2012
ANNUAL REPORT

Himatsingka Seide

MADE IN HIMATSINGKA

Himatsingka Group

Himatsingka Group is a globally recognized home textiles major. We have achieved success in a steady and deliberate manner, owing in large part, to our timely and judicious investments in owning key stages in the value chain of our products. Today, we operate amongst the world's largest and most sophisticated manufacturing facilities; have a high profile chain of stores that retail our luxury home textile brands; own one of Europe's most well known bed linen labels and have a deep rooted wholesale presence across diverse distribution channels in North America.

But all of this has never been quite enough. From the very beginning, we've sought to invest in something more fundamental and perhaps more enduring than operational assets, management foresight, even global design. There is an uniqueness to our Company recognizable in every operation, interaction, transaction, and product. A special quality, we have woven into everything Made in Himatsingka – we would like to believe, it is Respect.

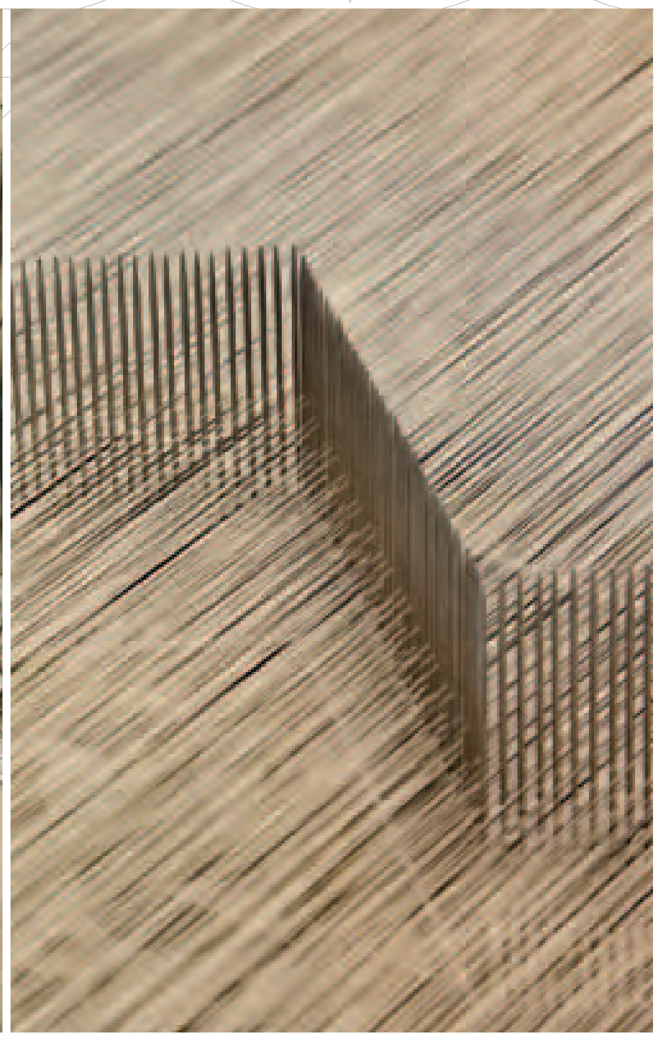
Incorporation of Himatsingka Seide Ltd. 1985

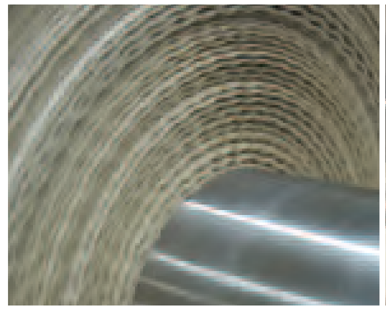
Initial Public Offering (IPO) 1986

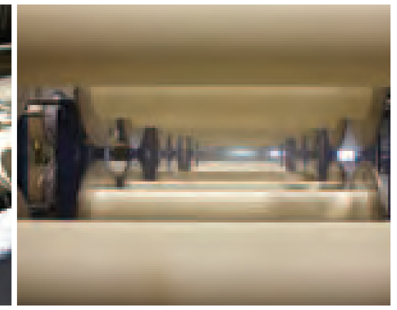
Silk and silk blended manufacturing facility for producing drapery & upholstery fabrics goes on stream 1988

THE PRODUCT

We do everything in our power to make our products perfect. No half measures. No compromise. If today we are considered amongst the largest producers of high quality drapery, upholstery and bed linen products in the world, it is because we add uncommon value to every step in the development of our textiles.







THE PROCESS

How we do it is as important as what we finally make. To wholly and efficiently control the production process, we invested in vertically integrating our operations, right from pre-weaving yarn preparation to post-weaving finishing processes and finally, cutting and sowing of the finished product. Now that we own the critical stages in the development of our product, we are able to raise the bar. What that really means to our customer is perfect consistency, distinctive quality and on-time deliveries.

Himatsingka Linens facility in Hassan

THE EXPERIENCE

From working with us, to partnering with us as a retailer, to investing in our business, to purchasing and owning our products, the Himatsingka experience is unlike any other. We provide a safe and progressive work place, nimble customization, manufacturing agility, attention to detail and a focus on beautiful design. In all that we do and offer, our sincere endeavour is to create for our stakeholders memorable experiences.

The Atmosphere Retail Store

Atmosphere Ad Campaign, 2011

THE REACH

We aim to anticipate customer needs, capture market share through strategic regional distribution channels and be the benchmark for the finest home textiles, globally.

To realize our ambitions in India, the Middle East and South East Asia, we offer a complete product experience through our signature brand and retail stores Atmosphere. In Europe, we own Bellora, an iconic Italian luxury bedding brand with exclusive stores and broad distribution reach across Italy and Western Europe. For the large and diverse North & South American markets, we have a portfolio of imminent brands. Among them Calvin Klein Home, Barbara Barry, Esprit and Peacock Alley. We also partner with large retailers to provide them with a complete portfolio of bedding and bath products for their private labels.


alvin lein Home cacia e ing

2007

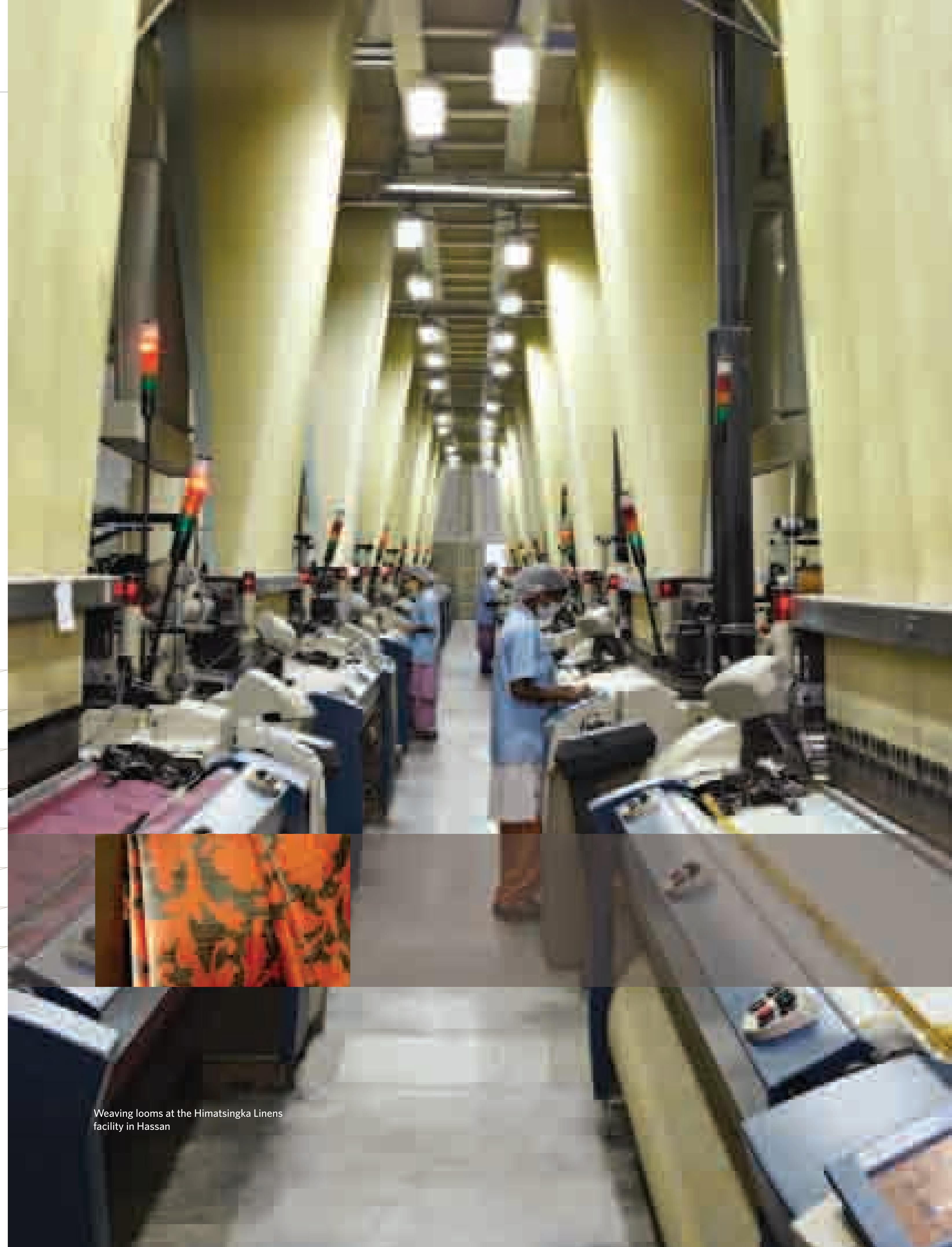
Acquisitions:
1. DWI Holdings Inc., a leading home textile player in the North American market and a licensee of the Calvin Klein Home and Barbara Barry brands

2. Divatex Home Fashions Inc., the second largest sheeting distributor in the United States

3. Giuseppe Bellora S.p.A (Italy), amongst the most prestigious bed linen brands in Europe

THE ENVIRONMENT

Himatsingka is an environmentally conscious Group, committed to minimizing its ecological impact in every possible way. Our facilities are certified zero-effluent plants, a distinction few Indian companies share. We have also been awarded the Oeko Tex Standard 100 on strict scrutiny of our raw materials, intermediate and finished products. This essentially means our products, at every stage of production, do not harm the health of people or the environment. In addition, we ensure compliance to industry prescribed, safe environment and fair labour practices.



Weaving looms at the Himatsingka Linens facility in Hassan

2008
1. Retail supply chain center at Doddaballapur, Karnataka, India goes on stream

2. Atmosphere launches its first international stores in Dubai and Singapore

2010
Atmosphere embarks upon the second phase of retail expansion

MADE IN HIMATSINGKA

Every product from Himatsingka is distinctive. We set our benchmarks very high. Not because the market expects it. Not even because our customers demand it. Our motivation comes from within. We push ourselves to deliver a product that continuously raises the bar, in quality, design and service. It is with this passion that we extend our brand to more markets, expand our relationship with existing retailers, engage with new partners and drive forward a business with respect.

In the race for excellence, there is no finish line...

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OUTLOOK

Dinesh Himatsingka – Managing Director

Dear Shareholders,

I am happy to report that Fiscal 2012 was a year of growth and progress for Your Company. Our results have been especially noteworthy in the wake of significant economic headwinds faced over the last few years.

FINANCIAL HIGHLIGHTS

We are all aware of the challenging and volatile economic environment and on-going market weakness in USA and Europe. Despite that, at group level, we achieved 15.4% in sales growth. Our net revenue stood at Rs. 1431.62 crores this year, compared to Rs. 1240.68 crores in the previous year. The EBIDTA too showed marked improvement with an increase to Rs. 147.62 crores from Rs. 95.10 crores in the previous year. Consequently, our consolidated profit stood at Rs. 33.94 crores compared to Rs. 15.78 crores loss last year.

Our performance at the EBIDTA level would have shown further improvement had it not been for the unprecedented price rise in the raw materials we consume. I am happy to report that raw material prices have since stabilized at a reasonable level and should result in an improvement in our margins going forward.

RESILIENCE & OPTIMISM

It is important to point out that the significantly improved performance of the Company in the fiscal gone by is not the prime reason for optimism. Over the last few years, we have weathered a very difficult macro-economic environment, and managed various operational and financial issues. Despite these challenges, we have done well and emerged much stronger. The financial results are only one indicator but I firmly believe that Your Company has understood and assimilated learnings in a very significant manner. A good foundation has been built and we are determined to get even better in the years to come.

VERTICAL INTEGRATION: ADVANTAGE FROM LOOM TO LABEL

Few years ago, if you may recall, Your Company embarked upon a strategy to vertically integrate by way of establishing world class manufacturing facilities in India and acquiring reputable and effective distribution companies overseas to promote this concept. We have succeeded in realizing our goals and the effectiveness of this strategy has been validated and is regarded as a key strength by our clients overseas. While our manufacturing facilities continue to produce high quality, value-added products, our distribution companies assist us in providing both sales and service to all our esteemed clients.

PRESENCE IN HIGH VALUE MARKETS

Our subsidiaries in North America have shown interesting traction over the past few years. Owner- ship of our distribution network through our own subsidiaries has helped us to increase our market share in key geographies. This is reflected in our growth rates of 21.1 % in top line. The financial performance demonstrates strong penetration in the overseas markets coupled with effective cost optimization measures undertaken in our operations.

BRANDS & PRIVATE LABEL PORTFOLIOS

Our branded and private label portfolios continue to invite increasing interest among our clients. I believe they are a further endorsement of our strategy to become a vertically integrated home textiles company that offers superior and innovative solutions in a very demanding market. Currently, we cater to 20 of the 30 large retailers in North America. We supply to high profile brands, including Calvin Klein Home, Barbara Barry, Bellora, Atmosphere, Esprit and Waverly.

I am happy to announce that we have recently obtained a license for another luxury US brand, Peacock Alley. This will further enhance our visibility in the branded space. Looking ahead, we aim to keep our portfolio of brands growing.

Our European subsidiary, Bellora, Italy has not been performing to its potential. This has more to do with the economic stress in the entire Euro zone. However, we are confident that Bellora has all the elements in place to capitalize on growth once the region stabilizes.

"Atmosphere", our retail and distribution arm, sells furnishing fabrics in India, South East Asia and the Middle East. During the last year, we have added bedding products to Atmosphere's portfolio. With this offering, we are positioned to sell the entire range of curtain, upholstery and bedding products in our chosen markets. Looking to the future, we aim to increase our retail presence. We believe we are clearly under-represented in those critical markets and therefore, intend to focus our attention on significantly growing our retail business there.

ENABLING VERTICAL INTEGRATION THROUGH E-COMMERCE & IT

We are happy to announce the impending launch of 'atmospheredirect.com' – our maiden online store. E-Commerce is gaining ground worldwide and we wish to embrace this concept as well. Retailing luxury home furnishings online is a new concept in India and around the world. Our website will offer our entire range of products, viz., drapery and upholstery fabrics, bedding products and exclusive range of decorative pillows. This e-platform will give us global reach covering over 35 countries.

To speed up information flow, enable advanced business intelligence and transparency, and increase the operational efficiency of our vertically integrated manufacturing process, we embarked upon an initiative to adopt SAP on a company-wide basis. We are confident that SAP will dispense with manual work-arounds and reconciliations, releasing staff for more productive tasks. By providing access to information on sales, production and materials, SAP will help us minimize inventory levels, improve production efficiency and ultimately, deliver better products and services to our customers. I am pleased to inform you that we have gone 'live' on SAP at our bed linen plant in Hassan and will soon be implementing the same at our curtain and upholstery plant in Doddaballapur and across our retail operations.

LOOKING TO THE FUTURE

All signals indicate that the world economy may go through another difficult year because of the on-going uncertainly in the Euro zone. Your Company will however, face these challenges from a position of strength. We have solid fundamentals and one of the strongest business portfolios in the industry to carry us through and bring us back on top, once favorable winds return.

Good Governance has always been an essential component of our success and will continue to be a cornerstone of our business as we move into the future. Your Directors firmly believe in acting with integrity and upholding the highest standard of Corporate Governance.

DIVIDEND FOR 2012

We have a history of paying handsome dividends to Our Shareholders. This was interrupted however, in the last few years by stressed performance. Buoyed by the encouraging financial performance of Your Company this year, the Board of Directors has recommended a dividend of 10% to its Shareholders.

We believe we have delivered a satisfactory performance, keeping in mind the challenges faced by us as well as the entire global economy. Despite difficulties, we have kept focus through disciplined application of our long-term strategy. As always, we owe our debt and appreciation to our People. Our past, present and future successes rest entirely with them. I believe Himatsingka has a highly skilled and motivated team which is proud of its heritage and ambitious about its future. Personally, and on behalf our Board of Directors, I would like to thank all our employees, both in India and in our overseas subsidiaries, for their hard work as well as their willingness to embrace challenges.

Finally, I would like to thank You, our Shareholders, for your continued support and faith in our capabilities through these trying times. We stand resolute in unlocking Himatsingka's full potential and grow the value of your investment.

Thank you.

Dinesh Himatsingka
Managing Director
Himatsingka Seide Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Himatsingka Seide Limited (together with its subsidiaries, "the Group" or "the Company") is a vertically integrated home textile group that manufactures, retails, and distributes bedding, upholstery, drapery and bath products. The Group operates two manufacturing facilities in India and four distribution businesses across North America, Europe and Asia.

The Group is a major distributor of branded luxury home textile products in North America and Europe. It also offers private label home textile products to major retailers and is the third largest distributor of "Top of Bed" products in the United States.

The portfolio of brands includes Calvin Klein Home (currently the second largest selling bath and bedding brand sold through departmental stores in the United States), Barbara Barry, Peacock Alley, Bellora, Esprit, Waverly and 'ATMOSPHERE'.

Industry structure and developments

The Textile industry is among the largest industries in India. It occupies an important place in the economy because of its contribution to the industrial output, employment generation and foreign exchange earnings. The Company operates in the home textiles segment, an important part of the textile industry. The global environment for home textile has been different in different geographies – buoyant in the American markets and under continuing stress in the European markets. We expect the markets to be relatively stable in the coming year. There has been a conscious movement towards brand expansion at lower price points. Private label distributors / retailers and brand distributors have consciously cultivated the mid-market segment.

High input costs, competition, cost competitiveness, low productivity levels and the rupee volatility are some of the key challenges faced by the industry.

India, being the second largest producer of cotton, enjoys an edge in low cost cotton sourcing compared to other countries. The last year saw a significant reduction in prices for cotton and ensured the much needed stability in cotton prices (consequentially impacting cotton yarn prices), both in India and globally. As a result volatility in prices was lower than the previous year and the availability of product was more consistent.

Design and fashion capabilities are the differentiators that have enabled Indian industry to build relationships with global retailers and score over competition from China and other countries. Hence, investing in design and product development expertise has become a key for success.

To address these challenges, the Company continuously invests in new technology, strives to shorten delivery cycles to meet customer demands, expands its portfolio of quality brands, introduces innovation in product offerings, and strengthens design focus, both in India and overseas, as an integral part of the Himatsingka strategy.

Opportunities

A gradual shifting of textile manufacturing facilities from the developed economies to developing economies is making countries like India and China play an increasingly important role.

With our Bed Linen manufacturing facility at Hassan along with distribution and brand synergies of Divatex Home Fashions Inc., DWI Holdings Inc. and Giuseppe Bellora SpA, the Company has created a strong presence in the home textiles segment.

Our plant at Doddaballapur, Bangalore is dedicated to manufacture high end silk / blended home furnishing fabrics. While these are marketed internationally through well-known interior brands, in India and Asia we market our products through our own brand 'ATMOSPHERE'.

'ATMOSPHERE' is the Group's own brand which has 12 showrooms in India and one each in Dubai, Singapore and Jordan.

Threats

We are dependent on China for quality raw materials for our silk business.

China is also the largest producer of silk fabric in the world, hitherto focusing on mass production. Though the Company continues to be the market leader in this space, growing competition from China and other players in India can potentially be a threat to the market share which the Company commands. The Company's silk business addresses the high end clientele. Given the impact on luxury brands as a result of the global recession, it is likely that the silk business may be impacted.

In the Bed Linen business, the Company is competing with other large players in India, Pakistan and China, with similar or larger capacities. The challenge will be to garner market share profitably while competing with other large players in India, Pakistan and China in the tough macro-economic environment.

There had been an upward spiral of prices in the past in both the cotton yarn and silk yarn. The prices have however eased out in the current year. Cost escalation has been passed on in large measure to the customers.

Strengths

Our core strengths is product design and development capabilities, state-of-the-art and flexible manufacturing facilities and efficient marketing and distribution channels.

Our in-house design studio is considered amongst the best in the world for its design capabilities. It is equipped with state-of-the-art infrastructure and related facilities to be able to churn out more than 1500 new products annually. In addition, we invest in expanding our design teams both in India and overseas to be able to address the increasing need for new products globally.

We ensure that our marketing team and our global buyers closely interact with our designers.

We provide our design team adequate facilities to enable them to anticipate market trends and create products that are cutting edge, novel and highly creative.

To successfully create products that are unique, we constantly upgrade our manufacturing techniques and technology.

We are able to manufacture a large number of exclusive products, in small quantities, at just-in-time deliveries. This has increased our credibility and enabled us to reinforce long-term relationships with our global clientele.

Our enduring relationships with clients are testimony to our effective and highly successful business model. The high percentage of repeat business we generate is a measure of the confidence our customers have in us.

The overseas distribution companies give us a strategic foothold in the home textiles space in North America and Europe.

Internal control systems and their adequacy

The Company's internal control system ensures 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 and concerns

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

Financial Performance

A summary of our financial performance for the year ended March 31, 2012 and 2011 is as follows:

(Rs. in lakhs)

Particulars	Standalone			Consolidated		
	2011-12	2010-11	Change	2011-12	2010-11	Change
Revenue	65,652	52,028	26.2%	143,162	124,068	15.4%
Material cost	38,753	33,852	14.5%	90,755	79,368	14.3%
As a % of revenue	59.0%	65.1%	-6.1%	63.4%	64.0%	- 0.6%
Employee benefit expenses	6,307	5,562	13.4%	15,038	14,678	2.5%
Other expenses	10,344	9,246	11.9%	22,607	20,512	10.2%
EBITDA	10,249	3,368	204.3%	14,762	9,510	55.2%
Interest and finance charges	3,059	2,817	8.6%	5,284	5,262	0.4%
Depreciation	4,785	4,769	0.3%	5,557	5,646	- 1.6%
Profit before exceptional items	2,405	(4,218)	157.0%	3,921	(1,398)	380.5%
Exceptional items - gain / (loss)	(403)	-		555	-	
Profit / (loss) before tax	2,002	(4,218)	147.5%	4,476	(1,398)	420.2%
Profit / (loss) after tax	**2,002**	**(4,218)**	**147.5%**	**3,394**	**(1,578)**	**315.1%**

Standalone performance

Standalone revenue for the year increased by 26.2% principally on account of robust growth in the Bed Linen business.

For the Bed Linen business, Revenue has increased by 38.9%. Sales realization per meter increased by 18.5% from Rs. 246 to Rs. 292, while the increase at constant currency was 14.3%.

For the Silk business, increase in fabric revenue by 6.0% was negated by decline in yarn sales. Sales realization per meter increased by 10.6% from Rs. 993 to Rs. 1,099, while the increase at constant currency was 8.7%

Material costs as a percentage of Revenue declined from 65.1% to 59.0% on account of softening of raw material prices. Better capacity utilization and resultant economies of scale further helped the Company to increase EBITDA from Rs. 3,368 lakhs to Rs. 10,249 lakhs.

Exceptional item consists of a charge of Rs. 403 lakhs due to change in fair value and monthly settlement costs of the only foreign exchange derivative contract.

As a result, profit after tax stands at Rs. 2,002 lakhs as compared to a loss of Rs. 4,218 lakhs in the previous year.

Consolidated performance

Consolidated revenue for the year increased by 15.4% on account of strong sales growth in distribution and manufacturing businesses.

Revenue of distribution business in North America increased by 21.1% at constant currency.

Revenue from our 'ATMOSPHERE' brand increased by 10.7%.

Consolidated Material costs as a percentage of Revenue declined marginally by 0.6% principally on account of softening of raw material prices. The growth in gross margin fuelled by higher sales and cost optimization initiatives in overseas subsidiaries resulted in an increase in EBITDA by 55.2% i.e. from Rs. 9,510 lakhs to Rs. 14,762 lakhs.

During the year, the Group sold land and buildings, rendered surplus on account of consolidation in manufacturing facilities. A profit of Rs. 1,128 lakhs from this sale has been reported as an exceptional item. Exceptional items, in addition include, a loss of

Rs. 160 lakhs on account of change in fair valuation and a loss of Rs. 243 lakhs on account of monthly settlements of foreign exchange derivative and a charge of Rs. 170 lakhs towards certain one-time costs.

As a result, the consolidated profit before tax for the year is Rs. 4,476 lakhs as compared to a loss of Rs. 1,398 lakhs in the previous year.

A summary of our financial position for the year ended March 31, 2012 and 2011 is as follows:

Standalone position

Financial Position as on March 31 (in Rs. lakhs)	2012	2011	Remarks
Long term and short term borrowings (including current portion of long term borrowings)	45,058	49,856	Declined mainly due to net repayment of Rs. 4,876 lakhs and Rs. 1,156 lakhs towards long term and short term borrowings, respectively.
Other liabilities and provisions	16,615	13,204	Increased mainly due to provision of Rs. 2,133 lakhs for a foreign exchange derivative and provision for dividend including tax thereon of Rs. 572 lakhs.
Fixed assets including capital work-in-progress	44,907	48,534	Declined mainly due to a depreciation charge of Rs. 4,785 lakhs.
Investments	33,784	29,510	During the year, the Company invested Rs. 2,896 lakhs and Rs. 1,106 lakhs in Himatsingka America, Inc. and Giuseppe Bellora SpA, respectively.
Long term loans and advances	5,907	9,643	Declined mainly due to net repayment of loans amounting to Rs. 2,290 lakhs and Rs. 2,844 lakhs by Himatsingka Wovens Private Limited and Himatsingka America, Inc., respectively.
Current assets	28,792	27,805	Increased mainly due to increase in trade receivables by Rs. 2,277 lakhs and decrease in inventories by Rs. 962 lakhs.

Consolidated position

Financial Position as on March 31 (in Rs. lakhs)	2012	2011	Remarks
Long term and short term borrowings (including current portion of long term borrowings)	69,837	74,457	Declined mainly due to net repayment of Rs. 7,665 lakhs and Rs. 555 lakhs towards long term and short term borrowings, respectively. However, the borrowings increased by Rs. 3,600 lakhs on account of increase in exchange rate.
Other liabilities and provisions	27,570	21,950	Increased due to an increase in Trade payables by Rs. 3,641 lakhs.
Fixed Assets	49,606	55,465	Declined mainly on account of surplus asset sale of Rs. 2,561 lakhs and depreciation charge of Rs. 5,557 lakhs, compensated to an extent by organic capex.
Goodwill	43,132	38,448	Increased mainly on account of increase in exchange rates.
Investments	1,301	1,004	Increased due to investment of Rs. 273 lakhs in various mutual fund units.
Long term loans and advances	3,388	2,680	Increased mainly due to an increase in MAT credit entitlement by Rs. 566 lakhs set off by a reduction in capital advances by Rs. 149 lakhs
Current assets	56,858	51,170	Increased mainly due to increase in inventories by Rs. 4,309 lakhs.

Material Development in Human Resources

Our people are our key assets. We have been able to create a work environment that encourages pro-activeness and responsibility. The company employs 3,668 people as on March 31, 2012.

A people oriented work environment combined with a market-driven compensation and benefits package has ensured that we have a moderate attrition rate.

The three year wage agreement at the Doddaballapur manufacturing plant has expired on March 31, 2012. The Management and Unions are in negotiation and are expected to complete the process shortly.

Outlook

Given the relatively improved performance of the Group during the year, we expect the year ahead to be relatively stable. The central theme for the year ahead would be to sweat the existing assets in the Manufacturing, Distribution and Retail divisions more effectively, continue to focus on optimization of costs across the divisions and create additional opportunities for maximizing sales through enhancing branded presence and new customer acquisition.

RISK MANAGEMENT

Risk management objective of your Company is to minimize risks and also to ensure that potential upsides are captured in the best possible manner within prudent limits. The uncertainty and volatility in business environment means that the Company's focus on risk management is extremely important.

The Group has well established internal control systems for operation of the Company and its subsidiaries. Finance department in partnership with other departments plan, implement and monitor the internal control systems.

The following is not an exhaustive list of risks associated with our business, additional risks not currently known to us or that we currently deem not to be significant also may adversely affect our business, financial condition or results of operations in future periods.

Risk Areas

Business and Operational risk Business Concentration risk Manufacturing risk Commodities risk Competition risk	Financial risks Foreign exchange fluctuation risk Credit risk Liquidity risk Interest rate risk
Security risks Intellectual Capital risk Human Capital risk	Regulatory risk Compliance risk Insurable risk

Business and Operational risk:

Business concentration risk

A significant part of our revenue is earned from a small number of customers in North America. Any change in consumption pattern in these markets affected by political or economic events specific to them could potentially affect our results.

The Group is actively pursuing opportunities in other geographies and evaluating alternative distribution networks in existing markets.

Manufacturing risk

A disruption at our manufacturing sites would significantly affect our production capabilities consequently impacting product deliveries.

The plants are designed to restrict the effect of unseen disruption on the manufacturing facilities. Further, risk evaluation is conducted and observations are implemented on a periodical basis.

Commodities risk

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.

Competition risk

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

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.

Foreign exchange risk arising out of translation of financial statements of overseas subsidiaries is not hedged.

Credit risk

Our commercial transactions subject the Group to credit risk principally consisting of trade receivables.

Credit risks on account of trade receivables are minimized mainly due to cash sales and factoring of receivables without recourse in case of large customers. For remaining trade receivables, the credit risk is diversified over a large number of customers and satisfactorily reflects the spread of sales.

Liquidity risk

Changes in the debt and capital markets, including market disruptions and limited liquidity could restrict the Company's access to potential source of future liquidity and payment commitments cannot be met as a result of insufficient liquidity.

The aim of the financing strategy is to maintain a well-balanced maturity profile of liabilities to minimize funding risk.

The net cash provided by operating activities, supplemented as necessary with borrowings available under our existing credit facilities and existing cash and cash equivalents and short-term investments, will provide sufficient resources to meet our current expected obligations, working capital requirements, debt service and other cash needs over the next year.

CRISIL, the credit rating agency, had assigned the CRISIL BBB-/ Negative for long term borrowings and CRISIL A3 for its short term borrowings.

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.

Security risk:

Intellectual capital risk

In addition to the brands that we manage, the Company's intellectual capital resides in its designs. There could be a potential risk of losing competitive advantage should there be an inadequacy in the protection of data.

To ensure design security, we have evolved designs from the physical to the virtual networked environment with high security features. In addition, selective access to designs minimizes the loss of sensitive information.

Human capital risk

Our success is dependent upon ability to attract, hire, train and retain key employees and highly skilled workforce.

The Company has continually expanded its team in India and overseas with appropriate resources and related infrastructure to ensure that it is adequately addressed. The Himatsingka Learning Academy set up by the Company also, in part, addresses the requirements. The Company also conducts its in-house programs on a regular basis to identify and motivate its staff for higher performance.

Regulatory risk:

Compliance risk

Any failure to comply with various legal and regulatory requirements could result in imposition of penalties, suspension of business, etc which could affect profitability.

The Group has established processes to ensure compliance with regulatory requirement. The Company has set up effluent treatment plant and other facilities to meet pollution control and other regulatory norms.

Insurable risk

The Company has customary insurance programs with respect to the Group's property and liability risks. As a natural element of the Group's various activities, measures to limit the impact of damages are taken continuously, often in cooperation with external insurance advisors. In such a context, standards for desired protection levels are established to reduce the probability of significant material damages and to guarantee deliveries to customers.

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 31st March, 2012 the Board of the Company comprised of ten Directors. The Company has a Non-Executive Chairman. The number of Non-Executive Directors is six, 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 eminent industrialists or / and 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, 2012.

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 / 7	Yes	4	Nil
D.K. Himatsingka, Founder	Managing Director	5 / 7	Yes	1	Nil
Aditya Himatsingka		6 / 7	Yes	4	1
Shrikant Himatsingka		7 / 7	Yes	2	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	6 / 7	Yes	13	9 and 4
Dr. K.R.S. Murthy		5 / 7	Yes	3	5 and 2
Berjis M Desai		4 / 7	No	10	10 and 2
A.K. Dasgupta		4 / 7	Yes	2	2 and 1
Rajiv Khaitan		7 / 7	Yes	2	Nil
Samuel J Joseph	Nominee-Export-Import Bank of India	6 / 7	No	3	Nil

Note:

@ 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 2011-12, the Board of Directors met seven times on the following dates: 19th May, 2011, 3rd August, 2011, 23rd August, 2011, 11th October, 2011, 5th November, 2011, 25th January, 2012 and 28th March, 2012.

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:

(Rs. lakhs)

Name of the Director	Purpose	Amount
Rajiv Khaitan	Legal / Professional Fees paid to M/s Khaitan & Co.	13.67
Dr. K.R.S. Murthy	Listing fees paid to National Stock Exchange of India Ltd.	1.18

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 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 2011-12, the Audit Committee met on four occasions i.e. 19th May, 2011, 3rd August, 2011, 5th November, 2011 and 25th January, 2012.

The Constitution of Audit Committee and attendance of the Members for the year 2011-12 is as under:

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

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

The Statutory Auditor, Internal Auditor, Cost 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 2011-12, no meeting of the Committee was held.

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 and A.K. Dasgupta

The Company Secretary acts as the secretary to the Committee.

Reappointment of directors

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Rajiv Khaitan and Dr. K.R.S. Murthy retire by rotation and being eligible, offer themselves for re-appointment. Their reappointments 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 198 and 309 of the 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 31st March,2012 and remuneration during the financial year 2011-12 to the Directors.

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

Director	No. of shares held	Sitting fees	Salaries and perquisites	Commission	Total
Dilip J. Thakkar	Nil	0.50	Nil	1.50	2.00
A.K. Himatsingka	25,00,635	Nil	40.38	Nil	40.38
A.K. Dasgupta	Nil	0.20	Nil	0.50	0.70
Rajiv Khaitan (paid to Khaitan & Co.,)	4,200	0.55	Nil	0.50	1.05
Dr. K.R.S. Murthy	1000	0.45	Nil	0.50	0.95
Berjis M Desai	Nil	0.20	Nil	0.50	0.70
Samuel Joseph Jebaraj (paid to Export Import Bank of India)	Nil	0.45	Nil	0.50	0.95
D.K. Himatsingka	1,43,40,044	Nil	71.95	Nil	71.95
Aditya Himatsingka	29,78,200	Nil	41.34	2.00	43.34
Shrikant Himatsingka	66,80,964	Nil	40.46	5.00	45.46

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

A.K. Himatsingka : From 1st April, 2009 to 31st March, 2014

D.K. Himatsingka : From 1st April, 2009 to 31st March, 2014

Aditya Himatsingka : From 2nd June, 2009 to 1st June, 2014

Shrikant Himatsingka : From 3rd June, 2008 to 2nd June, 2013

Criteria for making payments to non-executive Directors:

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval obtained at the AGM held on 23rd September, 2009, the Commission is paid at a rate not exceeding 1% per annum of the profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956). 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 Rs. 5,000/- is paid for attendance at each meeting of the Board and / or Committee thereof. The Company also reimburses out-of-pocket expenses 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.

Four meetings of the committee were held during the year – on 19th May, 2011, 23rd August, 2011, 5th November, 2011 & 25th January, 2012. 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 31st March, 2012 and related information:

Name of the Director	Position	No. of Meetings Attended
Rajiv Khaitan	Chairman	4
A.K. Himatsingka	Member	2
A.K. Dasgupta	Member	4

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 2011-12, the Company received 40 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 28th July, 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 17th January, 2012.

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 31st March, 2012 and related information:

Name of the Director	Position	No. of Meetings Attended
Dr. K.R.S. Murthy	Chairman	1
Aditya Himatsingka	Member	1
Shrikant Himatsingka	Member	Nil

The Chief Financial Officer, Head of Marketing, Head of Treasury and Executive of finance department are permanent invitees to the Committee.

9. General Body Meetings

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

Date and Time	Year	Type	Time	Venue	No. of special Resolutions passed
23rd August, 2011	2010-11	Annual General Meeting	3.30 p.m.	The LaLiT Ashok Bangalore, Kumara Krupa Road, High Grounds, Bangalore-560 001	1
8th September, 2010	2009-10	Annual General Meeting	3.30 p.m.		Nil
23rd September, 2009	2008-09	Annual General Meeting	3.30 p.m.		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
8th December, 2010 3.30 p.m.	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

a) 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.

b) 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 (Q3 and Q4 results) and Vartha Bharati – Kannada newspaper, Bangalore.

c) The financial results and official news releases were 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.

d) Reminders for unclaimed dividend are sent to the shareholders, as per records, every year.

e) 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, General Manager – 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 Subsidiary companies fall under the definition of "material non listed Indian subsidiary"

ii) The Audit Committee of the Company reviews the financial statements and in particular the investments made by unlisted subsidiary companies of the Company.

iii) The minutes of the board meetings of unlisted subsidiary companies 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 subsidiary companies of the company.

b) Related party transactions

The statutory disclosure requirements relating to related party transactions have been complied with in the Annual Accounts (Note 29)

There were no material transactions during the year 2011-2012 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 2011-12.

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 23rd January, 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 2011-2012 and 2012-2013 for all the above stock exchanges
Custodial Fees	Paid to Central Depository Services (India) Ltd. for 2011-12 & 2012-13. 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 (Rs.)	Date of declaration of dividend	Due date for transfer to IEPF
2005	Final	5.00	August 27, 2005	October 3, 2012
2006	Interim	1.25	January 21, 2006	February 27, 2013
2006	Final	1.25	July 28, 2006	September 3, 2013
2007	1st Interim	1.25	October 28, 2006	December 4, 2013
2007	2nd Interim	1.25	March 12, 2007	April 18, 2014
2010	Dividend	0.25	September 8, 2010	October 15, 2017

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

Saturday, 25th August, 2012 at 3.30 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 1st Quarter 2012-13	July / August 2012
Financial Results for 2nd Quarter 2012-13	October / November 2012
Financial Results for 3rd Quarter 2012-13	January / February 2013
Annual Accounts 2012-13	April / May 2013

Date of Book Closure

12th August, 2012 to 25th August, 2012
(both days inclusive)

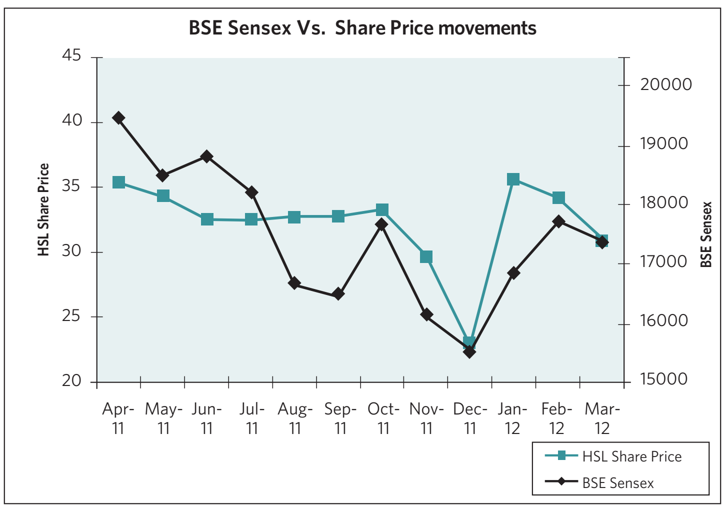
Share Price

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

Month	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-11	40.10	34.15	1687585	40.10	34.30	1348319
May-11	35.75	32.45	752271	35.75	32.50	2427604
Jun-11	34.90	32.60	952164	35.05	32.55	2530219
Jul-11	34.10	32.45	179226	34.10	32.50	784488
Aug-11	33.55	29.55	539173	33.40	29.65	1040492
Sep-11	36.90	31.70	829400	36.80	31.60	1271615
Oct-11	33.35	31.80	160911	33.40	31.85	517307
Nov-11	34.65	28.50	446196	34.60	28.35	524386
Dec-11	30.20	22.85	159958	30.15	23.05	250714
Jan-12	35.60	24.95	295438	35.50	24.85	246341
Feb-12	37.55	33.40	375278	37.35	32.60	397696
Mar-12	33.10	30.00	297374	33.60	29.80	650995
Total			**6674974**			**11990176**

Stock Split	1 equity share of Rs. 10/- each split into 2 equity shares of Rs. 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	2011-2012	
	No. of shares	Percentage
1 – 10	500	3
11 – 20	7200	40
21 – 30	10440	57
Total	18140	100

Complaints received from Investors during the year

Nature of Complaints	Received	Cleared
1. Non-receipt of share certificates	4	4
2. Non-receipt of dividend warrants	32	32
3. Non-receipt of Annual Report	4	4

The company attended to most of the investors' grievances / correspondence within seven days from the date of receipt of the same during the year 2011-12.

Distribution of shareholding as on 31st March 2012

No. of equity shares	No. of share holders	% of share holders	No. of shares held	% of shareholding
1 – 5000	15618	81.61	4042966	4.11
5001 – 10000	1587	8.29	2485961	2.52
10001 – 20000	867	4.53	2566537	2.61
20001 – 30000	364	1.90	1863165	1.89
30001 – 40000	144	0.75	1035635	1.05
40001 – 50000	136	0.71	1275384	1.30
50001 – 100000	220	1.15	3125856	3.17
100001 and above	202	1.06	82061656	83.35
Total	19138	100.00	98457160	100.00

Shareholding Pattern as on 31st March 2012:

Category of Shareholder	No. of Share holders	No. of Equity shares	As a percentage of (A+B+C)
Shareholding of Promoter and Promoter Group Indian			
Individuals / Hindu Undivided Family	14	34578663	35.12
Bodies Corporate	7	18323109	18.61
Sub Total (A)(1)	21	52901772	53.73
Foreign			
Individual (Non-Resident Individual / Foreign Individual)	2	1237800	1.26
Sub Total (A)(2)	2	1237800	1.26
Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)	23	54139572	54.99
Public Shareholding			
Institutions			
Mutual Funds / UTI	12	9203738	9.35
Financial Institutions / Banks	6	35120	0.04
Insurance Companies	2	914886	0.93
Foreign Institutional Investors	5	1631801	1.66
Sub Total (B)(1)	25	11785545	11.97

Category of Shareholder	No. of Share holders	No. of Equity shares	As a percentage of (A+B+C)
Non-Institutions			
Bodies Corporate	604	5305183	5.39
Individuals			
i. Individual Shareholders holding nominal share capital up to Rs. 1 lakh	18003	14383270	14.61
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	129	11504455	11.68
Any other (specify)			
– NRI / OCB	335	1309027	1.33
Trusts	1	12200	0.01
– Clearing Member	18	17908	0.02
Sub Total (B)(2)	19090	32532043	33.04
Total Public Shareholding (B)(1)+(B)(2)	19115	44317588	45.01
Total (A)+(B)	19138	98457160	100
Shares held by Custodians and against which Depository Receipts have been issued (C)	Nil	Nil	Nil
Grand Total (A+B+C)	19138	98457160	100

Note: Promoter Group has not pledged any of their shares as on 31.03.2012

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 31st March 2012, 98.30% 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, 2012

Category	Number of		% to total equity
	Shareholders	Shares	
Demat Mode			
NSDL	13450	92211562	93.66
CDSL	4694	4570484	4.64
Total			
Physical Mode	994	1675114	1.70
Grand Total	19138	98457160	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, Director's 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 21st March 2000. Considering the advantages of scripless trading, shareholders are requested in their own interest to consider de-materalisation 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 complaint / 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 recent 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 names(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 109A of the Companies Act, 1956 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, General Manager – 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, 2012.

Bangalore
Date: May 26, 2012

Dinesh Himatsingka
Managing Director

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

Rajiv Khaitan

David Rasquinha – upto 29-04-2011 –
Nominee Director of
Export-Import Bank of India

Samuel Joseph Jebaraj – w.e.f. 29-04-2011
Nominee Director of
Export-Import Bank of India

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

David Rasquinha – upto 29-04-2011 – Member

Samuel Joseph Jebaraj – w.e.f. 29-04-2011 – Member

Shareholders / Investors Grievance Committee

Rajiv Khaitan – Chairman

A.K. Himatsingka – Member

A.K. Dasgupta – 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 – Member

Dr. K.R.S. Murthy – Member

A.K. Dasgupta – 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

G. Ravichandran
President (Group Operations)

Pradeep Mukherjee – upto 31.01.2012
President (Global Sales & Marketing)

Adnaan Zaheer – w.e.f. 01.02.2012
Vice President (Global Sales & Marketing)

Jayshree Poddar
Head of Design

K.P. Pradeep
Sr. Vice President – Finance & Group Chief Financial Officer

Ratnakar Nemani
Chief Information Officer

Y.R. Wilson Maria Doss
Sr. Vice President – Corporate HR

Bharat Ram
Vice President (Retail)
(Himatsingka Wovens Pvt. Ltd.)

S. Shanmuga Sundram
Vice President – (Bed Linen Operations)

Company Secretary

Amit Jain – upto 31.08.2011

Ashok Sharma – w.e.f. 01.09.2011

Bankers

Canara Bank

Export Import Bank of India

The Hongkong & Shanghai Banking Corporation Ltd

ICICI Bank Ltd

Auditors

Messrs Deloitte Haskins & Sells

Registered Office

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

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty – Seventh Annual Report on the operations and performance of your Company, together with audited financial statements and auditors' report for the year ended March 31, 2012.

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

(Rs. in lakhs)

Financial results	Standalone			Consolidated		
	2011-12	2010-11	Change	2011-12	2010-11	Change
Revenue	65,652	52,028	26.2%	143,162	124,068	15.4%
Material cost	38,752	33,852	14.5%	90,755	79,368	14.3%
% of Revenue	59.0%	65.1%		63.4%	64.0%	
Profit before depreciation, interest, exceptional items and tax	10,249	3,368	204.3%	14,762	9,510	55.2%
Profit / (loss) before exceptional items	2,405	(4,218)		3,921	(1,398)	
Exceptional items	(403)	–		555	–	
Profit / (loss) before tax	2,002	(4,218)		4,476	(1,398)	
Profit / (loss) after tax	2,002	(4,218)		3,394	(1,578)	

Dividend

Your Directors have recommended a dividend of 10% (Rs. 0.50 per equity share), subject to approval by the shareholders at the Annual General Meeting.

Business Operations Overview and Outlook

In the year 2011, the US economy made significant gains and provided a semblance of stability to the world economy. The European sovereign debt crisis continued to engage the collective attention of the world. It now appears that the issues in Europe are deeper than previously envisaged and needs to be addressed structurally. The speed of intervention will address the extent of impact on global economies.

The global GDP growth slowed to 3.85% compared to 5.27% in the previous year. The economic growth was mainly driven by domestic consumption in the emerging markets particularly China and India.

The year 2011-12 was marked by a significant volatility in foreign exchange rates. The rupee continues to be under pressure and has touched an all-time low during the year.

Even under these difficult economic conditions, the Company delivered a good performance with the Group revenue increasing by 15.4% to Rs. 143,162 lakhs and EBITDA growing by 55.2% to Rs. 14,762 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 items in standalone results include a loss of Rs. 160 lakhs due to change in fair value and a loss of Rs. 243 lakhs on monthly settlements of a foreign exchange derivative contract.

Exceptional items in consolidated results include in addition to exceptional item in standalone results, profit of Rs. 1,128 lakhs on sale of surplus land and buildings with certain moveable fixed assets and certain one-time costs of Rs. 170 lakhs.

During the year, the Group consolidated its manufacturing operations. As part of this exercise, it divested surplus assets of its subsidiary Himatsingka Wovens Private Limited for an amount of Rs. 3,387 lakhs.

Prospects

The data emerging from USA in last quarter of 2011-12 shows lower unemployment levels, an increase in home sales and growth in consumer credit. While in Euro zone an economic crisis appears to be brewing and may have an impact on the global economy. However, opportunities seem to exist in many emerging economies of the world.

The Group recognizes the changing global scenario and is taking appropriate steps to enhance value proposition to our existing customers and at the same time explore opportunities in new geographies.

Growth initiatives during the year

The Group explored various ways of reaching out to new customers, enhancing focus on its brands and launching value added products leading to the growth in sales.

During the year, we added Bed Linen produced by us, as a new product offering in all 'ATMOSPHERE' stores. The response is encouraging.

Annual accounts of the subsidiaries

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, 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 and are also available on the Company's website i.e. www.himatsingka.com. The Company will make available the annual accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. 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.

Summary of Subsidiary results:

Divatex Home Fashions Inc., USA (Divatex)

Divatex is the third largest distributor of Bed Linen products in the USA and gives the Group deep in roads into the private label market. Divatex also has the license to market important brands such as Esprit and Waverly in the United States.

For the year ended March 31, 2012, Divatex recorded Revenue of USD 172.46 million (Rs. 82,763 lakhs) compared to USD 140.98 million (Rs. 64,239 lakhs) in the previous year and profit before tax of USD 5.55 million (Rs. 2,617 lakhs) compared to USD 6.99 million (Rs. 3,198 lakhs) for the previous year.

DWI Holdings Inc., USA (DWI)

DWI possesses licenses of luxury home textile brands such as Calvin Klein Home, Barbara Barry and Peacock Alley. This gives us access to the high end and branded segment of the bedding market in the USA.

For the year ended March 31, 2012, DWI recorded Revenue of USD 69.18 million (Rs. 33,131 lakhs) compared to USD 58.35 million (Rs. 26,606 lakhs) in the previous year and profit before tax of USD 2.59 million (Rs. 1,218 lakhs) compared to USD 2.43 million (Rs. 1,115 lakhs) for the previous year.

Giuseppe Bellora SpA, Italy (Bellora)

Bellora has a significant share in the luxury market in Italy and gives us a platform to expand our business in the other markets of Europe and other geographies.

For the year ended March 31, 2012, Bellora recorded Revenue of Euro 17.22 million (Rs. 11,345 lakhs) compared to Euro 19.37 million (Rs. 11,688 lakhs) in the previous year and loss before tax of Euro 0.83 million (Rs. 551 lakhs) compared to Euro 1.14 million (Rs. 687 lakhs) for the previous year.

Bellora reported lower sales due to stressed economic conditions in Euro zone, especially Italy. Better sales mix, royalty income and cost rationalization helped us to report lower loss compared to the previous year.

Himatsingka Wovens Private Limited, India (HWPL)

HWPL operates 12 exclusive retail showrooms of 'ATMOSPHERE' in 10 cities in India. 'ATMOSPHERE' is India's first luxury Home Textile brand. With an exclusive collection of over 2500 products, the brand offers the most comprehensive range of luxury Drapery and Upholstery fabrics for its customers. Its products are tailored to comply with both residential and institutional applications.

For the year ended March 31, 2012, HWPL recorded Revenue of Rs. 4,389 lakhs compared to Rs. 4,257 lakhs in the previous year and profit before tax of Rs. 558 lakhs compared to Rs. 210 lakhs for the previous year.

HWPL results include a profit of Rs. 1,128 lakhs on sale of surplus assets and loss on diminution in value of investment in HSPL of Rs. 884 lakhs reported as exceptional items.

Himatsingka America Inc., USA (HimA)

HimA is the holding Company for Divatex and DWI.

For the year ended March 31, 2012, HimA recorded Revenue of USD 0.60 million (Rs. 270 lakhs) compared to USD 3.61 million (Rs. 1,645 lakhs) in the previous year and loss before tax of USD 3.77 million (Rs. 1,453 lakhs) compared to USD 3.27 million (Rs. 1,484 lakhs) for the previous year.

Pursuant to the decision to consolidate sales operations in North America, HimA transferred its operating activities to DWI. As a result, financial performance of HimA is not comparable with previous year.

Twill & Oxford LLC, Dubai (T&O)

T&O operates the Group's exclusive retail showroom of 'ATMOSPHERE' in Dubai.

For the year ended March 31, 2012, T&O recorded Revenue of AED 7.65 million (Rs. 991 lakhs) compared to AED 5.92 million (Rs. 733 lakhs) in the previous year and profit before tax of AED 0.70 million (Rs. 64 lakhs) compared to AED 0.43 million (Rs. 54 lakhs) for the previous year.

Himatsingka Singapore Pte Limited, Singapore (HSPL)

HSPL operates the Group's exclusive retail showroom of 'ATMOSPHERE' in Singapore.

For the year ended March 31, 2012, HSPL recorded Revenue of SGD 0.94 million (Rs. 358 lakhs) compared to SGD 0.86 million (Rs. 294 lakhs) in the previous year and loss before tax of SGD 0.31 million (Rs. 130 lakhs) compared to SGD 0.46 million (Rs. 221 lakhs) for the previous year.

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

(Rs. in lakhs)

Earnings		
Export (FOB Value)		60,135.04
Interest		406.77
Outgo		
Import of raw material and other inputs	13,858.35	
Other expenses	402.84	14,261.19
Net foreign exchange earnings from operations		46,280.62
Import of capital goods		2.55

Corporate Governance

We comply with the corporate governance code as prescribed by the stock exchanges and SEBI. You will find a detailed report on corporate governance as part of this annual report. The auditor's 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, 1956, and Articles of Association of the Company, Dr. K.R.S. Murthy and Mr. Rajiv Khaitan retire by rotation and being eligible, offer themselves for re-appointment. Their re-appointments 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, read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure to Directors' Report section. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others 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. Members are requested to appoint the auditors and fix their remuneration for the current year.

Cost Auditors

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, in respect of the audit of Cost Records of the Company, M/s Rao, Murthy & Associates, Cost Accountants, have been appointed as the Cost Auditor for the financial year 2011-12. The cost audit report for the financial year 2010-11, which was due to be filed with the ministry of Company affairs by September 30, 2011, was filed on August 29, 2011.

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.

For and on behalf of the Board

Place: Bangalore
Date: May 26, 2012

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.

For and on behalf of the Board

Place: Bangalore
Date: May 26, 2012

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:		Current Year	Previous Year
1.	Electricity			
a)	Purchased	Units	9,499,860	10,270,040
	Total amount	Rs.	57,846,873	57,490,719
	Rate / unit	Rs.	6.09	5.60
b)	Own generation			
i)	Through Diesel generator			
	Units	Units	59,534	66,724
	Units / Litre of Diesel Oil	Units	2.58	3.09
	Cost / unit	Rs.	6.13	10.45
ii)	Through Steam turbine / Generator			
	Units	Units	67,766,608	65,091,070
	Cost / unit	Rs.	5.31	4.49
2.	Coal			
	Quantity	Tons	87,274	75,140
	Total amount	Rs.	359,969,265	292,074,366
	Average rate / tonne	Rs.	4,125	3,887
3.	Furnace oil			
	Quantity	KL	1,125	1,468
	Total amount	Rs.	43,877,756	41,950,776
	Average rate / KL	Rs.	39,011	28,577
4.	Other / Internal Generation			
	Liquefied Petroleum Gas			
	Quantity	Kg	320,418	229,047
	Total amount	Rs.	16,188,649	9,492,759
	Average rate / kg	Rs.	51	41
B)	Consumption:		Current Year	Previous Year
	Product			
a)	Natural Silk / Blended fabrics (per mtr)			
	Electricity	Unit	8.36	9.10
	Furnace oil	Litre	1.17	1.02
	Coal / Others		Nil	Nil
	Reasons for variation: Due to changes in product-mix.			
b)	Spun Silk / Blended yarns (per Kg)			
	Electricity	Units / Kg	12.15	17.54
	Furnace oil		Nil	Nil
	Liquefied petroleum Gas	Rs. / Kg	19.25	23.85
	Coal / Others		Nil	Nil
	Reasons for variation: Due to changes in product-mix.			
c)	Cotton / Bed linen (per set)			
	Electricity	Unit / set	20.62	12.59
	Furnace oil	Liter / set	0.01	0.15
	Liquefied petroleum Gas	Rs. / set	4.27	2.51
	Coal / Others	Rs. / set	108.88	111.43

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 2011-12, the Company incurred Rs. 217.08 lakhs towards recurring expenditure on R&D. The total R&D expenditure as a percentage of turnover is 0.33%.

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, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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 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

Place: Bangalore
Date: May 26, 2012

S. Sundaresan
Partner
Membership No. 25776

AUDITORS' REPORT

TO THE MEMBERS OF HIMATSINGKA SEIDE LIMITED

1. We have audited the attached Balance Sheet of HIMATSINGKA SEIDE LIMITED ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
   e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
      ii) in the case of the Statement of Profit and Loss Account, of the profit of the Company for the year ended on that date, and
      iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

S. Sundaresan
Partner
Membership No. 25776

Place: Bangalore
Date: May 26, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

i) Having regard to the nature of the Company's business / activities, clauses vi, xii, xiii, xiv, xix, xx of CARO are not applicable.

ii) In respect of its fixed assets:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. 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 explanation 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 under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

a) The Company has granted loans aggregating Rs. 1,004.27 lakhs to one subsidiary during the year. At the year-end, the outstanding balances of such loans aggregated to Rs. 3,069.50 lakhs (from two subsidiaries) and the maximum amount involved during the year was Rs. 8,821.60 lakhs (from three 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 is no overdue amount in respect of loans granted to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

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 taken loans aggregating Rs. 20.00 lakhs from one party during the year. At the year-end, the outstanding balance of such loans taken aggregated Rs. 2,170.30 lakhs and the maximum amount involved during the year was Rs. 3,222.30 Lakhs.

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, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, 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 transaction is in excess of Rs. 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 except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.

vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and 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 have been 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) In our opinion and according to the information and explanations given to us, in respect of statutory dues:

a) Except for some delays in deduction and its consequent remittance of tax deduction at source in case of certain payments, 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.

b) Other than income tax deducted at source amounting to Rs. 2.44 lakhs, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable. These taxes have been subsequently paid in May 2012.

c) 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, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Income Tax Act	Income Tax	Commissioner of Income Tax (Appeals)	FY 2003-04	24.46
Income Tax Act	Income Tax	Income Tax Appellate Tribunal	FY 2006-07	31.49
Income Tax Act	Income Tax	High Court of Karnataka	FY 1994-95	125.75
Income Tax Act	Income Tax	Supreme Court	FY 1993-94	39.23
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	The Commissioner of Central Excise (Appeals)	February 2009 to December 2009	76.40
Service Tax Act	Service Tax & Penalty	The Commissioner of Central Excise (Appeals)	January 2005 to March 2006	54.84

x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, the Company has been not defaulted in the repayment of dues to banks and financial institutions.

xii) 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.

xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.

xv) 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.

xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

S. Sundaresan
Partner
Membership No. 25776

Place: Bangalore
Date: May 26, 2012

BALANCE SHEET

Himatsingka Seide Limited | As at March 31, 2012

	Note No.	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	4,922.86	4,922.86
Reserves and surplus	3	46,793.97	47,508.66
		51,716.83	52,431.52
Non-current liabilities			
Long-term borrowings	4	23,523.04	30,090.89
Deferred tax liabilities (Net)	5	-	-
Other long term liabilities	6	137.80	68.29
Long term provisions	7	394.47	2.05
		24,055.31	30,161.23
Current liabilities			
Short-term borrowings	8	14,666.83	14,589.02
Trade payables	9	12,142.50	10,314.23
Other current liabilities	10	7,826.40	7,726.82
Short-term provisions	11	2,982.25	269.13
		37,617.98	32,899.20
TOTAL		113,390.12	115,491.95
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	43,700.00	47,866.03
Intangible assets	12	319.55	29.47
Capital work-in-progress	12	887.16	638.86
		44,906.71	48,534.36
Non-current investments	13	32,836.70	28,834.65
Long term loans and advances	14	5,907.21	9,642.68
		83,650.62	87,011.69
Current assets			
Current Investments	15	947.56	674.93
Inventories	16	15,660.32	16,622.27
Trade receivables	17	7,257.76	4,981.14
Cash and cash equivalents	18	251.43	287.97
Short-term loans and advances	19	3,632.95	3,731.21
Other current assets	20	1,989.48	2,182.74
		29,739.50	28,480.26
TOTAL		113,390.12	115,491.95

See accompanying notes 1 to 39 forming part of the financial statements

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

S. Sundaresan
Partner

Bangalore, Date: May 26, 2012

For and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A.K. Himatsingka
Vice-Chairman

D.K. Himatsingka
Managing Director

Pradeep K.P.
Chief Financial Officer

Ashok Sharma
Company Secretary

Bangalore, Date: May 26, 2012

STATEMENT OF PROFIT AND LOSS

Himatsingka Seide Limited | For the year ended March 31, 2012

	Note No.	For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
Revenue from operations	21	65,042.97	50,801.61
Other income	22	608.99	1,226.36
Total revenue		**65,651.96**	**52,027.97**
Expenses:			
Cost of materials consumed	23A	35,216.64	32,165.44
Purchase of traded goods	23B	1,575.82	1,469.92
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	1,959.52	216.84
Employee benefit expenses	25	6,307.35	5,561.87
Finance costs	26	3,058.52	2,817.10
Depreciation and amortization expense	12	4,784.81	4,769.41
Other expenses	27	10,344.04	9,245.76
Total expenses		**63,246.70**	**56,246.34**
Profit before exceptional items and tax		**2,405.26**	**(4,218.37)**
Exceptional items – loss (Refer Note 37)		(402.92)	-
Profit / (loss) before tax		**2,002.34**	**(4,218.37)**
Tax expense:			
Current tax		583.00	337.82
Minimum alternate tax credit entitlement		(583.00)	(337.82)
Deferred tax		-	-
Profit / (loss) for the year		**2,002.34**	**(4,218.37)**
Basic and diluted earnings per equity share (Rs.) (Refer Note 34)		2.03	(4.28)
(Par value of Rs. 5 each)			
See accompanying notes 1 to 39 forming part of the financial statements			

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

S. Sundaresan
Partner

Bangalore, Date: May 26, 2012

For and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A.K. Himatsingka
Vice-Chairman

D.K. Himatsingka
Managing Director

Pradeep K.P.
Chief Financial Officer

Ashok Sharma
Company Secretary

Bangalore, Date: May 26, 2012

CASH FLOW STATEMENT

Himatsingka Seide Limited | For the year ended March 31, 2012

	For the year Ended 31.03.2012 Rs. in lakhs	For the year Ended 31.03.2011 Rs. in lakhs
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (loss) before tax	2,002.34	(4,218.37)
Profit on sale of assets	(15.70)	(119.73)
Profit on sale of investments	(77.64)	(34.13)
Depreciation and amortisation expense	4,784.81	4,769.41
Exchange loss / (gain) on non operating activities	258.28	(302.79)
Interest income	(473.73)	(628.01)
Finance costs	3,058.52	2,817.10
Operating cash profit before working capital changes	**9,536.88**	**2,283.48**
Decrease / (increase) in trade and other receivables	(2,276.62)	344.85
Decrease in inventories	961.96	3,060.62
Decrease / (increase) in short term loans and advances, long term loans and advances and other current assets	(555.21)	732.53
Increase in current and non current liabilities and provisions	700.77	1,404.89
Cash generated from operations	8,367.78	7,826.37
Income tax paid	(389.39)	(220.60)
Net cash from operations	7,978.39	7,605.77
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in wholly owned subsidiary	(2,895.70)	(982.59)
Purchase of investments	(4,816.00)	(3,182.40)
Sale of investments	4,621.00	3,001.04
Loans to subsidiaries (Net)	5,133.92	(180.05)
Share application money	(1,106.35)	(603.41)
Purchase of fixed assets	(1,224.48)	(1,645.92)
Sale proceeds of fixed assets	45.47	120.64
Interest received	760.62	249.18
Net cash from investing activities	518.48	(3,223.51)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Finance costs paid	(4,767.23)	(4,406.91)
Subsidy / subvention received	2,278.33	1,449.66
Proceeds of long term borrowings	520.29	2,444.38
Repayment of long term borrowings	(5,396.56)	(2,870.51)
Proposed share issue expenses	-	(76.32)
Repayment of short term borrowings	(1,155.65)	(1,182.91)
Dividends paid	(13.27)	(254.77)
Tax on distributed profits	-	(40.88)
Net cash from financing activities	(8,534.09)	(4,938.26)
Total decrease in cash and cash equivalents	(37.22)	(556.00)
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	0.68	-
Cash and cash equivalents at the beginning of the period	287.97	843.97
Cash and cash equivalents at the end of the year (Refer Note 38)	**251.43**	**287.97**

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

A.K. Himatsingka
Vice-Chairman

D.K. Himatsingka
Managing Director

S. Sundaresan
Partner

Pradeep K.P.
Chief Financial Officer

Ashok Sharma
Company Secretary

Bangalore, Date: May 26, 2012

Bangalore, Date: May 26, 2012

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 Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention and on accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for accounting of derivatives as more fully described in Note 36.

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 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 Rs. 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. The Company follows a risk management policy of covering this risk through a combination of forward contracts, options 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 derivative contracts designated as effective cash flow 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 numbers 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 (M.A.T) 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. 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

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 2 – SHARE CAPITAL		
Authorised		
134,000,000 equity shares of Rs. 5 each		
(Previous year: 134,000,000 equity shares of Rs. 5 each)	6,700.00	6,700.00
Issued		
98,496,160 equity shares of Rs. 5 each fully called up		
(Previous year: 98,496,160 equity shares of Rs. 5 each)	4,924.81	4,924.81
Subscribed and paid-up		
98,457,160 equity shares of Rs. 5 each fully paid up	4,922.86	4,922.86
(Previous year: 98,457,160 equity shares of Rs. 5 each)		
	4,922.86	**4,922.86**

i) There has been no movement in the shares outstanding from the prior year to the current year.

ii) Detail 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 Rs. 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	10,570,984	9,800,984
% of holding	11%	10%
Bihar Mercantile Union Limited	5,706,000	5,706,000
% of holding	6%	6%
Shrikant Himatsingka	6,680,964	3,855,964
% of holding	7%	4%
Rajshree Himatsingka	5,357,260	4,478,260
% of holding	5%	5%

iv) Out of total shares outstanding, 63,723,800 shares of Rs. 5 each have been issued as Bonus shares by capitalization of reserves

v) 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, 2012 and 2011.

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 3 – RESERVES AND SURPLUS		
Capital reserve	620.88	620.88
Securities premium account	27,675.71	27,675.71
General reserve		
Opening balance	16,737.72	16,737.72
Less: Adjustment in accordance with the transitional provisions under Accounting Standard – 30 [Refer Note 36 (3)]	1,973.44	-
Closing balance	14,764.28	16,737.72
Hedge reserve		
Opening balance	-	-
Add / (less): Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	(171.44)	-
Closing balance	(171.44)	-
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	2,474.35	6,692.72
Add: Transferred from surplus / (deficit) in statement of profit and loss	2,002.34	(4,218.37)
Less: Proposed dividend	492.29	-
Less: Tax on proposed dividend	79.86	-
	3,904.54	2,474.35
	46,793.97	47,508.66
NOTE 4 – LONG TERM BORROWINGS		
Secured		
Term loan from financial institution (Refer (ii) below)	9,892.54	11,500.09
Term loan from banks (Refer (ii) below)	13,630.50	16,200.50
Unsecured		
Loan from related parties (Refer (ii) below)	-	2,390.30
	23,523.04	30,090.89

Notes:

i) The Company has not issued any bonds and debentures.

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

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
Term loan from financial institution		
Exim bank – Loan 1	9,772.73	11,590.91
[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, 2012 was 19 installments]		
[The amount includes the current maturity of Rs. 1,818.18 lakhs (Previous year Rs. 1,818.18 lakhs) included in Note 10]		
Exim bank – Loan 2	507.03	691.41
[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, 2012 was 11 installments]		
[The amount includes the current maturity of Rs. 184.38 lakhs (Previous year Rs. 184.38 lakhs) included in Note 10]		
Exim bank – Loan 3	1,740.61	1,220.33
[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, 2012 was 33 installments]		
[The amount includes the current maturity of Rs. 125.27 lakhs (Previous year Rs. Nil) included in Note 10]		
Total – Term loans from financial institutions	**12,020.37**	**13,502.65**
Term loans from bank:		
Canara bank – Loan 1	11,138.00	12,730.00
[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, 2012 was 15 installments]		
[The amount includes the current maturity of Rs. 1,820 lakhs (Previous year Rs. 1,592 lakhs) included in Note 10]		
Canara bank – Loan 2	5,062.50	5,812.50
[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, 2012 was 27 installments]		
[The amount includes the current maturity of Rs. 750 lakhs (Previous year Rs. 750 lakhs) included in Note 10]		
Total – Term loans from bank	**16,200.50**	**18,542.50**

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
Loan from related parties:		
Credit Himatsingka Private Limited	2,170.30	3,222.30
[Repayment terms: Within 1 year, unless renewed on mutual basis. The outstanding term as of March 31, 2012 was 1 installment]		
[The amount includes the current maturity of Rs. 2,170.30 lakhs (Previous year Rs. 832 lakhs) as referred in Note 10]		
Total – Loan from related parties	2,170.30	3,222.30
Total long term borrowings	**30,391.17**	**35,267.45**

iii) For the current maturities of long-term borrowings, refer Note 10 – Other current liabilities.

NOTE 5 – DEFERRED TAX (LIABILITY) / ASSETS

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	(4,862.69)	(3,634.67)
Tax effect of items constituting deferred tax assets		
Unabsorbed depreciation	4,862.69	3,634.67
Deferred tax asset/(liability) net	-	-

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 6 – OTHER LONG TERM LIABILITIES

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
Towards gratuity	137.80	68.29
	137.80	**68.29**

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs

NOTE 6A – 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.

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
Change in the benefit obligation		
Projected Benefit Obligation at the beginning of the year	620.95	617.94
Service cost	71.81	68.28
Interest cost	52.83	47.76
Benefits paid	(42.10)	(47.57)
Actuarial loss / (gain)	4.23	(65.46)
PBO at the end of the year	**707.72**	**620.95**
Change in plan assets		
Fair value of plan assets at the beginning of the year	552.66	551.80
Expected return on plan assets	39.17	40.63
Employer contributions	20.12	13.00
Benefits paid	(42.10)	(47.57)
Actuarial gain / (loss)	0.07	(5.20)
Fair value of plan assets at the end of the year	**569.92**	**552.66**
Funded status [Surplus / (deficit)]	(137.80)	(68.29)
Unrecognized past service costs	–	–
Recognized liability (unfunded obligations)	(137.80)	(68.29)
Less: Current portion of liability	–	–
Non-current liability	**(137.80)**	**(68.29)**
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	71.81	68.28
Interest cost	52.83	47.76
Expected return on plan assets	(39.17)	(40.63)
Actuarial loss / (gain)	4.16	(60.26)
Net gratuity cost	**89.63**	**15.15**
Actual return on plan assets	54.89	31.74
Financial assumptions at the valuation date:		
a) Discount rate (p.a.)	8.20%	8.15%
b) Expected rate of return on assets (p.a.)	7.50%	7.50%
c) Salary escalation rate *	6.00%	6.00%
d) Retirement age	58 yrs	58 yrs
e) Mortality: Published rates under the LIC (1994-96) mortality tables have been used		
f) Rates of leaving service for various categories of employees: 2%, 12%, 20% and 40%.		

* Salary escalation 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.

Five year data:	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Defined benefit obligation	707.72	620.95	617.94	511.10	559.55
Plan assets	569.92	552.66	551.80	469.41	479.90
Surplus / (deficit)	(137.80)	(68.29)	(66.14)	(41.69)	(79.65)
Exp. adj. on plan liabilities	(1.55)	(25.18)	53.31	(93.54)	99.09
Exp. adj. on plan assets	25.73	(8.89)	39.64	(18.36)	24.97

Defined contribution plans

The Company makes Provident fund and Superannuation fund 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.

	31.03.2012	31.03.2011
Provident fund	343.58	320.50
Superannuation fund	25.24	27.03

NOTE 7 – LONG TERM PROVISIONS

Provision for taxes (Net of advance tax Rs. 427.52 lakhs (Previous year Rs. 236.94 lakhs))	394.47	2.05
	394.47	**2.05**

NOTE 8 – SHORT TERM BORROWINGS

Working capital loan from banks		
Canara bank (Packing credit and vendor financing)	7,096.64	6,749.97
HSBC bank (Packing credit and vendor financing)	7,570.19	7,839.05
(Working capital limits other than buyer's credit secured against present and future stock and book debts on pari-passu basis. Buyer's credit secured by equitable mortgage on land and building situated at Midford gardens, M.G. Road, Bangalore)		
	14,666.83	**14,589.02**

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 9 – TRADE PAYABLES		
Trade Payables	12,142.50	10,314.23
	12,142.50	10,314.23
i) Include dues to subsidiaries		
Himatsingka Wovens Private Limited	7.51	297.29
Giuseppe Bellora S.p.A.	23.36	-
DWI Holdings, Inc.	106.77	-
Himatsingka America, Inc.	143.48	87.95
ii) Include dues to Directors	34.76	-
NOTE 9A		
The following information related to micro, small and medium enterprises are disclosed		
i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,011.14	124.79
ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	42.98	24.59
iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	24.59	-
iv) The amount of interest due and payable for the year	42.98	18.66
v) The amount of interest accrued and remaining unpaid at the end of the accounting year	42.98	24.59
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 10 – OTHER CURRENT LIABILITIES		
Current maturities of long term debt		
Term loan from financial institution (Secured)	2,127.83	2,002.56
Term loan from banks (Secured)	2,570.00	2,342.00
Loan from related parties (Unsecured)	2,170.30	832.00
Interest accrued but not due on borrowings	104.63	290.28
Unpaid dividend	29.21	42.48
Other liabilities		
Taxes	107.78	108.08
Payables on purchase of fixed assets	292.97	511.31
Employees	4.89	4.83
Advances received from customers (Refer (i) below)	224.57	1,551.22
Interest accrued on trade payables	42.98	24.59
Payable on foreign currency contracts	151.24	17.47
	7,826.40	7,726.82
i) include advances from subsidiaries		
Divatex Home Fashions, Inc.	-	1,327.20
DWI Holdings, Inc	-	73.10
	-	1,400.30
NOTE 11 – SHORT TERM PROVISIONS		
Provision for accumulated leave credits	276.75	269.13
Provision for losses on derivative contracts	2,133.35	-
Provision for dividend	492.29	-
Provision for tax on proposed dividend	79.86	-
	2,982.25	269.13

NOTE 12 – FIXED ASSETS

	Gross block				Depreciation				Net block	
Particulars	Balance as at 01.04.2011	Additions (Deletions)	Other adjustments**	Balance as at 31.03.2012	Balance as at 01.04.2011	For the year	On Deletions	Balance as at 31.03.2012	Balance as at 31.03.2012	Balance as at 31.03.2011
Tangible assets:										
Land *	747.38	-	-	747.38	-	-	-	-	747.38	747.38
Leasehold land	1,160.91	-	-	1,160.91	54.60	19.35	-	73.95	1,086.96	1,106.31
Buildings	13,675.75	22.37	-	13,698.12	2,139.58	448.16	-	2,587.74	11,110.38	11,536.17
Leasehold buildings	-	-	-	-	-	-	-	-	-	-
Plant and machinery	58,292.88	370.15	-	58,503.47	24,385.73	4,076.21	(144.95)	28,316.99	30,186.48	33,907.15
Furnitures and fixtures	591.58	3.86	-	595.44	295.49	51.70	-	347.19	248.25	296.09
Leasehold improvements	92.13	11.17	-	103.30	87.61	5.64	-	93.25	10.05	4.52
Office equipments	749.37	199.59	-	948.96	556.26	125.56	-	681.82	267.14	193.11
Vehicles	131.84	-	-	104.59	56.54	16.78	(12.09)	61.23	43.36	75.30
Total	**75,441.84**	**420.33**	**-**	**75.862.17**	**27,575.81**	**4,743.40**	**(157.04)**	**32,162.17**	**43,700.00**	**47,866.03**
Previous year-Tangible	*73,419.48*	*2,073.89*	*(51.53)*	*75,441.84*	*23,838.85*	*4,739.65*	*(1,002.69)*	*27,575.81*	*47,866.03*	*49,580.62*
Intangible assets:										
Software and other related costs	174.28	331.49	-	505.77	144.81	41.41	-	186.22	319.55	29.47
Previous year-Intangible	*146.25*	*28.03*	-	*174.28*	*115.05*	*29.76*	-	*144.81*	*29.47*	*31.21*
Total	**75.616.12**	**751.82**	**-**	**76,367.94**	**27,720.62**	**4,784.81**	**(157.04)**	**32,348.39**	**44,019.55**	**47,895.50**
Capital work in Progress									887.16	638.86
									44,906.71	48,534.36
Previous Year	73,565.73	2,101.92	(51.53)	75,616.12	23,953.90	4,769.41	(1,002.69)	27,720.62	47,895.50	49,611.83

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

** Other adjustments include reduction / discounts in the liability to vendors against assets capitalized in prior years.

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.

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 13 – 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 Rs. 100 each fully paid up		
[No. of shares: 1,250,000 (Previous year: 1,250,000)]		
Himatsingka America, Inc.	20,240.33	17,344.63
Equity shares of USD 10,000 each fully paid up		
[No. of shares: 4650 (Previous year: 4010)]		
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.)	4,519.40	3,413.05
	32,836.70	**28,834.65**

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 14 – LONG TERM LOANS AND ADVANCES		
(unsecured, considered good)		
Security deposits	342.27	344.01
Advance income tax [net of provisions Rs. 1,654.93 lakhs (Previous year Rs. 1,654.93 lakhs)]	813.88	615.07
Loans to subsidiaries		
Himatsingka Wovens Private Limited	526.00	2,816.00
Himatsingka America, Inc.	2,543.50	4,481.30
Twill & oxford LLC	–	121.20
MAT credit entitlement	1,480.57	897.57
Loans and advances to employees	122.84	111.57
Capital advances to vendors	78.15	255.96
	5,907.21	**9,642.68**

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 15 – CURRENT INVESTMENTS		
Current, non-trade, unquoted		
(Units of mutual funds)		
Birla Sunlife Savings Fund – Institutional Plan – (Growth Option)	95.36	123.63
HDFC Cash Management Fund Treasury Advantage Plan Whole Sale – (Growth Option)	93.57	113.39
Tata Floater Fund – (Growth Option)	94.02	113.47
UTI Treasury Advantage Fund Institutional Plan – (Growth Option)	78.55	103.76
Canara Robeco Liquid Fund – Institutional Plan – (Growth)	94.58	100.33
DSP Blackrock Liquidity Fund – Institutional Plan – (Growth)	141.48	120.35
Templeton India TMA / Super Institutional Plan – (Growth)	95.00	-
Reliance Liquid Fund – (Growth)	95.00	-
JM High Liquidity Fund Regular Plan – (Growth)	95.00	-
UTI Money Market Fund – (Growth)	65.00	-
	947.56	**674.93**
NOTE 16 – INVENTORIES		
Raw materials	2,731.00	2,220.65
Raw materials – goods in transit	884.56	1,218.42
	3,615.56	**3,439.07**
Work-in-progress	8,806.17	10,886.16
Finished goods	1,217.28	1,096.81
Stores and spares	1,897.45	1,143.84
Stores and spares – goods in transit	123.86	56.39
	12,044.76	**13,183.20**
	15,660.32	**16,622.27**
Details of inventory of work-in-progress		
Silk fabric	1,059.84	1,486.93
Bed linen	7,653.91	9,229.97
Silk yarn	92.42	169.26
	8,806.17	**10,886.16**
Details of inventory of Finished goods		
Silk fabric	821.06	518.66
Bed linen sets	290.20	471.85
Silk yarn	106.02	106.30
	1,217.28	**1,096.81**

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 17 – TRADE RECEIVABLES		
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the date they were due for payment (Note i)	1,866.61	1,636.30
Others (Note ii)	5,391.15	3,344.84
	7,257.76	**4,981.14**
i) includes dues from subsidiaries		
Giuseppe Bellora S.p.A	1,734.18	1,405.31
ii) includes dues from subsidiaries		
Himatsingka America, Inc.	126.38	569.27
Himatsingka Wovens Private Limited	265.10	335.74
Divatex Home Fashions, Inc.	1,564.84	-
Giuseppe Bellora S.p.A.	177.09	1,136.81
DWI Holdings, Inc.	1,827.82	-
Himatsingka Singapore Pte Ltd	-	2.98
NOTE 18 – CASH AND CASH EQUIVALENTS		
Cash in hand	8.99	10.93
Balances with banks		
– in current account	213.21	234.54
– in Earmarked accounts		
Unpaid dividend account	29.23	42.50
	251.43	**287.97**
NOTE 19 – SHORT TERM LOANS AND ADVANCES		
(unsecured, considered good)		
Security deposits	24.65	22.50
Interest subsidy receivable	822.42	1,562.27
Capital subsidy receivable	14.58	14.58
Prepaid expenses	297.00	236.55
Loans and advances to employees	68.36	81.53
Balances with government authorities		
VAT credit receivable	554.21	418.35
Cenvat and service tax receivable	149.34	125.09
CST receivable	15.20	7.48
Entry tax receivable	150.20	150.20
Others	106.37	174.56
Advances to vendors	155.89	150.24
Advances to subsidiaries		
Himatsingka Wovens Private Limited	51.05	5.93
Himatsingka America, Inc.	1,223.68	739.02
Giuseppe Bellora S.p.A	-	27.78
Divatex Home Fashions, Inc.	-	8.92
DWI Holdings, Inc.	-	6.21
	3,632.95	**3,731.21**

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 20 – OTHER CURRENT ASSETS		
Advances recoverable in cash or in kind or for value to be received	163.89	254.10
Interest receivable (Refer Note i)	1,797.67	1,903.91
Insurance claim receivable	27.92	24.73
	1,989.48	2,182.74
i) includes interest dues from subsidiaries		
Twill & Oxford LLC	–	0.82
Himatsingka Wovens Private Limited	60.22	273.34
Himatsingka America, Inc.	1,692.84	1,579.29
Giuseppe Bellora S.p.A.	44.61	41.53
ii) includes dues from Directors	–	2.77

	For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
NOTE 21 – REVENUE FROM OPERATIONS		
Sale of products (Refer Note i)	63,329.82	49,070.74
Other operating income (Refer Note ii)	2,065.26	2,086.12
Less: Excise duty	352.11	355.25
	65,042.97	**50,801.61**
Notes:		
i) Sale of products (net of excise duty) comprises of:		
Manufactured goods		
Silk		
Fabric	9,921.17	9,358.30
Yarn	785.70	1,717.28
Bed linen		
Fabric	1,243.51	2,401.61
Sheet sets	49,375.90	33,539.33
	61,326.28	**47,016.52**
Traded goods		
Bed linen – fabric	1,651.44	1,698.97
	1,651.44	**1,698.97**
Total	**62,977.72**	**48,715.49**
ii) Other operating income comprises of:		
Sale of power	1,011.95	1,242.25
Sale of waste / scrap	621.54	750.04
Income under Focus Product Scheme	175.01	93.82
Corporate expense recovered from subsidiary	256.76	–
	2,065.26	**2,086.11**
NOTE 21A – FOREIGN CURRENCY EARNINGS		
Revenue from operations		
Exports on FOB basis – net of returns (includes deemed export sales)	60,135.04	44,702.29
	60,135.04	**44,702.29**
Other Income		
Interest income	406.77	360.60
	406.77	**360.60**
NOTE 22 – OTHER INCOME		
Interest income:		
Interest on inter corporate loan	473.68	623.14
Interest others	0.05	4.87
Net gain on foreign currency transactions and translation	–	429.02
Other non-operating income:		
Profit on sale of assets	15.70	119.73
Profit on sale of current investments	77.64	34.13
Rent income	17.33	7.76
Insurance claim received	7.66	–
Miscellaneous income	16.93	7.71
	608.99	**1,226.36**

	For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
NOTE 23 – COST OF MATERIALS CONSUMED AND PURCHASES OF STOCK IN TRADE		
A) Raw material consumed		
Opening stock	3,439.08	5,517.50
Add: Purchases	29,308.17	25,409.92
	32,747.25	30,927.42
Less: Closing stock	3,615.56	3,439.08
	29,131.69	27,488.34
Dyes, chemicals and accessories consumed	6,084.95	4,677.10
Raw material consumed	**35,216.64**	**32,165.44**
B) Traded goods purchased – Bed linen	1,575.82	1,469.92
Material consumed comprises:		
Raw materials and chemicals consumed		
Silk yarn	2,809.45	2,685.64
Silk waste / tops	611.18	1,170.91
Cotton fabric	6,703.00	6,762.22
Cotton yarn	19,008.07	16,502.66
Others	6,084.94	5,044.01
	35,216.64	**32,165.44**
Traded goods purchased – Bed linen	1,575.82	1,469.92
Value of imported and indigenous raw materials consumed		
Imported	13,207.88	18,319.72
Percentage to the total consumption	38%	57%
Indigenous	22,008.76	13,845.72
Percentage to the total consumption	62%	43%
	35,216.64	**32,165.44**
CIF value of imports		
Raw materials and chemicals	13,485.92	15,775.85
Components, spares and others	372.43	240.97
Capital goods	2.55	60.08
	13,860.90	**16,076.90**

Note: Goods in transit are not included above. The imports shown above are as per customer copies of bills / licenses which, as certified by the Company to the auditors, cover the entire imports received during the year.

	For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
NOTE 24 – CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening stock		
Finished goods	1,096.81	1,427.22
Work in progress	10,886.16	10,772.59
Closing stock		
Finished goods	1,217.28	1,096.81
Work in progress	8,806.17	10,886.16
Net (increase) / decrease	**1,959.52**	**216.84**

	For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
NOTE 25 – EMPLOYEE BENEFIT EXPENSE		
Salaries and wages	5,401.11	4,728.25
Contribution to provident and other funds	461.91	364.02
Workmen and staff welfare expenses	628.65	520.69
Less: Expenses capitalized (Refer Note 32)	(184.32)	(51.09)
	6,307.35	5,561.87
NOTE 26 – FINANCE COSTS		
Interest on term loan (net of subsidy under TUFS Rs. 1,538.47 lakhs, Previous year Rs. 1,663.20 lakhs)	1,410.41	1,364.23
Interest on working capital loans	975.15	1,278.42
Interest on trade payables	42.98	25.55
Finance charges	277.39	152.40
Foreign exchange loss (net) on foreign currency borrowings	355.55	-
Less: Expenses capitalized (Refer Note 32)	(2.96)	(3.50)
	3,058.52	2,817.10
NOTE 27 – OTHER EXPENSES		
Power and fuel	5,116.69	4,173.84
Consumption of stores and spare parts (Refer Note 27A)	805.82	639.07
Job work charges	197.02	977.34
Other manufacturing expenses	442.38	383.97
Rent	301.04	276.10
Travelling and conveyance	618.88	661.39
Communication expenses	81.06	91.43
Printing and stationery	43.27	47.22
Insurance	140.71	115.47
Repairs and maintenance		
– Plant and machinery	401.22	228.43
– Building	98.71	83.09
– Others	55.96	54.40
Rates and taxes	50.01	48.44
Professional and consultancy charges (Refer Note 27B)	438.73	307.77
Bank charges	44.60	41.39
Contribution and donation	1.96	1.12
Advertisement and publicity	17.22	5.95
Selling and distribution		
– Commission on sales	254.64	410.81
– Selling expenses	95.08	101.91
– Freight outward, net of reimbursement	767.28	433.96
Net loss on foreign currency transactions and translation	244.16	-
Other expenses	169.20	175.69
Less: Expenses capitalized (Refer Note 32)	(41.60)	(13.03)
	10,344.04	9,245.76

	For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
NOTE 27A – VALUE OF IMPORTED AND INDIGENOUS STORES AND SPARES CONSUMED		
Imported	326.84	235.90
Percentage to the total consumption	41%	37%
Indigenous	478.98	403.18
Percentage to the total consumption	59%	63%
	805.82	639.08
NOTE 27B – PROFESSIONAL AND CONSULTANCY CHARGES INCLUDE PAYMENT TO AUDITORS		
Statutory auditor		
Audit fees	40.00	40.00
Tax audit fees	3.00	3.00
Taxation matters	10.23	13.96
Other services *	–	21.78
Service tax	7.20	7.72
Out of pocket expenses	1.71	–
	62.14	86.46
Cost auditor		
Audit fees	1.90	1.90
Service tax	0.21	0.21
Out of pocket expenses	0.13	–
	2.24	2.11

*Includes payments made towards the proposed share issue not charged to the Statement of Profit and loss: Rs. Nil (Previous year: Rs. 20 lakhs)

NOTE 27C – EXPENDITURE IN FOREIGN CURRENCY		
Travel	73.29	96.25
Commission on sales	254.64	407.73
Professional and other service charges	62.42	4.28
Interest	1.83	279.93
Others	10.66	160.61
	402.84	948.80

NOTE 28 – SEGMENT REPORTING

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

NOTE 29 – RELATED PARTY DISCLOSURES

Nature of relationship	Names of the related parties
Wholly owned subsidiaries (WOS)	Himatsingka Wovens Private Limited Himatsingka America, Inc. DWI Holdings, Inc. Himatsingka Singapore Pte Ltd
Other subsidiaries (OS)	Twill & Oxford LLC Divatex Home Fashions, Inc. Giuseppe Bellora S.p.A. GBT SrL
Key management personnel (KMP)	A.K. Himatsingka – Vice Chairman D.K. Himatsingka – Managing Director Aditya Himatsingka – Executive Director Shrikant Himatsingka – 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 "relative enterprises")	Bihar Mercantile Union Limited Satin Reed America, Inc. Khaitan & Co D.K. Himatsingka HUF Credit Himatsingka Private Limited

Related party disclosure	Relationship	For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
Purchase of goods			
Himatsingka Wovens Private Limited	WOS	0.75	94.72
DWI Holdings, Inc.	WOS	361.65	–
Total		**362.40**	**94.72**
Sale of goods (net)			
DWI Holdings, Inc.	WOS	13,110.60	6,408.38
Divatex Home Fashions, Inc.	OS	38,464.79	25,952.90
Others		2,405.11	3,873.31
Total		**53,980.50**	**36,234.59**

		For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
Income from Focus Product Scheme			
Himatsingka Wovens Private Limited	WOS	14.68	-
Job work charges			
Himatsingka Wovens Private Limited	WOS	102.95	332.02
Sales commission			
Himatsingka America, Inc.	WOS	37.93	134.76
DWI Holdings, Inc.	WOS	101.10	-
Divatex Home Fashions, Inc.	OS	-	111.36
Giuseppe Bellora S.p.A.	OS	9.40	-
Total		148.43	246.12
Claims			
Giuseppe Bellora S.p.A.	OS	64.23	-
Lease rent paid			
D.K. Himatsingka	KMP	-	1.94
Aditya Himatsingka	KMP	-	1.46
Shrikant Himatsingka	KMP	-	2.40
Amitabh Himatsingka	Relatives	-	1.46
Bihar Mercantile Union Limited	Enterprise	0.60	-
Himatsingka Wovens Private Limited		41.15	-
Others		-	6.84
Total		41.75	14.10
Remuneration			
A.K. Himatsingka	KMP	40.38	37.73
D.K. Himatsingka	KMP	71.95	52.75
Aditya Himatsingka	KMP	43.34	37.40
Shrikant Himatsingka	KMP	45.46	36.68
Total		201.13	164.56
Reimbursement of expenses incurred on behalf of			
Himatsingka America, Inc.	WOS	557.38	360.75
Divatex Home Fashions, Inc.	OS	-	865.64
Himatsingka Wovens Private Limited	WOS	73.74	9.85
Others		2.21	6.67
Total		633.33	1,242.91
Reimbursement of expenses incurred by			
Divatex Home Fashions, Inc.	OS	-	44.59
DWI Holdings, Inc.	WOS	10.91	-
Giuseppe Bellora S.p.A.	OS	13.78	-
Total		24.69	44.59

		For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
Professional fees			
Khaitan & Co	Enterprise	13.67	27.18
Interest income on inter corporate loan			
Himatsingka Wovens Private Limited	WOS	66.91	262.44
Himatsingka America, Inc.	WOS	399.83	350.90
Others		6.82	9.80
Total		473.56	623.14
Interest expense on inter corporate loan			
Credit Himatsingka Private Limited	Enterprise	206.64	238.47
Rent received			
Himatsingka Wovens Private Limited	WOS	8.68	3.00
Purchase of fixed assets			
Himatsingka Wovens Private Limited	WOS	2.09	3.65
Inter corporate loans given during the year			
Himatsingka America, Inc.	WOS	1,004.27	453.05
Inter corporate loans recovered during the year			
Himatsingka Wovens Private Limited	WOS	2,290.00	273.00
Himatsingka America, Inc.	WOS	3,740.99	-
Others		136.80	-
Total		6,167.79	273.00
Investments made during the year			
Himatsingka America, Inc.	WOS	2,895.70	982.59
Share application money given			
Giuseppe Bellora S.p.A.	OS	1,106.35	603.41
Inter corporate loans received during the year			
Credit Himatsingka Private Limited	Enterprise	-	1,570.00
Inter corporate loans repaid during the year			
Credit Himatsingka Private Limited	Enterprise	1,052.00	738.00
Guarantees given on behalf of subsidiaries			
Giuseppe Bellora S.p.A.	OS	-	1,166.98
Himatsingka America, Inc.	WOS	9,080.30	-
Total		9,080.30	1,166.98

		For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
Outstanding as at year end			
Amounts payable			
Himatsingka Wovens Private Limited	WOS	7.51	297.29
Divatex Home Fashions, Inc.	OS	-	154.78
Giuseppe Bellora S.p.A.	OS	23.36	-
DWI Holdings, Inc.	WOS	106.77	-
Himatsingka America, Inc.	WOS	143.48	87.95
Others	KMP	34.76	-
Total		315.88	540.02
Amounts receivable			
Himatsingka America, Inc.	WOS	126.38	569.27
Himatsingka Wovens Private Limited	WOS	265.10	335.74
Divatex Home Fashions, Inc.	OS	1,564.84	-
Giuseppe Bellora S.p.A.	OS	1,911.27	2,542.12
DWI Holdings, Inc.	WOS	1,827.82	-
Himatsingka Singapore Pte Ltd	WOS	-	2.98
Total		5,695.41	3,450.11
Advances recoverable			
Himatsingka Wovens Private Limited	WOS	51.14	8.26
Divatex Home Fashions, Inc.	OS	-	8.92
DWI Holdings, Inc.	WOS	-	6.21
Giuseppe Bellora S.p.A.	OS	-	27.78
Himatsingka America, Inc.	WOS	1,223.68	739.02
D.K. Himatsingka	KMP	-	2.77
Total		1,274.82	792.96
Inter corporate loans receivable			
Himatsingka Wovens Private Limited	WOS	526.00	2,816.00
Twill & Oxford LLC	OS	-	121.20
Himatsingka America, Inc.	WOS	2,543.50	4,481.30
Total		3,069.50	7,418.50
Interest receivable on inter corporate loans			
Twill & Oxford LLC	OS	-	0.82
Himatsingka Wovens Private Limited	WOS	60.22	273.34
Himatsingka America, Inc.	WOS	1,692.84	1,579.29
Giuseppe Bellora S.p.A.	OS	44.61	41.53
Total		1,797.67	1,894.98

		For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
Inter corporate loan payable			
Credit Himatsingka Private Limited	Enterprise	2,170.30	3,222.30
Interest payable on inter corporate loan			
Credit Himatsingka Private Limited	Enterprise	40.13	214.92
Share application money			
Giuseppe Bellora S.p.A.	OS	4,519.40	3,413.05
Advance from customers			
Divatex Home Fashions, Inc.	OS	-	1,172.43
DWI Holdings, Inc.	WOS	-	73.10
Total		**-**	**1,245.53**

NOTE 30 – 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.

i) Future minimum lease payments under non-cancellable operating leases due		
not later than one year	106.12	57.08
later than one year and not later than five years	333.47	84.15
later than five years	-	-
ii) lease payments recognized in the statement of profit and loss for the year	301.04	276.10

NOTE 31 – CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Contingent liabilities

Claims against the Company not acknowledged as debts	35.25	35.25
Corporate guarantee given towards credit facilities on behalf of subsidiaries		
Financial institutions	342.42	848.48
Banks	20,278.92	20,868.02
Others	163.00	142.88
Towards government authorities		
Income tax	465.77	4,918.81
Excise duty	341.80	265.40
Value added tax	140.20	140.20
Service tax	54.84	50.57
Bill discounted	8.26	509.83

In respect of certain income tax cases for the Assessment Years 2003-04, 2005-06 and 2007-08 aggregating to an amount of Rs. 4,453.03 lakhs, pending in the previous year, the Company has received favourable orders from Commissioner of Income Tax (Appeals) during the year. The department has gone on appeal to the higher authorities. The Company had earlier received a favourable order on the same issue from Income Tax Appellate Tribunal (ITAT) for Assessment Year 2006-07 based on which, the Company is confident of obtaining a favourable order with respect to above mentioned tax cases from ITAT. Accordingly, these have been excluded from contingent liability disclosure as at the year end.

Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)*	110.73	29.31

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

	For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs

NOTE 32 – The Company had in the prior year commenced the activity of improvising operating and reporting process through an implementation of an ERP system. The below mentioned costs have been identified to be relating to the implementation process and have accordingly been capitalized as part of the asset / capital work in progress:

	For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
Employee benefit expense	184.32	51.09
Other expenses	41.60	13.03
Finance costs	2.96	3.50
Total expenses capitalized	**228.88**	**67.62**
NOTE 33 – DESIGN AND DEVELOPMENT EXPENSES		
Design and development expenditure of revenue nature accounted in the respective heads of Statement of Profit and Loss	217.08	241.94
	217.08	**241.94**
NOTE 34 – EARNING PER SHARE		
Net profit for the year (being entirely attributable to the equity shareholders)	2,002.34	(4,218.37)
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	2.03	(4.28)

NOTE 35 – There is no amount due and outstanding as at Balance sheet date to be credited to the Investor Education and Protection Fund.

NOTE 36 – DETAILS OF FORWARD COVERS, OPTIONS AND DERIVATIVE TRANSACTIONS

1) a) The following forward exchange contracts entered are outstanding

Currency		As on 31.03.2012		As on 31.03.2011	
		Amount	Rs. in lakhs	Amount	Rs. in lakhs
Export of goods					
USD * INR	Sell	13,702,000	7,064.82	30,607,891	14,340.46
EURO * INR	Sell	2,497,749	1,724.01	2,553,019	1,584.98
GBP * INR	Sell	1,699,736	1,369.94	2,040,000	1,494.49
Import of goods					
USD * INR	Buy	3,921,526	1,976.58	3,603,077	1,646.24
JPY * INR	Buy			3,797,475	21.11

b) Currency swaps (other than forward exchange contracts stated above) hedged against fluctuations in changes in exchange rate

To sell USD 250,000 every month if USD * INR spot at monthly expiry < 44.10, else to sell USD 500,000 @ 44.10 till July 2012 (Previous year: To sell USD 250,000 every month if USD * INR spot at monthly expiry < 44.10, else to sell USD 500,000 @ 44.10 till July 2012)

Currency option	Number of contracts	As on 31.03.2012 Amount	As on 31.03.2011 Amount
CHF put	One (Previous year: One)	14,759,723	14,759,723
INR call	One (Previous year: One)	500,000,000	500,000,000
Equivalent USD		12,385,435	12,385,435

2) 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	31.03.2012		31.03.2011	
		Amount	Rs. in lakhs	Amount	Rs. in lakhs
a) Amounts receivable in foreign currency on account of					
Inter corporate loan	AED	–	–	1,000,000	121.20
	EURO	–	–	–	–
	USD	5,000,000	2,543.50	10,050,000	4,481.30
Interest receivable on Inter corporate loan	AED	–	–	6,795	0.82
	EURO	65,834	44.61	65,834	41.53
	USD	3,298,881	1,692.84	3,541,799	1,579.29
Receivables	EURO	3,562,213	2,413.71	1,831,709	1,155.44
	GBP	255,415	207.45	–	–
	USD	7,955,374	4,046.90	1,704,969	754.15
	SGD	–	–	8,431	2.98
Other recoverables	USD	2,433,402	1,237.87	1,671,091	745.14
Bank balance	USD	24,622	12.53	9,140	4.08
	EURO	100	0.07	100	0.06

Particulars	Foreign currency	31.03.2012		31.03.2011	
		Amount	Rs. in lakhs	Amount	Rs. in lakhs
b) Amounts payable in foreign currency on account of					
Foreign packing credit	USD	28,770,981	14,635.80	18,722,138	9,523.95
Import of goods and services	USD	1,008,540	513.04	305,607	136.27
	EURO	14,321	9.71	80,006	50.47
	JPY	–	–	4,565	0.02
	PND	–	–	51,715	36.91
	CHF	1,215	0.68	–	–
	SFR	2,255	1.27	–	–
Import of capital goods	EURO	–	–	10,908	6.92
	PND	–	–	56,775	40.73
	GBP	42,012	34.12	–	–

3) Change in Accounting Policy:

The Company is exposed to currency fluctuations risk of firm commitments and highly probable transactions and follows a risk management policy of hedging this risk through a combination of forward contracts, options and other derivative contracts ("hedging instruments"). During the year, 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. On the date of application of the principles of AS 30 by the Company, all the outstanding derivative contracts were designated to be either at fair value through profit and loss or as cash flow hedges.

The gains or losses on designated hedging instruments that qualify as effective cash flow hedges are recorded in 'Hedge Reserve' account at each period end, and are transferred to the Statement of Profit and Loss in the same period during which the hedged transaction affects the Statement of Profit and Loss, or recognized directly into the Statement of Profit and Loss to the extent such hedges are considered ineffective. When a forecasted transaction is no longer expected to occur, the gains or losses that were previously recognized in the 'Hedge Reserve' are transferred to the Statement of Profit and Loss immediately. The effectiveness of the hedge is tested by the Company at each period end.

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

Prior to the adoption of the principles under AS 30, foreign hedging instruments were marked to market as at the Balance Sheet date and provision for losses, if any, were dealt with in the Statement of Profit and Loss, except where there was any significant uncertainty. Unrealised gains, if any, on such derivatives were not recognised in the Statement of Profit and Loss.

The impact of change in policy is as follows:

i) The loss on fair valuation of a derivative contract as at April 1, 2011, amounting to Rs. 1,973.44 lakhs has been adjusted to the opening balance of reserves, in accordance with the transitional provisions under AS 30. In respect of such derivative contract, a loss of Rs. 159.92 lakhs has been recognized in the Statement of Profit and Loss for the year ended March 31, 2012 as a movement in the fair value during the year and has been disclosed as an exceptional item (Refer Note 37). In view of significant uncertainty regarding the exchange rates on maturity of contract and consequential liability, if any, under this contract, the mark to market loss on this contract was not reconigsed in the previous years.

ii) The fair valuation loss amounting to Rs. 171.44 lakhs with regard to the derivative contracts designated as cash flow hedges, being effective as at March 31, 2012, has been recognized in Hedging Reserve account, to be transferred to the Statement of Profit and loss on the occurrence of the highly probable sale.

NOTE 37 – Exceptional items represent the impact of the transactions arising against a derivative contract, which the company generally does not enter into, categorised as a derivative designated as fair value through profit and loss and includes:

	2012	2011
i) Exchange loss realised on sale of foreign currency	243.00	–
ii) Loss on change in fair value of derivative contract	159.92	–
	402.92	-

NOTE 38 – 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: Rs. 29.23 lakhs (Previous year: Rs. 42.50 lakhs).

iii) Interest paid is inclusive of and purchase of fixed assets excludes, interest capitalised: Rs. 2.96 lakhs (Previous year: Rs. 3.50 lakhs).

iv) Cash and cash equivalents comprises of:

	2012	2011
a) Cash on hand	8.99	10.93
b) Balance with banks		
– in current account	213.21	234.54
– in unpaid dividend account	29.23	42.50
	251.43	287.97

NOTE 39 – The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

TO THE BOARD OF DIRECTORS OF HIMATSINGKA SEIDE LIMITED

1. We have audited the attached Consolidated Balance Sheet of HIMATSINGKA SEIDE LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs. 11,177.67 Lakhs as at March 31, 2012, total operating income of Rs. 12,292.73 Lakhs and net cash outflows amounting to Rs. 62.40 Lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements and on other financial information of the components of the Company and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
   ii) 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
   iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

S. Sundaresan
Partner
Membership No. 25776

Place: Bangalore
Date: May 26, 2012

CONSOLIDATED BALANCE SHEET

Himatsingka Seide Limited | As at March 31, 2012

	Note No.	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	4,922.86	4,922.86
Reserves and surplus	3	51,923.09	47,374.85
		56,845.95	52,297.71
Non-current liabilities			
Long term borrowings	4	41,192.60	43,934.50
Deferred tax liabilities (Net)	5	1,116.26	233.47
Other long term liabilities	6	137.94	68.29
Long term provisions	7	484.39	49.01
		42,931.19	44,285.27
Current liabilities			
Short term borrowings	8	20,229.12	19,253.50
Trade payables	9	20,539.86	16,898.74
Other current liabilities	10	10,689.34	15,671.17
Short term provisions	11	3,017.67	297.58
		54,475.99	52,120.99
Minority interest		32.35	63.85
Total		154,285.48	148,767.82
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	48,212.15	54,574.23
Intangible assets	12	507.17	236.63
Capital work-in-progress	12	886.69	654.41
		49,606.01	55,465.27
Goodwill on consolidation		43,132.00	38,448.00
Non-current investments	13	353.75	329.32
Long term loans and advances	14	3,388.01	2,679.94
		96,479.77	96,922.53
Current assets			
Current investments	15	947.57	674.93
Inventories	16	42,703.59	38,394.73
Trade receivables	17	8,170.50	7,051.35
Cash and cash equivalents	18	837.61	996.80
Short term loans and advances	19	4,956.06	4,383.19
Other current assets	20	190.38	344.29
		57,805.71	51,845.29
Total		154,285.48	148,767.82

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

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

S. Sundaresan
Partner

Bangalore, Date: May 26, 2012

For and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A.K. Himatsingka
Vice-Chairman

D.K. Himatsingka
Managing Director

Pradeep K.P.
Chief Financial Officer

Ashok Sharma
Company Secretary

Bangalore, Date: May 26, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Himatsingka Seide Limited | For the year ended March 31, 2012

	Note No.	For the year ended 31.03.2012 Rs. in lakhs	For the year ended 31.03.2011 Rs. in lakhs
Revenue from operations	21	142,869.05	123,265.32
Other income	22	292.63	802.19
Total revenue		**143,161.68**	**124,067.51**
Expenses:			
Cost of materials	23	90,754.53	79,368.30
Employee benefit expense	24	15,038.19	14,678.19
Finance costs	25	5,283.73	5,261.52
Depreciation and amortization expense	12	5,557.05	5,646.17
Other expenses	26	22,606.86	20,511.37
Total expenses		**139,240.36**	**125,465.55**
Profit before exceptional items and tax		**3,921.32**	**(1,398.04)**
Exceptional items – gain (Refer Note 36)		554.60	–
Profit before tax		**4,475.92**	**(1,398.04)**
Tax expense:			
Current tax		836.57	494.59
Minimum alternate tax credit entitlement		(583.00)	(340.82)
Deferred tax		828.64	101.74
Reversal of provision of earlier years		–	(75.59)
Profit / (loss) after tax before share of minority interest		**3,393.71**	**(1,577.96)**
Less: Share of profit of minority interest (net), including dividend payouts		87.59	79.62
Profit / (loss) after minority interest		**3,306.12**	**(1,657.58)**
Basic and diluted earnings per equity share (Rs.) (Refer note 33) (Par value of Rs. 5 each)		3.36	(1.68)

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

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

S. Sundaresan
Partner

Bangalore, Date: May 26, 2012

For and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A.K. Himatsingka
Vice-Chairman

D.K. Himatsingka
Managing Director

Pradeep K.P.
Chief Financial Officer

Ashok Sharma
Company Secretary

Bangalore, Date: May 26, 2012

CONSOLIDATED CASHFLOW STATEMENT

Himatsingka Seide Limited | For the year ended March 31, 2012

	For the year Ended 31.03.2012 Rs. in lakhs	For the year Ended 31.03.2011 Rs. in lakhs
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (loss) before tax	4,475.92	(1,398.04)
Profit on sale of assets	(1,188.81)	(120.75)
Profit on sale of investments	(77.64)	(34.13)
Depreciation and amortisation expense	5,557.05	5,646.17
Exchange loss on non operating activities	244.99	54.10
Provision for doubtful trade receivables	30.16	-
Interest income	(7.14)	(49.10)
Finance costs	5,283.73	5,261.52
Operating cash profit before working capital changes	**14,318.26**	**9,359.77**
Decrease in trade and other receivables	(681.48)	2,485.19
Decrease / (increase) in inventories	(1,675.74)	797.39
Decrease / (increase) in short term, long term loan and advances and other current assets	20.24	1,223.14
(Decrease) / increase in current and non current liabilities and provisions	503.39	(836.54)
Cash generated from operations	12,484.67	13,028.95
Income tax paid	(671.59)	(147.35)
Net cash from operations	**11,813.08**	**12,881.60**
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,816.00)	(3,180.75)
Sale of investments	4,621.00	3,001.83
Purchase of fixed assets	(1,894.07)	(2,313.72)
Sale proceeds of fixed assets	3,672.17	410.27
Interest received	7.82	49.10
Net cash from investing activities	**1,590.92**	**(2,033.27)**
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Finance costs paid	(7,136.94)	(6,955.05)
Subsidy / subvention received	2,278.33	1,449.66
Proceeds of long term borrowings	8,663.71	1,612.38
Repayment of long term borrowings	(16,328.57)	(6,528.68)
(Repayments) / proceeds of short term borrowings (net)	(554.99)	(123.39)
Proposed share issue expenses	-	(76.32)
Dividend paid	(13.27)	(254.77)
Dividend paid to minority share holders of the subsidiary	(191.95)	(464.78)
Tax on distributed profits	-	(40.88)
Net cash from financing activities	**(13,283.68)**	**(11,381.83)**
Total decrease in cash and cash equivalents	120.32	(533.50)
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(279.51)	(251.99)
Cash and cash equivalents at the beginning of the period	996.80	1,782.29
Cash and cash equivalents at the end of the year (Refer Note 37)	**837.61**	**996.80**

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

S. Sundaresan
Partner

Bangalore, Date: May 26, 2012

For and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A.K. Himatsingka
Vice-Chairman

D.K. Himatsingka
Managing Director

Pradeep K.P.
Chief Financial Officer

Ashok Sharma
Company Secretary

Bangalore, Date: May 26, 2012

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 the mandatory Accounting Standards ('AS') issued under the Companies (Accounting Standards) Rules, 2006 ("the Rules").

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, 2012.

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 Rules. 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 eith er directly or through subsidiaries	
		March 31, 2012	March 31, 2011
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%

  - 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 Fashions, 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.
  - 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 **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.

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.

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. The Company follows a risk management policy of covering this risk through a combination of forward contracts, options 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 derivative contracts designated as effective cash flow 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.

Changes in fair value relating to ineffective portion of the hedges are recognised in the Statement of Profit and Loss as they arise.

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.

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. 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.

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 2 – SHARE CAPITAL		
Authorised		
134,000,000 equity shares of Rs. 5 each (Previous year: 134,000,000 equity shares of Rs. 5 each)	6,700.00	6,700.00
Issued		
98,496,160 equity shares of Rs. 5 each fully called up (Previous year: 98,496,160 equity shares of Rs. 5 each)	4,924.81	4,924.81
Subscribed and paid-up		
98,457,160 equity shares of Rs. 5 each fully paid up (Previous year: 98,457,160 equity shares of Rs. 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
General reserve		
Opening balance	16,737.72	16,737.72
Less: Adjustment in accordance with the transitional provisions under Accounting Standard – 30 (Refer Note 35(3))	1,973.44	-
Closing balance	14,764.28	16,737.72
Hedge reserve		
Opening balance	-	-
Add / (less): Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	(171.44)	-
Closing balance	(171.44)	-
Legal reserve		
Opening balance	6.73	6.46
Movement during the year	0.50	0.27
Closing balance	7.23	6.73
Foreign currency translation reserve (on consolidation)		
Opening balance	1,561.36	1,756.95
Movement during the year	3,958.65	(195.59)
Closing balance	5,520.01	1,561.36
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	705.71	2,363.29
Add: Transferred from surplus in statement of profit and loss	3,306.12	(1,657.58)
Less: Proposed dividend	492.29	-
Less: Tax on proposed dividend	79.86	-
	3,439.68	705.71
	51,923.09	47,374.85

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 4 – LONG TERM BORROWINGS		
Secured		
Term loan from financial institution (Refer (i) below)	10,113.76	12,242.51
Term loan from banks (Refer (i) below)	25,574.71	24,218.43
Unsecured		
Term loan from banks	5,504.13	5,083.26
Loan from related parties	–	2,390.30
	41,192.60	**43,934.50**

i) Loans are secured against certain moveable and immovable assets of the parent company or concerned subsidiary.

NOTE 5 – DEFERRED TAX (ASSET) / LIABILITY		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	4,036.95	6,532.82
Tax effect of items constituting deferred tax assets		
Unabsorbed depreciation / losses	(1,852.07)	(5,356.78)
Other timing differences	(1,068.62)	(942.57)
Deferred tax (asset) / liability net	**1,116.26**	**233.47**

NOTE 6 – OTHER LONG TERM LIABILITIES		
Towards gratuity	137.94	68.29
	137.94	**68.29**

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.

Change in the benefit obligation		
Projected Benefit Obligation at the beginning of the year	646.35	641.82
Service cost	77.17	73.78
Interest cost	55.15	49.83
Benefits paid	(42.98)	(47.84)
Actuarial loss / (gain)	(0.24)	(72.63)
Past service cost	–	1.39
PBO at the end of the year	**735.45**	**646.35**
Change in plan assets		
Fair value of plan assets at the beginning of the year	552.65	551.80
Expected return on plan assets	39.17	40.63
Employer contributions	20.12	13.00
Benefits paid	(42.10)	(47.57)
Actuarial gain / (loss)	0.07	(5.20)
Fair value of plan assets at the end of the year	**569.91**	**552.66**

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
Funded status [Surplus / (deficit)]	**(165.54)**	**(93.69)**
Unrecognised past service costs	-	-
Recognised liability	(165.54)	(93.69)
Less: Current portion of liability	(7.56)	(4.66)
Non-current liability	**(157.98)**	**(89.03)**
To the extent funded	137.94	68.29
To the extent unfunded	20.04	20.74
Total	**157.98**	**89.03**
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	77.17	75.17
Interest cost	55.15	49.83
Expected return on plan assets	(39.17)	(40.63)
Actuarial loss / (gain)	(0.30)	(67.43)
Net gratuity cost	**92.85**	**16.94**
Actual return on plan assets	**54.89**	**31.74**
Financial assumptions at the valuation date:		
a) Discount rate (p.a.)	8.20%	8.15%
b) Expected rate of return on assets (p.a.)	7.50%	7.50%
c) Salary escalation rate*	6.00%	6.00%
d) Retirement age	58 yrs	58yrs

e) Mortality: Published rates under the LIC (1994-96) mortality tables have been used

f) Rates of leaving service for various categories of employees – 2%, 12%, 15%, 20% and 40%

*Salary escalation 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.

Five year data:	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Defined benefit obligation	735.45	646.35	641.84	528.72	574.57
Plan assets	569.91	552.66	551.80	469.41	479.90
Surplus / (deficit)	(165.54)	(93.69)	(90.04)	(59.31)	(94.67)
Exp. adj. on plan liabilities	(5.95)	(31.37)	53.63	(94.62)	102.89
Exp. adj. on plan assets	25.73	(8.90)	39.64	(18.36)	24.97

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs

As per the applicable law the overseas subsidiary provides for 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	21.12	13.98
Exchange fluctuation	2.92	(0.27)
Provision during the year	(0.90)	7.41
Closing balance	23.14	21.12

Defined contribution plans

The Group makes contributions to Superannuation fund, Provident 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.

	31.03.2012	31.03.2011
Provident fund	361.64	343.13
Superannuation fund	27.38	29.03
Other retirement funds	565.71	568.48

NOTE 7 – LONG TERM PROVISIONS

Provision for taxes	441.08	7.15
Provision for gratuity, unfunded	43.31	41.86
	484.39	**49.01**

NOTE 8 – SHORT TERM BORROWINGS

Secured		
From banks	20,118.75	19,123.04
Unsecured		
From banks	59.50	130.46
From others	50.87	-
	20,229.12	**19,253.50**

NOTE 9 – TRADE PAYABLES

Trade Payables	20,539.86	16,898.74
	20,539.86	**16,898.74**

NOTE 10 – OTHER CURRENT LIABILITIES

Current maturities of long term debt		
Term loan from financial institution (Secured)	2,249.04	2,108.62
Term loan from banks (Secured)	3,701.02	8,328.05
Term loan from banks (Unsecured)	295.05	-
Loan from related parties (Unsecured)	2,170.30	832.00
Interest accrued but not due	175.43	410.25
Unpaid dividend	29.21	42.48
Other liabilities	1,667.60	2,178.61
Security Deposit	33.63	18.37
Advances received from customers	368.06	1,752.79
	10,689.34	**15,671.17**

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 11 – SHORT TERM PROVISIONS		
Provision for accumulated leave credits	304.61	292.92
Provision for gratuity (Refer Note 6A)	7.56	4.66
Provision for losses on derivative contracts (Refer Note 35 (3))	2,133.35	-
Provision for dividend	492.29	-
Provision for tax on proposed dividend	79.86	-
	3,017.67	297.58

NOTE – 12

	Gross block					Depreciation					Net block	
Particulars	As at 01.04.2011	Additions	(Deletions)	Other adjustments**	As at 31.03.2012	As at 01.04.2011	For the year	On Deletions	On other adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible assets:												
Land *	1,398.20	-	(335.31)	5.61	1,068.50	-	-	-	-	-	1,068.50	1,398.20
Leasehold land	1,160.91	-	-	-	1,160.91	54.60	19.35	-	-	73.95	1,086.96	1,106.31
Buildings	19,731.43	22.37	(1,912.45)	341.50	18,182.85	4,109.49	594.34	(201.12)	143.03	4,645.74	13,537.11	15,621.94
Leasehold buildings	36.63	96.46	-	5.16	138.25	36.63	27.40	-	5.66	69.69	68.56	-
Plant and machinery	60,708.93	401.92	(525.75)	129.42	60,714.52	25,866.55	4,177.96	(220.23)	128.06	29,952.34	30,762.18	34,842.38
Furnitures and fixtures	1,837.97	294.78	(11.27)	100.35	2,221.83	1,151.25	178.57	(2.48)	66.91	1,394.25	827.58	686.72
Leasehold improvements	1,671.55	79.58	(107.01)	82.80	1,726.92	1,394.30	106.57	(11.52)	57.80	1,547.15	179.77	277.25
Office equipments	3,400.27	320.62	(51.97)	241.47	3,910.39	2,920.02	319.10	(23.61)	221.06	3,436.57	473.82	480.25
Vehicles	283.39	72.18	(49.66)	13.91	319.82	171.39	32.70	(47.10)	12.45	169.44	150.38	112.00
Other property	157.92	27.34	-	22.24	207.50	108.74	24.53	-	16.94	150.21	57.29	49.18
Total	**90,387.20**	**1,315.25**	**(2,993.42)**	**942.46**	**89,651.49**	**35,812.97**	**5,480.52**	**(506.06)**	**651.91**	**41,439.34**	**48,212.15**	**54,574.23**
Previous year-Tangible	*88,708.16*	*3,706.43*	*(2,198.81)*	*171.42*	*90,387.20*	*32,051.77*	*5,579.14*	*(1,968.11)*	*150.17*	*35,812.97*	*54,574.23*	*56,656.39*
Intangible assets:												
Goodwill	341.80	-	-	25.36	367.16	175.88	28.93	-	13.89	218.70	148.46	165.92
Other intangibles	251.13	332.77	-	5.70	589.60	180.42	47.59	-	2.88	230.89	358.71	70.71
Total	**592.93**	**332.77**	**-**	**31.06**	**956.76**	**356.30**	**76.52**	**-**	**16.77**	**449.59**	**507.17**	**236.63**
Previous year-Intangible	*605.74*	*53.15*	*(85.32)*	*19.36*	*592.93*	*290.56*	*67.03*	*(10.56)*	*9.27*	*356.30*	*236.63*	*315.18*
Total	**90,980.13**	**1,648.02**	**(2,993.42)**	**973.52**	**90,608.25**	**36,169.27**	**5,557.04**	**(506.06)**	**668.68**	**41,888.93**	**48,719.32**	**54,810.86**
Capital work in Progress											886.69	654.41
											49,606.01	55,465.27
Previous Year	89,313.90	3,759.58	(2,284.13)	190.78	90,980.13	32,342.33	5,646.17	(1,978.67)	159.44	36,169.27	54,810.86	56,971.57

* Land includes Rs. 17.91 lakhs (Previous year Rs. 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.

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 13 – NON CURRENT INVESTMENTS		
Investments, at cost		
Trade (Unlisted, unquoted)		
Investment in equity instruments		
Milano Confezioni S.r.l.	1.33	1.24
BP Venture S.r.l.	1,000.52	893.70
Industria e Universita S.r.l.	14.75	13.73
Consorzio Tutela Lino	0.87	0.81
	1,017.47	909.48
Provision for diminution in value of investments	(663.72)	(580.16)
	353.75	329.32
NOTE 14 – LONG TERM LOANS AND ADVANCES		
(unsecured, considered good)		
Security deposits	777.72	801.79
Advance income tax	898.81	594.68
MAT credit entitlement	1,480.57	915.07
Capital advances	107.29	255.96
Other long term advances	123.62	112.44
	3,388.01	2,679.94
NOTE 15 – CURRENT INVESTMENTS		
Current (Non-trade, unquoted)		
Investments in units of mutual funds	947.57	674.93
	947.57	674.93
NOTE 16 – INVENTORIES		
Raw materials	5,951.66	4,966.12
Work-in-progress	9,286.30	11,557.72
Finished goods	1,691.69	1,246.37
Stores and spares	2,081.55	1,253.07
Traded Goods	23,692.39	19,371.45
	42,703.59	38,394.73
NOTE 17 – TRADE RECEIVABLES		
Unsecured considered good	8,170.50	7,051.35
Unsecured considered doubtful	270.91	220.66
	8,441.41	7,272.01
Less: Provision for doubtful trade receivables	270.91	220.66
	8,170.50	7,051.35
NOTE 18 – CASH AND CASH EQUIVALENTS		
Cash in hand	199.67	58.79
Balances with banks		
– in current account	604.05	869.52
– in deposit account	4.66	25.99
– in Earmarked accounts		
Unpaid dividend account	29.23	42.50
	837.61	996.80

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 19 - SHORT TERM LOANS AND ADVANCES		
(unsecured, considered good)		
Security deposits	151.32	58.68
Interest subsidy receivable	832.22	1,597.08
Advance to suppliers	882.87	354.23
Prepaid Expenses	1,086.60	365.23
Balances with government authorities	956.90	780.16
Other advances	1,046.15	1,227.81
	4,956.06	**4,383.19**
NOTE 20 - OTHER CURRENT ASSETS		
Advances recoverable in cash or in kind or for value to be received	190.38	344.29
	190.38	**344.29**
NOTE 21 - REVENUE FROM OPERATIONS		
Sale of products	140,620.86	120,714.51
Sale of services	397.69	435.76
Other operating income (Refer Note (i))	1,850.50	2,115.05
	142,869.05	**123,265.32**
i) Other operating income comprises of:		
Sale of power	1,011.95	1,242.25
Sale of waste / scrap	663.55	778.97
Income under Focus Product Scheme	175.00	93.83
	1,850.50	**2,115.05**
NOTE 22 - OTHER INCOME		
Interest income	7.14	49.10
Net gain on foreign currency transactions and translation	-	434.09
Other non-operating income		
Profit on sale of assets	0.37	120.75
Profit on sale of current investments	77.64	34.13
Rent income	65.51	65.23
Miscellaneous income	141.97	98.89
	292.63	**802.19**

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 23 – COST OF MATERIALS		
Opening stock:		
Raw materials	4,966.12	3,888.54
Work in progress	11,557.72	8,542.85
Finished goods	20,617.82	21,323.96
	37,141.66	33,755.35
Add: Purchases	88,149.96	78,077.51
Dyes and chemicals consumed	6,084.95	4,677.10
Total	131,376.57	116,509.96
Less: Closing stock		
Raw materials	5,951.66	4,966.12
Work in progress	9,286.30	11,557.72
Finished goods	25,384.08	20,617.82
	90,754.53	**79,368.30**
NOTE 24 – EMPLOYEE BENEFIT EXPENSE		
Salaries and wages	13,012.55	13,008.78
Contribution to provident and other funds	1,047.83	957.12
Workmen and staff welfare expenses	1,162.12	763.39
Less: Expenses capitalized (Refer Note 31)	(184.31)	(51.10)
	15,038.19	**14,678.19**
NOTE 25 – FINANCE COSTS		
Interest on term loan (net of subsidy under TUFS Rs. 1,561.78 lakhs, Previous year Rs. 1,705.64 lakhs)	2,884.97	2,808.51
Interest others	1,147.59	1,437.37
Finance charges	898.58	1,019.14
Foreign exchange loss (net) on foreign currency borrowings	355.55	-
Less: Expenses capitalized (Refer Note 31)	(2.96)	(3.50)
	5,283.73	**5,261.52**

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 26 – OTHER EXPENSES		
Power and fuel	5,368.04	4,399.75
Consumption of stores and spare parts	810.64	645.85
Other manufacturing expenses	2,331.11	2,962.01
Rent	2,464.18	2,308.72
Travelling and conveyance	1,353.52	1,258.37
Communication expenses	325.12	330.26
Printing and stationery	100.21	110.49
Insurance	421.48	353.07
Repairs and maintenance	819.90	610.81
Rates and taxes	376.37	384.79
Professional and consultancy charges (Refer Note 26A)	1,903.87	1,835.86
Bank charges	139.86	150.41
Contribution and donation	7.70	8.55
Advertisement and publicity	785.13	745.15
Selling and distribution	-	-
- Commission on sales	837.77	861.57
- Selling expenses	796.62	644.50
- Freight outward, net of reimbursement	1,034.30	718.47
Net loss on foreign currency transactions and translation	224.15	-
Other expenses	415.78	494.64
Royalty	2,073.69	1,701.12
Diminution in value of investments	39.38	-
Recovery of corporate expenses	19.63	-
Less: Expenses capitalized (Refer Note 31)	(41.59)	(13.02)
	22,606.86	**20,511.37**
NOTE 26A – PROFESSIONAL AND CONSULTANCY CHARGES INCLUDE PAYMENT TO AUDITORS		
Statutory auditor		
Audit fees	78.00	66.30
Tax audit fees	4.00	4.00
Taxation matters	15.28	18.96
Other services*	5.00	28.53
Service tax	11.54	9.65
Out of pocket expenses	1.81	0.37
	115.63	**127.81**
Remuneration to other auditors for the subsidiaries		
Audit fees	36.38	73.35
Tax audit fees	-	-
Taxation matters	-	3.15
Other services	2.77	11.77
Service tax	-	-
Out of pocket expenses	2.38	1.55
	41.53	**89.82**

*Includes payments made towards the proposed share issue not charged to the Statement of Profit and loss: Rs. Nil (Previous year: Rs. 20 lakhs)

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
NOTE 27 – 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	3,623.90	5,375.44
North America	117,022.78	95,330.78
Europe continent	16,274.91	17,818.53
Others	3,699.27	2,189.76
	140,620.86	**120,714.51**
Carrying amount of segment assets based on their location		
India	82,362.07	88,496.53
North America	57,654.90	46,961.46
Europe continent	10,796.96	11,429.40
Others	340.40	424.32
	151,154.33	**147,311.71**
Additions to fixed assets		
India	1,092.33	3,310.82
North America	398.74	282.88
Europe continent	153.72	135.56
Others	3.23	30.32
	1,648.02	**3,759.58**

NOTE 28 – RELATED PARTY DISCLOSURES

Nature of relationship	Names of the related parties
Key management personnel (KMP)	A.K. Himatsingka – Vice Chairman D.K. Himatsingka – Managing Director Aditya Himatsingka – Executive Director Shrikant Himatsingka – 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 Satin Reed (America) Inc. Khaitan & Co D.K. Himatsingka HUF BMU International Credit Himatsingka Private Limited

	Relationship	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
Related party disclosure	Relationship		
Purchase of goods			
Bihar Mercantile Union Limited	Enterprise	11.13	26.12
BMU International	Enterprise	-	26.10
Satin Reed (America) Inc	Enterprise	-	27.01
Total		11.13	79.23
Lease rent paid			
D.K. Himatsingka	KMP	-	1.94
Aditya Himatsingka	KMP	-	1.46
Shrikant Himatsingka	KMP	-	2.40
Amitabh Himatsingka	Relatives	-	1.46
Bihar Mercantile Union Limited	Enterprise	0.60	-
Others		-	6.84
Total		0.60	14.10
Remuneration			
A.K. Himatsingka	KMP	40.38	37.73
D.K. Himatsingka	KMP	71.95	52.75
Aditya Himatsingka	KMP	43.34	37.40
Shrikant Himatsingka	KMP	45.46	36.68
Total		201.13	164.56
Payment towards services			
Khaitan & Co	Enterprise	13.67	27.18
Others		-	2.66
Interest expense on inter corporate loan			
Credit Himatsingka Private Limited	Enterprise	206.64	238.47
Satin Reed (America) Inc	Enterprise	1.02	0.38
		207.66	238.85
Inter Corporate loans given during the year			
Satin Reed (America) Inc	Enterprise	-	24.52
Inter Corporate loans recovered during the year			
Satin Reed (America) Inc	Enterprise	-	24.52
Inter corporate loans received during the year			
Credit Himatsingka Private Limited	Enterprise	-	1,570.00
Satin Reed (America) Inc	Enterprise	50.87	33.44
		50.87	1,603.44
Inter corporate loans repaid during the year			
Credit Himatsingka Private Limited	Enterprise	1,052.00	738.00
Satin Reed (America) Inc	Enterprise	-	33.44
		1,052.00	771.44

		As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs
Outstanding as at year end			
Amounts payable	KMP	34.76	
Enterprise	-		2.72
Advances recoverable	KMP	-	2.77
Inter corporate loan payable	Enterprise	2,221.17	3,222.30
Interest payable on inter corporate loan	Enterprise	41.64	215.30

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 7 years.

i) Future minimum lease payments under non-cancellable operating leases due		
not later than one year	672.17	635.96
later than one year and not later than five years	1,938.83	1,326.31
later than five years	481.51	1,000.27
ii) lease payments recognised in the statement of profit and loss for the year	2,464.18	2,308.72

NOTE 30 – CONTINGENT LIABILITIES AND COMMITMENTS
(TO THE EXTENT NOT PROVIDED FOR)

Contingent liabilities		
Claims against the company not acknowledged as debts	35.25	35.25
Corporate guarantee given:		
Others	167.66	166.11
Towards government authorities:		
Income tax	465.77	4,918.81
Excise duty	303.60	265.40
Value added tax	140.20	140.20
Service tax	54.84	-
Bill discounted	8.26	509.83

In respect of certain income tax cases for the Assessment Years 2003-04, 2005-06 and 2007-08 aggregating to an amount of Rs. 4,453.03 lakhs, pending in the previous year, the Company has received favourable orders from Commissioner of Income Tax (Appeals) during the year. The department has gone on appeal to the higher authorities. The Company had earlier received a favourable order on the same issue from Income Tax Appellate Tribunal (ITAT) for Assessment Year 2006-07 based on which, the Company is confident of obtaining a favourable order with respect to above mentioned tax cases from ITAT. Accordingly, these have been excluded from contingent liability disclosure as at the year end.

Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)*	110.73	29.31
* Does not include value of materials to be supplied to the ongoing civil work.		
	1,286.31	**6,064.91**

	As at 31.03.2012 Rs. in lakhs	As at 31.03.2011 Rs. in lakhs

NOTE 31 – The Company had in the prior year commenced the activity of improvising operating and reporting process through an implementation of an ERP system. The below mentioned costs have been identified to be relating to the implementation process and have accordingly been capitalized as part of the asset / capital work in progress:

Employee benefit expense	184.32	51.09
Other expenses	41.60	13.03
Finance cost	2.96	3.50
Total expenses capitalized	228.88	67.62

NOTE 32 – DESIGN AND DEVELOPMENT EXPENSES

Design and development expenditure of revenue nature accounted in the respective heads of Statement of Profit and Loss	217.08	241.94
	217.08	241.94

NOTE 33 – EARNING PER SHARE

Net profit for the year (being entirely attributable to the equity shareholders)	3,306.12	(1,657.58)
Basic / diluted		
Weighted average number of equity shares	98,457,160	98,457,160
Par value per share	5.00	5.00
Earnings per share – Basic / diluted	3.36	(1.68)

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) a) The following forward exchange contracts entered are outstanding

Currency		As on 31.03.2012 Amount	As on 31.03.2012 Rs. in lakhs	As on 31.03.2011 Amount	As on 31.03.2011 Rs. in lakhs
Export of goods					
USD * INR	Sell	13,702,000	7,064.82	30,607,891	14,340.46
EURO * INR	Sell	2,497,749	1,724.01	2,553,019	1,584.98
GBP * INR	Sell	1,699,736	1,369.94	2,040,000	1,494.49
Import of goods					
USD * INR	Buy	3,921,526	1,976.58	3,603,077	1,646.24
JPY * INR	Buy			3,797,475	21.11

b) Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate

To sell USD 250,000 every month if USD * INR spot at monthly expiry < 44.10, else to sell USD 500,000 @ 44.10 till July 2012 (Previous year: To sell USD 250,000 every month if USD * INR spot at monthly expiry < 44.10, else to sell USD 500,000 @ 44.10 till July 2012)

Currency option	Number of contracts	As on 31.03.2012 Amount	As on 31.03.2011 Amount
CHF put	One (Previous year: One)	14,759,723	14,759,723
INR call	One (Previous year: One)	500,000,000	500,000,000
Equivalent USD		12,385,435	12,385,435

2) 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	31.03.2012 Amount	31.03.2012 Rs. in lakhs	31.03.2011 Amount	31.03.2011 Rs. in lakhs
a) Amounts receivable in foreign currency on account of					
	AED	–	–	1,000,000	121.20
Inter corporate loan	SGD	70,000	28.32	–	–
	USD	5,000,000	2,543.50	10,050,000	4,481.30
	AED	–	–	6,795	0.82
Interest receivable on Inter corporate loan	EURO	65,834	44.61	65,834	41.53
	SGD	183,340	74.18	336,695	109.15
	USD	3,298,881	1,692.84	3,541,799	1,579.29
	EURO	3,562,213	2,413.71	1,831,709	1,155.44
Receivables	GBP	255,415	207.45	–	–
	USD	8,877,390	4,515.92	2,457,097	1,089.55
	SGD	271,617	109.90	325,401	114.97
Other Recoverables	USD	2,433,402	1,237.87	1,671,091	745.14
Bank balance	USD	24,622	12.53	9,140	4.08
	EURO	100	0.07	100	0.06

Particulars	Foreign currency	31.03.2012		31.03.2011	
		Amount	Rs. in lakhs	Amount	Rs. in lakhs
b) Amounts payable in foreign currency on account of					
Foreign packing credit	USD	28,770,981	14,635.80	18,722,138	9,523.95
Import of goods and services	USD	1,015,681	516.68	305,607	136.27
	EURO	18,592	12.61	99,893	63.01
	JPY	–	–	4,565	0.02
	PND	–	–	51,715	36.91
	CHF	1,215	0.68	–	–
	SFR	2,255	1.27	–	–
Import of Capital goods	PND	42,012	34.12	56,775	40.73
	EURO	–	–	10,908	6.92

3) Change in Accounting Policy:

The Company is exposed to currency fluctuations risk of firm commitments and highly probable transactions and follows a risk management policy of hedging this risk through a combination of forward contracts, options and other derivative contracts ("hedging instruments"). During the year, 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. On the date of application of the principles of AS 30 by the Company, all the outstanding derivative contracts were designated to be either at fair value through profit and loss or as cash flow hedges.

The gains or losses on designated hedging instruments that qualify as effective cash flow hedges are recorded in 'Hedge Reserve' account at each period end, and are transferred to the Statement of Profit and Loss in the same period during which the hedged transaction affects the Statement of Profit and Loss, or recognized directly into the Statement of Profit and Loss to the extent such hedges are considered ineffective. When a forecasted transaction is no longer expected to occur, the gains or losses that were previously recognized in the 'Hedge Reserve' are transferred to the Statement of Profit and Loss immediately. The effectiveness of the hedge is tested by the Company at each period end.

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

Prior to the adoption of the principles under AS 30, foreign hedging instruments were marked to market as at the Balance Sheet date and provision for losses, if any, were dealt with in the Statement of Profit and Loss, except where there was any significant uncertainty. Unrealised gains, if any, on such derivatives were not recognised in the Statement of Profit and Loss.

The impact of change in policy is as follows:

i) The loss on fair valuation of a derivative contract as at April 1, 2011, amounting to Rs. 1,973.44 lakhs has been adjusted to the opening balance of reserves, in accordance with the transitional provisions under AS 30. In respect of such derivative contract, a loss of Rs. 159.92 lakhs has been recognized in the Statement of Profit and Loss for the year ended March 31, 2012 as a movement in the fair value during the year and has been disclosed as an exceptional item (Refer Note 37). In view of significant uncertainty regarding the exchange rates on maturity of contract and consequential liability, if any, under this contract, the mark to market loss on this contract was not recongised in the previous years.

ii) The fair valuation loss amounting to Rs. 171.44 lakhs with regard to the derivative contracts designated as cash flow hedges, being effective as at March 31, 2012, has been recognized in Hedging Reserve account, to be transferred to the Statement of Profit and loss on the occurrence of the highly probable sale.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 36 – Exceptional items represent the impact of the transactions arising against a derivative contract, which the company generally does not enter into, categorised as a derivative designated as fair value through profit and loss and gains and losses arising from disposal of a plant and certain business reorganisation costs.

	31.03.2012	31.03.2011
i) Exchange loss realised on sale of foreign currency	(243.00)	-
ii) Loss on change in fair value of derivative contract	(159.92)	-
iii) Profit on disposal of land and building with certain movable fixed asset of subsidiary	1,127.93	-
iv) Business re-organisation cost incurred by a subsidiary	(170.41)	-
	554.60	-

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: Rs. 29.23 lakhs (Previous year: Rs. 42.50 lakhs).

iii) Interest paid is inclusive of and purchase of fixed assets excludes, interest capitalised: Rs. 2.96 lakhs (Previous year: Rs. 3.50 lakhs).

iv) Cash and cash equivalents comprises of:

	31.03.2012	31.03.2011
a) Cash on hand	199.67	58.79
b) Balance with banks		
– in current account	604.05	869.52
– in deposit account	4.66	25.99
– in unpaid dividend account	29.23	42.50
	837.61	996.80

NOTE 38 – The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of individual financial statements and the same format has been used, to the extent relevant in this consolidated financial statement. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

STATEMENT REGARDING SUBSIDIARY COMPANIES

Himatsingka Seide Limited | As at March 31, 2012

(Rs. lakhs)

	Name of the Subsidiary	Himatsingka Wovens Private Limited	Twill & Oxford LLC (Refer Note i)	Himatsingka Singapore Pte Ltd. (Refer Note i)	DWI Holdings Inc. (Refer Note ii)	Himatsingka America Inc. (Refer Note ii)	Divatex Home Fashions Inc. (Refer Note ii)	Guiseppe Bellora SpA (Refer Note i)
1.	Capital (including preference capital and share application money)	1,250.00	37.35	1,082.77	0.00004	23,654.55	0.03	12,792.02
2.	Reserves	949.11	(204.18)	(1,271.02)	8,742.00	(1,696.35)	9,902.72	16,202.56
3.	Total Assets	5,136.44	170.00	175.24	13,233.28	43,346.55	15,330.48	10,731.18
4.	Total Liabilities (excluding Capital and Reserves and including current liabilities and provisions)	2,937.00	336.80	363.50	4,491.28	21,388.35	5,427.73	14,495.47
5.	Investments (Other than in subsidiaries)	–	–	–	–	–	–	353.76
6.	Turnover	4,389.16	991.17	358.44	33,130.52	269.76	83,169.63	11,344.74
7.	Profit / (Loss) Before Tax	558.39	63.82	(130.22)	1,218.37	564.06	2,616.92	(551.01)
8.	Provision for Taxation	248.93	–	–	1.61	22.60	25.68	–
9.	Profit / (Loss) After Tax	309.46	63.82	(130.22)	1,216.76	541.46	2,591.24	(551.01)
10.	Proposed Dividend	–	–	–	–	–	–	–
11.	Closing exchange rate	–	Rs. 13.83/ AED	Rs. 40.46/ Singapore dollar	Rs. 50.87/ USD	Rs. 50.87/ USD	Rs. 50.87/ USD	Rs. 67.76/ Euro
12.	Average exchange rate	–	Rs. 12.96/ AED	Rs. 38.03/ Singapore dollar	Rs. 47.87/ USD	Rs. 44.70/ USD	Rs. 47.99/ USD	Rs. 60.31/ 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

(Rs. lakhs)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Account										
Total Income	12946.32	14596.56	15580.32	17715.53	24458.17	89147.08	103959.73	108330.40	124067.51	143161.68
EBIDTA before exceptional item	5725.12	6614.35	6251.89	6785.66	8665.47	6932.82	6703.01	10685.48	9509.65	14762.10
Interest	16.75	13.13	119.58	114.99	96.41	2943.99	4247.82	4921.74	5261.52	5283.73
Depreciation	1396.91	1499.78	1344.51	1502.33	1570.09	3587.71	5987.54	5470.70	5646.17	5557.05
Exceptional Item (Gain)/ loss	–	–	–	–	–	2565.25	4255.81	(853.18)	–	(554.60)
Profit Before Tax	4311.46	5101.44	4869.85	5168.34	6998.96	(2164.13)	(7788.16)	1146.22	(1398.04)	4475.92
Taxes	301.25	400.00	323.78	305.83	687.53	539.45	75.38	174.28	179.92	1082.21
Minority interest – share of profit / (loss)	–	–	–	–	168.43	(304.87)	(421.72)	(207.27)	79.62	87.59
Net Profit after minority interest	4010.21	4701.44	4546.07	4862.52	6143.00	(2398.71)	(7441.82)	1179.21	(1657.58)	3306.12
Dividends	1338.20	1911.72	1911.72	2435.83	2435.83	–	–	246.14	–	492.29
Capital Account										
Share Capital	1911.72	1911.72	1911.72	4871.66	4871.66	4922.86	4922.86	4922.86	4922.86	4922.86
Money received against share warrant	–	–	–	–	–	620.88	620.88	–	–	-
Reserves	23038.81	25583.60	26425.42	52142.84	54585.75	54024.97	49894.32	49227.35	47374.85	51923.09
Secured Loans	–	1376.55	5850.00	3975.00	26756.19	51256.35	52560.88	71784.53	66020.65	61757.28
Unsecured Loans	–	–	–	–	5127.57	8379.84	12750.07	7648.53	8436.02	8079.85
Average capital employed	23666.89	26911.20	31529.51	47588.32	73601.55	98519.33	109412.00	116966.84	122126.55	118460.80
Gross block	20340.35	21346.08	21105.48	22720.64	33990.39	77450.86	83350.99	89313.90	90980.13	90608.25
Net block	12116.92	11684.84	10193.24	10341.18	14859.69	53611.02	55166.52	56971.57	54810.86	48719.32
EPS (Annualised) – Rs.	20.98	24.59	23.78	5.91	6.30	(2.46)	(7.56)	1.20	(1.68)	3.36
Face Value per share (Rs.)	10.00	10.00	10.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Dividend per share – Rs.	7.00	10.00	10.00	2.50	2.50	–	–	0.25	–	0.50
Net worth per share – Rs.	130.51	143.83	148.23	58.52	61.02	60.50	56.31	55.00	53.12	57.74
Employee Cost	1391.40	1552.05	1737.77	2122.60	3352.47	12319.12	15545.32	14947.54	14678.19	15038.19

Notes:

1. The figures for the year 2007-08 to 2009-10 are net of the pre-operative expenses capitalised during the year

   Forward looking statements contained 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 by such statements.

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