
| [Interest rate : 8% p.a.] | | |
| [The amount includes the current maturity of ₹138.28 lakhs (Previous year: ₹184.38 lakhs) included in Note 9] | | |
| Exim Bank - Loan 3 | 1,815.54 | 1,940.81 |
| [Nature of security : Secured by charge over moveable and certain immovable fixed assets, both present and future] | | |
| [Repayment terms : 33 Quarterly installments commencing 2 years from the date of first disbursement. The outstanding term as of March 31, 2014 was 25 installments] | | |
| [Interest rate : Long term minimum lending rate plus 210 basis points p.a.] | | |
| [The amount includes the current maturity of ₹156.59 lakhs (Previous year: ₹125.27) included in Note 9] | | |
| Exim Bank - Loan 4 | 3,363.36 | 3,039.68 |
| [Nature of security : Secured by charge over certain immovable fixed assets of promoter group companies and pledge of shares of wholly owned subsidiary] | | |
| [Repayment terms : 20 Quarterly equal installments commencing 3 years from the date of first disbursement. The outstanding term as of March 31, 2014 was 20 installments] | | |
| [Interest rate : Libor (6 months) plus 550 bps p.a.] | | |
| Exim Bank - Loan 5 | 524.00 | - |
| [Nature of security : First pari passu charge on entire moveable and immovable fixed assets of the company (in both units) including the proposed project assets, both present and future] | | |
| [Repayment terms : 32 equal quarterly installments commencing after a moratorium of 1 year from the date of Commencement of Commercial Operation (COD). The outstanding term as of March 31, 2014 was 32 installments] | | |
| [Interest rate : Long term minimum lending rate plus 150 basis points] | | |
| Total - Term loans from financial institutions | 11,295.72 | 13,257.70 |

NOTES TO FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|--|-----------------------------------|-----------------------------------|
| Term loans from bank: | | |
| Canara Bank - Loan 1 [Nature of security : Secured by charge over moveable and certain immovable fixed assets, both present and future] [Repayment terms : 33 Quarterly installments commencing 2 years from the date of first disbursement with step up repayment in the ratio of 1:2:3. The outstanding term as of March 31, 2014 was 11 installments] [Interest rate : 8.35% p.a.] [The amount includes the current maturity of ₹2,728 lakhs (Previous year: ₹1,818.18 lakhs) included in Note 9] | 7,498.00 | 9,318.00 |
| Canara Bank - Loan 2 [Nature of security : Secured by charge over moveable and certain immovable fixed assets, both present and future] [Repayment terms : 32 Quarterly installments commencing 2 years from the date of first disbursement. The outstanding term as of March 31, 2014 was 19 installments] [Interest rate : Base rate plus 400 basis points p.a.] [The amount includes the current maturity of ₹750 lakhs (Previous year: ₹750 lakhs) included in Note 9] | 3,562.50 | 4,312.50 |
| ICICI Bank - Loan 3 [Nature of security : Secured by charge over certain immovable fixed assets and pledge of shares of wholly owned subsidiary] [Repayment terms : 22 Quarterly installments commencing 27 months from the date of first disbursement. The outstanding term as of March 31, 2014 was 22 installments] [Interest rate : Libor (6 months) plus 495 basis points p.a.] | 4,804.80 | 4,342.40 |
| Total - Term loans from bank | 15,865.30 | 17,972.90 |
| Debentures issued by the Company | | |
| 11.25 % Non - convertible and redeemable debentures [Redemption terms : In four equal annual installments commencing 2 years from the date of issue. The outstanding term as of March 31, 2014 was 4 installments] [The amount includes the current maturity of ₹400 lakhs (Previous year: Nil) included in Note 9] | 1,600.00 | 1,600.00 |
| | 1,600.00 | 1,600.00 |
| Loan from related parties: | | |
| Credit Himatsingka Private Limited [Repayment terms : 85 equal monthly installments commencing from April 2013. The outstanding term as of March 31, 2014 was 73 installments] [Interest rate : 8% p.a.] [The amount includes the current maturity of ₹300 lakhs (Previous year: ₹300 lakhs) as referred in Note 9] | 545.30 | 2,145.30 |
| Total - Loan from related parties | 545.30 | 2,145.30 |
| Total long term borrowings | 29,306.32 | 34,975.90 |

(ii) For the current maturities of long-term borrowings, refer Note 9 - Other current liabilities.

NOTES TO FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|---|-----------------------------------|-----------------------------------|
| NOTE 5 - OTHER LONG TERM LIABILITIES | | |
| Towards gratuity | 318.89 | 210.70 |
| | 318.89 | 210.70 |

NOTE 5A - EMPLOYEE BENEFITS

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity plan). The Gratuity plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Insurer (ICICI Prudential Life Insurance). Under this plan, the settlement obligation remains with the Company, although the Employees Gratuity Trust administers the plan and determines the contribution premium required to be paid by the Company.

| | 31.03.2014 | 31.03.2013 |
|---|---------------|---------------|
| Change in the benefit obligation | | |
| Projected Benefit Obligation at the beginning of the year | 871.29 | 707.72 |
| Service cost | 81.64 | 67.84 |
| Interest cost | 68.86 | 57.47 |
| Liabilities assumed on acquisition | 0.41 | |
| Benefits paid | (48.92) | (36.15) |
| Actuarial loss | 7.29 | 74.41 |
| Projected Benefit Obligation at the end of the year | 980.57 | 871.29 |
| Change in plan assets | | |
| Fair value of plan assets at the beginning of the year | 660.59 | 569.92 |
| Expected return on plan assets | 49.43 | 40.21 |
| Employer contributions | - | 65.00 |
| Benefits paid | (48.92) | (36.15) |
| Actuarial gain | 0.58 | 21.61 |
| Fair value of plan assets at the end of the year | 661.68 | 660.59 |
| Funded status [Deficit] | 318.89 | 210.70 |
| Unrecognized past service costs | - | - |
| Recognized liability (unfunded obligations) | 318.89 | 210.70 |
| Less: Current portion of liability | - | - |
| Non-current liability | 318.89 | 210.70 |
| Estimate of amount of contribution in the immediate next year | 100.00 | 100.00 |
| Net gratuity cost for the year ended is as follows | | |
| Service cost | 81.64 | 67.84 |
| Interest cost | 68.86 | 57.47 |
| Expected return on plan assets | (49.43) | (40.21) |
| Actuarial loss | 6.70 | 52.81 |
| Net gratuity cost | 107.77 | 137.91 |
| Actual return on plan assets | 61.46 | 66.56 |
| Financial assumptions at the valuation date: | | |
| a) Discount rate (p.a.) * | 8.85% | 8.20% |
| b) Expected rate of return on assets (p.a.) | 8.00% | 7.50% |
| c) Salary escalation rate ** | 6.00% | 6.00% |
| d) Retirement age | 58 yrs | 58 yrs |

e) Mortality : Published rates under the LIC (2006-08) mortality tables have been used

f) Rates of leaving service for various categories of employees: 2% , 12%, 20% and 40%.

* The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligation.

** Salary escalation rate considered takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

NOTES TO FINANCIAL STATEMENTS

The fund is with the insurer and information as regards the composition of investments is not available.

| Five year data: | 31.03.2014 | 31.03.2013 | 31.03.2012 | 31.03.2011 | 31.03.2010 |
|-------------------------------|------------|------------|------------|------------|------------|
| Projected benefit obligation | 980.57 | 871.29 | 707.72 | 620.94 | 624.78 |
| Plan assets | 661.68 | 660.59 | 569.92 | 552.65 | 539.42 |
| Surplus/(deficit) | (318.89) | (210.70) | (137.80) | (68.29) | (85.36) |
| Exp. adj. on plan liabilities | 71.84 | 55.86 | (1.55) | (25.18) | 53.31 |
| Exp. adj. on plan assets | 12.03 | 26.35 | 25.73 | (8.89) | 39.64 |

Defined contribution plans

The Company makes Provident fund, Superannuation Fund and Employee State Insurance contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company recognized the following contributions in the Statement of profit and loss.

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|---------------------------------|-----------------------------------|-----------------------------------|
| Provident Fund | 452.99 | 406.41 |
| Employee State Insurance Scheme | 7.56 | 14.35 |
| Superannuation Fund | 20.80 | 20.20 |

NOTE 6 - LONG TERM PROVISIONS

| | | |
|--|---------------|---------------|
| Provision for taxes (Net of advance tax ₹263.39 lakhs (Previous year: ₹263.39 lakhs)) | 390.61 | 390.61 |
| Provision for accumulated leave credits (Refer Note 6A) | 213.41 | - |
| | 604.02 | 390.61 |

NOTE 6A - FINANCIAL ASSUMPTIONS ON VALUATION DATE

| | | |
|-----------------------|---------------|---------------|
| Current portion | 87.67 | 306.29 |
| Non - current portion | 213.41 | - |
| Total provision | 301.08 | 306.29 |

* Actuarial assumptions considered to determine the provision required is same as gratuity provision (Refer Note 5A)

NOTE 7 - SHORT TERM BORROWINGS

| | | |
|---|------------------|------------------|
| Working capital loan from banks (secured) | | |
| ICICI Bank (Packing credit) | 2,696.53 | - |
| Canara Bank (Packing credit and vendor financing) | 2,788.41 | 5,511.53 |
| HSBC Bank (Packing credit) | 7,107.43 | 5,941.64 |
| ICICI Bank (Buyers credit) | 2,357.18 | - |
| (Working capital limits are secured against present and future stock and book debts on pari-passu basis.) | | |
| | 14,949.55 | 11,453.17 |

NOTE 8 - TRADE PAYABLES

| | | |
|------------------------------------|------------------|------------------|
| Trade Payables | 18,643.59 | 13,069.96 |
| | 18,643.59 | 13,069.96 |
| (i) Includes dues to subsidiaries | | |
| Himatsingka Wovens Private Limited | 11.93 | 11.95 |
| Giuseppe Bellora S.p.A. | 32.24 | 17.73 |
| DWI Holdings, Inc. | 120.90 | 16.12 |
| (ii) Includes dues to Directors | 164.00 | 153.28 |

NOTES TO FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|--|-----------------------------------|-----------------------------------|
| NOTE 8A | | |
| Information related to micro, small and medium enterprises | | |
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 140.29 | 707.33 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 4.44 | 62.35 |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | 50.07 | 42.98 |
| (iv) The amount of interest due and payable for the year | 61.92 | 19.37 |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | 98.25 | 62.35 |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - |
| NOTE 9 - OTHER CURRENT LIABILITIES | | |
| Current maturities of long term debt (Refer note 4(i)) | | |
| Term loan from financial institution (Secured) | 3,022.14 | 2,809.65 |
| Term loan from banks (Secured) | 3,478.00 | 2,568.18 |
| Loan from related parties (Unsecured) | 300.00 | 300.00 |
| Non-Convertible Debentures (Unsecured) | 400.00 | - |
| | 7,200.14 | 5,677.83 |
| Interest accrued but not due on borrowings | 68.28 | 49.67 |
| Unpaid dividend | 20.98 | 24.02 |
| Other liabilities | | |
| Taxes | 71.25 | 64.31 |
| Payables on purchase of fixed assets | 36.51 | 6.07 |
| Employees | 68.37 | 65.38 |
| Advances received from customers | 210.92 | 230.14 |
| Advances from subsidiaries | | |
| Himatsingka America, Inc. | 290.57 | - |
| Payable on mark to market of fair value derivatives (Refer note 35 (3)) | 49.50 | - |
| | 8,016.52 | 6,117.42 |
| NOTE 10 - SHORT TERM PROVISIONS | | |
| Provision for accumulated leave credits (Refer note 6A) | 87.67 | 306.29 |
| Provision for losses on derivative contracts (Refer note 35 (2)) | 14.69 | 117.08 |
| Provision for taxes (Net of advance tax ₹333.30 lakhs) (Previous year: ₹351.03 lakhs) | 923.70 | 438.97 |
| Provision for dividend | 1,476.86 | 984.57 |
| Provision for tax on proposed dividend | 250.99 | 167.33 |
| | 2,753.91 | 2,014.24 |

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - FIXED ASSETS

₹ in lakhs

| Particulars | Gross block | | | | Depreciation | | | Net block | |
|-----------------------------------|---------------------------------|-------------------------------|---------------------------|----------------------------|---------------------------------|-------------------------------|----------------------------|---------------------------------|---------------------------------|
| | Balance as at 01.04.2013 | Reversal of Impairment losses | Additions | Deletions | Balance as at 31.03.2014 | For the year | On deletions | Balance as at 31.03.2014 | Balance as at 31.03.2013 |
| Tangible Assets | | | | | | | | | |
| Owned: | | | | | | | | | |
| Land* | 747.38 (747.38) | - | - | - | 747.38 (747.38) | - | - | 747.38 (747.38) | 747.38 (747.38) |
| Buildings | 13,427.18 (13,119.76) | - | 175.33 (13.13) | - | 13,602.51 (13,427.18) | 444.15 (432.35) | - | 3,132.21 (2,688.06) | 10,739.12 (10,864.05) |
| Plant and machinery | 58,080.66 (58,503.47) | - | 490.80 (655.80) | 31.60 (1,078.61) | 58,539.86 (58,080.66) | 3,942.17 (3,943.66) | 16.78 (1,064.30) | 35,121.74 (31,196.35) | 26,884.31 (30,186.48) |
| Furniture and fixtures | 614.17 (595.44) | - | 9.46 (18.73) | 0.38 | 623.25 (614.17) | 51.69 (52.28) | 0.38 | 450.78 (399.47) | 214.70 (248.25) |
| Leasehold improvements | 103.30 (103.30) | - | - | - | 103.30 (103.30) | 2.23 (2.23) | - | 97.71 (95.48) | 7.82 (10.05) |
| Office equipments | 1,071.88 (1,044.01) | - | 43.22 (28.87) | - | 1,115.10 (1,071.88) | 79.11 (82.69) | - | 909.29 (830.18) | 241.70 (295.63) |
| Vehicles | 88.55 (104.59) | - | 61.59 (9.43) | 4.68 (25.47) | 145.46 (88.55) | 13.57 (13.51) | 4.51 (21.58) | 62.22 (53.16) | 35.39 (43.36) |
| Taken on operating lease : | | | | | | | | | |
| Land | 1,171.84 (1,160.91) | - | 11.81 (10.93) | - | 1,183.65 (1,171.84) | 19.89 (19.53) | - | 113.37 (93.48) | 1,078.36 (1,086.96) |
| Given on operating lease : | | | | | | | | | |
| Buildings | 578.36 (578.36) | - | - | - | 578.36 (578.36) | 19.32 (19.32) | - | 370.67 (351.35) | 227.01 (246.33) |
| Total | 75,883.32 (75,957.22) | - (294.29) | 792.21 (736.89) | 36.66 (1,105.08) | 76,638.87 (75,883.32) | 4,572.13 (4,565.57) | 21.67 (1,086.77) | 40,257.99 (35,707.53) | 36,380.88 (40,175.79) |
| Intangible Assets - Others | | | | | | | | | |
| Software and other related costs | 673.77 (410.72) | - | 22.95 (263.05) | - | 696.72 (673.77) | 73.21 (50.55) | - | 243.42 (170.21) | 503.56 (291.06) |
| Total | 673.77 (410.72) | - (263.05) | 22.95 (263.05) | - | 696.72 (673.77) | 73.21 (50.55) | - | 243.42 (170.21) | 503.56 (291.06) |
| Total Fixed Assets | 76,557.09 (76,367.94) | - (294.29) | 815.16 (999.94) | 36.66 (1,105.08) | 77,335.59 (76,557.09) | 4,645.34 (4,616.12) | 21.67 (1,086.77) | 40,501.41 (35,877.74) | 40,679.35 (44,019.55) |

* Land includes ₹ 17.91 lakhs (Previous year ₹ 17.91 lakhs) being the share in land jointly owned with others.

During 2003-04, the Khata in respect of one of the Company's properties was merged with those of other adjacent properties to facilitate better utilization of the property by joint construction and entitlement of proportionate undivided share of the amalgamated property.

Figures in brackets represent previous year numbers

NOTES TO FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|--|-----------------------------------|-----------------------------------|
| NOTE 12 - NON CURRENT INVESTMENTS | | |
| Investments, at cost | | |
| Trade (Unlisted, unquoted) | | |
| Investment in equity instruments of subsidiary companies | | |
| Himatsingka Wovens Private Limited | 1,164.12 | 1,164.12 |
| Equity shares of ₹100 each fully paid up [No. of shares: 1,250,000 (Previous year: 1,250,000)] | | |
| Himatsingka America, Inc. | 20,240.33 | 20,240.33 |
| Equity shares of USD 10,000 each fully paid up [No. of shares: 4,650 (Previous year: 4,650)] | | |
| Twill & Oxford LLC | 37.35 | 37.35 |
| Equity shares of AED 100 each fully paid up [No. of shares: 1,470 (Previous year: 1,470)] | | |
| Giuseppe Bellora S.p.A. | 6,875.50 | 6,875.50 |
| Equity shares of Euro 1 each fully paid up [No. of shares: 7,515,501 (Previous year: 7,515,501)] | | |
| Share application money (Giuseppe Bellora S.p.A.) net (Refer note 36) | 7,508.53 | 6,842.26 |
| | 35,825.83 | 35,159.56 |
| NOTE 13 - DEFERRED TAX (LIABILITY) / ASSETS | | |
| Tax effect of items constituting deferred tax liability | | |
| On difference between book balance and tax balance of fixed assets | (4,037.09) | (4,305.15) |
| Tax effect of items constituting deferred tax assets | | |
| Provision for compensated absences, gratuity and other employee benefits | 102.97 | 98.79 |
| Unabsorbed depreciation | 4,037.09 | 4,305.15 |
| Deferred tax asset/(liability) net | 102.97 | 98.79 |
| The Company has recognized a deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax. | | |
| NOTE 14 - LONG TERM LOANS AND ADVANCES | | |
| (unsecured, considered good) | | |
| Security deposits | 359.06 | 247.44 |
| Advance income tax [net of provisions ₹1,888.93 lakhs (Previous year ₹1,098.93 lakhs)] | 391.69 | 336.12 |
| Loans to subsidiaries | | |
| Himatsingka Wovens Private Limited | 926.00 | 526.00 |
| Himatsingka America, Inc. | 10,450.44 | 9,444.72 |
| MAT credit entitlement | 3,427.57 | 2,232.57 |
| Loans and advances to employees | 140.67 | 112.93 |
| Balances with Government authorities - VAT receivable | - | 140.20 |
| Capital advances to vendors | 218.37 | 26.40 |
| | 15,913.80 | 13,066.38 |

NOTES TO FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|--|-----------------------------------|-----------------------------------|
| NOTE 15 - INVENTORIES | | |
| Raw materials | 3,555.49 | 2,842.63 |
| Raw materials - in transit | 1,526.17 | 787.45 |
| | 5,081.66 | 3,630.08 |
| Work-in-progress | 11,160.36 | 8,698.68 |
| Finished goods | 1,987.48 | 1,325.58 |
| Stores and spares | 1,253.53 | 781.90 |
| Stores and spares - in transit | - | 1.67 |
| | 14,401.37 | 10,807.83 |
| | 19,483.03 | 14,437.91 |
| Details of inventory of work-in-progress | | |
| Drapery and upholstery fabric | 1,678.38 | 1,592.61 |
| Bed linen | 9,307.12 | 6,984.14 |
| Silk/blended yarn | 174.85 | 121.93 |
| | 11,160.35 | 8,698.68 |
| Details of inventory of Finished goods | | |
| Drapery and upholstery fabric | 1,434.44 | 1,077.23 |
| Bed linen sets | 499.94 | 211.03 |
| Silk/blended yarn | 53.10 | 37.32 |
| | 1,987.48 | 1,325.58 |
| NOTE 16 - TRADE RECEIVABLES | | |
| (Unsecured, considered good) | | |
| Outstanding for a period exceeding six months from the date they were due for payment* | 490.35 | 755.12 |
| Others ** | 10,122.11 | 6,469.59 |
| | 10,612.46 | 7,224.71 |
| * includes dues from subsidiaries | | |
| Giuseppe Bellora S.p.A | 268.35 | 666.85 |
| ** includes dues from subsidiaries | | |
| Himatsingka America, Inc. | 1,691.04 | - |
| Himatsingka Wovens Private Limited | 878.61 | 759.83 |
| Divatex Home Fashion, Inc. | 3,494.02 | 2,847.01 |
| Giuseppe Bellora S.p.A. | 557.54 | 28.33 |
| DWI Holdings, Inc. | 3,455.73 | 657.81 |
| NOTE 17 - CASH AND CASH EQUIVALENTS | | |
| Cash in hand | 12.49 | 10.15 |
| Balances with banks | | |
| in current account | 1,008.43 | 1,267.33 |
| in deposit account | 65.00 | 165.00 |
| in Earmarked accounts | | |
| Unpaid dividend account | 20.98 | 24.02 |
| | 1,106.90 | 1,466.50 |
| Of the above, the balances that meet the definition of cash and cash equivalents as per AS3 Cash flow statement is | 1,085.92 | 1,442.48 |

NOTES TO FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|---|-----------------------------------|-----------------------------------|
| NOTE 18 - SHORT TERM LOANS AND ADVANCES | | |
| (unsecured, considered good) | | |
| Security deposits | 28.48 | 125.00 |
| Interest subsidy receivable | 790.41 | 505.34 |
| Prepaid expenses | 300.51 | 496.03 |
| Loans and advances to employees | 95.50 | 92.89 |
| Balances with Government authorities | | |
| VAT credit receivable | 215.84 | 249.11 |
| Cenvat and service tax receivable | 269.60 | 214.58 |
| CST receivable | 13.87 | 12.71 |
| Entry tax receivable | 10.00 | 10.00 |
| Others | 106.37 | 106.37 |
| Advances to vendors | 351.34 | 457.62 |
| Advances to subsidiaries | | |
| Himatsingka Wovens Private Limited | - | 16.80 |
| Himatsingka America, Inc. | - | 601.83 |
| Giuseppe Bellora S.p.A | - | 0.83 |
| Divatex Home Fashion, Inc. | 10.51 | - |
| DWI Holdings, Inc. | 5.14 | - |
| | 2,197.57 | 2,889.11 |
| NOTE 19 - OTHER CURRENT ASSETS | | |
| Advances recoverable in cash or in kind or for value to be received | 15.07 | 15.29 |
| Interest receivable * | 78.56 | 768.16 |
| Power subsidy receivable (Refer note 36 (b)) | 1,236.00 | - |
| Subsidy under Focus product and Status holder incentive schemes | 353.17 | 147.69 |
| Receivable on Mark to market of fair value derivative | 1,062.53 | 201.60 |
| | 2,745.33 | 1,132.74 |
| * includes interest due from subsidiaries | | |
| Himatsingka Wovens Private Limited | - | 22.29 |
| Himatsingka America, Inc. | 23.20 | 700.08 |
| Giuseppe Bellora S.p.A. | 55.36 | 45.79 |

NOTES TO FINANCIAL STATEMENTS

| | For the year ended 31.03.2014 ₹ in lakhs | For the year ended 31.03.2013 ₹ in lakhs |
|--|--|--|
| NOTE 20 - REVENUE FROM OPERATIONS | | |
| Sale of products (Refer Note i) | 96,123.69 | 68,275.51 |
| Other operating income (Refer Note ii) | 2,559.30 | 3,533.12 |
| | 98,682.99 | 71,808.63 |
| Less: Excise duty | 314.29 | 361.90 |
| | 98,368.70 | 71,446.73 |
| Notes : | | |
| (i) Sale of products (net of excise duty) comprises of : | | |
| Manufactured goods | | |
| Drapery and upholstery | | |
| Fabric | 10,765.95 | 9,675.76 |
| Silk/ Blended Yarn | 1,232.14 | 675.91 |
| Bed linen | | |
| Fabric | 862.95 | 680.28 |
| Sheet sets | 82,120.22 | 55,267.51 |
| | 94,981.26 | 66,299.46 |
| Traded goods | | |
| Bed linen - fabric | 828.14 | 1,614.15 |
| | 828.14 | 1,614.15 |
| Total | 95,809.40 | 67,913.61 |
| (ii) Other operating income comprises of : | | |
| Sale of power | 976.43 | 2,357.40 |
| Sale of waste / scrap | 689.86 | 630.62 |
| Income under Focus Product and Status Holder incentive Scheme | 360.21 | 138.05 |
| Government grants | 2.80 | 3.50 |
| Corporate expense recovered from subsidiary | 530.00 | 403.55 |
| | 2,559.30 | 3,533.12 |
| NOTE 20A - FOREIGN CURRENCY EARNINGS | | |
| Revenue from operations | | |
| Exports on FOB basis - net of returns (includes deemed export sales) | 93,102.89 | 65,438.06 |
| | 93,102.89 | 65,438.06 |
| Other Income | | |
| Interest income | 901.26 | 484.33 |
| | 901.26 | 484.33 |
| NOTE 21 - OTHER INCOME | | |
| Interest income | | |
| Interest on inter corporate loan | 947.19 | 529.04 |
| Interest others | 0.13 | 61.55 |
| Reversal of impairment loss | - | 294.29 |
| Other non-operating income | | |
| Profit on sale of assets | - | 230.98 |
| Profit on sale of current investments | 84.66 | 110.80 |
| Rent income | 36.34 | 19.35 |
| Miscellaneous income | 184.19 | 61.93 |
| | 1,252.51 | 1,307.94 |

NOTES TO FINANCIAL STATEMENTS

| | For the year ended 31.03.2014 ₹ in lakhs | For the year ended 31.03.2013 ₹ in lakhs |
|--|--|--|
| NOTE 22 - COST OF MATERIALS CONSUMED AND PURCHASES OF STOCK IN TRADE | | |
| A. Raw material and packing material consumed | | |
| Opening stock | 3,630.08 | 3,615.56 |
| Add : Purchases | 55,326.87 | 33,869.27 |
| | 58,956.95 | 37,484.83 |
| Less : Closing stock | 5,081.66 | 3,630.08 |
| | 53,875.29 | 33,854.75 |
| Dyes, chemicals and accessories consumed | 8,522.22 | 5,447.70 |
| Raw material and packing material consumed * | 62,397.51 | 39,302.45 |
| B. Purchase of traded goods - Bed linen | | |
| | 808.69 | 1,516.62 |
| Material consumed comprises: | | |
| Raw materials, packing materials and chemicals consumed | | |
| Silk yarn | 2,655.54 | 2,777.24 |
| Silk waste / tops | 984.55 | 447.18 |
| Cotton fabric | 16,224.04 | 6,575.59 |
| Cotton yarn | 33,354.26 | 22,830.84 |
| Others | 9,179.12 | 6,671.60 |
| | 62,397.51 | 39,302.45 |
| Value of imported and indigenous raw materials and packing materials consumed | | |
| Imported | 24,786.61 | 25,818.30 |
| Percentage to the total consumption | 40% | 66% |
| Indigenous | 37,610.90 | 13,484.15 |
| Percentage to the total consumption | 60% | 34% |
| | 62,397.51 | 39,302.45 |
| CIF value of imports | | |
| Raw materials and chemicals | 24,080.40 | 26,016.10 |
| Components, spares and others | 338.64 | 222.79 |
| Capital goods | 220.64 | 25.14 |
| | 24,639.68 | 26,264.03 |

* The Raw material and packing material consumed in current year is net of ₹24.94 lakhs capitalised as Intangible asset under development.

Note: The value of imports is as per customer copies of bills/licenses which, is certified by the Company to the auditors and covers the entire imports during the year excluding goods in transit.

NOTE 23 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

| | | |
|----------------------------------|-------------------|---------------|
| Opening stock | | |
| Finished goods | 1,325.58 | 1,217.28 |
| Work in progress | 8,698.68 | 8,806.17 |
| Closing stock : | | |
| Finished goods | 1,987.48 | 1,325.58 |
| Work in progress | 11,160.36 | 8,698.68 |
| Net (increase) / decrease | (3,123.58) | (0.81) |

NOTES TO FINANCIAL STATEMENTS

| | For the year ended 31.03.2014 ₹ in lakhs | For the year ended 31.03.2013 ₹ in lakhs |
|---|--|--|
| NOTE 24 - EMPLOYEE BENEFIT EXPENSES | | |
| Salaries and wages | 8,353.47 | 6,427.91 |
| Contribution to provident and other funds | 576.95 | 604.86 |
| Workmen and staff welfare expenses | 858.45 | 697.54 |
| Less: Expenses capitalized (Refer Note 31) | (168.69) | (113.44) |
| | 9,620.18 | 7,616.87 |
| NOTE 25 - INTEREST AND FINANCE COSTS | | |
| Interest expense on : | | |
| Borrowings | | |
| Interest on term loan (net of subsidy under TUFs ₹1,093.58 lakhs (Previous year: ₹1,323.30 lakhs)) | 1,745.57 | 1,327.56 |
| Interest on Non-Convertible Debentures | 180.00 | 106.03 |
| Interest on working capital loans | 817.90 | 930.15 |
| Interest on delayed payment of Income tax | 62.00 | - |
| Trade payables | 66.35 | 62.35 |
| Other borrowing costs - Finance charges | 657.52 | 449.01 |
| Net loss on foreign currency transactions and translation | 1,147.07 | 729.33 |
| | 4,676.41 | 3,604.43 |
| NOTE 26 - OTHER EXPENSES | | |
| Power and fuel | 5,896.76 | 6,209.39 |
| Consumption of stores and spare parts (Refer Note 26A) | 832.95 | 763.78 |
| Job work charges | 475.23 | 362.69 |
| Other manufacturing expenses | 769.99 | 589.35 |
| Rent | 388.55 | 406.98 |
| Travelling and conveyance | 898.88 | 789.25 |
| Communication expenses | 116.12 | 114.43 |
| Printing and stationery | 49.75 | 53.93 |
| Insurance | 119.02 | 151.39 |
| Repairs and maintenance | | |
| Plant and machinery | 337.76 | 411.49 |
| Building | 122.05 | 92.44 |
| Others | 63.20 | 43.18 |
| Rates and taxes | 70.14 | 90.58 |
| Professional and consultancy charges (Refer Note 26B) | 285.30 | 400.22 |
| Bank charges | 59.38 | 54.57 |
| Contribution and donation | 3.45 | 1.76 |
| Advertisement and publicity | 11.33 | 11.62 |
| Bad trade and other receivables, loans and advances written off | - | 13.55 |
| Selling and distribution | | |
| Commission on sales | 310.18 | 211.09 |
| Selling expenses | 190.87 | 165.70 |
| Freight outward, net of reimbursement | 1,411.67 | 879.05 |
| Net loss on foreign currency transactions and translation | 2,050.10 | 166.45 |
| Other expenses | 327.97 | 275.38 |
| Loss on sale of asset | 11.94 | - |
| Less: Expenses capitalized (Refer Note 31) | (38.30) | (37.13) |
| | 14,764.29 | 12,221.14 |

NOTES TO FINANCIAL STATEMENTS

| | For the year ended 31.03.2014 ₹ in lakhs | For the year ended 31.03.2013 ₹ in lakhs |
|--|--|--|
| NOTE 26A - VALUE OF IMPORTED AND INDIGENOUS STORES AND SPARES CONSUMED | | |
| Imported | 263.94 | 211.77 |
| Percentage to the total consumption | 32% | 28% |
| Indigenous | 569.01 | 552.01 |
| Percentage to the total consumption | 68% | 72% |
| | 832.95 | 763.78 |
| NOTE 26B - PROFESSIONAL AND CONSULTANCY CHARGES INCLUDE PAYMENT TO AUDITORS | | |
| Statutory auditor | | |
| Audit fees | 42.00 | 42.00 |
| Tax audit fees | 3.00 | 3.00 |
| Taxation matters | 2.05 | 5.00 |
| Other services | - | 7.90 |
| Service tax | 6.26 | 6.76 |
| Out of pocket expenses | 2.24 | 0.84 |
| | 55.55 | 65.50 |
| Cost auditor | | |
| Audit fees | 0.30 | 2.16 |
| Service tax | - | 0.27 |
| | 0.30 | 2.43 |
| NOTE 26C - EXPENDITURE IN FOREIGN CURRENCY | | |
| Travel | 12.98 | 27.42 |
| Commission on sales | 301.62 | 206.42 |
| Professional and other service charges | 22.82 | 21.37 |
| Interest | 476.77 | 177.22 |
| Others | 93.65 | 59.39 |
| | 907.84 | 491.82 |

NOTE 27 - SEGMENT REPORTING

Since the Company prepares consolidated financial statements, segment information has not been provided in these unconsolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 28 - RELATED PARTY DISCLOSURES

| Nature of relationship | Names of the related parties |
|--|---|
| Wholly owned subsidiaries (WOS) | Himatsingka Wovens Private Limited (HWPL) Himatsingka America, Inc. (HimA) Divatex Home Fashion, Inc. (Divatex) DWI Holdings, Inc. (DWI) Himatsingka Singapore Pte Ltd (HSPL) |
| Other subsidiaries (OS) | Twill & Oxford LLC (T&O) Giuseppe Bellora S.p.A. (GB) GBT SrL |
| Key management personnel (KMP) | A.K. Himatsingka (AKH) - Vice Chairman D.K. Himatsingka (DKH) - Managing Director Aditya Himatsingka (ADH) - Executive Director Shrikant Himatsingka (SKH) - Executive Director |
| Relatives of key management personnel (Relatives) | Amitabh Himatsingka Rajshree Himatsingka Ranjana Himatsingka Supriya Himatsingka Priyadarshini Himatsingka Akanksha Himatsingka |
| Enterprises owned or significantly influenced by KMP, directors or their relatives (Referred as "Enterprises") | Bihar Mercantile Union Limited (BMU) Credit Himatsingka Private Limited (CHPL) Khaitan & Co LLP D.K. Himatsingka HUF Satin Reed America, Inc. (SR) |

NOTES TO FINANCIAL STATEMENTS

Note 28 - Related party disclosures

(₹ in Lakhs)

| | HWPL WOS 31.03.2014 (31.03.2013) | HimA WOS 31.03.2014 (31.03.2013) | Divatex WOS 31.03.2014 (31.03.2013) | GB OS 31.03.2014 (31.03.2013) | DWI WOS 31.03.2014 (31.03.2013) | Others 31.03.2014 (31.03.2013) | Total 31.03.2014 (31.03.2013) |
|---|---|---|--|--|--|--------------------------------------|-------------------------------------|
| Sale of goods (net) | 1,797.42 (1,740.76) | 6,887.19 - | 57,611.01 (44,900.11) | 565.32 (56.64) | 10,254.26 (11,043.03) | - (15.29) | 77,115.21 (57,755.83) |
| Interest income | 45.93 (44.71) | 901.26 (484.33) | - - | - - | - - | - - | 947.19 (529.04) |
| Rental income | 29.54 (13.45) | - - | - - | - - | - - | - - | 29.54 (13.45) |
| Purchase of goods | 0.83 (8.87) | - - | - - | - - | - - | - - | 0.83 (8.87) |
| Job work charges | 125.53 (91.77) | - - | - - | - - | - - | - - | 125.53 (91.77) |
| Sales commission | - - | - - | - - | 14.60 (17.06) | 106.61 (105.68) | - - | 121.21 (122.74) |
| Lease rent expense | 45.10 (80.90) | - - | - - | - - | - - | - - | 45.10 (80.90) |
| Claims | - - | - - | 17.18 - | - - | 0.81 - | - - | 17.99 - |
| Expenses incurred on behalf of | - (27.86) | 530.00 (472.65) | - (22.98) | - - | - - | - (24.85) | 530.00 (548.34) |
| Inter corporate loans given during the year | 400.00 - | - (6,839.84) | - - | - - | - - | - - | 400.00 (6,839.84) |
| Share application money given | - - | - - | - - | 1,855.27 (2,322.86) | - - | - - | 1,855.27 (2,322.86) |
| Guarantees given by | - (7,382.08) | - - | - - | - - | - - | - - | - (7,382.08) |
| Guarantees given on behalf of subsidiaries | - - | - - | 192.45 - | - - | - - | - - | 192.45 - |
| Outstanding as at year end | | | | | | | |
| Amounts receivable | 878.61 (759.83) | 1,691.04 - | 3,494.02 (2,847.01) | 2,367.32* (1,671.78) | 3,455.73 (657.81) | - (2.54) | 11,886.72 (5,938.97) |
| Advances recoverable | - (16.80) | - (601.83) | 10.51 - | - (0.83) | 5.14 - | - - | 15.65 (619.46) |
| Inter corporate loans receivable | 926.00 (526.00) | 10,450.44 (9,444.72) | - - | - - | - - | - - | 11,376.44 (9,970.72) |
| Interest receivable | - (22.29) | 23.20 (700.08) | - - | 55.36 (45.79) | - - | - - | 78.56 (768.16) |
| Share application money | - - | - - | - - | 8,697.53 (6,842.26) | - - | - - | 8,697.53 (6,842.26) |
| Amounts payable | 11.93 (11.95) | 290.57 - | - - | 32.24 (17.73) | 120.90 (16.12) | - - | 455.64 (45.80) |

NOTES TO FINANCIAL STATEMENTS

Note 28 - Related party disclosures

(₹ in Lakhs)

| | DKH KMP 31.03.2014 (31.03.2013) | AKH KMP 31.03.2014 (31.03.2013) | SKH KMP 31.03.2014 (31.03.2013) | ADH KMP 31.03.2014 (31.03.2013) | Khaitan & Co LLP Enterprise 31.03.2014 (31.03.2013) | CHPL Enterprise 31.03.2014 (31.03.2013) | Total 31.03.2014 (31.03.2013) |
|--|--|--|--|--|--|--|-------------------------------------|
| Remuneration | 119.58 (113.95) | 55.03 (43.89) | 130.52 (102.78) | 92.42 (79.12) | - | - | 397.55 (339.74) |
| Professional fees | - | - | - | - | (10.09) | - | - (10.09) |
| Interest expense | - | - | - | - | - | 137.42 (173.57) | 137.42 (173.57) |
| Inter corporate loans repaid during the year | - | - | - | - | - | 1,600.00 (25.00) | 1,600.00 (25.00) |
| Outstanding as at year end | | | | | | | |
| Inter corporate loans payable | - | - | - | - | - | 545.30 (2,145.30) | 545.30 (2,145.30) |
| Amounts payable | 33.00 (58.28) | - | 70.00 (60.00) | 45.00 (35.00) | - | - | 148.00 (153.28) |

*Includes 1,541.43 (Previous year : ₹976.60) considered under Long-term trade receivable

Figures in brackets represent previous year numbers

NOTE 29 - LEASES

The Company has entered into operating lease agreements mainly in respect of the office premises, accommodation and vehicles provided to employees and guest houses. These leases have non - cancellable periods ranging from 1 to 5 years.

A. Lease expenses

- i) Future minimum lease payments under non-cancellable operating leases due
 - not later than one year
 - later than one year and not later than five years
 - later than five years
- ii) lease payments recognized in the statement of profit and loss for the year

B. Lease income

- i) The Company has entered into operating lease arrangements with Himatsingka Wovens Private Limited, a wholly owned subsidiary company, for leasing a portion of building. The details are as follows:
 - Gross carrying amount
 - Accumulated depreciation
 - Depreciation recognized in the profit and loss statement

| | For the year ended 31.03.2014 ₹ in lakhs | For the year ended 31.03.2013 ₹ in lakhs |
|--|--|--|
| | 137.95 | 115.81 |
| | 304.41 | 312.06 |
| | - | - |
| | 388.55 | 406.98 |
| | 578.36 | 578.36 |
| | 370.67 | 351.35 |
| | 19.32 | 19.32 |

NOTES TO FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|---|-----------------------------------|-----------------------------------|
| NOTE 30 - CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR) | | |
| Contingent liabilities | | |
| Claims against the Company not acknowledged as debts | | |
| Taxation matters# | | |
| Income tax | 536.72 | 465.77 |
| Excise duty | 341.80 | 341.80 |
| Value added tax | - | 140.20 |
| Service tax | - | 4.28 |
| Others | 35.25 | 35.25 |
| Corporate guarantee given towards credit facilities on behalf of subsidiaries | | |
| Financial institutions | 100.00 | 221.21 |
| Banks | 18,428.67 | 18,988.98 |
| Others | 384.90 | 173.93 |
| Bill discounted | - | - |
| # The above amounts have been arrived at based on the notice of demand or the Assessment Orders, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. No reimbursements are expected. | | |
| Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)* | 647.29 | 28.18 |
| * Does not include value of materials to be supplied to the ongoing civil work. | | |
| NOTE 31 - The Company had in the prior year commenced the activity of improving operating and reporting process through an implementation of an ERP system at each of its group operations. During the year the Company on meeting the necessary criteria commenced capitalising cost associated with development of designs pertaining to specific brands. The below mentioned costs have been identified to be relating to the said processes and have accordingly been capitalized as part of the asset / capital work in progress/intangibles under development: | | |
| Raw material and packing material consumed | 24.94 | - |
| Employee benefit expenses | 168.69 | 113.44 |
| Other expenses | 38.30 | 37.13 |
| Total expenses capitalized | 231.93 | 150.57 |
| NOTE 32 - DESIGN AND DEVELOPMENT EXPENSES | | |
| Design and development expenditure of revenue nature accounted in the respective heads of Statement of Profit and Loss | 355.57 | 279.69 |
| | 355.57 | 279.69 |
| NOTE 33 - EARNING PER SHARE | | |
| Net profit for the year (being entirely attributable to the equity shareholders) | 5,883.55 | 4,233.79 |
| Basic / diluted | | |
| Weighted average number of equity shares | 98,457,160 | 98,457,160 |
| Par value per share | 5 | 5 |
| Earnings per share - Basic / diluted | 5.98 | 4.30 |

NOTES TO FINANCIAL STATEMENTS

NOTE 34 - There is no amount due and outstanding as at Balance sheet date to be credited to the Investor Education and Protection Fund.

NOTE 35 - Details of Forward covers, Options and Derivative transactions

1. Forward covers

(a) The Company has designated certain highly probable forecasted US dollar denominated sales transactions and certain forward contracts to sell US dollars as hedged items and hedging instruments respectively, in a Cash Flow Hedge to hedge the foreign exchange risk arising out of fluctuations between the India rupee and the US dollar. The exchange fluctuations arising from marking to market of the hedging instruments, to the extent relatable to the hedge being effective has been recognised in a Hedge reserve account in the Balance Sheet. Accordingly exchange fluctuations gains amounting to ₹ 805.81 lakhs as at March 31, 2014 (Previous year : ₹327.09 lakhs) have been recognized in the Hedge Reserve account. These exchange differences will be considered in Statement of Profit and Loss as and when the forecasted transactions occur.

(b) The following hedging contracts entered are outstanding

| Currency | As at 31.03.2014 | | As at 31.03.2013 | | |
|---------------------------------|------------------|------------|------------------|------------|-----------|
| | Amount | ₹ in lakhs | Amount | ₹ in lakhs | |
| Export of goods- Forward covers | | | | | |
| USD * INR | Sell | 25,790,000 | 16,931.74 | 26,196,000 | 14,665.62 |
| EURO * INR | Sell | 3,000,000 | 2,625.88 | 2,450,000 | 1,809.61 |
| GBP * INR | Sell | 2,080,000 | 2,174.14 | 1,820,000 | 1,628.77 |
| Import of goods | | | | | |
| USD * INR | Buy | - | - | 12,730,617 | 6,990.51 |

2. Interest rate swap

The Company has entered into an interest rate swap for hedging its cash flows arising the floating interest rate exposure on borrowings in foreign currency of USD 8,000,000, which has a mark to market loss of ₹14.69 lakhs (previous year: ₹117.08 lakhs), taken to hedge reserve being an effective hedge.

3. During the year, the Company has designated certain Pre-shipment credit 'PCFC' which is taken in foreign currency (US dollars) against confirmed sales orders in hand considered as firm commitments as hedged items and hedging instruments respectively, in a Fair value Hedge to hedge the foreign exchange risk arising from fluctuations in the exchange rate of Indian rupee and the US dollar between the contract acceptance and fulfillment dates. The exchange loss (net) on restatement of hedging instruments to the extent hedge is considered effective amounting to ₹49.50 lakhs has been accounted as 'Mark-to-Market of fair value derivatives' under 'Other current liabilities' in the financial statements.

| Currency | As on 31.03.2014 | | As on 31.03.2013 | | |
|------------------|------------------|------------|------------------|------------|-----------|
| | Amount | ₹ in lakhs | Amount | ₹ in lakhs | |
| Fair value hedge | | | | | |
| PCFC | Buy | 4,887,549 | 2,935.46 | 21,074,936 | 11,453.17 |

NOTES TO FINANCIAL STATEMENTS

4. The foreign currency exposures at the year end that have not been hedged by a derivative instrument or otherwise are given below.

| Particulars | Foreign currency | As on 31.03.2014 | | As on 31.03.2013 | |
|---|------------------|------------------|------------|------------------|------------|
| | | Amount | ₹ in lakhs | Amount | ₹ in lakhs |
| a. Amounts receivable in foreign currency on account of | | | | | |
| Inter corporate loan | USD | 17,400,000 | 10,450.44 | 17,400,000 | 9,444.72 |
| Interest receivable on Inter corporate loan | USD | 38,625 | 23.20 | 1,289,735 | 700.08 |
| | EURO | 65,834 | 54.36 | 65,834 | 45.79 |
| Receivables | EURO | 2,458,502 | 2,030.45 | 2,377,351 | 1,652.68 |
| | SGD | - | - | 5,705 | 2.49 |
| Other recoverables | USD | - | - | 1,108,938 | 601.83 |
| | EURO | - | - | 1,197 | 0.83 |
| Advance to vendors | EURO | 10,703 | 8.84 | 74,368 | 51.70 |
| | USD | 47,480 | 28.52 | - | - |
| | CHF | 3,516 | 2.38 | - | - |
| Bank balance | USD | 56,877 | 34.16 | 41,663 | 22.61 |
| b. Amounts payable in foreign currency on account of | | | | | |
| Term loans | USD | 13,600,000 | 8,168.16 | 13,600,000 | 7,382.08 |
| Import of goods and services | USD | 1,277,175 | 767.07 | 143,039 | 77.73 |
| | EURO | 758,228 | 626.21 | - | - |
| | CHF | - | - | 1,747 | 1.00 |
| Import of capital goods | GBP | 56,116 | 56.01 | 42,012 | 34.56 |
| Advance from subsidiaries | USD | 483,792 | 290.57 | - | - |

NOTES TO FINANCIAL STATEMENTS

NOTE 36 - EXCEPTIONAL ITEMS INCLUDE:

| | (₹ In Lakhs) | |
|--|---------------------|---------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| (a) Transactions arising against a derivative contract designated as fair value through profit and loss. | - | 355.94 |
| (b) Government Grants under Suvarna Vastra Neethi (Refer Note a) | 1,236.00 | - |
| (c) Investment written off (Refer Note b) | (1,189.00) | - |
| | 47.00 | 355.94 |

Note a : The Company has made an application for capital and revenue subsidy under the 'mega project' of the 'Suvarna Vasthra Neethi Scheme 2008-13 for its investments in the Bed Linen and Co-generation Power Plants. Based on the application, the amount eligible and specified in the scheme for subsidy pertaining to power consumption has been accrued as receivable. The subsidy on capital investments is yet to be approved by the relevant authorities and hence has not been accrued.

Note b : The Company during the year invested an amount of ₹1189.00 lakhs in its subsidiary Giuseppe Bellora S.p.A towards funding of certain one time restructuring costs on account of a change in business model. This amount has been written off as an exceptional item.

The remaining investments made during the year are in the normal course of operations and are as per the requirement under the Italian statute. These are part of the overall investment of ₹1855.27 lakhs and are considered good.

NOTE 37 - NOTES RELATING TO CASH FLOW STATEMENT

- (i) The cash flow statement has been prepared under the "Indirect Method" as set out in the Companies (Accounting Standards) Rules, 2006.
- (ii) Cash and cash equivalents include balances with scheduled banks on dividend account not available for use by the Company: ₹20.98 lakhs (Previous year: ₹24.02 lakhs)
- (iii) Cash and cash equivalents comprises of:

| | (₹ In Lakhs) | |
|------------------------------|---------------------|---------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| (a) Cash on hand | 12.49 | 10.15 |
| (b) Balance with banks | | |
| - in current account | 1,008.43 | 1,267.33 |
| - in deposit account | 65.00 | 165.00 |
| - in unpaid dividend account | 20.98 | 24.02 |
| | 1,106.90 | 1,466.50 |

NOTE 38 - Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

**TO THE BOARD OF DIRECTORS OF
HIMATSINGKA SEIDE LIMITED**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HIMATSINGKA SEIDE LIMITED (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements / financial information of 3 subsidiaries whose financial statements / financial information reflect total assets (net) of ₹9,016 Lakhs as at March 31, 2014, total revenues of ₹10,672 Lakhs and net cash outflows amounting to ₹330 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For DELOITTE HASKINS & SELLS,
Chartered Accountants
(Registration No. 008072S)

S. Sundaresan
Partner

(Membership No. 25776)

BANGALORE, May 15, 2014

CONSOLIDATED BALANCE SHEET

Himatsingka Seide Limited | As at March 31, 2014

| | Note No. | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|-------------------------------------|----------|-----------------------------------|-----------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 4,922.86 | 4,922.86 |
| Reserves and surplus | 3 | 69,578.36 | 58,635.10 |
| | | 74,501.22 | 63,557.96 |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 36,068.30 | 45,306.33 |
| Deferred tax liabilities (Net) | 5 | 1,552.52 | 648.21 |
| Other long-term liabilities | 6 | 326.02 | 215.91 |
| Long-term provisions | 7 | 657.44 | 430.91 |
| | | 38,604.28 | 46,601.36 |
| Current liabilities | | | |
| Short-term borrowings | 8 | 33,181.07 | 16,135.98 |
| Trade payables | 9 | 31,425.53 | 22,382.06 |
| Other current liabilities | 10 | 14,212.65 | 10,826.26 |
| Short-term provisions | 11 | 2,931.38 | 2,242.86 |
| | | 81,750.63 | 51,587.16 |
| Minority interest (Refer Note 37) | | (3,322.12) | (1,998.14) |
| TOTAL | | 191,534.01 | 159,748.34 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 12 | 43,518.14 | 44,912.11 |
| Intangible assets | 12 | 758.88 | 766.65 |
| Capital work-in-progress | | 946.75 | 598.21 |
| Intangible assets under development | | 139.41 | - |
| | | 45,363.18 | 46,276.97 |
| Goodwill on consolidation | | 60,082.72 | 53,263.16 |
| Non-current investments | 13 | 20.68 | 328.45 |
| Long-term loans and advances | 14 | 5,999.54 | 3,814.61 |
| | | 111,466.12 | 103,683.19 |
| Current assets | | | |
| Inventories | 15 | 63,825.41 | 40,750.45 |
| Trade receivables | 16 | 2,252.43 | 6,721.81 |
| Cash and cash equivalents | 17 | 2,656.11 | 2,897.07 |
| Short-term loans and advances | 18 | 8,711.93 | 5,316.82 |
| Other current assets | 19 | 2,622.01 | 379.00 |
| | | 80,067.89 | 56,065.15 |
| TOTAL | | 191,534.01 | 159,748.34 |

See accompanying notes (1 to 38) to the financial statements

In terms of our audit report attached
for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

S.Sundaresan
Partner

Shrikant Himatsingka
Executive Director

Dilip J. Thakkar
Chairman

Pradeep K.P.
Chief Financial Officer

D.K.Himatsingka
Managing Director

Ashok Sharma
Company Secretary

Bangalore, Date: May 15, 2014

Bangalore, Date: May 15, 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Himatsingka Seide Limited | For the year ended March 31, 2014

| | Note No. | For the year ended 31.03.2014 ₹ in lakhs | For the year ended 31.03.2013 ₹ in lakhs |
|---|----------|--|--|
| Revenue from operations | 20 | 202,822.09 | 168,942.60 |
| Other income | 21 | 465.47 | 898.06 |
| Total revenue | | 203,287.56 | 169,840.66 |
| Expenses: | | | |
| Cost of materials | 22 | 131,920.45 | 110,072.83 |
| Employee benefit expenses | 23 | 20,013.57 | 17,182.65 |
| Interest and finance costs | 24 | 8,283.42 | 6,528.20 |
| Depreciation and amortization expenses | 12 | 5,437.56 | 5,215.74 |
| Other expenses | 25 | 30,876.96 | 25,901.90 |
| Total expenses | | 196,531.96 | 164,901.32 |
| Profit before exceptional items and tax | | 6,755.60 | 4,939.34 |
| Exceptional items - gain/(loss) | 35 | (413.84) | 235.27 |
| Profit before tax | | 6,341.76 | 5,174.61 |
| Tax expense: | | | |
| Current tax | | 1,242.81 | 960.69 |
| Minimum alternate tax credit entitlement | | (1,195.00) | (752.00) |
| Deferred tax | | 843.05 | (544.65) |
| Reversal of provision of earlier years | | - | 215.12 |
| Profit after tax before share of minority interest | | 5,450.90 | 5,295.45 |
| Less: Share of profit/(loss) of minority interest (net), including dividend payouts | | (883.73) | (436.84) |
| Profit after minority interest | | 6,334.63 | 5,732.29 |
| Basic and diluted earnings per equity share (₹) (Refer note 32) (Par value of ₹5 each) | | 6.43 | 5.82 |
| See accompanying notes (1 to 38) to the financial statements | | | |

In terms of our audit report attached
for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

D.K.Himatsingka
Managing Director

S.Sundaresan
Partner

Shrikant Himatsingka
Executive Director

Pradeep K.P.
Chief Financial Officer

Ashok Sharma
Company Secretary

Bangalore, Date: May 15, 2014

Bangalore, Date: May 15, 2014

CONSOLIDATED CASH FLOW STATEMENT

Himatsingka Seide Limited | For the year ended March 31, 2014

| | For the year Ended 31.03.2014 ₹ in lakhs | For the year Ended 31.03.2013 ₹ in lakhs |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Profit before tax | 6,341.76 | 5,174.61 |
| Profit on sale of assets | (74.22) | (245.44) |
| Profit on sale of investments | (84.66) | (110.80) |
| Reversal of impairment loss | - | (294.29) |
| Depreciation and amortisation expense | 5,437.56 | 5,215.74 |
| Exchange loss on non-operating activities | (508.85) | 449.49 |
| Investments written off | 378.48 | - |
| Provision for doubtful trade receivables | 180.33 | 48.54 |
| Interest income | (2.86) | (63.99) |
| Interest and Finance costs | 8,283.42 | 6,528.20 |
| Operating cash profit before working capital changes | 19,950.96 | 16,702.06 |
| Decrease in trade and other receivables | 4,720.17 | 1,715.05 |
| (Increase)/decrease in inventories | (20,363.46) | 3,541.17 |
| (Increase)/decrease in short term, long term loans and advances and other current assets | (6,428.59) | (1,529.41) |
| Increase/(decrease) in current and non current liabilities and provisions | 7,946.98 | (452.75) |
| Cash generated from operations | 5,826.06 | 19,976.12 |
| Income tax paid | (958.87) | (364.70) |
| Net cash from operations | 4,867.19 | 19,611.42 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of investments | (9,290.74) | (3,732.00) |
| Sale of investments | 9,375.40 | 4,790.36 |
| Acquisition of additional stake in subsidiaries | (235.58) | (9,352.77) |
| Purchase of fixed assets | (4,305.22) | (1,732.06) |
| Sale proceeds of fixed assets | 183.47 | 320.18 |
| Interest received | 2.86 | 63.99 |
| Net cash from investing activities | (4,269.81) | (9,642.30) |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Interest and Finance costs paid | (8,666.67) | (7,966.43) |
| Subsidy / subvention received | 808.51 | 1,625.81 |
| Proceeds from long term borrowings | 1,017.91 | 9,413.65 |
| Repayment of long term borrowings | (10,082.44) | (5,892.39) |
| Proceeds / (repayments) of short term borrowings (net) | 16,951.23 | (4,983.63) |
| Dividend paid | (987.61) | (497.51) |
| Tax on distributed profits | (167.33) | (79.86) |
| Net cash from financing activities | (1,126.40) | (8,380.36) |
| Total increase in cash and cash equivalents | (529.02) | 1,588.76 |
| Effect of exchange differences on restatement of foreign currency cash and cash equivalents | 288.06 | 470.70 |
| Cash and cash equivalents at the beginning of the period | 2,897.07 | 837.61 |
| Cash and cash equivalents at the end of the year (Refer Note 36) | 2,656.11 | 2,897.07 |

In terms of our audit report attached
for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

S.Sundaresan
Partner

Shrikant Himatsingka
Executive Director

Dilip J. Thakkar
Chairman

Pradeep K.P.
Chief Financial Officer

D.K.Himatsingka
Managing Director

Ashok Sharma
Company Secretary

Bangalore, Date: May 15, 2014

Bangalore, Date: May 15, 2014

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting and preparation of financial statements

The consolidated financial statements of Himatsingka Seide Limited ('the Company') and its subsidiary companies, collectively referred to as 'the Group' are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis of accounting. GAAP comprises mandatory accounting standards as notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and relevant provision of the 1956 Act / 2013 Act ("the Act"), as applicable.

The financial statements of the entities in the Group used in the consolidation are drawn up to the same reporting date as of the Company i.e. March 31, 2014.

2. Principles of consolidation

- The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under AS 21 – Consolidated Financial Statements prescribed under the Act. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group.
- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits or losses. The amount shown in respect of reserves comprises the amount of the relevant reserves as per the balance sheet of the Company and its share in the post-acquisition change in the relevant reserve of subsidiaries.
- Minority interest represents the amount of equity attributable to the minority shareholders at the dates on which investment in a subsidiary is made by the Company and its share of movements in the equity subsequent to the dates of investments as stated above.
- The excess of cost to the Company of its investments in the subsidiary companies over its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as goodwill, being an asset in the consolidated financial statements. Where the share of the equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognized as capital reserve and shown under the head Reserves and Surplus.
- Information on subsidiary companies

The list of subsidiary companies included in the consolidated financial statements is as under:

| Name of the entity | Country of incorporation | % ownership held either directly or through subsidiaries | |
|------------------------------------|--------------------------|--|----------------|
| | | March 31, 2014 | March 31, 2013 |
| Himatsingka Wovens Private Limited | India | 100% | 100% |
| Himatsingka America, Inc. | United States of America | 100% | 100% |
| Giuseppe Bellora S.p.A. | Italy | 70% | 70% |
| DWI Holdings, Inc. | United States of America | 100% | 100% |
| Divatex Home Fashion, Inc | United States of America | 100% | 100% |
| Twill & Oxford LLC | United Arab Emirates | 49% | 49% |
| Himatsingka Singapore Pte Limited | Singapore | 100% | 100% |

- In terms of the Memorandum and Articles of Association, the composition of the Board of Directors of Twill & Oxford LLC is controlled by the Company and hence it has been considered as subsidiary for the purpose of consolidation.
- In respect of Divatex Home Fashion, Inc. and DWI Holdings, Inc., ownership is held through Himatsingka America, Inc.
- In respect of Himatsingka Singapore Pte Limited, ownership is held through Himatsingka Wovens Private Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- GBT S.r.L. (a subsidiary of Giuseppe Bellora S.p.A.) is under liquidation and therefore has not been considered for consolidation. Provisions for losses of GBT S.r.L. has been made in the financial statements.
- Figures pertaining to the subsidiary companies have been regrouped / reclassified wherever necessary to bring them in line with the Company's financial statements.

3. Use of estimates

The preparation of the financial statements in conformity with GAAP requires, the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision is recognised prospectively in current and future periods.

4. Fixed assets

- 4.1. **Tangible assets:** Tangible assets are stated at cost less accumulated depreciation. Cost includes all costs relating to acquisition and installation of tangible assets including any incidental costs of bringing the assets to their working condition for their intended use.
- 4.2. **Intangible assets:** Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any duties and taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/ completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.
- 4.3. **Capital work in progress:** Expenditure during construction period in respect of new projects, for tangible and intangible assets, is included under capital work-in-progress and the same is allocated to the fixed assets on the commissioning of the respective projects.
- 4.4. **Intangible assets under development:** Expenditure on Research and development eligible for capitalization are carried as Intangible assets under development where such assets are not yet ready for their intended use.
- 4.5. **Borrowing costs:** Borrowing costs directly attributable to acquisition or construction of qualifying fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

5. Depreciation

Fixed assets are depreciated over the estimated useful lives as determined by the Management or over the lives determined based on rates of depreciation specified under various applicable statutes, whichever is shorter, on a straight line method.

In respect of leasehold building and improvements to leasehold premises, depreciation has been provided over the unexpired portion of the primary lease period.

Leasehold land is amortised over the period of lease.

Purchased goodwill is amortised over a period of ten years.

Depreciation rates used for various classes of assets are:

| | | |
|--------------------------------------|---|------------------|
| Buildings | - | 1.63% to 7.07% |
| Plant and machinery | - | 4.75% to 25.00% |
| Furniture and fixtures | - | 10.00% to 20.00% |
| Office equipment | - | 12.00% to 15.00% |
| EDP and electronic office equipments | - | 20.00% to 25.00% |
| Motor vehicles | - | 15.00% to 25.00% |
| Software and related cost | - | 20.00% to 25.00% |

In respect of assets for which impairment loss has been recognised, the depreciation charge has been adjusted to allocate the revised carrying amount, on a systematic basis over its remaining useful life.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Impairment of assets

At each balance sheet date, the Group assesses whether there is any indication that an asset suffered may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

Impairment losses recognized in prior years, if any, are reversed when there is an indication that the recognised impairment losses for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

7. Investments

Long term investments are stated at cost less provision for permanent diminution in value, if any.

Current investments are carried at lower of cost and fair value.

8. Inventories

Inventories of raw materials, stores and spares, work-in-progress and finished goods are valued at lower of cost and estimated net realisable value. Cost is ascertained on weighted average basis. Cost of finished goods and work-in-progress includes an appropriate proportion of conversion cost based on normal operating capacity.

9. Government grants

Government grants are accounted on accrual basis in accordance with the terms of the grant.

10. Revenue recognition

Revenue from sale of goods is recognised on the transfer of title in the goods which generally coincides with dispatch and is stated net of discounts and sales tax but inclusive of excise duty.

Excise duty on turnover is reduced from turnover.

Dividend income is recognised when the right to receive the dividend is established.

Interest on investments is booked on a time-proportion basis taking into account the amounts invested and the rate of interest.

11. Retirement benefits

a. Post -employment benefit plans :

Payments to defined contribution plans, such as provident fund are charged as an expense as they fall due.

For defined benefit plans, the cost of providing benefits is determined based on actuarial valuation made by an independent actuary using projected unit credit method, as at each balance sheet date. The actuarial gains and losses are recognised in full in the statement of profit and loss for the period in which they occur. Past service cost is recognised immediately in the statement of profit and loss.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

b. Short term employee benefits :

The undiscounted portion of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recognised during the period when the employee renders service. These benefits include compensated absences such as paid annual leave.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Foreign currency

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the rate prevailing on the date of balance sheet. The exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities are recognised as income or expense in the statement of profit and loss.

Premium or discount on forward contract is amortised over the life of such contract and is recognised as income or expense. Any profit or loss arising on cancellation, renewal or restatement of forward contract is recognised in the statement of profit and loss.

Refer Note 1 (13), below, for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

The financial statements of the foreign subsidiaries being integral operations are translated into Indian rupees as follows:

- Assets and liabilities other than non-monetary items are translated at the exchange rate prevailing on the balance sheet date. Non-monetary items are carried at historical cost.
- Revenue and expenses are translated at average exchange rates as applicable.
- The resulting exchange differences are recognised as income or expense in the statement of profit and loss.

The financial statements of the foreign subsidiaries being non-integral operations are translated into Indian rupees as follows:

- Assets and liabilities, both monetary and non-monetary are translated at the exchange rate prevailing on the balance sheet date.
- Revenue and expenses are translated at average exchange rates as applicable.
- The resulting exchange differences are accumulated in a foreign currency translation reserve which is reflected under Reserves and Surplus.

13. Derivative Contracts and Hedge Accounting

The Company is exposed to currency fluctuations risk on foreign currency assets, liabilities, net investment in non-integral foreign operations and forecasted cash flows denominated in foreign currency, and is also exposed to interest rate fluctuations on floating interest rate borrowings. The Company follows a risk management policy of covering this risk through a combination of forward contracts, options, swaps and other derivative contracts.

With effect from April 1, 2011, the Company has adopted the principles of derivative and hedge accounting specified under Accounting Standard 30 (AS 30), "Financial Instruments : Recognition and Measurement", to the extent they have not been dealt with and do not conflict with the accounting standards as notified under Section 211 (3C) of the Companies Act, 1956.

In accordance with the principles set out in AS 30, changes in fair value of designated derivative contracts being effective hedges, are recognised directly in Hedge reserve account under Reserves and Surplus and reclassified into Statement of Profit and Loss upon the occurrence of the underlying hedged transaction. In case, the hedging instrument expires, sold, terminated or the underlying transaction is no longer expected to occur the net gain or loss recognised in the Hedge reserve account is transferred to the Statement of Profit and Loss.

The changes in fair values of instruments designated at fair value through profit and loss are adjusted in the Statement of Profit and Loss.

14. Earnings per share

Basic earnings per share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earnings per share has not been computed as the Group has not issued any dilutive potential equity shares.

15. Income tax

Income tax comprises the current tax, the net change in the deferred tax asset or liability in the year and the fringe benefit tax.

Current tax and fringe benefit tax for the Indian entities are determined in accordance with the provisions of the Income Tax Act, 1961 after considering tax allowances and exemptions. Current tax for the foreign subsidiaries is based on the relevant tax regulations prevalent in the respective countries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Minimum alternate tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Group and the asset can be measured reliably.

Deferred tax assets and liabilities are recognised for the estimated future tax consequences of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates applicable on the balance sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable / virtual certainty (as applicable) that sufficient future taxable income will be available against which such deferred tax asset can be realised. The effect on deferred tax assets and liabilities resulting from change in tax rates is recognized in the income statement in the period of enactment of the change.

16. Research and development expenses:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of designs are also charged to the Statement of Profit and Loss unless a design's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use.

17. Provisions and contingencies

A provision is recognised when the Group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|--|-----------------------------------|-----------------------------------|
| NOTE 2 - SHARE CAPITAL | | |
| Authorised | | |
| 134,000,000 equity shares of ₹5 each (Previous year: 134,000,000 equity shares of ₹5 each) | 6,700.00 | 6,700.00 |
| Issued | | |
| 98,496,160 equity shares of ₹5 each fully called up (Previous year: 98,496,160 equity shares of ₹5 each) | 4,924.81 | 4,924.81 |
| Subscribed and paid-up | | |
| 98,457,160 equity shares of ₹5 each fully paid up (Previous year: 98,457,160 equity shares of ₹5 each) | 4,922.86 | 4,922.86 |
| | 4,922.86 | 4,922.86 |
| NOTE 3 - RESERVES AND SURPLUS | | |
| Capital reserve on consolidation | 66.74 | 66.74 |
| Capital reserve | 620.88 | 620.88 |
| Securities premium account | 27,675.71 | 27,675.71 |
| Debenture redemption reserve | | |
| Opening balance | 400.00 | - |
| Add: Transferred from Statement of profit and loss | 400.00 | 400.00 |
| Closing balance | 800.00 | 400.00 |
| General reserve | | |
| Opening balance | 15,081.67 | 14,764.28 |
| Add: Transferred from Statement of profit and loss | 588.50 | 317.39 |
| Closing balance | 15,670.17 | 15,081.67 |
| Hedge reserve | | |
| Opening balance | 91.66 | (171.44) |
| Add / (less): Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year | (3,312.05) | (415.59) |
| Less: Transferred to Statement of profit and loss | (3,953.14) | (678.69) |
| Closing balance (Refer Note 34(1) and (2)) | 732.75 | 91.66 |
| Legal reserve | | |
| Opening balance | 7.42 | 7.23 |
| Movement during the year | 1.39 | 0.19 |
| Closing balance | 8.81 | 7.42 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|---|-----------------------------------|-----------------------------------|
| Foreign currency translation reserve (on consolidation) | | |
| Opening balance | 7,388.35 | 5,520.01 |
| Movement during the year | 5,694.00 | 1,868.34 |
| Closing balance | 13,082.35 | 7,388.35 |
| Surplus in Statement of Profit and Loss | | |
| Opening balance | 7,302.67 | 3,439.68 |
| Add: Transferred from surplus in Statement of profit and loss | 6,334.63 | 5,732.28 |
| Less: Transferred to Debenture redemption reserve | 400.00 | 400.00 |
| Less: Transferred to General Reserve | 588.50 | 317.39 |
| Less: Proposed dividend | 1,476.86 | 984.57 |
| Less: Tax on proposed dividend | 250.99 | 167.33 |
| | 10,920.95 | 7,302.67 |
| | 69,578.36 | 58,635.10 |
| NOTE 4 - LONG TERM BORROWINGS | | |
| Secured | | |
| Term loan from financial institution (Refer (i) below) | 8,273.58 | 10,548.05 |
| Term loan from banks (Refer (i) below) | 26,349.42 | 31,312.98 |
| Unsecured | | |
| Loan from related parties | 245.30 | 1,845.30 |
| Non-Convertible Debentures | 1,200.00 | 1,600.00 |
| | 36,068.30 | 45,306.33 |
| (i) Loans are secured against certain moveable and immovable assets of the parent company, concerned subsidiary or group company. | | |
| NOTE 5 - DEFERRED TAX (ASSET) / LIABILITY | | |
| Tax effect of items constituting deferred tax liability | | |
| On difference between book balance and tax balance of non current assets | 9,426.16 | 8,001.66 |
| Tax effect of items constituting deferred tax assets | | |
| Unabsorbed depreciation/losses | (7,400.66) | (6,668.23) |
| Other timing differences | (472.98) | (685.22) |
| Deferred tax (asset)/liability net | 1,552.52 | 648.21 |
| NOTE 6 - OTHER LONG TERM LIABILITIES | | |
| Towards gratuity (Refer Note 6A) | 326.02 | 215.91 |
| | 326.02 | 215.91 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6A - EMPLOYEE BENEFITS

In accordance with applicable laws, the Group provides for gratuity, a defined benefit retirement plan (Gratuity plan). The Gratuity plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the respective entity.

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|---|-----------------------------------|-----------------------------------|
| Change in the benefit obligation | | |
| Projected Benefit Obligation at the beginning of the year | 900.46 | 735.45 |
| Service cost | 85.93 | 72.44 |
| Interest cost | 71.25 | 59.81 |
| Benefits paid | (52.95) | (39.16) |
| Actuarial loss/(gain) | 6.53 | 71.92 |
| Projected Benefit Obligation at the end of the year | 1,011.22 | 900.46 |
| Change in plan assets | | |
| Fair value of plan assets at the beginning of the year | 684.55 | 569.90 |
| Expected return on plan assets | 52.29 | 40.21 |
| Employer contributions | - | 92.00 |
| Benefits paid | (52.95) | (39.16) |
| Actuarial gain | 1.31 | 21.60 |
| Fair value of plan assets at the end of the year | 685.20 | 684.55 |
| Funded status deficit | 326.02 | 215.91 |
| Unrecognised past service costs | - | - |
| Recognised liability | 326.02 | 215.91 |
| Less: Current portion of liability | - | - |
| Non-current liability | 326.02 | 215.91 |
| Estimate of amount of contribution in the immediate next year | 100.00 | 105.21 |
| Net gratuity cost for the year ended is as follows | | |
| Service cost | 85.93 | 72.44 |
| Interest cost | 71.25 | 59.81 |
| Expected return on plan assets | (46.57) | (40.21) |
| Actuarial loss | 5.95 | 50.32 |
| Net gratuity cost | 116.56 | 142.36 |
| Actual return on plan assets | 65.04 | 66.56 |
| Financial assumptions at the valuation date: | | |
| a) Discount rate (p.a.) | 8.00% | 7.90% |
| b) Expected rate of return on assets (p.a.) | 8.85% | 8.00% |
| c) Salary escalation rate* | 6.00% | 6.00% |
| d) Retirement age | 58 yrs | 58 yrs |
| e) Mortality : Published rates under the LIC (2006-08) mortality tables have been used | | |
| f) Rates of leaving service for various categories of employees: 2% , 12%, 20% and 40%. | | |

* Salary escalation rate considered takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The fund is with the Insurer and information as regards the composition of investments is not available.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| Five year data: | 31.03.2014 | 31.03.2013 | 31.03.2012 | 31.03.2011 | 31.03.2010 |
|-------------------------------|------------|------------|------------|------------|------------|
| Projected benefit obligation | 1,011.22 | 900.46 | 735.45 | 646.35 | 641.84 |
| Plan assets | 685.20 | 684.55 | 569.91 | 552.66 | 551.80 |
| Surplus/(deficit) | (326.02) | (215.91) | (165.54) | (93.69) | (90.04) |
| Exp. adj. on plan liabilities | 67.75 | 52.96 | (5.95) | (31.37) | 53.63 |
| Exp. adj. on plan assets | 12.76 | 26.35 | 25.73 | (8.90) | 39.64 |

As per the applicable law the overseas subsidiary provides for an end of service benefit, which is in the nature of defined benefit plan and is accrued based on the indemnity as on balance sheet date.

| | | |
|---------------------------|-------|-------|
| Opening balance | 40.16 | 23.13 |
| Exchange fluctuation | 2.65 | 1.61 |
| Provision during the year | 10.46 | 15.42 |
| Closing balance | 53.27 | 40.16 |

Defined contribution plans

The Group makes contributions to Provident Fund, Superannuation Fund and Employee State Insurance contributions and similar retirement benefit funds as defined contribution plans for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes. The Group has recognized the following contributions in the Statement of profit and loss.

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|---|-----------------------------------|-----------------------------------|
| Provident Fund | 472.38 | 426.78 |
| Superannuation Fund | 9.56 | 22.17 |
| Employee State Insurance | 21.38 | 14.37 |
| Other retirement funds | 624.15 | 528.62 |
| NOTE 7 - LONG TERM PROVISIONS | | |
| Provision for taxes | 390.76 | 390.76 |
| Provision for gratuity, unfunded | 53.27 | 40.15 |
| Provision for accumulated leave credits | 213.41 | - |
| | 657.44 | 430.91 |
| NOTE 8 - SHORT TERM BORROWINGS | | |
| Secured | | |
| From banks | 33,181.07 | 16,011.37 |
| Unsecured | | |
| From banks | - | 124.61 |
| | 33,181.07 | 16,135.98 |
| NOTE 9 - TRADE PAYABLES | | |
| Trade Payables | 31,425.53 | 22,382.06 |
| | 31,425.53 | 22,382.06 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|--|-----------------------------------|-----------------------------------|
| NOTE 10 - OTHER CURRENT LIABILITIES | | |
| Current maturities of long term debt | | |
| Term loan from financial institution (Secured) | 3,122.14 | 2,930.86 |
| Term loan from banks (Secured) | 8,285.87 | 5,627.95 |
| Loan from related parties (Unsecured) | 300.00 | 300.00 |
| Non-Convertible Debentures | 400.00 | - |
| Interest accrued but not due | 177.96 | 140.33 |
| Unpaid dividend | 20.98 | 24.02 |
| Other liabilities | 1,484.61 | 1,426.11 |
| Security Deposit | 49.34 | 49.34 |
| Advances received from customers | 371.75 | 327.65 |
| | 14,212.65 | 10,826.26 |
| NOTE 11 - SHORT TERM PROVISIONS | | |
| Provision for accumulated leave credits | 115.76 | 331.51 |
| Provision for taxes | 1,014.71 | 524.02 |
| Provision for losses on derivative contracts | 73.06 | 235.43 |
| Provision for dividend | 1,476.86 | 984.57 |
| Provision for tax on proposed dividend | 250.99 | 167.33 |
| | 2,931.38 | 2,242.86 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12

(₹ in Lakhs)

| Particulars | Gross block | | | | | Depreciation | | | | Net block | | |
|-----------------------------------|--------------------------|-------------------------------|---------------------|----------------------|----------------------|--------------------------|--------------------------|------------------------|--------------------------|--------------------|--------------------------|--------------------------|
| | As at 01.04.2013 | Reversal of Impairment losses | Additions | Deletions | Other adjustments ** | As at 31.03.2014 | Upto 31.03.2013 | For the year | On deletions adjustments | Other ** | As at 31.03.2014 | As at 31.03.2013 |
| Tangible Assets | | | | | | | | | | | | |
| Owned: | | | | | | | | | | | | |
| Freehold land | 1,071.60 (1,068.50) | - | - | - | 5.11 (3.10) | 1,076.71 (1,071.60) | - | - | - | - | 1,076.71 (1,071.60) | 1,071.60 (1,068.50) |
| Buildings | 18,727.29 (18,182.85) | - | 175.33 (98.38) | - | 707.39 (151.77) | 19,610.01 (18,727.29) | 5,214.40 (4,645.74) | 516.15 (504.99) | - | 391.01 (63.67) | 6,121.56 (5,214.40) | 13,488.45 (13,512.89) |
| Leasehold improvements | 1,531.92 (1,726.92) | (294.29) | 1,849.47 (32.75) | 213.35 (264.14) | 73.42 (36.39) | 3,241.46 (1,531.92) | 1,373.80 (1,546.87) | 164.37 (59.27) | 149.92 (264.14) | 57.90 (31.80) | 1,446.15 (1,373.80) | 1,795.31 (1,800.05) |
| Buildings | 154.52 (138.25) | - | 311.48 (6.83) | 49.34 | (18.03) (9.44) | 398.63 (154.52) | 83.63 (69.69) | 23.39 (10.54) | 49.91 | 7.02 (3.40) | 64.13 (83.63) | 334.50 (70.89) |
| Plant and machinery | 60,351.63 (60,714.52) | - | 532.71 (695.48) | 503.17 (1,123.40) | 214.77 (65.03) | 60,595.94 (60,351.63) | 32,960.73 (29,952.34) | 4,038.93 (4,041.97) | 505.13 (1,097.45) | 215.85 (63.87) | 36,710.38 (32,960.73) | 23,885.56 (27,390.90) |
| Furniture and fixtures | 2,555.94 (2,221.83) | - | 354.47 (286.69) | 2.50 (11.60) | 247.89 (59.02) | 3,155.80 (2,555.94) | 1,632.22 (1,394.25) | 262.80 (218.19) | 2.29 (11.60) | 181.84 (31.38) | 2,074.57 (1,632.22) | 923.72 (827.58) |
| Office equipment | 4,296.97 (4,005.44) | - | 180.94 (231.71) | 453.59 (57.72) | 458.35 (117.54) | 4,482.67 (4,296.97) | 3,768.10 (3,483.77) | 192.68 (197.55) | 444.12 (21.69) | 425.25 (108.47) | 3,941.91 (3,768.10) | 540.76 (528.87) |
| Vehicles | 284.26 (319.82) | - | 61.59 (11.55) | 24.95 (54.95) | 29.55 (7.84) | 350.45 (284.26) | 184.37 (189.13) | 39.87 (36.57) | 21.24 (47.39) | 19.64 (6.06) | 222.64 (184.37) | 127.81 (99.89) |
| Other property | 17116 (207.50) | - | 68.30 (41.24) | 1.99 (91.75) | 18.00 (14.17) | 255.47 (171.16) | 94.29 (150.21) | 34.59 (25.59) | - | 9.06 (10.24) | 137.94 (94.29) | 117.53 (76.87) |
| Taken on operating lease : | | | | | | | | | | | | |
| Land | 1,171.84 (1,160.91) | - | 11.81 (10.93) | - | - | 1,183.65 (1,171.84) | 93.48 (73.95) | 19.89 (19.53) | - | - | 113.37 (93.48) | 1,078.36 (1,086.96) |
| Tangible assets- CY | 90,317.13 | - | 3,546.10 | 1,248.89 | 1,736.45 | 94,350.79 | 45,405.02 | 5,292.67 | 1,172.61 | 1,307.57 | 50,832.65 | 43,518.14 |
| Tangible assets-PY | (89,746.54) | (294.29) | (1,415.56) | (1,603.56) | (464.30) | (90,317.13) | (41,505.95) | (5,114.20) | (1,534.02) | (318.89) | (45,405.02) | (44,912.11) |
| Intangible assets | | | | | | | | | | | | |
| Owned: | | | | | | | | | | | | |
| Goodwill | 389.52 (367.16) | - | - | - | 72.85 (9.84) | 462.37 (389.52) | 254.56 (218.70) | 30.69 (29.88) | - | 48.09 (5.98) | 333.34 (254.56) | 129.03 (134.96) |
| Other Intangibles | 868.87 (494.55) | - | 106.03 (372.07) | - | 16.19 (2.25) | 991.09 (868.87) | 237.18 (164.28) | 114.20 (71.66) | - | 9.86 (1.24) | 361.24 (237.18) | 629.85 (631.69) |
| Intangible assets- CY | 1,258.39 | - | 106.03 | - | 89.04 | 1,453.46 | 491.74 | 144.89 | - | 57.95 | 694.58 | 758.88 |
| Intangible assets-PY | (861.71) | - | (384.59) | - | (12.09) | (1,258.39) | (382.98) | (101.54) | - | (7.22) | (491.74) | (766.65) |
| Total- CY | 91,575.52 | - | 3,652.13 | 1,248.89 | 1,825.49 | 95,804.25 | 45,896.76 | 5,437.56 | 1,172.61 | 1,365.52 | 51,527.23 | 44,277.02 |
| Total Fixed Assets- PY | (90,608.25) | (294.29) | (1,800.15) | (1,603.56) | (476.39) | (91,575.52) | (41,888.93) | (5,215.74) | (1,534.02) | (326.11) | (45,896.76) | (48,719.32) |

* Land includes ₹17.91 lakhs (Previous year ₹17.91 lakhs) being the share in land jointly owned with others

** Other adjustments include exchange fluctuation arising on account of conversion of fixed assets from foreign currency to reporting currency.

During 2003-04, the Khata in respect of one of the Company's properties was merged with those of other adjacent properties to facilitate better utilization of the property by joint construction and entitlement of proportionate undivided share of the amalgamated property.

Figures in brackets represent previous year numbers

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|---|-----------------------------------|-----------------------------------|
| NOTE 13 - NON CURRENT INVESTMENTS | | |
| Investments, at cost | | |
| Trade (Unlisted, unquoted) | | |
| Investment in equity instruments | | |
| Milano Confezioni S.r.l. | 1.63 | 1.37 |
| BP Venture S.r.l | 1,219.48 | 1,027.34 |
| Industria e Universita S.r.l | 17.98 | 15.14 |
| Consorzio Tutela Lino | 1.07 | 0.90 |
| | 1,240.16 | 1,044.75 |
| Provision for diminution | (1,219.48) | (716.30) |
| | 20.68 | 328.45 |
| NOTE 14 - LONG TERM LOANS AND ADVANCES (unsecured, considered good) | | |
| Security deposits | 977.87 | 840.76 |
| Advance income tax | 1,201.12 | 592.75 |
| MAT credit entitlement | 3,427.57 | 2,232.57 |
| Capital advances | 250.54 | 34.48 |
| Other long term advances | 142.44 | 114.05 |
| | 5,999.54 | 3,814.61 |
| NOTE 15 - INVENTORIES | | |
| Raw materials | 7,617.36 | 5,831.38 |
| Work - in - progress | 12,594.19 | 9,447.06 |
| Finished goods | 4,133.14 | 3,509.43 |
| Stores and spares | 1,253.53 | 847.37 |
| Traded goods | 38,227.19 | 21,115.21 |
| | 63,825.41 | 40,750.45 |
| NOTE 16 - TRADE RECEIVABLES | | |
| Unsecured considered good | 2,252.43 | 6,721.81 |
| Unsecured considered doubtful | 420.87 | 305.85 |
| | 2,673.30 | 7,027.66 |
| Less: Provision for doubtful trade receivables | 420.87 | 305.85 |
| | 2,252.43 | 6,721.81 |
| NOTE 17 - CASH AND CASH EQUIVALENTS | | |
| Cash in hand | 46.66 | 60.22 |
| Balances with banks | | |
| - in current account | 2,355.20 | 2,495.10 |
| - in deposit account | 233.27 | 317.73 |
| - in Earmarked accounts | | |
| Unpaid dividend account | 20.98 | 24.02 |
| | 2,656.11 | 2,897.07 |
| NOTE 18 - SHORT TERM LOANS AND ADVANCES (unsecured, considered good) | | |
| Security deposits | 200.59 | 244.40 |
| Interest subsidy receivable | 794.58 | 510.07 |
| Advance to suppliers | 1,501.62 | 794.41 |
| Prepaid Expenses | 3,599.82 | 1,867.54 |
| Balances with Government authorities | 630.91 | 748.20 |
| Other advances | 1,984.41 | 1,152.20 |
| | 8,711.93 | 5,316.82 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|--|--|--|
| NOTE 19 - OTHER CURRENT ASSETS | | |
| Advances recoverable in cash or in kind or for value to be received | 19.80 | 29.71 |
| Power subsidy receivable((Refer note 35(b)) | 1,236.00 | - |
| Subsidy under Focus product and Status holder incentive schemes | 353.17 | 147.69 |
| Receivable on Mark to market of fair value derivative | 1,013.04 | 201.60 |
| | 2,622.01 | 379.00 |
| | For the year ended 31.03.2014 ₹ in lakhs | For the year ended 31.03.2013 ₹ in lakhs |
| NOTE 20 - REVENUE FROM OPERATIONS | | |
| Sale of products | 199,880.13 | 165,347.96 |
| Sale of services | 566.32 | 454.44 |
| Other operating income (Refer Note (i)) | 2,375.64 | 3,140.20 |
| | 202,822.09 | 168,942.60 |
| (i) Other operating income comprises of : | | |
| Sale of power | 976.43 | 2,357.40 |
| Sale of waste / scrap | 1,039.00 | 644.73 |
| Income under Focus Product Scheme and Status Holder Incentive Scheme | 360.22 | 138.07 |
| | 2,375.65 | 3,140.20 |
| NOTE 21- OTHER INCOME | | |
| Interest income | 2.86 | 63.99 |
| Other non-operating income | | |
| Profit on sale of assets | 74.22 | 245.44 |
| Profit on sale of current investments | 84.66 | 110.80 |
| Rent income | 109.01 | 66.37 |
| Miscellaneous income | 194.72 | 117.17 |
| Reversal of Impairment losses | - | 294.29 |
| | 465.47 | 898.06 |
| NOTE 22 - COST OF MATERIALS | | |
| Opening stock: | | |
| Raw materials | 5,831.38 | 5,951.66 |
| Work in progress | 9,447.06 | 9,286.30 |
| Finished goods | 24,624.64 | 25,384.08 |
| | 39,903.08 | 40,622.04 |
| Add: Purchases (including traded items) | 146,581.97 | 104,165.11 |
| Dyes and chemicals consumed | 8,007.28 | 5,188.76 |
| Total | 194,492.33 | 149,975.91 |
| Less: Closing stock | | |
| Raw materials | 7,617.36 | 5,831.38 |
| Work in progress | 12,594.19 | 9,447.06 |
| Finished goods | 42,360.33 | 24,624.64 |
| | 131,920.45 | 110,072.83 |

* The Raw material and packing material consumed in current year is net of ₹24.94 lakhs capitalised as Intangible asset under development.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| | For the year ended 31.03.2014 ₹ in lakhs | For the year ended 31.03.2013 ₹ in lakhs |
|---|--|--|
| NOTE 23 - EMPLOYEE BENEFIT EXPENSES | | |
| Salaries and wages | 17,514.50 | 14,825.89 |
| Contribution to provident and other funds | 1,223.07 | 1,156.68 |
| Workmen and staff welfare expenses | 1,444.69 | 1,313.52 |
| Less: Expenses capitalized (Refer Note 30) | (168.69) | (113.44) |
| | 20,013.57 | 17,182.65 |
| NOTE 24 - INTEREST AND FINANCE COSTS | | |
| Interest expense on : | | |
| Borrowings | | |
| Interest on term loan (net of subsidy under TUF ₹1,100.73 lakhs (Previous year: ₹1,338.67 lakhs)) | 4,490.76 | 3,515.92 |
| Interest on Non-Convertible Debentures | 180.00 | 106.03 |
| Interest on working capital loans | 1,022.69 | 1,146.79 |
| Other borrowing costs - Finance charges | 1,442.90 | 1,030.13 |
| Net loss on foreign currency transactions and translation | 1,147.07 | 729.33 |
| | 8,283.42 | 6,528.20 |
| NOTE 25 - OTHER EXPENSES | | |
| Power and fuel | 6,087.16 | 6,473.69 |
| Consumption of stores and spare parts | 859.90 | 769.55 |
| Other manufacturing expenses including job work charges | 3,614.51 | 2,581.57 |
| Rent | 3,043.17 | 2,691.73 |
| Travelling and conveyance | 1,745.55 | 1,461.99 |
| Communication expenses | 383.88 | 366.20 |
| Printing and stationery | 177.79 | 152.68 |
| Insurance | 500.97 | 496.05 |
| Repairs and maintenance | 864.76 | 787.93 |
| Rates and taxes | 264.19 | 355.70 |
| Professional and consultancy charges (Refer Note 25A) | 2,348.31 | 2,261.69 |
| Bank charges | 189.70 | 190.37 |
| Contribution and donation | 16.58 | 14.63 |
| Advertisement and publicity | 931.85 | 949.88 |
| Selling and distribution | | |
| - Commission on sales | 1,057.59 | 934.74 |
| - Selling expenses | 1,632.71 | 974.18 |
| - Freight outward, net of reimbursement | 1,624.08 | 1,123.73 |
| Net loss on foreign currency transactions and translation | 1,973.22 | 151.44 |
| Other expenses | 400.09 | 613.37 |
| Royalty | 3,199.25 | 2,552.17 |
| Diminution in value of investments | - | 35.74 |
| Less: Expenses capitalized (Refer Note 30) | (38.30) | (37.13) |
| | 30,876.96 | 25,901.90 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| | For the year ended 31.03.2014 ₹ in lakhs | For the year ended 31.03.2013 ₹ in lakhs |
|---|--|--|
| NOTE 25A - PROFESSIONAL AND CONSULTANCY CHARGES INCLUDE PAYMENT TO AUDITORS | | |
| Statutory auditor | | |
| Audit fees | 87.50 | 80.50 |
| Tax audit fees | 4.50 | 4.50 |
| Taxation matters | 3.05 | 5.50 |
| Other services | - | 8.80 |
| Service tax | 12.27 | 11.08 |
| Out of pocket expenses | 2.88 | 0.87 |
| | 110.20 | 111.25 |
| Remuneration to other auditors for the subsidiaries | | |
| Audit fees | 40.12 | 34.36 |
| Tax audit fees | - | 0.65 |
| Taxation matters | 0.40 | - |
| Service tax | - | 0.37 |
| Out of pocket expenses | 0.17 | 0.16 |
| | 40.69 | 35.54 |
| NOTE 26 - SEGMENT REPORTING | | |
| a) Primary segment : Business segment | | |
| The Group is mainly engaged in the business of manufacturing, marketing and distribution of textiles consisting of fabric and yarn. Considering the nature of business and financial reporting of the Group, the Group has only one business segment viz; Home textile as primary reportable segment. | | |
| b) Information about secondary segment | | |
| Geographic segment | | |
| Distribution of the Group's consolidated sales by geographic location | | |
| India | 3,526.81 | 3,680.50 |
| North America | 174,499.95 | 142,982.02 |
| Europe | 16,120.44 | 14,607.20 |
| Others | 5,732.93 | 4,078.24 |
| | 199,880.13 | 165,347.96 |
| Carrying amount of segment assets based on their location | | |
| India | 83,183.05 | 80,416.24 |
| North America | 412.92 | 66,103.50 |
| Europe | 94,707.61 | 10,147.73 |
| Others | 8,601.74 | 255.55 |
| | 186,905.32 | 156,923.02 |
| Additions to fixed assets | | |
| India | 1,188.59 | 1,136.69 |
| North America | 2,441.50 | 416.23 |
| Europe | 22.04 | 246.65 |
| Others | - | 0.58 |
| | 3,652.13 | 1,800.15 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 27 - RELATED PARTY DISCLOSURES

| Nature of relationship | Names of the related parties |
|--|--|
| Key management personnel (KMP) | A.K. Himatsingka (AKH) - Vice Chairman D.K. Himatsingka (DKH) - Managing Director Aditya Himatsingka (ADH) - Executive Director Shrikant Himatsingka (SKH) - Executive Director |
| Relatives of key management personnel (Relatives) | Amitabh Himatsingka Rajshree Himatsingka Ranjana Himatsingka Supriya Himatsingka Priyadarshini Himatsingka Akanksha Himatsingka |
| Enterprises owned or significantly influenced by KMP, directors or their relatives (Referred as "enterprises") | Credit Himatsingka Private Limited (CHPL) Bihar Mercantile Union Limited (BMU) Satin Reed America, Inc. (SR) Khaitan & Co LLP D.K. Himatsingka HUF BMU International |

NOTE 27- RELATED PARTY DISCLOSURES

(₹ in Lakhs)

| | DKH KMP | AKH KMP | SKH KMP | ADH KMP | CHPL Enterprise | BMU Enterprise | SR Enterprise | Khaitan & Co Enterprise | Total |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31.03.2014 (31.03.2013) | 31.03.2014 (31.03.2013) | 31.03.2014 (31.03.2013) | 31.03.2014 (31.03.2013) | 31.03.2014 (31.03.2013) | 31.03.2014 (31.03.2013) | 31.03.2014 (31.03.2013) | 31.03.2014 (31.03.2013) | 31.03.2014 (31.03.2013) |
| Purchase of goods | - | - | - | - | - | 10.58 | - | - | 10.58 |
| | - | - | - | - | - | (8.67) | - | - | (8.67) |
| Remuneration | 119.58 | 55.03 | 130.52 | 92.42 | - | - | - | - | 397.55 |
| | (113.95) | (43.89) | (102.78) | (79.12) | - | - | - | - | (339.74) |
| Professional fees | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | (10.09) | (10.09) |
| Interest expense | - | - | - | - | 137.42 | - | - | - | 137.42 |
| | - | - | - | - | (173.57) | - | - | - | (173.57) |
| Inter corporate loans repaid during the year | - | - | - | - | 1,600.00 | - | - | - | 1,600.00 |
| | - | - | - | - | (25.00) | - | (50.87) | - | (75.87) |
| Outstanding as at year end | | | | | | | | | |
| Amounts payable | 33.00 | - | 70.00 | 45.00 | - | - | - | - | 148.00 |
| | (58.28) | - | (60.00) | (35.00) | - | - | - | - | (153.28) |
| Inter corporate loans payable | - | - | - | - | 545.30 | - | - | - | 545.30 |
| | - | - | - | - | (2,145.30) | - | - | - | (2,145.30) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 28 - LEASES

The Company has entered into operating lease agreements mainly in respect of the office premises, accommodation and vehicles provided to employees and guest houses. These leases have non - cancellable periods ranging from 1 to 7 years.

| | For the year ended 31.03.2014 ₹ in lakhs | For the year ended 31.03.2013 ₹ in lakhs |
|--|--|--|
| i) Future minimum lease payments under non-cancellable operating leases due | | |
| not later than one year | 1,892.53 | 1,333.61 |
| later than one year and not later than five years | 7,494.22 | 4,942.68 |
| later than five years | 7,253.90 | 3,621.71 |
| ii) lease payments recognised in the statement of profit and loss for the year | 3,043.17 | 2,691.73 |

NOTE 29 - CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

Contingent liabilities

Claims against the company not acknowledged as debts

Taxation matters#

Income tax

536.72

465.77

Excise duty

341.80

341.80

Value added tax

-

140.20

Service tax

-

4.28

Others

35.25

35.25

Corporate guarantee given:

Banks in favour of Government authorities

4.91

4.91

The above amounts have been arrived at based on the notice of demand or the Assessment Orders, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. No reimbursements are expected.

Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)*

647.29

28.18

* Does not include value of materials to be supplied to the ongoing civil work.

NOTE 30 - The Company had in the prior year commenced the activity of improving operating and reporting process through an implementation of an ERP system at each of its group operations. During the year the Company on meeting the necessary criteria commenced capitalising cost associated with development of designs pertaining to specific brands. The below mentioned costs have been identified to be relating to the said processes and have accordingly been capitalized as part of the asset / capital work in progress/intangibles under development:

| | | |
|--|---------------|---------------|
| Raw material and packing material consumed | 24.94 | - |
| Employee benefit expense | 168.69 | 113.44 |
| Other expenses | 38.30 | 37.13 |
| Total expenses capitalized | 231.93 | 150.57 |

NOTE 31 - DESIGN AND DEVELOPMENT EXPENSES

Design and development expenditure of revenue nature accounted in the respective heads of Statement of Profit and Loss

355.57

279.69

355.57

279.69

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| | As at 31.03.2014 ₹ in lakhs | As at 31.03.2013 ₹ in lakhs |
|--|-----------------------------------|-----------------------------------|
| NOTE 32 - EARNING PER SHARE | | |
| Net profit for the year (being entirely attributable to the equity shareholders) | 6,334.63 | 5,732.29 |
| Basic / diluted | | |
| Weighted average number of equity shares | 98,457,160 | 98,457,160 |
| Par value per share | 5 | 5 |
| Earnings per share - Basic / diluted | 6.43 | 5.82 |

NOTE 33 - There is no amount due and outstanding as at Balance sheet date to be credited to the Investor Education and Protection Fund.

NOTE 34 - DETAILS OF FORWARD COVERS, OPTIONS AND DERIVATIVE TRANSACTIONS

1. Forward covers

(a) The Company has designated certain highly probable forecasted US dollar denominated sales transactions and certain forward contracts to sell US dollars as hedged items and hedging instruments respectively, in a Cash Flow Hedge to hedge the foreign exchange risk arising out of fluctuations between the Indian rupee and the US dollar. The exchange fluctuations arising on mark to market of the hedging instruments, to the extent relatable to the hedge being effective has been recognised in a Hedge reserve account in the Balance sheet. Accordingly exchange fluctuations gains amounting to ₹805.81 lakhs as at March 31, 2014 (March 31, 2013 : ₹327.09 lakhs) have been recognized in the Hedge Reserve account. These exchange differences will be considered in Statement of Profit and Loss as and when the forecasted transactions occur.

(b) The following hedging contracts entered are outstanding

| Currency | As on 31.03.2014 | | As on 31.03.2013 | |
|---------------------------------|------------------|------------|------------------|------------|
| | Amount | ₹ in lakhs | Amount | ₹ in lakhs |
| Export of goods- Forward covers | | | | |
| USD * INR | 25,790,000 | 16,931.74 | 26,196,000 | 14,665.62 |
| EURO * INR | 3,000,000 | 2,625.88 | 2,450,000 | 1,809.61 |
| GBP * INR | 2,080,000 | 2,174.14 | 1,820,000 | 1,628.77 |
| Import of goods | | | | |
| USD * INR | - | - | 12,730,617 | 6,990.51 |

2. Interest rate swap

The Group has entered into an interest rate swap for hedging its cash flows arising from the floating interest rate exposure on borrowings which has a mark to market loss of ₹73.06 lakhs (previous year: ₹235.43 lakhs), taken to hedge reserve being an effective hedge.

3. During the year, the Company has designated certain Pre-shipment credit 'PCFC' which is taken in foreign currency (US dollars) against confirmed sales orders in hand considered as firm commitments as hedged items and hedging instruments respectively, in a Fair value Hedge to hedge the foreign exchange risk arising from fluctuations in the exchange rate of Indian rupee and the US dollar between the contract acceptance and fulfillment dates. The exchange loss (net) on restatement of hedging instruments to the extent hedge is considered effective amounting to ₹49.50 lakhs has been accounted as 'Mark-to-Market of fair value derivatives' under 'Other current liabilities' in the financial statements.

| Currency | As on 31.03.2014 | | As on 31.03.2013 | |
|------------------|------------------|------------|------------------|------------|
| | Amount | ₹ in lakhs | Amount | ₹ in lakhs |
| Fair value hedge | | | | |
| PCFC | 4,887,549 | 2,935.46 | 21,074,936 | 11,453.17 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. The foreign currency exposures at the year end that have not been hedged by a derivative instrument or otherwise are given below.

| Particulars | Foreign currency | As on 31.03.2014 | | As on 31.03.2013 | |
|---|------------------|------------------|------------|------------------|------------|
| | | Amount | ₹ in lakhs | Amount | ₹ in lakhs |
| a. Amounts receivable in foreign currency on account of | | | | | |
| Inter corporate loan | USD | 17,400,000 | 10,450 | 17,400,000 | 9,445 |
| | SGD | 70,000 | 33.34 | 70,000 | 30.62 |
| Interest receivable on Inter corporate loan | EURO | 67,031 | 55 | 65,834 | 46 |
| | SGD | 198,740 | 94.64 | 191,040 | 83.56 |
| | USD | 38,625 | 23 | 1,289,735 | 700 |
| Receivables | EURO | 2,458,502 | 2,030.45 | 2,377,351 | 1,652.68 |
| | USD | 1,165,021 | 699.71 | 1,007,705 | 546.98 |
| | SGD | 565,233 | 269.18 | 387,032 | 169.28 |
| Other recoverables | USD | - | - | 1,108,938 | 601.83 |
| | EURO | - | - | 1,197 | 0.83 |
| Advance to vendors | EURO | 10,703 | 8.84 | 88,156 | 61.28 |
| | USD | 47,480 | 28.52 | 6,107 | 3.32 |
| | CHF | 3,516 | 2.38 | - | - |
| Bank balance | USD | 56,877 | 34.16 | 41,663 | 22.61 |

b. Amounts payable in foreign currency on account of

| Particulars | Foreign currency | As on 31.03.2014 | | As on 31.03.2013 | |
|------------------------------|------------------|------------------|------------|------------------|------------|
| | | Amount | ₹ in lakhs | Amount | ₹ in lakhs |
| Term loans | USD | 13,600,000 | 8,168.16 | 13,600,000 | 7,382.08 |
| Import of goods and services | USD | 1,277,175 | 767 | 143,039 | 77.73 |
| | EURO | 770,378 | 636.25 | 16,430 | 11.42 |
| | SGD | 1,635 | 0.78 | - | - |
| | CHF | - | - | 1,747 | 1.00 |
| Import of capital goods | GBP | 56,116 | 56.01 | 42,012 | 34.56 |
| Advance from subsidiaries | USD | 483,792 | 290.57 | - | - |
| Advance from Customers | USD | 19,437 | 11.67 | - | - |

NOTE 35 - EXCEPTIONAL ITEMS INCLUDE :

| | 31.03.2014 | 31.03.2013 |
|---|------------|------------|
| (a) Gain/(loss) on change in fair value of derivative contract* | - | 355.94 |
| (b) Government Grants under Suvarna Vastra Neethi | 1,236.00 | - |
| (c) Business restructuring costs and severance costs | (1,271.36) | (120.67) |
| (d) Investment written off | (378.48) | - |
| | (413.84) | 235.27 |

*On August 9, 2012, the liability on account of foreign exchange derivative contract crystallised and settled at ₹1,554 lakhs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 36 - NOTES RELATING TO CASH FLOW STATEMENT

- (i) The cash flow statement has been prepared under the "Indirect Method" as set out in the Companies (Accounting Standards) Rules, 2006.
- (ii) Cash and cash equivalents include balances with scheduled banks on dividend account not available for use by the Company: ₹20.98 lakhs (Previous year: ₹24.02 lakhs) .
- (iii) Cash and cash equivalents comprises of:

| | As at 31.03.2014 | As at 31.03.2013 |
|------------------------------|---------------------|---------------------|
| (a) Cash on hand | 46.66 | 60.22 |
| (b) Balance with banks | | |
| - in current account | 2,355.20 | 2,495.10 |
| - in deposit account | 233.27 | 317.73 |
| - in unpaid dividend account | 20.98 | 24.02 |
| | 2,656.11 | 2,897.07 |

NOTE 37 - The losses applicable to the minority shareholder in Giuseppe Bellora S.p.A. exceed the minority interest in its equity. The excess is shown as receivable from the minority interest since the minority has a binding obligation to, and will be able to, make good the losses.

NOTE 38 - Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

STATEMENT REGARDING SUBSIDIARY COMPANIES AS OF MARCH 31, 2014

(₹ lakhs)

| Name of the Subsidiary | Himatsingka Wovens Private Limited | Twill & Oxford LLC | Himatsingka Singapore Pte Ltd. | DWI Holdings Inc. | Himatsingka America Inc. | Divatex Home Fashions Inc. | Giuseppe Bellora SpA |
|---|------------------------------------|--------------------|--------------------------------|-------------------|--------------------------|----------------------------|----------------------|
| 1 Capital (including preference capital and share application money) | 1,250.00 | 37.35 | 1,082.77 | 0.00004 | 27,927.90 | 0.03 | 20,129.31 |
| 2 Reserves | 921.78 | (173.39) | (1,574.53) | 13,536.60 | (929.95) | 12,199.31 | (24,057.84) |
| 3 Total Assets | 5,711.40 | 304.00 | 108.97 | 22,565.80 | 59,575.20 | 31,397.14 | 8,614.91 |
| 4 Total Liabilities (excluding Capital and Reserves and including current liabilities and provisions) | 3,540.00 | 440.00 | 600.74 | 9,029.20 | 32,577.25 | 19,197.79 | 12,564.12 |
| 5 Investments (Other than in subsidiaries) | - | - | - | - | - | - | 20.67 |
| 6 Turnover | 4,544.37 | 1,507.19 | 432.44 | 45,908.28 | - | 122,534.88 | 9,935.35 |
| 7 Profit/(Loss) Before Tax | 82.01 | 31.37 | (213.88) | 1,541.47 | (2,866.05) | 3,477.40 | (2,702.30) |
| 8 Provision for Taxation | 42.26 | - | - | 93.32 | (7.58) | 100.61 | - |
| 9 Profit/(Loss) After Tax | 39.75 | 31.37 | (213.88) | 1,448.15 | (2,858.47) | 3,376.79 | (2,702.30) |
| 10 Proposed Dividend | - | - | - | - | - | - | - |
| 11 Closing exchange rate | - | ₹16.36/ AED | ₹47.62/ Singapore dollar | ₹60.06/ USD | ₹60.06/ USD | ₹60.06/ USD | ₹82.589/ Euro |
| 12 Average exchange rate | - | ₹16.46/ AED | ₹47.98/ Singapore dollar | ₹60.83/ USD | ₹60.83/ USD | ₹60.83/ USD | ₹81.10/ Euro |

Note:

- i) The above information has been extracted from the individual financial statements as audited by other auditors under the respective country accounting principles as adjusted to Indian Accounting Principles and restated to Indian Rupees
- ii) The said information has been extracted from the financial summary considered in the consolidated financial statements, which have been subjected to audit solely for the purpose of the inclusion of these balances in the consolidated financial statements.

FINANCIAL HIGHLIGHTS - CONSOLIDATED

(₹ Lakhs, except ratios)

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Share Capital | 1,912 | 4,872 | 4,872 | 4,923 | 4,923 | 4,923 | 4,923 | 4,923 | 4,923 | 4,923 |
| Reserves | 26,425 | 52,143 | 54,586 | 54,025 | 49,894 | 49,227 | 47,375 | 51,923 | 58,635 | 69,578 |
| Networth | 28,337 | 57,015 | 59,457 | 59,569 | 55,438 | 54,150 | 52,298 | 56,846 | 63,558 | 74,501 |
| Total Debt | 5,850 | 3,975 | 31,884 | 59,636 | 65,311 | 79,433 | 74,457 | 69,837 | 70,301 | 81,357 |
| Gross Fixed Assets | 21,105 | 22,721 | 33,990 | 77,451 | 83,351 | 89,314 | 90,980 | 90,608 | 91,576 | 95,804 |
| Net Fixed Assets | 10,193 | 10,341 | 14,860 | 53,611 | 55,167 | 56,972 | 54,811 | 48,719 | 45,679 | 44,276 |
| Average Capital Employed | 31,530 | 47,588 | 76,165 | 105,273 | 119,977 | 127,166 | 130,169 | 126,719 | 130,271 | 144,859 |
| Total Revenue | 15,580 | 17,716 | 24,458 | 89,147 | 103,960 | 108,330 | 124,068 | 143,162 | 169,841 | 202,822 |
| EBITDA | 6,252 | 6,786 | 8,665 | 6,933 | 6,703 | 10,685 | 9,510 | 14,762 | 16,683 | 20,477 |
| Depreciation | 1,345 | 1,502 | 1,570 | 3,588 | 5,988 | 5,471 | 5,646 | 5,557 | 5,216 | 5,438 |
| EBIT | 4,907 | 5,283 | 7,095 | 3,345 | 715 | 5,215 | 3,863 | 9,205 | 11,468 | 15,039 |
| Interest and Finance Charges | 120 | 115 | 96 | 2,944 | 4,248 | 4,922 | 5,262 | 5,284 | 6,528 | 8,283 |
| Profit Before Tax | 4,870 | 5,168 | 6,999 | (2,164) | (7,788) | 1,146 | (1,398) | 4,476 | 5,175 | 6,342 |
| Profit After Tax | 4,546 | 4,863 | 6,143 | (2,399) | (7,442) | 1,179 | (1,658) | 3,306 | 5,732 | 6,334 |
| No. of Equity Shares (In Lakhs) | 191.17 | 974.33 | 974.33 | 984.57 | 984.57 | 984.57 | 984.57 | 984.57 | 984.57 | 984.57 |
| Face Value Per Share (INR) | 10 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Book Value Per Share (INR) | 148.23 | 58.52 | 61.02 | 60.5 | 56.31 | 55 | 53.12 | 57.74 | 64.55 | 75.67 |
| Earnings Per Share (INR) | 23.78 | 4.99 | 6.3 | (2.44) | (7.56) | 1.2 | (1.68) | 3.36 | 5.82 | 6.43 |
| Dividend Per Share (INR) | 10.00 | 2.50 | 2.50 | - | - | 0.25 | - | 0.50 | 1.00 | 1.50 |
| Total Dividend (INR Lakhs) | 1,912 | 2,436 | 2,436 | - | - | 246 | - | 492 | 985 | 1,477 |
| ROCE | 15.60% | 11.10% | 9.30% | 3.20% | 0.60% | 4.10% | 3.00% | 7.30% | 8.80% | 10.40% |

Note:

Forward looking statements in this Annual Report should be read in conjunction with the following cautionary statements.

Certain expectations and projections regarding future performance of the company referenced in this Annual Report are forward - looking statements. These expectations and projections are based on currently available information along with the company's operating plans and are subject to certain future events and uncertainties, that could cause actual results to differ materially from those that may be indicated in such statements.

