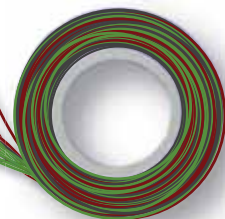




# Building a Global Enterprise

ANNUAL REPORT 2017

Himatsingka Seide





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## ABOUT HIMATSINGKA

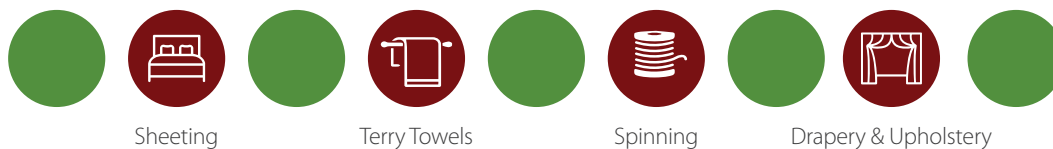
The Himatsingka Group (Himatsingka Seide and its subsidiaries, herein referred to as 'The Group') is a vertically integrated home textile major that designs, develops, manufactures, retails and distributes Bedding, Bath, Drapery & Upholstery, Ultra-Fine, Cotton Yarn, Terry Towel, and Bed Linen products.

The Group is amongst the largest manufacturers of Bedding, Drapery & Upholstery and Ultra-Fine count Cotton Yarn. In addition, the manufacturing portfolio is soon going to be augmented by the setting up of a

Terry Towel facility. The existing facilities of the Group are located at the following places:

- **Integrated Bed Linen manufacturing facility**  
– Hassan, Karnataka, India
- **Integrated Ultra-Fine count Cotton Yarn facility** – Hassan, Karnataka, India
- **Drapery & Upholstery manufacturing facility**  
– Doddaballapur, Karnataka, India
- **Integrated Terry Towel facility (proposed)**  
– Hassan, Karnataka, India

## Manufacturing Portfolio



These facilities are state-of-the-art and serve as benchmarks for manufacturing capabilities and practices. The Group has positioned its manufacturing

assets to be among the top 5 in their respective verticals. This ensures the Group's ability to be a reliable global force in the home textile space.

## Manufacturing - Capacity Matrix

Product	Unit	Capacity - FY 17	Capacity Addition - FY 18	Total Capacity
Sheeting	Million Meters Per Annum	46.0	–	46.0
Yarn	Spindles	NIL	211,584	211,584
Terry Towels	Metric Tonnes Per Annum	NIL	25,000*	25,000
Drapery & Upholstery	Million Meters Per Annum	2.0	–	2.0

\* We will commence construction in FY18



*Bellora*<sup>®</sup>  
since 1883  
MILANO



## Retail and Distribution

The Group's Retail and Distribution networks cater to over 7,000 points of sale, globally. Armed with a strong portfolio of brands (both licensed and owned), The Group is focused on strengthening its intellectual property portfolio across key global markets.

The Brand portfolio consists of the most respected fashion labels as well as technology driven brands that have led the industry. The Group has been the leader in the branded cotton, Track and Trace space.

The share of revenue derived from the brands will continue to rise, given the Group's focus on its brand portfolio. During FY17, revenues from brands crossed ₹1,000 crores and stood at, approximately, ₹1,200 crores.



## Brand Portfolio – Key Brands

Calvin Klein  
home

Pima  cott®

*Bellora*®  
since 1883  
M I L A N O

  
kate spade  
NEW YORK

atmosphere®

HOME GROWN  
C O T T O N  
PROUDLY GROWN IN THE USA

## BUSINESS HIGHLIGHTS – FY 17



Completed expansion of Sheeting division; Expanded capacity from 23 to 46 MMPA



Revenues from Manufacturing operations grew 36.6% to ₹1,398 Crore



Emerged leader in Track and Trace capabilities with regard to the cotton value chain



Continued focus on sweating assets; Improved RoCE and RoE



Distribution and Retail Revenue grew 8.3% to ₹1,826 Crore



Commenced construction of new Spinning Facility with a capacity of 211,584 spindles



Consolidated Brands portfolio; Revenues from Brands crossed the ₹1,000 Crore mark; stood at approximately ₹1,200 Crore



Incorporated Himatsingka Europe, a 100% subsidiary, to drive focus on growing presence in EU and UK



Improved Market Share across United States and Canada



## KEY FOCUS AREAS – FY 18

Commissioning world's largest cotton Spinning plant under one roof



Increasing capacity utilization of Sheeting division



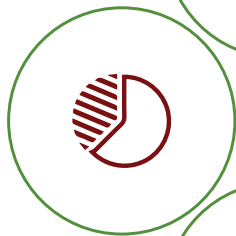
Sweating Group assets to drive capital efficiencies



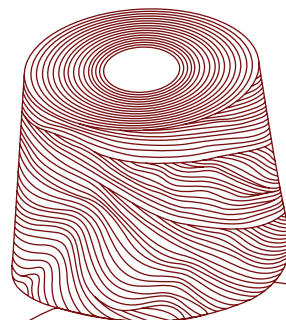
Commencing construction of new Terry Towel facility



Enhancing market share in Continental Europe & North America



Enhance and strengthen brand portfolio to drive sustainability



## FINANCIAL SNAPSHOT - FY 2016-17

TOTAL REVENUE

₹ 2,138.4 CRS

13.1%



EBITDA

₹ 390.9 CRS

24.5%



EBIT

₹ 332.9 CRS

34.5%



PBT

₹ 239.4 CRS

55.3%



PAT

₹ 182.1 CRS

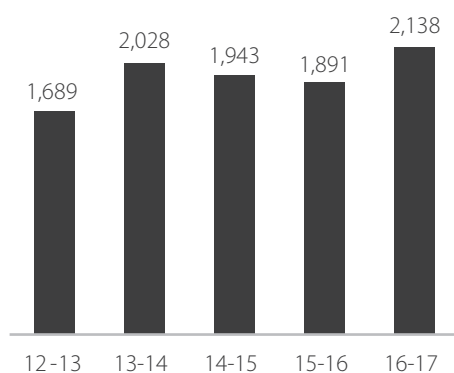
45.4%



## KEY FINANCIAL PARAMETERS – 5 YEARS

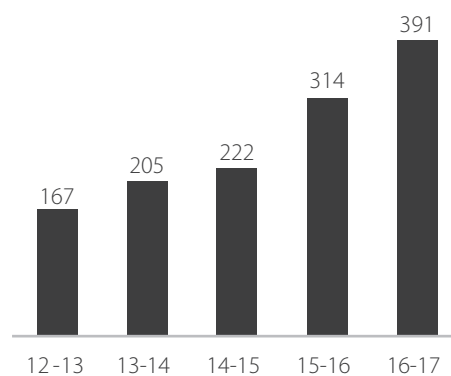
### TOTAL REVENUE

₹ Crores



### EBITDA

₹ Crores



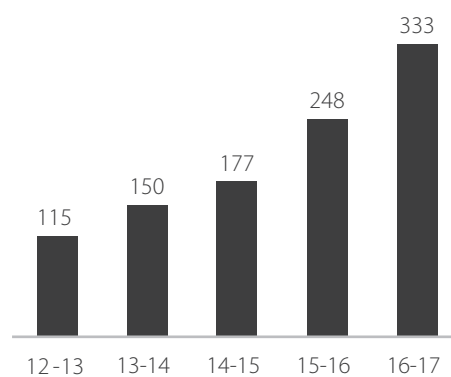
### EBITDA CAGR (5 YEARS)

%

+ 21.50%

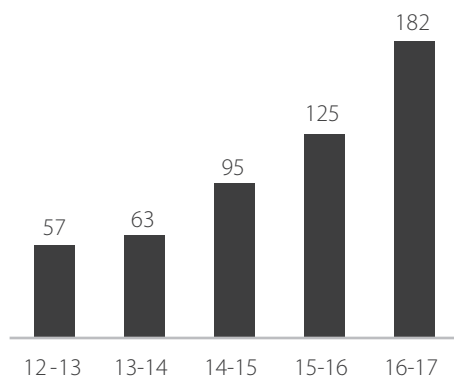
### EBIT

₹ Crores



### PAT

₹ Crores



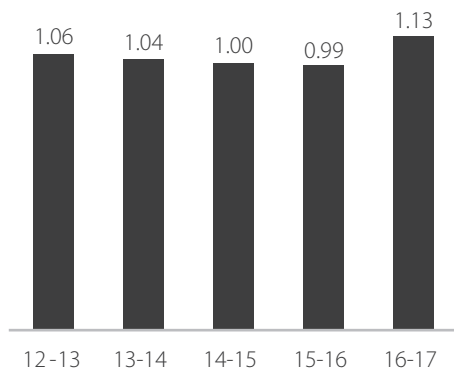
### PAT CAGR (5 YEARS)

%

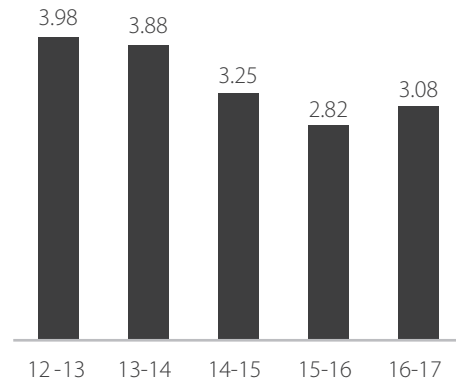
+ 40.67%



**NET DEBT / EQUITY** Ratio



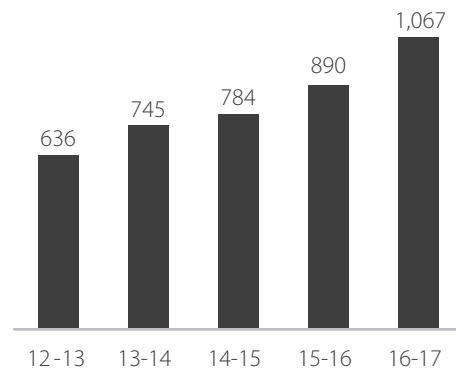
**NET DEBT / EBITDA** Ratio



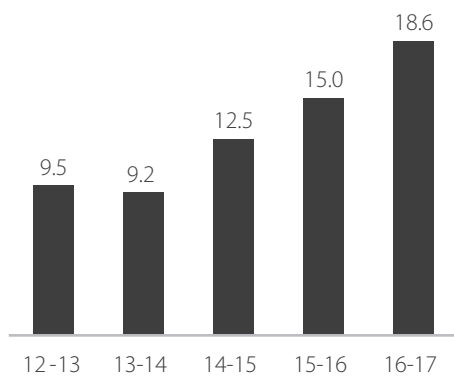
**TOTAL ASSETS** ₹ Crores

2,884 Crs

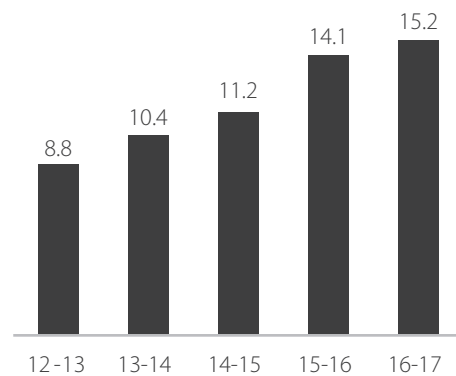
**NETWORTH** ₹ Crores



**ROE** %



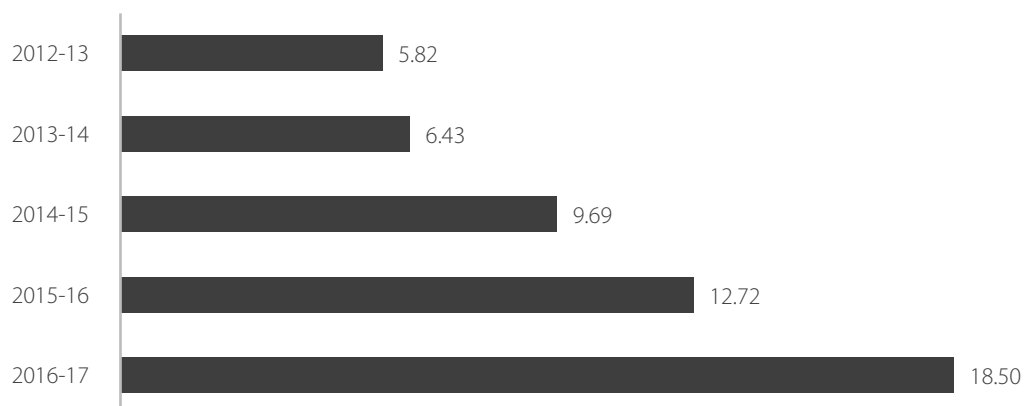
**ROCE** %





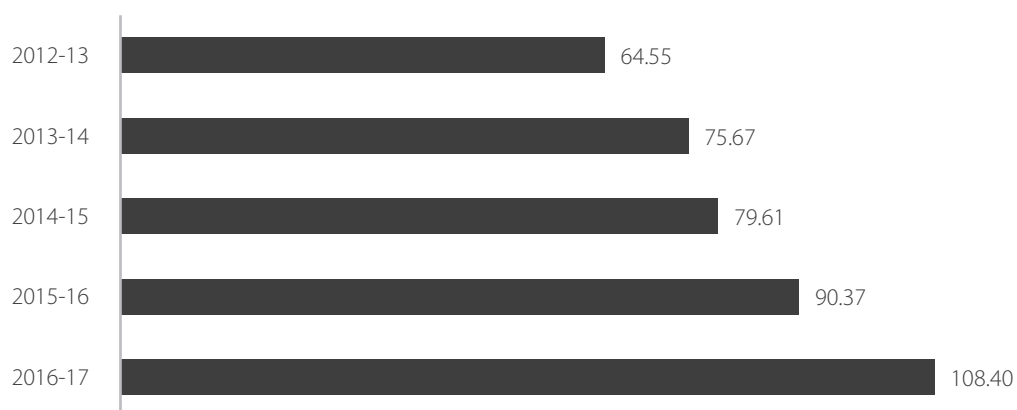
### EARNINGS PER SHARE

₹



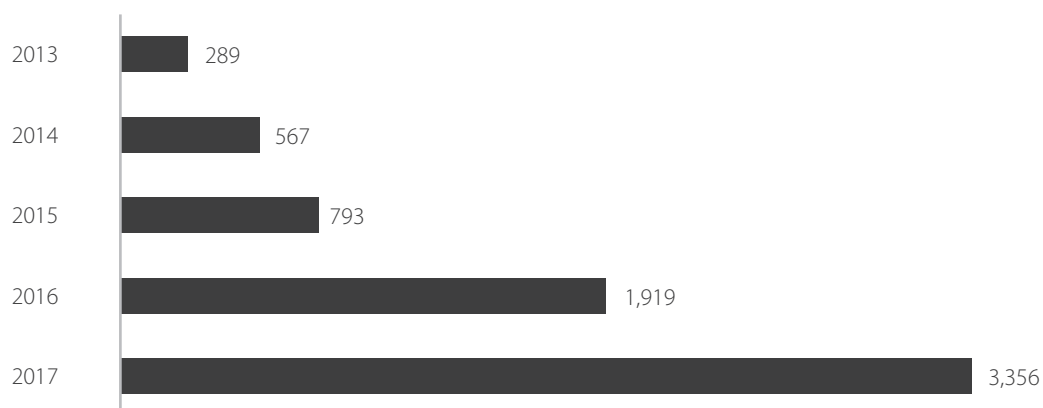
### BOOK VALUE PER SHARE

₹



### MARKET CAPITALIZATION\*

₹ Crores



\*At the end of the respective financial year





## Dear Shareholders,

At the outset, Fiscal Year 2017 has been a challenging one. Global growth rates have been tepid but they saw some improvement during the second half of the year. Growth in global merchandise trade also witnessed correction, given the environment that prevailed in major economies. However, the economic activity in both developed and emerging markets are forecasted to improve in 2017 and 2018.

At Himatsingka, it has been another year of consolidation. We have been steadfast in pursuing continuous improvement, leadership, innovation, responsible practices and governance across The Group.

Our resources and capabilities have been channeled to strengthen our manufacturing capabilities and infrastructure while also augmenting our brand portfolio across geographies.

### Business Review

We remain focused on cementing a vertically integrated model characterized by seamless integration from Fibre to Shelf. With this in mind, we have made significant progress during the year.

On the manufacturing front, we have successfully commissioned the brownfield Sheeting expansion project that enhanced installed Sheeting capacity from 23 million meters per annum (mmpa) to 46 mmpa. The project was commissioned on schedule in October, 2016.

To enhance our integration quotient, we commenced construction of our Ultra-Fine count Cotton spinning facility in July, 2016.

This facility, with an installed capacity of 2,11,584 spindles, will feed the Cotton Yarn requirements of the sheeting division. With this, it will be the world's largest cotton spinning plant, under one roof. The work on the project is on schedule and will be commissioned during Q3 FY 2018.

As shared with stakeholders earlier, we propose to commence construction of our new Terry Towels facility during FY 18. This new facility will have an installed capacity of 25,000 tonnes per annum (TPA).

These investments are part of the ₹1,300 Crore (approximately) expansion program to augment our manufacturing portfolio and are being carried out in phases. Investments under this program that commenced during Q3 FY 2016 are likely to continue through the middle of FY 2019.

**"We continue to be focused on cementing a vertically integrated model characterized by seamless integration from Fibre to Shelf"**

The Group has also taken commendable steps to strengthen its brand portfolio. It has emerged to be



Shrikant Himatsingka  
Managing Director & CEO  
(Right)

Dinesh Himatsingka  
Executive Chairman  
(Left)



a global leader in Track and Trace capabilities with regard to the cotton value chain. With exclusive global rights to the patented DNA tagging-and-fibre typing technologies, we have an edge in bringing traceability solutions to our clients. Our Pimacott®, HomeGrown Cotton® and Organicott® brands will be focused to cater to client requirements, where products will be equipped with DNA based tagging technology.

**“We have emerged to be a global leader in Track and Trace capabilities with regard to the cotton value chain.”**

We also continue to make efforts to enhance visibility and market share of our iconic labels, both owned and licensed. Calvin Klein Home, Kate Spade, Bellora® and Atmosphere®, among other brands in our portfolio, have strong brand recall. They also have a strong connect with the consumer with their ever evolving product aesthetics, specifications and global appeal.

#### Operating Performance

The various initiatives across divisions have had a positive impact on the consolidated financial performance. Consolidated revenues for FY 2017 grew by 13.1% and stood at ₹2,138.41 Crores versus ₹1,891.31 Crores during FY 2016. Compounded Annual Growth Rate (CAGR) for consolidated revenue for a five year period improved to 8.4%.

Consolidated EBITDA and Profit After Tax (PAT) for FY 2017 grew by 24.5% and 45.4%, respectively. While consolidated EBITDA stood at ₹390.89 crores versus ₹314.03 crores during FY 2016, consolidated PAT stood at ₹182.10 crores versus ₹125.26 crores during FY 2016. Consequently, five year CAGR for EBITDA and PAT stood at 21.5% and 40.7%, respectively.

Our focus on sweating assets has kept capital efficiency ratios buoyant. Return on Capital Employed (RoCE) improved to 15.2% from 14.1% in FY 2016. Return on Equity (RoE) also saw an improvement from 15.0% in FY 2016 to 18.6%.

#### Areas of Focus

During FY 2018, we shall remain focused on furthering our global presence across our product categories. This will be possible with increased capacity utilizations at our manufacturing facilities and greater penetration of our brands across existing and new markets.

**“Setting up the world’s largest cotton spinning plant under one roof.”**

With the commissioning of fresh sheeting capacities in second half of FY 2017, manufacturing revenues saw significant growth during the latter half of the fiscal. We hope to further improve utilization level in the Sheeting division, going forward. All efforts will be made to ensure the timely commissioning of our

new cotton spinning facility during Q3 FY 2018. This will give The Group:

- Greater control on the value chain
- Enhanced integration levels
- Aid in de-risking our model

In addition, we plan to commence construction of our new Terry Towel facility during FY18. This 25,000 TPA facility will be synergistic to our Sheeting division and aid our efforts to be a global leader for home textile products.

### Smart Manufacturing

The Global manufacturing landscape has been inundated with technology platforms and opportunities that will pave the way for next generation shop floors and usher in a new manufacturing culture. The textile industry has been no exception.

At Himatsingka, we are constantly exploring technology that may have transformational impact on productivity and efficiency. We do this by leveraging automation and virtual platforms that radically alter the way we look at manufacturing.

These themes are especially important, given the emphasis on making India a global manufacturing hub. We believe that combination of technology and scale in the textile sector will be essential to scale India's share of the global textile trade.

### Looking Ahead

As we look ahead, we see a constantly evolving consumer landscape. We are convinced about our

priorities and areas of focus as we need to create models that are sustainable and can stand the test of global volatility and uncertainty.

Over the years, we have built a strong foundation encompassing infrastructure, know-how and talent for a strong global presence. We are harnessing these strengths to build a global enterprise and an industry leader that will be at the forefront of change.

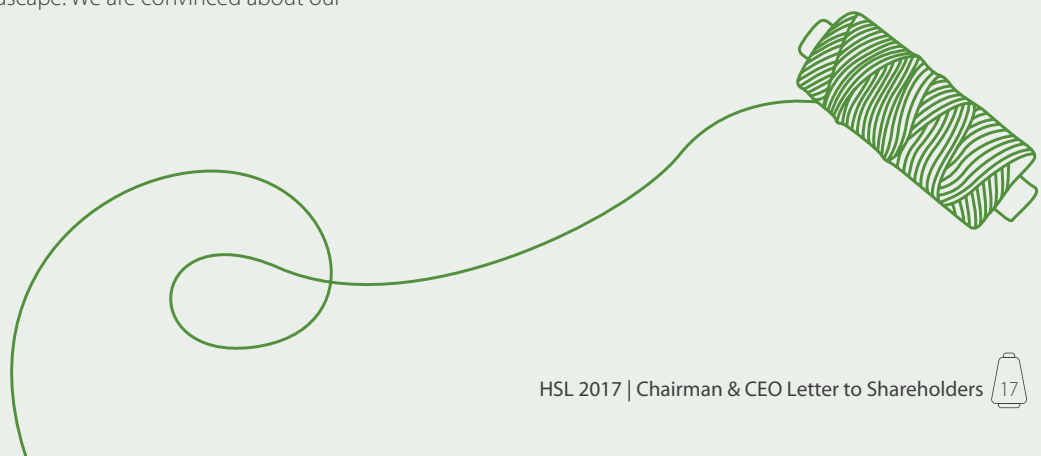
Delivering sustainable value for our stakeholders while adhering to our core beliefs of creating a culture built on good governance and responsible practices will remain integral to how we build and execute our businesses.

We take this opportunity to express our sincere gratitude to our board, investors, employees, bankers, clients, and suppliers for continuing to trust and support Himatsingka.

Sincerely,

**Shrikant Himatsingka**  
Managing Director & CEO

**Dinesh Himatsingka**  
Executive Chairman



## CORPORATE INFORMATION

### Board of Directors

**D.K. Himatsingka**  
Executive Chairman

**Shrikant Himatsingka**  
Managing Director & CEO

**V Vasudevan**  
Executive Director

**Dr. K.R.S. Murthy**  
Independent Director

**Rajiv Khaitan**  
Independent Director

**Sangeeta Kulkarni**  
Independent Director

### Management Team

**V. Vasudevan**  
Executive Director  
Manufacturing Operations (Group)

**Akanksha Himatsingka**  
Managing Director  
Himatsingka Wovens Pvt. Ltd.

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

**K.P. Rangaraj**  
President – Finance & Group CFO -  
wef 2.8.2017

**Henry Jones**  
President & CEO  
Himatsingka Europe Ltd. London

**Y. R. Wilson Maria Doss**  
President - HR (Group)

**Shanmuga Sundaram**  
President – Manufacturing Operations  
(Hassan)

### Bankers

Abu Dhabi Commercial Bank  
Axis Bank Ltd  
Canara Bank  
EXIM Bank  
IndusInd Bank Ltd  
Kotak Mahindra Bank Ltd  
HSBC Bank

### Statutory Auditors

Deloitte Haskins & Sells

### Internal Auditors

Grant Thornton India LLP

### Registered Office

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

### Works

**Drapery and Upholstery Unit :**  
23A KIADB Industrial Area  
Doddaballapur - 561203  
Karnataka, India

**Bed Linen Unit :**  
Plot No. 1, KIADB, Industrial Area  
Hassan - 573201  
Karnataka, India

**Spinning Unit :**  
KIADB Industrial Area  
Hassan - 573201  
Karnataka, India

## MANAGEMENT DISCUSSION AND ANALYSIS

### Global Economic Overview

The global economic growth for 2016 is estimated at 3.2% compared to 3.4% during 2015 on account of lower economic growth in advanced countries. The lack of investment-led growth in the US and United Kingdom's withdrawal from the European Union were the primary reasons for subdued growth in the advanced economies.

On the other hand, the economic performance of emerging markets and developing economies remained mixed. China's aim to transition from manufacturing to domestic consumption-led economy kept its economic growth stable while economic activities slowed in India due to the government's demonetization initiative during the last quarter of 2016.

The global economic growth is expected to improve in 2017 and 2018. Among the advanced economies, the economic activities are expected to garner pace. In the US, due to expansionary fiscal policies of the new government while the Euro region could show improvement as it is recovering from macro-economic challenges that have prevailed for some time. The group of emerging market and developing economies is expected to show improvement. The stabilization of commodity prices is expected to benefit commodity-exporting countries and strengthening growth in India; on the back of anticipated government spending to improve growth.





Table 1: World Economic Growth – Projections

% Change

	2015	2016(E^)	2017(P*)	2018(P*)
<b>World Output</b>	3.4	3.2	3.5	3.6
Advanced Economics	2.1	1.7	2.0	1.9
United States	2.6	1.6	2.1	2.1
Euro Area	2.0	1.7	1.9	1.7
Germany	1.5	1.8	1.8	1.6
France	1.1	1.2	1.5	1.7
Italy	0.8	0.9	1.3	0.6
Spain	3.2	3.2	3.1	2.4
Japan	1.1	1.0	1.3	0.6
United Kingdom	2.2	1.8	1.7	1.5
Canada	0.9	1.5	2.5	1.9
<b>Other Advanced Economics</b>	2.0	2.2	2.3	2.4
<b>Emerging Market and Developing Economics</b>	4.3	4.3	4.6	4.8
Commonwealth of Independent States	-2.2	0.3	1.7	2.1
Russia	-2.8	-0.2	1.4	1.4
Excluding Russia	-0.5	1.8	2.5	3.5
Emerging and Developing Asia	6.8	6.4	6.5	6.5
China	6.9	6.7	6.7	6.4
India	8.0	7.1	7.2	7.7
ASEAN	4.9	4.9	5.1	5.2
Emerging and Developing Europe	4.7	3.0	3.5	3.2
Latin America and the Caribbean	0.1	-1.0	1.1	1.9
Brazil	-3.8	-3.6	0.3	1.3
Mexico	2.6	2.3	1.9	2.0
Middle East, North Africa, Afghanistan, and Pakistan	2.7	5.0	2.6	3.3
Saudi Arabia	4.1	1.7	0.1	1.1
Sub-Saharan Africa	3.4	1.3	2.7	3.5
Nigeria	2.7	-1.6	0.8	1.9
South Africa	1.3	0.3	1.0	1.2

(Source: IMF – World Economic Outlook, July 2017)

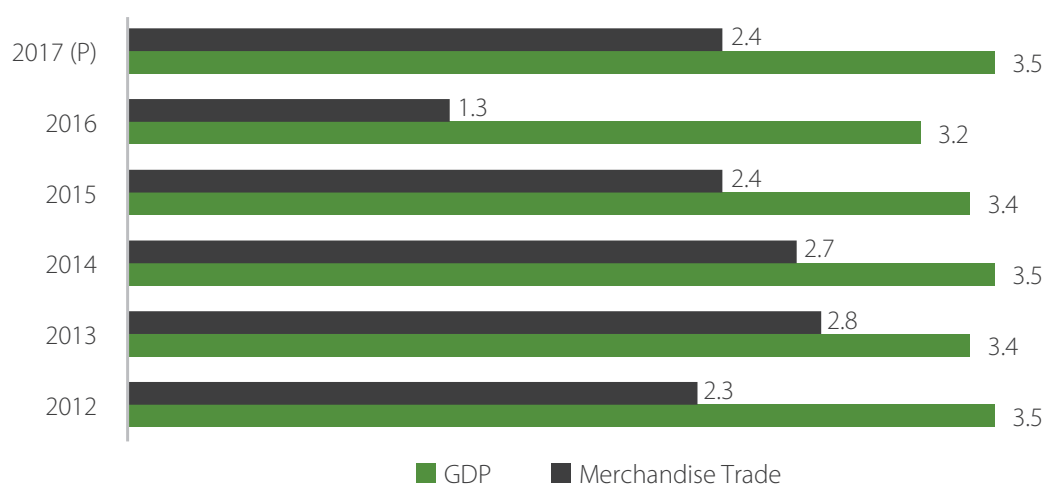
E^ = Estimate P\* = Projection

The Global merchandise trade witnessed a subdued growth of 1.3% in 2016 compared to 2.4% in 2015, in terms of volume. This subdued growth is a reflection of slower economic growth, both in developed and developing economies. Although, in 2016, global merchandise trade expanded in volume terms, it fell by 3.3% to US\$ 15.46 trillion, in value terms given the decline in export and import prices.

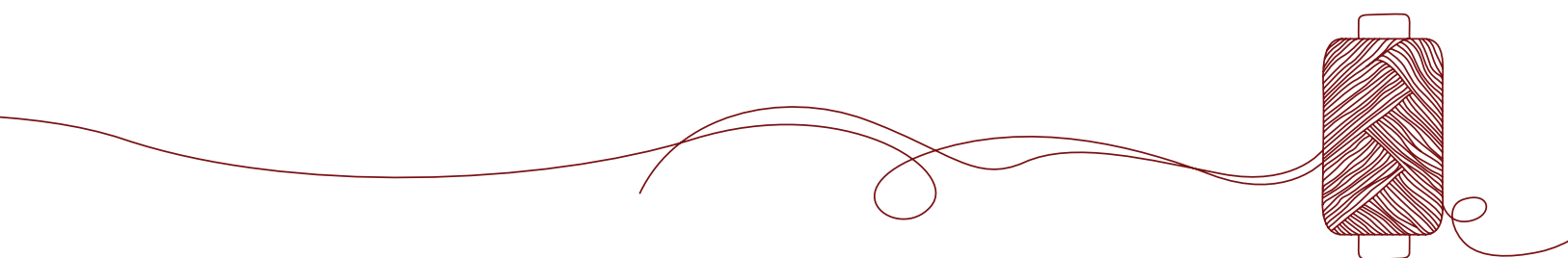
However, the early leading indicators of trade in the first quarter of 2017 are encouraging. Merchandise trade is expected to pick up in 2017 and register a growth of 2.4% (in volume).

**Table 2: Growth in World GDP & Merchandise Trade (in Volume), 2012 -2017**

**% Change**



(Source: IMF and WTO)



## INDIAN ECONOMIC OVERVIEW

India's economy grew by 7.1% in FY 2017, which maintained India as the fastest growing economy in the world. The growth momentum is expected to continue and is forecasted to increase to 7.2% in FY 2018 and gradually accelerate to 7.7% by the end of FY 2020, as per World Bank.

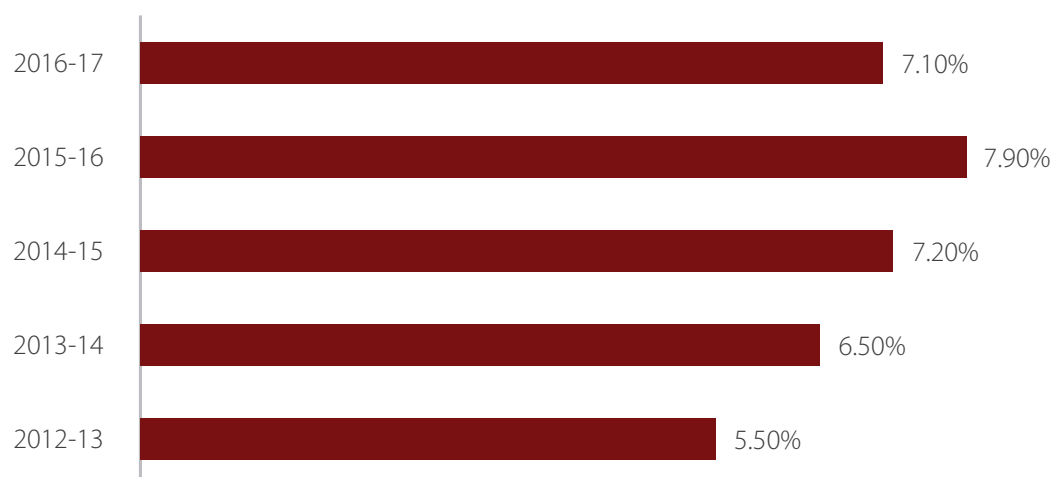
In FY 2017, the Indian economic growth was supported by strong fiscal consolidation, low current account deficit, and growing Foreign Direct Investments (FDI). In addition, favorable monsoon boosted agriculture and rural consumption, while

urban consumption remained robust and exports rebounded in the third quarter of FY 2017. However, due to the government's demonetization initiative, growth momentum was adversely impacted during the second half of the year.

According to the World Bank, the buoyancy in the Indian economy is expected to continue because of gradual recovery in private investment and strong domestic demand.

**Table 3: GDP Growth**

**% Rates**



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

The political stability at the center further strengthens the Government's pro-growth initiatives.

The government of India has been consistently working on inclusive development with the help of various reform announcements targeting to improve the long term fundamentals of the country.

This is in order to set structural drivers for long term sustainable economic growth.

Among all, following are the key reforms and announcements by Government of India:

- **Demonetization:** It is expected to strengthen India's institutional framework by reducing tax

avoidance and corruption. It should also result in efficiency gains through greater formalization of economic and financial activity, which would help broaden the tax base and expand usage of the financial system. All this would be credit positive for the country.

- **Goods and Service Tax (GST):** GST came into force on 1<sup>st</sup> July, 2017, and it aims to aid economic activities in the country by simplifying the taxation regime and bringing the effective tax lower for corporates.

Inflation in 2016-17 was characterized by two distinctive features. The Consumer Price Index (CPI) inflation, which averaged 4.5% during April-March 2016, eased since July 2016 on account of higher agricultural production due to good monsoons. The decline in prices of agricultural food items and demonetization contributed substantially to the decline in CPI inflation which bottomed at 3.2% in January, 2017.

On the other hand, fuel prices started to increase from July, 2016 onwards due to rising international oil prices.

#### Currency Movement

After being stable till December, 2016, the rupee appreciated against the US dollar, which was impacted by global and domestic factors. On the global front, the US economic growth was not as anticipated post the election of their new President, which reduced confidence in the US currency. On the domestic front, the central government's commitment towards sticking to the fiscal deficit target, and focus towards reforms including GST implementation and their landslide victory in the latest Assembly elections, led to more funds inflow by foreign investors in the equity and debt markets. This increased the demand for the Indian Rupee.

**Table 4: Exchange Rate – Against USD**



(Source: Bloomberg)

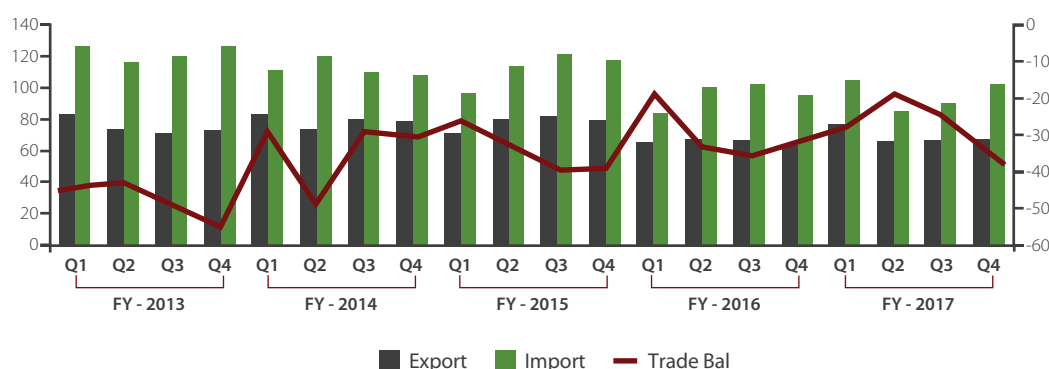


On the trade front, total exports during FY 2016-17 grew at a healthy rate of 5.3% to USD 276 billion compared to USD 262 billion in FY 2015-16. The trade deficit narrowed to USD 108 billion in FY 2016-17 compared to USD 119 billion in FY 2015-16. As per the current rankings, India is the 19<sup>th</sup> largest

exporter (with a share of 1.6%) and the 13<sup>th</sup> largest importer (with a share of 2.3%) of merchandise trade in the world. In Commercial Services Exports, India was the 8<sup>th</sup> largest exporter in 2015 (with a share of 3.3%). India ranks 10<sup>th</sup> globally (with a share of 2.7%) in exports of commercial services.

**Table 5: Quarterly Trade Figures**

**USD Billion**



(Source: Reserve Bank of India)

## GLOBAL TEXTILE INDUSTRY

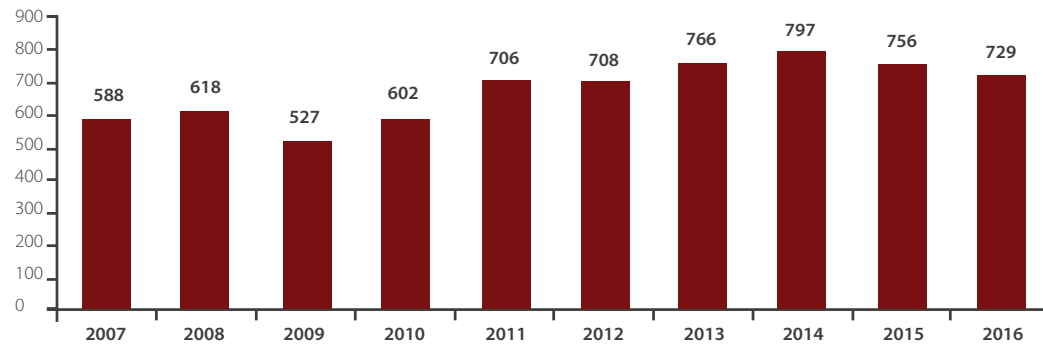
The global textile and apparel trade for 2016 stood at USD 729 billion (USD 756 billion in 2015) and contributed to 4.6% of Global trade (4.6% during 2015). Of USD 729 billion, USD 444 billion came from the apparel sector and USD 284 billion came from the textiles sector.

The global textile and apparel trade has witnessed a Compounded Annual Growth Rate (CAGR) of 3.2% from 2006 through 2016. The Global Textile and Apparel Trade is estimated to grow in the band of 4.5% – 5% going forward and likely to touch, approximately, USD 1 trillion by 2020.

(Source: World Trade Statistical Review 2016, WTO).

**Table 6: World Textile & Apparel Trade**

USD Billion



(Source: International Trade Statistics 2017, WTO)

## INDIAN TEXTILE SCENARIO

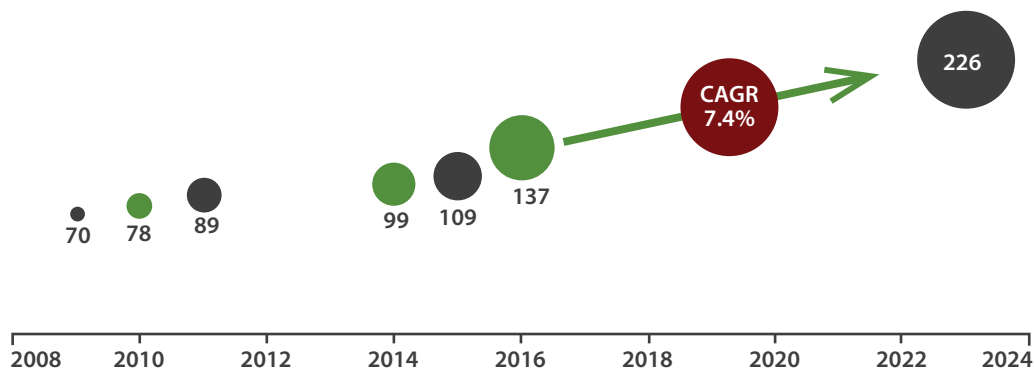
Textile plays a major role in the Indian economy. It contributes 14% per cent to industrial production and 4% to GDP. It employs over 45 million people, making it one of the largest sources of employment generation in the country. The industry accounts

for nearly 15% of total exports. The size of India's textile market in 2016 was approximately USD 137 billion and it is expected to touch USD 226 billion by 2023, growing at a CAGR of 7.4% between 2016-23.

(Source: IBEF)

**Table 7: Indian Textile Industry - Exports & Domestic**

USD Billion



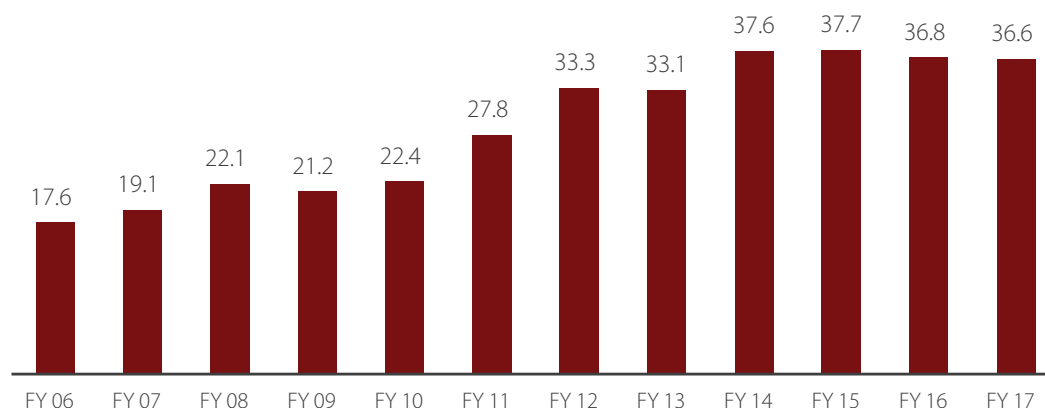
(Source IBEF)

Over the years, India has gradually increased its share in the global textile exports from 3.6% in 2005 to 5.7% in 2016 (*Source: WTO*). The strong performance of textile exports is reflected in the value of exports from the sector over the years. Textile exports witnessed a growth (CAGR) of 6.9% over the period

of FY 2006 - FY 2017. India has been able to achieve this due to its competitive advantage and capacity built over years. The sector has also witnessed increasing outsourcing as Indian players moved up the value chain from being mere converters to vendor partners of global retail giants.

**Table 8: India Exports of Textiles and Clothing**

**USD Billion**



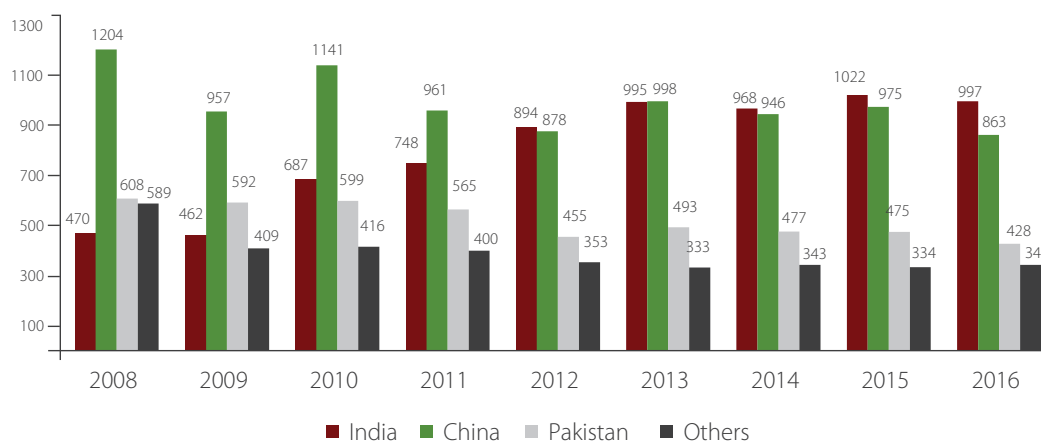
(Source: IBEF and Ministry of Textile)

For Himatsingka, United States continued to be the largest market in FY 2017, with a revenue contribution of more than 80%. The US textiles and apparel market was estimated to be \$175 billion in 2016. The US imported \$2.6 billion worth cotton based bedding products primarily from India, China and Pakistan, in 2016. This contributed to 87% of the total cotton based bedding products imports. As seen in Table 9, the United States has increased its sourcing of cotton sheets, pillow cases, bed spreads and quilts from India, over the years, making India the largest supplier of cotton bedding products to the U.S.

Total imports of these products from India stood at USD 470 million in 2008. This has grown to approximately USD 1 billion in 2016, which translates

to a CAGR of 9.9% over the same period. China, who used to be the largest player in 2008 with USD 1.2 billion exports to US, has declined to USD 863 million in 2016, a CAGR of – 4.1% (de-growth of 4.1%). India has improved its competitiveness over the period not only by focusing on being cost competitive but also by increasing efficiency and providing end-to-end solutions to the clients; including design solutions.

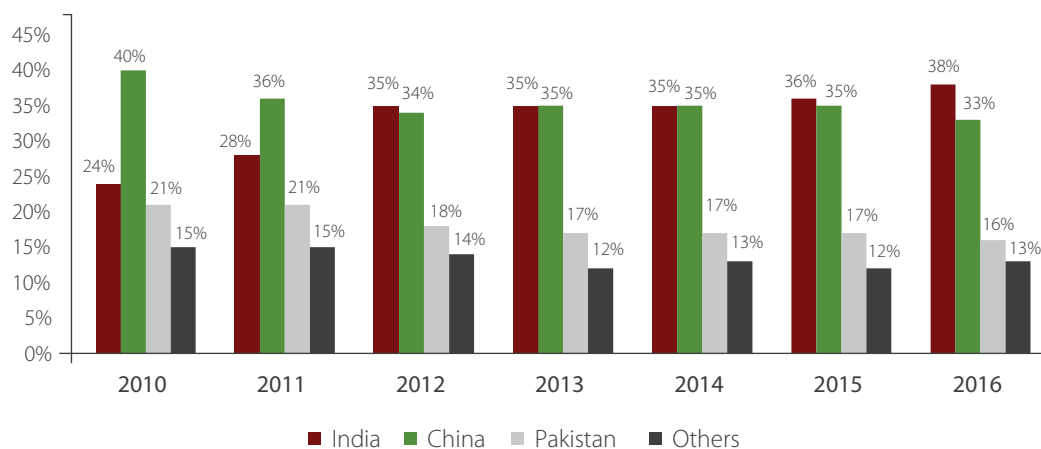
The global home textile market was estimated at approximately USD 96 billion in 2016, and it is expected to reach USD 131.5 billion by 2020, growing at CAGR of 3.5% (*Source: Indian Textpreneurs Federation*). The United States continue to dominate the market.

**Table 9: US Imports - Cotton Sheets, Pillow Cases, Bed Spreads and Quilts****USD Million**

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

Further, Table 10 below shows the percentage share of the United States imports of Cotton Sheets, Pillow Cases, Bedspreads and Quilts. India and China continued their dominance in the US market with over two-third share of imports; with India's share at

37.9% of the total imports (of the above products). Over the years, India's export of the above products to the US has increased significantly and has replaced China as the major exporter.

**Table 10: US Imports****% Share of Countries**

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



## THE COTTON SCENARIO

Cotton is amongst the most extensively used fibers in the global textile space. India's vast cotton resources give it a strong competitive edge to compete for a larger share in global textile and apparel trade, as well as position it to address the growing domestic demand for cotton textiles. After declining for four years, world cotton production

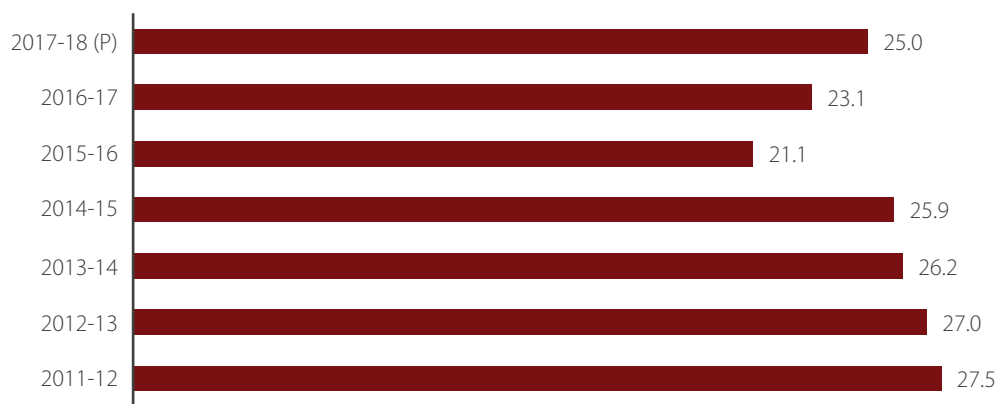
increased in 2016-17 to 23.1 million metric tons.

The world cotton production is expected to further increase in 2017-18 and reach 25.0 million metric tons.

The table below shows global cotton production over the last six years and the 2017-18 projection.

**Table 11: World Cotton Production**

**Million Metric Tons**



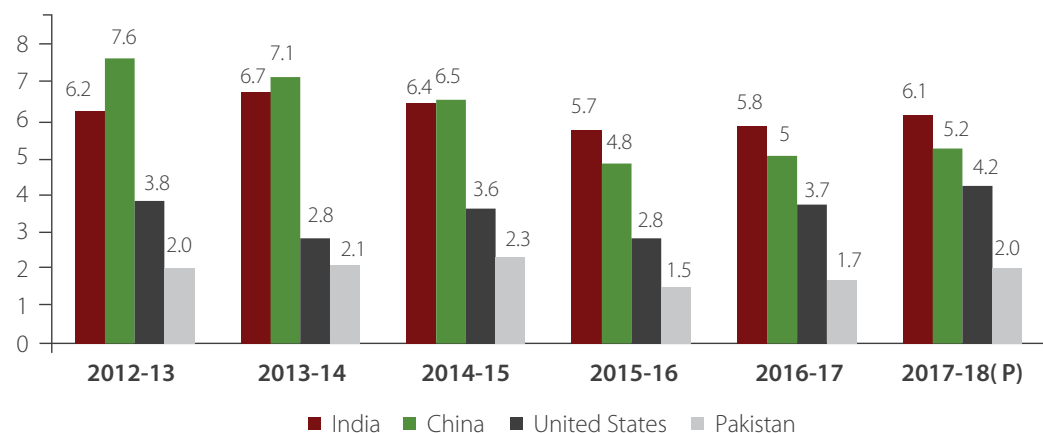
(Source: CottonInc.com)

India and China contribute to approximately 50% of global cotton output. Over the years, India's production has been rising, while China's production has been declining. As a result, India has taken over China as the world's largest cotton producer. In 2016-17, India contributed 25.1% of the global cotton production, while China contributed

21.6%. Cotton production in the US has also been increasing gradually over the years and now contributes to approximately 16.0% of the world's cotton production. Table 12 below shows India's cotton production vis-à-vis China, USA and Pakistan over the last five years and also projection for 2017-18.

**Table 12: Cotton Production**

**Million Metric Tons**



(Source: CottonInc.com)

The table below gives a snapshot of the world's cotton production over the last 5 years. In 2016-17, cotton production increased by 9.5% while the demand increased by 2.1%. The increase in production primarily came from the US who contributed 45% of the 2.0 million metric tons increase in global production in 2016-17 over 2015-16.

Although the global demand continued to outpace the production, the gap narrowed between the demand and supply in 2016-17. It is also expected to further narrow in 2017-18.



**Table 13: Cotton Balance Sheet**

**WORLD BALANCE SHEET**

Million metric tons	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18(P)
Beginning stocks	16.2	20.1	22.5	24.3	21.2	19.5
Production	27	26.2	25.9	21.1	23.1	25.0
Supply	43.2	46.3	48.4	45.4	44.2	44.4
Mill-Use	23.6	23.9	24.3	24.2	24.7	25.4
Ending Stocks	20.1	22.5	24.3	21.1	19.5	19.1
Stocks/Use Ratio	84.9%	94.1%	100.3%	87.3%	78.7%	75.3%

**CHINA BALANCE SHEET**

Million metric tons	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18(P)
Beginning stocks	6.8	11.0	13.7	14.6	12.7	10.5
Production	7.6	7.1	6.5	4.8	5.0	5.2
Imports	4.4	3.1	1.8	1.0	1.1	1.1
Supply	18.8	21.2	22.0	20.3	18.7	16.9
Mill-Use	7.8	7.5	7.4	7.6	8.2	8.3
Exports	-	-	-	-	0.0	0.0
Demand	7.8	7.5	7.4	7.6	8.2	8.3
Ending Stocks	11.0	13.7	14.6	12.7	10.5	8.6
Stocks/Use Ratio	139.7%	181.6%	196.4%	165.7%	128.9%	103.4%

**INDIA BALANCE SHEET**

Million metric tons	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18(P)
Beginning stocks	2.3	2.6	2.5	2.9	2.4	2.6
Production	6.2	6.7	6.4	5.7	5.8	6.1
Imports	0.3	0.1	0.3	0.2	0.5	0.4
Supply	8.8	9.5	9.2	8.9	8.7	9.1
Mill-Use	4.7	5.1	5.3	5.3	5.2	5.3
Exports	1.7	2.0	0.9	1.3	0.9	0.9
Demand	6.4	7.1	6.2	6.5	6.1	6.2
Ending Stocks	2.6	2.5	2.9	2.4	2.6	2.9
Stocks/Use Ratio	40.0%	35.2%	47.0%	36.5%	42.9%	47.0%

(Source: United States Department of Agriculture)

## RISK MANAGEMENT

	RISK	MITIGATION
CONCENTRATION	Concentration on certain markets and customers for a substantial part of the Group's business	The Group is continuously pursuing opportunities in expanding market presence across new geographies and client groups in order to mitigate the risk.
RAW MATERIAL	Raw material costs account for approximately 65% of the Group's sales. Our operating performance may be adversely impacted by volatility on the cost of raw materials.	The Group's enhanced level of backward integration coupled with identifying alternate sources of supply will help in absorbing volatility.
COMPETITION	Intense competition from other manufacturers from India and China may adversely affect Group's performance.	The Group maintains its competitive advantage given its seamless integration from fibre to shelf, including manufacturing capacities of global scale and a brand portfolio with global reach.
CURRENCY	The Group's global presence exposes its businesses to currency fluctuations which may have an adverse effect on its financial performance.	With an established Currency Risk Management Policy, the foreign currency exposures are continuously monitored and hedged on rolling basis which helps mitigate volatility risk.
REGULATORY	The Textile Industry is exposed to domestic and international regulations and policies, which may change from time to time thereby potentially impacting financial performance.	The Group continues to engage with policy makers through industry bodies and other stakeholders to access, review and represent concerns stemming from policy related matters.



## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

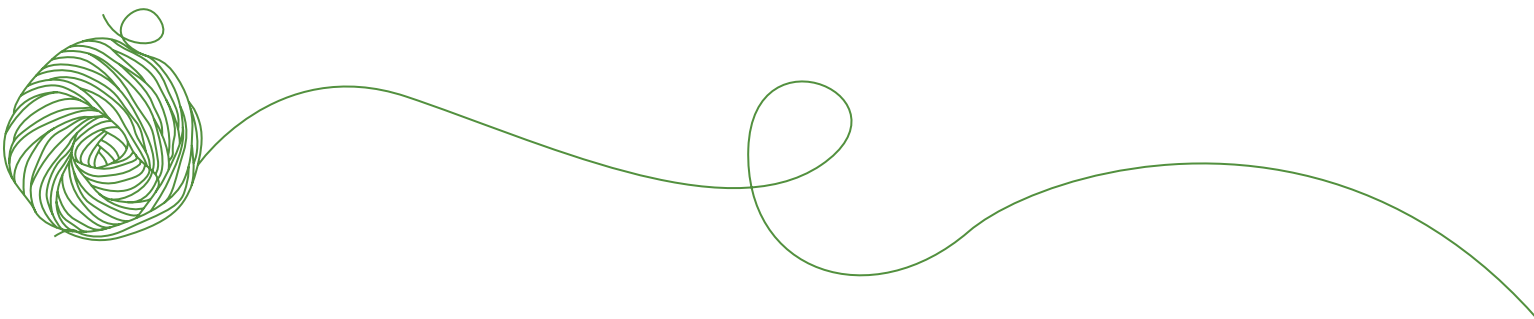
The company's internal control systems ensure proper safeguarding of assets, proper maintenance of accounting records, and providing reliable financial information. An external independent firm carries out the internal audit of the company's operations and reports its findings to the audit committee on a regular basis. The committee also evaluates the functioning and quality of internal controls, and assures its adequacy and effectiveness through periodic reporting.

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

## HUMAN RESOURCES

Our approach to human resources has enabled us to attract, integrate, develop, and retain the talent required for driving sustainable growth. The continued focus on enhancing employee capabilities and setting benchmarks to be able to deliver best in-class working environments have helped The Group to maintain its leadership in the home textile industry.

Our HR processes and systems have enabled us to be agile and responsive to the dynamic global environment that prevails today. The Group's focus is to create a culture that is performance driven and recognizes innovation across the spectrum of activities. The Group employs over 5,000 people across its businesses.



## DISCUSSION - CONSOLIDATED FINANCIAL PERFORMANCE

### Consolidated Income Statement

A summary of our financial performance for the year that ended on March 31, 2017 and 2016 is as follows:

In ₹ Lakhs

Particulars	2016-17	2015-16	Change %
Revenue from operations	213,841	189,131	13.1%
Other income	1,319	1,866	-29.3%
Cost of materials consumed	122,671	112,422	9.1%
As a % of revenue	57.4%	59.4%	-
Employee benefit expenses	19,744	16,839	17.3%
Other expenses	33,656	30,161	11.6%
<b>EBITDA</b>	<b>39,089</b>	<b>31,404</b>	<b>24.5%</b>
Depreciation	5,801	6,652	(12.79%)
<b>EBIT</b>	<b>33,288</b>	<b>24,752</b>	<b>34.49%</b>
Interest and finance costs	9,353	9,341	0.13%
Profit before tax	23,936	15,411	55.33%
<b>Profit after tax</b>	<b>18,210</b>	<b>12,526</b>	<b>45.4%</b>

#### Revenue Analysis

Consolidated Revenue for the year increased by 13.1% to ₹213,840 lakhs.

Revenue from our 'atmosphere' brand increased by 1.8%.

#### • Manufacturing Business

Revenues from the bed linen manufacturing unit increased by 43%. The capacity utilization for the current year was 84%.

Revenues from the drapery & upholstery manufacturing unit decreased by 12%. The capacity utilization for the current year was 49%.

#### • Retail and Distribution Business

Revenue from the distribution business in North America increased by 8%.

Revenue from the distribution business in Europe increased by 19%.

#### Expenditure Analysis

- The cost of materials consumed stood at ₹122,670.80 lakhs during the year. Material costs as a percentage of revenue decreased from 59.4% to 57.4%.

- Employees benefit expenses increased by 17.3% to ₹19,743.71 lakhs owing to the new projects.

- Interest and finance charges increased by 0.1% to ₹9,352.65 lakhs. The cost for 2015-16 includes foreign exchange losses of ₹1,198 lakhs on account of loans denominated in foreign currency classified as finance charges as per

requirement of Indian Accounting Standard 23 – borrowing costs. Excluding the above classification, the interest and finance charges have increased by 14.9% from ₹8,142.63 lakhs to ₹9,352.65 lakhs owing to the term loans taken for the new projects.

#### Profitability Analysis

- EBITDA increased by 24.5% to ₹39,089.17 lakhs. The EBITDA margins improved to 18.3% compared to 16.6% in the previous year.
- The Consolidated Profit after tax for the year increased by 45.4% to ₹18,210.25 lakhs.

## Consolidated Balance Sheet

The analysis of our Consolidated Balance Sheet as on 31<sup>st</sup>, March 2016 and 2017 is shown here:

In ₹ Lakhs		
Particulars	As on 31.03.2017	As on 31.03.2016
Property, plant and equipment including CWIP and intangible assets	1,07,419.90	75,140.45
Goodwill	34,141.58	35,254.64
Other financial assets	6,973.04	3,016.90
Deferred tax assets (net)	3,744.26	7,125.72
Non-current income tax assets (net)	792.92	891.41
Other assets	32,761.09	21,753.06
Inventories	75,388.08	58,423.54
Trade receivables	6,827.93	6,081.98
Cash and cash equivalents	20,359.59	12,207.03
<b>Total Assets</b>	<b>2,88,408.39</b>	<b>2,19,894.73</b>
Equity share capital	4,922.86	4,922.86
Other equity	1,01,803.22	84,049.80
Total borrowings	1,40,727.34	1,00,697.09
Provisions	1,620.76	1,229.04
Deferred tax liabilities (net)	95.40	254.70
Non-current Income tax liabilities (net)	-	399.39
Other liabilities	9,931.33	4,688.70
Trade payables	26,849.95	19,612.06
Other current financial liabilities	1,440.52	733.37
Current Income tax liabilities (net)	1,017.01	3,307.72
<b>Total Equity and Liabilities</b>	<b>2,88,408.39</b>	<b>2,19,894.73</b>

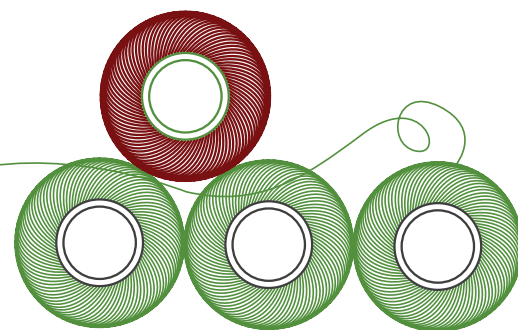
### Analysis of Assets

- Property, plant and equipment including CWIP and intangible assets increased by ₹32,279.45 lakhs mainly on account of additions of ₹33,468.04 lakhs, increase in CWIP by ₹6,923.80 lakhs set off by depreciation expense of ₹6,308.13 lakhs, disposal of ₹1,013.97 lakhs and foreign exchange impact by ₹790.29 lakhs.
- Goodwill decreased by ₹1,113.06 lakhs to ₹34,141.58 lakhs mainly due to translation impact.
- Other financial assets increased by ₹3,956.14 lakhs mainly on account of increase in security deposit by ₹640.11 lakhs and increase of ₹3,328.08 lakhs in mark to market derivative asset.
- Other assets increased by ₹11,008.03 lakhs mainly due to increase in capital advance by ₹8,071.46 lakhs and prepayments by ₹3,036.76 lakhs.

- Inventories increased by ₹16,964.54 lakhs mainly due to an increase of ₹8,875.79 lakhs in the manufacturing division and ₹7088.98 lakhs in the North American subsidiary.
- Trade receivable increased by ₹745.95 lakhs mainly due to an increase of ₹1557 lakhs in the European subsidiary and ₹298 lakhs in manufacturing division, offset by decrease in North American and Asian subsidiary.

### Analysis of Liabilities

- Total borrowings increased to ₹1,40,727.34. There was an increase of ₹23,651.11 lakhs because of additional borrowings towards new projects and ₹16,379.14 lakhs in short-term borrowings.
- Provisions increased by ₹391.72 lakhs mainly due to provision for gratuity.
- Other liabilities increased by ₹5,242.63 lakhs mainly due to deferred revenue arising from government grant.







# BOARDS' REPORT

Your Directors are pleased to present the Thirty Second Annual Report on the operations and performance of your Company, together with audited financial statements and auditors' report for the year ended March 31, 2017.

## 1. Business Operations Overview

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

(₹ in Lakhs)

Particulars	Standalone			Consolidated		
	2016-17	2015-16	Change %	2016-17	2015-16	Change %
Revenue	139,807	102,380	36.56%	213,841	189,131	13.07%
Other Income	4,192	4,189	0.07%	1,319	1,866	(29.31%)
Material cost	81,439	54,588	49.19%	122,670	112,422	9.12%
% to Revenue	58.25%	53.32%	9.25%	57.37%	59.44%	(3.49%)
EBITDA	35,155	28,380	23.87%	39,089	31,403	24.48%
EBIT	30,855	24,600	25.42%	33,288	24,751	34.49%
Profit before exceptional items	24,490	18,603	31.65%	23,936	15,411	55.32%
Exceptional items	—	—	—	—	—	—
Profit before tax	24,490	18,603	31.65%	23,936	15,411	55.32%
Profit after tax	17,684	13,958	26.69%	18,210	12,526	45.38%

In the Fiscal year 2016-17 the Consolidated Revenue increased by 13.07% to ₹ 213,841 Lakhs and EBITDA grew by 24.48% to ₹ 39,089 Lakhs. The increase in EBITDA was driven mainly by optimization of costs and increase in operational efficiency across the group through various initiatives. Prices of critical raw-material inputs remained stable through the year.

### Prospects

#### Growth and efficiency initiatives during the year

During the year 2016-17 the company made significant progress on various initiatives relating to its Manufacturing and Distribution business. Some of the initiatives that helped bring additional clarity and operating efficiencies in the business model include

- Significantly enhanced operational efficiencies in manufacturing
- Focused on the optimization of Product Portfolio
- Consolidated and enhanced revenue streams from Brand Portfolio in key markets

### Subsidiary Companies

As on March 31, 2017, the Company had the following subsidiaries:

- Himatsingka Wovens Private Limited,
- Himatsingka Holdings NA Inc,
- Himatsingka America Inc.,
- Giuseppe Bellora Srl.
- Himatsingka Singapore Pte. Limited,
- Twill & Oxford LLC.
- Himatsingka Europe Limited

With effect from February 17, 2017, the Company has incorporated a wholly owned subsidiary in Europe namely "Himatsingka Europe Ltd", which is registered with the Registrar of Companies for England and Wales. This will help to strengthen the distribution network in Europe.

As part of the strategy to have London as Head Quarters for the whole of European Operations, the Board of Directors of the Company at their meeting held on March 22, 2017 approved dis-investment of 100% holding in its Subsidiary Company Giuseppe Bellora Srl and sell the same to Himatsingka Europe Limited ("Wholly owned subsidiary") at the fair value. Post dis-investment of company's Holding, Giuseppe Bellora Srl has become a wholly owned step down Subsidiary under existing wholly owned subsidiary of Himatsingka Europe Limited.

As required under section 129(3), the Company has prepared consolidated financial statements which form a part of the Annual Report.

The consolidated financial statements presented by the Company include the financial results of its subsidiary companies. Further, a statement containing the salient features of the financial statements of its subsidiaries in form AOC-1 is annexed to this report as Annexure 1

Pursuant to section 136 of the Companies Act, 2013, the audited financial statements of the subsidiaries are available on the Company's website at <http://www.himatsingka.com/financial-information.html>. The Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are kept for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Company will make available the annual accounts of the subsidiary companies and the related information to any member of the Company who may be interested in obtaining it.

As required under Regulation 24 of SEBI (Listing Obligations and disclosure requirements) Regulations, 2015, the Company has drafted a policy for determining material subsidiaries. The policy has been disclosed in the Company's website and can be found at <http://www.himatsingka.com/corporate-governance.html>

## **Research and Development**

Research and development continues to provide valuable support to our business and has helped us to keep pace with dynamic market conditions. 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.

### **2. Dividend**

Your Directors in their meeting held on May 23, 2017, have recommended a dividend of 50% (₹ 2.50 per equity share) for the financial year ended March 31, 2017, subject to approval by the shareholders at the Annual General Meeting.

### **3. Transfer to Reserves**

During the year an amount of ₹ 400 Lakhs has been transferred from Debenture Redemption Reserve to General Reserve following the redemption.

### **4. Extract of Annual Return**

In accordance with the Section 92(3) and as required under the section 134(3)(a), the extract of the Annual Return of the Company for the year ended March 31, 2017 is annexed here to as Annexure 2 in the prescribed form MGT-9.

### **5. Number of meetings of the Board**

The details of the meetings of the Board and the details of the attendance of the directors in the meetings are provided in the Corporate Governance Report.

### **6. Directors' Responsibility Statement**

As required by the provisions of Section 134(3)(c) of the Companies Act, 2013, the Directors' Responsibility Statement is attached as Annexure 3, forming part of this report.

### **7. Declaration by Independent Directors**

The Company has received from each of its Independent Directors, the declaration as stipulated under Section 149(7) of the Companies Act, 2013, confirming that the director meets the criteria of independence as laid down under section 149(6) of the Companies Act, 2013.

### **8. Nomination and Remuneration Policy**

The Company has formed a Nomination and Remuneration Committee as required under the Section 178 of the Companies Act, 2013. The Committee has formulated a policy as required under Section 178(3) of Companies Act, 2013 stipulating the criteria for determining qualifications, positive attributes and independence of a director and also the criteria relating to the remuneration for the directors, key managerial personnel and other employees. The aforesaid policy is annexed to the Board's report as Annexure 4.

### **9. Auditors and Auditors' Reports**

#### **Statutory Audit**

The report of Statutory Auditors M/s. Deloitte Haskins and Sells, Chartered Accountants, for FY 2016-17 (appearing elsewhere in the Annual Report) does not have any qualifications/ adverse remarks.

As per second proviso to Section 139(2) of the Companies Act, 2013, (the Act), a transition period of three years from the commencement of the Act is provided to appoint a new auditor if the existing auditor's firm has completed two terms of five consecutive years.

Accordingly, the current Statutory Auditors M/s. Deloitte Haskins and Sells, Chartered Accountants, hold office upto the conclusion of the 32nd Annual General Meeting. The Board at their meeting held on February 1, 2017, on the recommendation of the audit committee, has recommended to the members at the 32nd Annual general meeting to appoint M/s. BSR & Co. LLP, Chartered Accountants, as Statutory auditor for an initial term of five years and their appointment is subject to ratification by the members at every AGM.

M/s. BSR & Co. LLP, Chartered Accountants, have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014

### **Secretarial Audit**

The Company had appointed Mr. Vivek Bhat, Company Secretary in Practice, Bengaluru, to conduct the secretarial audit as required under Section 204 of the Companies Act, 2013. The Secretarial audit report given by Mr. Vivek Bhat is appended as Annexure 5 to the Board's Report.

In the abovementioned report, Mr. Vivek Bhat has made the following comment:

"The company could not spend the eligible profit on Corporate Social Responsibility measures. However the Company has constituted the CSR Committee and its constitution was as per the regulation."

### **Board's Response**

During the year the Company has registered a trust by name "Himatsingka Foundation" a Charitable trust through which the Company wishes to increase its focus on CSR initiatives.

The Company took up various programs for the year under CSR for rural development, rural education and development of sports and allocated funds for the same. The Company could not utilize the allocated funds due to lack of long term sustainable CSR program. The Company has now identified a sustainable long term program under "whole school enrichment" and would undertake to spend the allocated funds towards the same.

As per the provisions, the total amount to be spent by the Company on CSR activities for the FY 2016-17 was ₹ 2.5 Crores. During the year, an amount of ₹ 0.68 Crores was spent by the Company.

## **10. Particulars of Loans, Guarantees, Investments and Securities made**

The particulars of loans made, guarantees given, investments made and securities provided as per the provisions of Section 186 of the Companies Act, 2013 and the relevant rules made thereunder are given in the notes to the standalone financial statements.

## **11. Particulars of Contracts or arrangements with related parties**

All transactions entered into by the Company with its related parties are at arm's length and in the ordinary course of business. However, the list of material related party transactions as per the Company's policy on related party transactions, as required under rule 8(2) of Companies (Account) Rules, 2014, is annexed to the Board's Report as Annexure 6.

The Company has also formulated a policy on dealing with Related Parties Transactions as required under Regulation 23 of SEBI (Listing Obligations and disclosure requirements) Regulations, 2015. The same is available in the Company's website at <http://www.himatsingka.com/corporate-governance.html>.

## **12. Material changes**

No material changes or commitments affecting the financial position of the Company have occurred after the closure of the financial year till the date of this report.

## **13. Creation of separate divisions**

The Board on January 4, 2017 approved via circular resolution the creation of separate divisions for Spinning and Terry under the unit names of "Himatsingka Fibres" & "Himatsingka Terry" respectively, for convenient operations of the Spinning & Terry Facilities

## **14. Conservation of energy, Technology absorption & Foreign exchange**

The details of conservation of energy, technology absorption and foreign exchange are annexed to the Board's Report as Annexure 7.

## **15. Risk Management**

The Company has developed and implemented a comprehensive risk management policy and framework to counter and mitigate the various risks encountered by the Company. The details of the same are given in the Risk Management section elsewhere in this Annual Report.

## 16. Corporate Social Responsibility

As on March 31, 2017, the Corporate Social Responsibility (CSR) committee consists of the following directors:

Sl. No.	Name of the Director
1.	Dr. K R S Murthy
2.	D K Himatsingka
3.	Shrikant Himatsingka

The Committee has devised the CSR policy as required under Section 135 of the Companies Act, 2013 and the relevant rules made thereunder. As per the provisions, the total amount to be spent by the Company on CSR activities for the F.Y. 2016-17 was ₹ 2.5 Crores.

During the year, an amount of ₹ 0.68 Crores was spent by the Company. The details of the CSR policy and the CSR spending have been elaborated in the Annexure 8 to this report.

## 17. Board Performance Evaluation

The Company has, during the year, conducted an evaluation of the Board as a whole, its committees and the individual directors including the independent directors as stipulated in the Nomination and Remuneration policy adopted by the Company. The evaluation was carried out through different evaluation forms which covered among others the evaluation of the composition of the Board/ committee, its effectiveness, activities, governance, and with respect to the chairman and the individual directors, their participation, integrity, independence, knowledge, impact and influence on the Board.

The independent directors of the Company also convened a separate meeting and evaluated the performance of the Board, the non-independent directors and the chairman.

## 18. Directors and Key Managerial Personnel

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

In accordance with the provisions of the Companies Act, 2013, the Board appointed Mr. Ashutosh Halbe as the Interim Chief Financial Officer of the Company w.e.f. July 6, 2017. Subsequently the Board at its meeting held on July 26, 2017 approved the appointment of Mr. Rangaraj K.P., as the President Finance and Group Chief Financial Officer w.e.f., August 2, 2017.

### Retirements and Resignations

- Mr. K.P. Pradeep resigned as the President Finance & Group CFO of the Company with effect from January 7, 2017.
- Mr. Berjis Desai resigned as Director with effect from May 23, 2017
- Mr. Aditya Himatsingka resigned as Executive Director with effect from May 23, 2017
- Mr. Ashutosh Halbe resigned as Interim Chief Financial Officer with effect from August 2, 2017

Your Directors wish to place on record their deep appreciation for the outstanding contributions and services rendered by Mr. K.P. Pradeep, Mr. Berjis Desai, Mr. Aditya Himatsingka and Mr. Ashutosh Halbe during their tenure.

## 19. Composition of Audit Committee

The Company has constituted an Audit Committee as required under the Companies Act, 2013. The committee consists of the following directors.

Sl. No.	As on March 31, 2017	w.e.f. May 23, 2017
1.	Rajiv Khaitan	Rajiv Khaitan
2.	K R S Murthy	Dr. K R S Murthy
3.	Shrikant Himatsingka	Shrikant Himatsingka
4.	Sangeeta Kulkarni	Sangeeta Kulkarni
5.	Berjis M Desai	N.A.

During the year, there have been no incidents where the Board has deviated from the recommendations made by the committee.

## 20. Vigil Mechanism

As a conscious and vigilant organization, Himatsingka Seide Limited believes in the conduct of the affairs of its constituents in a fair and transparent manner, by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour.

In its endeavour to provide its employee a secure and a fearless working environment, the Company has established a "Whistle Blower Policy" as required under the Companies Act, 2013 and the same is also available in the Company's website.

Mr. Ashok Sharma, Company Secretary, has been designated as the Chief Compliance Officer under the policy and the employees can report any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy to him.

In exceptional cases, where the Whistle Blower is not satisfied with the outcome of the investigation and the decision, she/he can make a direct appeal to the Chairman of the Audit Committee and the contact details of the Chairman is also given in the Policy.

During the year, no complaints were received under this mechanism.

## 21. Remuneration of Directors and Key Managerial Personnel

### a) Details of Directors' remuneration

(₹ in Lakhs)

Director	DIN	Sitting fees	Salaries and perquisites	Commission	Total	Ratio to Median remuneration of employees	Percentage increase over previous year
D K Himatsingka	00139516	Nil	158.41	300.00	458.41	397.85:1	43.76
Shrikant Himatsingka	00122103	Nil	148.88	300.00	448.88	389.57:1	60.85
Vasudevan V^	07521742	Nil	90.92	62.25	153.17	132.94:1	N.A
Dr. K R S Murthy	00167877	1.80	Nil	10.00	11.80	10.24:1	37.21
Rajiv Khaitan	00071487	1.70	Nil	10.00	11.70	10.15:1	37.65
Sangeeta Kulkarni @	01690333	1.30	Nil	10.00	11.30	9.81:1	N.A
A K Himatsingka #	00183698	0.10	Nil	Nil	0.10	0.09:1	-99.19
Dilip J Thakkar *	00007339	0.30	Nil	Nil	0.30	0.26:1	-98.03
Jayshree Poddar \$	07091651	Nil	5.12	Nil	5.12	4.45:1	-91.96
Berjis M Desai	00153675	0.40	Nil	10.00	10.40	9.03:1	42.47
Aditya Himatsingka	00138970	Nil	81.63	106.56	188.19	163.33:1	32.96

\*upto 21.5.2016    #upto 22.5.2016    \$upto 22.5.2016    @w.e.f. 21.5.2016    ^w.e.f. 21.5.2016

In the remuneration mentioned above, the sitting fees, salaries and perquisites form the fixed component of the total remuneration and the commission is a variable component linked to the performance of the Company.

### b) Details of the Remuneration of the Key Managerial Personnel (other than Directors mentioned above)

Key Managerial Personnel	Designation	Total Remuneration (₹ in Lakhs)	Percentage increase over previous year
K P Pradeep (upto 7.1.2017)	President – Finance and Group CFO	231.65	65.56
Ashok Sharma	VP – Treasury, Taxation & Company Secretary	71.17	36.44

- c) The percentage increase in median remuneration of the employees is 10.41%
- d) The number of permanent employees in the rolls of the Company is 3,503
- e) The key parameters for the variable component of remuneration availed by the directors are the amount of responsibilities taken, performance of the business, specific contribution made by the director to the overall performance of the Company.
- f) During the year, there were no employees whose remuneration was higher than that of the highest paid director.



- g) Statement of particulars of employees for the Financial Year 2016-17 as required under rule 5(2) of the Companies (Appointment and Remuneration) Rules, 2014:

(₹ in Lakhs)

Name	Gross Remuneration (₹)	Qualification	Experience	Date of joining	Age	Previous employment
D K Himatsingka	458.41	B.A. (Hons.)	42 years	1-Aug-85	68	Managing Director, Bihar Mercantile Union Ltd.
Shrikant Himatsingka	448.88	B.S. (Econ.)	15 years	15-May-01	37	–
Aditya Himatsingka	188.19	B.Com. (Hons.)	30 years	1-Jan-88	53	–
Pradeep K P # (upto 7.1.2017)	231.65	ACA, AICWA, B.Com.	23 years	2-Nov-07	46	Director Finance, Fidelity Business Services India Ltd.
Wilson Maria Doss Y R #	135.18	MSW	31 years	1-Sep-06	58	Vice President Human Resources Arvind Brands Ltd.

#Not related to any Directors of the Company

## 22. 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 as Annexure 9.

## 23. Insurance

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

## 24. Public Deposits

The Company has not accepted any deposits from the public during the year within the meaning of the Companies Act, 2013.

## 25. Cost Auditors

The Companies (Cost Records and Audit) Rules, 2014, has exempted the mandatory cost audit requirements in respect of units located in Special Economic Zones (SEZ) and for 100% Export Oriented Units (EOU). In view of this, there was no requirement to furnish cost audit of cost records of the Company for its units at Hassan (SEZ) and Doddaballapur (EOU). The Company has exited from the export oriented unit and also exited from the special economic zone. Since the Company's export revenue, in foreign exchange, for the financial year 2016-2017 was greater than 75% (seventy five percent) of the total revenue of the Company, the Company falls within the exemption specified in Clause 4(3) of The Companies (Cost Records and Audit) Rules, 2014. In view of this, there is no requirement to furnish cost audit of cost records of the Company for its units at Hassan and Doddaballapur.

## 26. Disclosure as required under Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to provide a healthy environment to all its employees. Hence, it does not tolerate any discrimination and/or harassment in any form. The Company has in place a Prevention of Sexual Harassment Policy and an Internal Complaints Committee as per the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has not received any complaint during the year.

## 27. Dividend Distribution Policy

The Board of Directors of the Company have adopted a dividend distribution policy as required under Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016. The policy is attached as Annexure 10.

## 28. Business Responsibility Reporting

As per SEBI Listing Regulations, a Business Responsibility Report is attached and forms part of this Annual Report.

## Acknowledgement

Your Directors wish to place on record their appreciation of the continuous 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 : Bengaluru  
Date : August 10, 2017

**D.K. Himatsingka**  
Executive Chairman

# ANNEXURES TO THE BOARDS' REPORT

## Annexure 1

Statement regarding subsidiary companies as of March 31, 2017

Pursuant to Section 129 of the Companies Act, 2013, read with Rule 5 of Companies (Accounts) Rules, 2014 – Form AOC-1

(₹ in Lakhs)

Sl.No.	Name of the Subsidiary	Twill & Oxford LLC	Giuseppe Bellora S.r.l.	Himatsingka Wovens Pvt. Ltd.	Himatsingka Singapore Pvt. Ltd.	Himatsingka Holdings NA Inc.	Himatsingka America Inc.	Himatsingka Europe Ltd.
1.	Capital*	52.98	7,441.42	1,750.00	1,469.19	30,749.50	–	–
2.	Reserves	-309.55	-5,516.21	-502.07	-2,663.89	1,887.30	31,247.41	–
3.	Total Assets	122.14	22,417.03	5,944.01	2.01	82,428.49	71,195.76	–
4.	Total Liabilities ^	378.71	20,491.82	4,696.08	1,196.71	49,791.70	39,948.35	–
5.	Investments (Other than in subsidiaries)	–	–	–	–	–	–	–
6.	Turnover	964.75	7,524.47	3,371.45	–	34,033.45	169,759.82	–
7.	Profit/(Loss) Before Tax	16.42	198.52	-1,928.10	-217.76	2,255.78	2,578.19	–
8.	Provision for Taxation	–	36.91	-129.88	–	-1,305.73	-205.28	–
9.	Profit/(Loss) After Tax	16.42	161.62	-1,798.22	-217.76	3,561.51	2,783.48	–
10.	Proposed Dividend	–	–	–	–	–	–	–
11.	Closing exchange rate	AED/17.66	Euro/69.31	INR/1.00	SGD/46.42	USD/ 64.85	USD/64.85	GBP/80.96
12.	Average exchange rate	AED/18.27	Euro/73.67	INR/1.00	SGD/48.52	USD/ 67.10	USD/ 67.10	GBP/87.92

\*(including preference capital and share application money)

^(excluding Capital and Reserves and including current liabilities and provisions)

For and on behalf of the Board of Directors

**D.K. Himatsingka**  
Executive Chairman

**Shrikant Himatsingka**  
Managing Director & CEO

**Ashok Sharma**  
Company Secretary

Place: Bengaluru  
Date : May 23, 2017

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

As on financial year ended on March 31, 2017

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

**I. REGISTRATION & OTHER DETAILS:**

i.	CIN	L17112KA1985PLC006647
ii.	Registration Date	January 23, 1985
iii.	Name of the Company	Himatsingka Seide Limited
iv.	Category/Sub-category of the Company	Public Company/ Limited by shares
v.	Address of the Registered office & contact details	10/24, Kumara Krupa Road, High Grounds, Bengaluru-560 001
vi.	Whether listed company	Yes
vii.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032, P: +91 040 67161559

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1.	Spinning, weaving and finishing of textiles	131	10.31
2.	Manufacture of other textiles	139	89.69

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sl. No.	Name & address of the Company	Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	Himatsingka Wovens Pvt. Ltd.	10/24, Kumara Krupa Road High Grounds Bengaluru-560 001	U17116KA1995PTC017552	Subsidiary	100	2(87)(ii)
2.	Himatsingka America Inc.	261, Fifth Avenue, Suite 1400, NEW YORK N.Y.10016, U.S.A.	N.A.	Subsidiary	100	2(87)(ii)
3.	Himatsingka Holdings NA Inc.	261 Fifth Avenue, Suite 1400, New York, NY 10016	N.A.	Subsidiary	100	2(87)(ii)
4.	Giuseppe Bellora Srl	Via XXV Luglio, 13, Fagnano Olona (VA)	N.A.	Subsidiary	100	2(87)(ii)
5.	Twill & Oxford LLC	B/74, Umm – Al Hurair Road, Showroom No. 3, P.O. Box 125063, Dubai – U A E	N.A.	Joint Venture/ Subsidiary	49	2(87)(ii)
6.	Himatsingka Singapore Pte. Ltd.	1 Nassim Road No. 01-04, Singapore-258458	N.A.	Subsidiary	100	2(87)(ii)
7.	Himatsingka Europe Limited	Suite 1, 3rd Floor, 11-12 St. Jame's Square, London, United Kingdom, SW1Y4LB	N.A.	Subsidiary	100	2(87)(ii)

#### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS % TO TOTAL EQUITY)

##### i) Category – wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF	37,206,227	0	37,206,227	37.79	37,206,227	0	37,206,227	37.79	0.00
b) Central Govt.or State Govt.	0		0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	17,890,568	0	17,890,568	18.17	17,890,568	0	17,890,568	18.17	0.00
d) Bank/FI	0		0	0.00	0	0	0	0.00	0.00
e) Any other	0		0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL:(A) (1)</b>	55,096,795	0	55,096,795	55.96	55,096,795	0	55,096,795	55.96	0.00
<b>2) Foreign</b>									
a) NRI-Individuals	1,237,800	0	1,237,800	1.26	1,237,800	0	1,237,800	1.26	0.00
b) Other Individuals	0		0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0		0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0		0	0.00	0	0	0	0.00	0.00
e) Any other...	0		0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (A) (2)</b>	1,237,800	0	1,237,800	1.26	1,237,800	0	1,237,800	1.26	0.00
<b>Total Shareholding of Promoter</b>									
<b>(A)= (A)(1)+(A)(2)</b>	56,334,595	0	56,334,595	57.22	56,334,595	0	56,334,595	57.22	0.00
<b>B. PUBLIC SHAREHOLDING</b>									
<b>1) Institutions</b>									
a) Mutual Funds	6,513,562	400	6,513,962	6.62	9,611,641	400	9,612,041	9.76	3.15
b) Banks/FI	39,399	2,000	41,399	0.04	27,390	2,000	29,390	0.03	-0.01
C) Cenntal govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Foreign Portfolio Investors	8,129,419	400	8,129,819	8.26	6,492,914	400	6,493,314	6.60	-1.66
j) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
– Alternate Investment Fund	0	0	0	0.00	1,762,187	0	1,762,187	1.79	1.79
<b>SUB TOTAL (B)(1):</b>	14,682,380	2,800	14,685,180	14.92	17,894,132	2,800	17,896,932	18.18	3.26
<b>(2) Non Institutions</b>									
a) Bodies corporates	3,687,584	15,720	3,703,304	3.76	3,679,738	15,720	3,695,458	3.75	-0.01
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakhs	11,775,020	1,106,328	12,881,348	13.08	12,396,444	1,010,300	13,406,744	13.62	0.53
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 Lakhs	9,867,385	23,640	9,891,025	10.05	6,262,536	23,640	6,286,176	6.38	3.66
c) Others (specify)									
– NRI/OCB	704,059	169,780	873,839	0.89	554,749	169,780	724,529	0.74	-0.15
– Trusts	4,000	0	4,000	0.00	9,488	0	9,488	0.01	0.01
– NBFC Registered with RBI	11,310	0	11,310	0.01	39,850	0	39,850	0.04	0.03
– Clearing Member	72,559	0	72,559	0.07	63,388	0	63,388	0.06	-0.01
<b>SUB TOTAL (B)(2):</b>	26,121,917	1,315,468	27,437,385	27.87	23,006,193	1,219,440	24,225,633	24.61	4.06
<b>Total Public Shareholdin g (B)= (B)(1)+(B)(2)</b>	40,804,297	1,318,268	42,122,565	42.78	40,900,325	1,222,240	42,122,565	42.78	7.32
<b>C. SHARES HELD BY CUS-TODIAN FOR GDRS &amp; ADRS</b>									
<b>Grand Total (A+B+C)</b>	<b>97,138,892</b>	<b>1,318,268</b>	<b>98,457,160</b>	<b>100</b>	<b>97,234,920</b>	<b>1,222,240</b>	<b>98,457,160</b>	<b>100.00</b>	<b>7.32</b>

## ii) Share holding of promoters

Sl. No.	Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1.	D.K. Himatsingka	11,135,944	11.31	0	12,968,000	13.17	0	1.86
2.	Shrikant Himatsingka	6,680,964	6.79	0	8,480,964	8.61	0	1.83
3.	Rajshree Himatsingka	5,457,260	5.54	0	7,257,260	7.37	0	1.83
4.	D.K. Himatsingka (HUF)	5,432,056	5.52	0	0	0.00	0	-5.52
5.	Priyadarshini Himatsingka	237,800	0.24	0	237,800	0.24	0	0.00
6.	A.K. Himatsingka	2,561,007	2.60	0	2,561,007	2.60	0	0.00
7.	Aditya Himatsingka	2,978,200	3.02	0	1,978,200	2.01	0	-1.02
8.	Leela Devi Himatsingka	1,167,436	1.19	0	1,167,436	1.19	0	0.00
9.	Anuradha Himatsingka	133,100	0.14	0	1,133,100	1.15	0	1.02
10.	Ranjana Himatsingka	1,660,260	1.69	0	660,260	0.67	0	-1.02
11.	Amitabh Himatsingka	1,000,000	1.02	0	1,000,000	1.02	0	0.00
12.	Vikram Himatsingka	0	0.00		1,000,000	1.02	0	1.02
13.	Bihar Mercantile Union Ltd.	5,706,000	5.80	0	5,706,000	5.80	0	0.00
14.	Aditya Resources Ltd.	2,993,560	3.04	0	2,993,560	3.04	0	0.00
15.	Priya Resources Ltd.	2,828,800	2.87	0	2,828,800	2.87	0	0.00
16.	Awdhan Trading Co. Ltd.	3,634,697	3.69	0	3,634,697	3.69	0	0.00
17.	Orient Silk Pvt. Ltd	2,727,511	2.77	0	2,727,511	2.77	0	0.00
<b>Total</b>		<b>56,334,595</b>	<b>57.22</b>	<b>0</b>	<b>56,334,595</b>	<b>57.22</b>	<b>0</b>	<b>0.00</b>

## iii) Change in Promoters' Shareholding (specify if there is no change)

Sl. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1.4.16 to 31.3.17)	
		No. of shares at the beginning (1.4.16) / end of the year (31.3.17)	% of total shares of the company				No of shares	% of total shares of the company
A	Promoters							
1.	D.K. Himatsingka	11,135,944	11.31	24.06.2016	Increase	inter-se transfer	12,968,000	13.17
2.	Shrikant Himatsingka	6,680,964	6.79	24.06.2016	Increase	inter-se transfer	8,480,964	8.61
3.	Rajshree Himatsingka	5,457,260	5.54	24.06.2016	Increase	inter-se transfer	7,257,260	7.37
4.	D.K. Himatsingka (HUF)	5,432,056	5.52	24.06.2016	Decrease	inter-se transfer	0	0.00
5.	Aditya Himatsingka	2,978,200	3.02	31.08.2016	Decrease	inter-se transfer	1,978,200	2.01
6.	Ranjana Himatsingka	1,660,260	1.69	31.08.2016	Decrease	inter-se transfer	660,260	0.67
7.	Anuradha Himatsingka	133,100	0.14	31.08.2016	Increase	Gift	1,133,100	1.15
8.	Vikram Himatsingka	0	0	31.08.2016	Increase	Gift	1,000,000	1.02

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

Sl. No.	Name	Shareholding at the beginning of (01.04.16)/ end of the year (31.03.2017)		Date	Increase / Decrease in shareholdings	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.16)/ end of the year (31.3.17)	% of total shares of the company				No. of shares	% of total shares of the company
1.	Narendra Kumar Agarwal	2,250,000	2.29	01.04.2016			2,250,000	2.29
				26.08.2016	-194,000	Transfer	2,056,000	2.09
				02.09.2016	-56,000	Transfer	2,000,000	2.03
				23.09.2016	-2,000,000	Transfer	0	0.00
		0	0.00	31.03.2017			0	0.00
2.	Franklin India Smaller Companies Fund	1,528,746	1.55	01.04.2016			1,528,746	1.55
				19.08.2016	118,097	Transfer	1,646,843	1.67
				26.08.2016	106,903	Transfer	1,753,746	1.78
				02.09.2016	50,000	Transfer	1,803,746	1.83
				07.10.2016	68,198	Transfer	1,871,944	1.90
				18.11.2016	67,414	Transfer	1,939,358	1.97
				25.11.2016	26,873	Transfer	1,966,231	2.00
		2,116,158	2.15	31.03.2017	149,927	Transfer	2,116,158	2.15
3.	Invesco India Mauritius Ltd.	1,400,000	1.42	01.04.2016			1,400,000	1.42
				27.05.2016	-300,000	Transfer	1,100,000	1.12
				17.06.2016	-28,826	Transfer	1,071,174	1.09
				24.06.2016	-171,174	Transfer	900,000	0.91
				30.06.2016	-53,996	Transfer	846,004	0.86
				08.07.2016	-82,768	Transfer	763,236	0.78
				15.07.2016	-163,236	Transfer	600,000	0.61
				29.07.2016	-52,065	Transfer	547,935	0.56
				19.08.2016	-28,000	Transfer	519,935	0.53
				17.03.2017	20,000	Purchase	539,935	0.55
				24.03.2017	25,000	Purchase	564,935	0.57
		564,935	0.57	31.03.2017			564,935	0.57
4.	Sundaram Mutual Fund A/c Sundaram Smile Fund	1,342,399	1.36	01.04.2016	0		0	0.00
				06.05.2016	-23,929	Transfer	1,318,470	1.34
				03.06.2016	29,501	Purchase	347,971	1.37
				10.06.2016	2,314	Purchase	1,350,285	1.37
				29.07.2016	-25,617	Transfer	1,324,668	1.35
				19.08.2016	-26,052	Transfer	1,298,616	1.32
				02.12.2016	-90,000	Transfer	1,208,616	1.23
		1,208,616	1.23	31.03.2017			1,208,616	1.23
5.	DSP BlackRock Emerging Stars Fund	1,079,890	1.10	01.04.2016			1,079,890	1.10
				08.04.2016	74,506	Purchase	1,154,396	1.17
				15.04.2016	37,931	Purchase	1,192,327	1.21
				22.04.2016	134,057	Purchase	1,326,384	1.35
				29.04.2016	263,088	Purchase	1,589,472	1.61
				27.05.2016	10,524	Purchase	1,599,996	1.63
				10.06.2016	5,400	Purchase	1,605,396	1.63
				17.06.2016	50,000	Purchase	1,655,396	1.68
				02.09.2016	40,825	Purchase	1,696,221	1.72
				09.09.2016	50,436	Purchase	1,746,657	1.77
				16.09.2016	14,757	Purchase	1,761,414	1.79
				11.11.2016	773	Purchase	1,762,187	1.79
		1,762,187	1.79	31.03.2017			1,762,187	1.79



Sl. No.	Name	Shareholding at the beginning of (01.04.16)/ end of the year (31.03.2017)		Date	Increase / Decrease in shareholdins	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.16)/ end of the year (31.3.17)	% of total shares of the company				No. of shares	% of total shares of the company
6.	Mukul Mahavirprasad Agarwal	1,000,000	1.02	01.04.2016			1,000,000	1.02
				30.12.2016	-1,000,000	Transfer	0	0.00
		0	0.00	06.01.2017	1,000,000	Purchase	1,000,000	1.02
		1,000,000	1.02	31.03.2017	1,000,000		1,000,000	1.02
7.	Swiss Finance Corporation (Mauritius) Ltd	964,884	0.98	01.04.2016			964,884	0.98
				27.05.2016	150,613	Purchase	1,115,497	1.13
				10.06.2016	-17,903	Transfer	1,097,594	1.11
				30.06.2016	-22,080	Transfer	1,075,514	1.09
				15.07.2016	-142,558	Transfer	932,956	0.95
				19.08.2016	84,054	Purchase	1,017,010	1.03
				26.08.2016	182,149	Purchase	1,199,159	1.22
				02.09.2016	186,045	Purchase	1,385,204	1.41
				07.10.2016	78,041	Purchase	1,463,245	1.49
				14.10.2016	17,492	Purchase	1,480,737	1.50
				11.11.2016	4,727	Purchase	1,485,464	1.51
				16.12.2016	-1,485,464	Transfer	0	0.00
		0	0.00	31.03.2017			0	0.00
8.	L and T Mutual Fund Trustee Ltd. – L and T Tax	730,401	0.74	01.04.2016			730,401	0.74
				17.06.2016	-513,071	Transfer	217,330	0.22
				24.06.2016	-117,330	Transfer	100,000	0.10
				30.06.2016	-33,935	Transfer	66,065	0.07
				01.07.2016	-27,601	Transfer	38,464	0.04
				08.07.2016	-38,464	Transfer	0	0.00
		0	0.00	31.03.2017			0	0.00
9.	L and T Mutual Fund Trustee Ltd. – L and T India Valu	706,700	0.72	31.03.2016			706,700	0.72
				13.01.2017	45,034	Transfer	751,734	0.76
				20.03.2017	182,766	Transfer	934,500	0.95
				31.03.2017			934,500	0.95
10.	Sundaram Mutual Fund A/C Sundaram Select Microcap	668,595	0.68	31.03.2016			668,595	0.68
				29.07.2016	-81,276	Transfer	587,319	0.60
				09.09.2016	-95,000	Transfer	492,319	0.50
				20.01.2017	-68,000	Transfer	424,319	0.43
				31.03.2017			424,319	0.43

**v) Shareholding of Directors & KMP**

Sl. No.	For each of the Directors & KMP	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1.4.16 to 31.3.17)	
		No. of shares at the beginning (1.4.16) / end of the year (31.3.17)	% of total shares of the company				No. of shares	% of total shares of the company
<b>A</b>	<b>DIRECTORS</b>							
1.	Dinesh Kumar Himatsingka, Executive Chairman	11,135,944	11.31	24.6.2016	1,832,056	inter-se transfer	12,968,000	13.17
		12,968,000	13.17	31.3.2017	0		12,968,000	13.17
2.	Shrikant Himatsingka, Managing Director & CEO	6,680,964	6.79	24.06.2016	1,800,000	inter-se transfer	8,480,964	8.61
		8,480,964	8.61	31.3.2017	0		8,480,964	8.61
3.	Dilip J Thakkar, (ceased to be a Director w.e.f. 21.05.2016)	0	0	1.4.2016	0	Nil	0	0
		0	0	31.3.2017	0		0	0
4.	A.K.Himatsingka, (ceased to be a Director w.e.f. 22.05.2016)	2,561,007	2.6	1.4.2016	0	Nil	2,561,007	2.6
		2,561,007	2.6	31.3.2017	0		561,007	2.6
5.	Dr. K.R.S. Murthy Non-Executive Director	1,000	0	1.4.2016	0	Nil	1,000	0
		1,000	0	31.3.2017	0		1,000	0
6.	Rajiv Khaitan Non-Executive Director	4,200	0	1.4.2016	0	Nil	4,200	0
		4,200	0	31.3.2017	0		4,200	0
7.	Berjis M Desai Non-Executive Director	0	0	1.4.2016	0	Nil	0	0
		0	0	31.3.2017			0	0
8.	Aditya Himatsingka, Executive Director	2,978,200	3.025	31.8.2016	1,000,000	inter-se transfer	1,978,200	2.01
		1,978,200	2.01	31.3.2017			1,978,200	2.01
9.	V Vasudevan, Executive Director – Manufacturing Operations (Group) (Appointed as a Director w.e.f. 21.05.2016)	0.00	31.3.2017	0	0	Nil	0.00	
		0	0.00	31.3.2017	0	Nil	0	0.00
10.	Sangeeta Kulkarni, Non-Executive Director (Appointed as a Director w.e.f. 21.05.2016)	0	0.00	31.3.2017	0	Nil	0	0.00
		0	0.00	31.3.2017	0	Nil	0	0.00
11	Jayshree Poddar, Executive Director (ceased to be a Director w.e.f. 22.05.2016)	363,400	0.37	1.4.2016	0	Nil	363,400	0.37
		363,400	0.37	31.3.2017	0		363,400	0.37
<b>B</b>	<b>KEY MANAGERIAL PERSONNEL (KMP'S)</b>							
1.	K.P. Pradeep* (upto 7.1.17)	0	0	1.4.2016	0	0	0	0
		0	0	31.3.2017	0		0	0
2.	Ashok Kumar Sharma	200	0	1.4.2016	0	Nil	200	0
		200	0	31.3.2017	0		200	0

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	48,995.25	798.87	0	49,794.12
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	308.77	0	0	308.77
<b>Total (i+ii+iii)</b>	<b>49,304.02</b>	<b>798.87</b>	<b>0</b>	<b>50,102.89</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	34,186.88	0	0	34,186.88
Reduction	10,074.61	399.06	0	10,473.67
Net Change	24,112.27	-399.06	0	23,713.21
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	73,107.52	399.81	0	73,507.33
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	437.80	0	0	437.80
<b>Total (i+ii+iii)</b>	<b>73,545.31</b>	<b>399.81</b>	<b>0</b>	<b>73,945.12</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager					Total Amount
		D.K. Himatsingka	Shrikant Himatsingka	Aditya Himatsingka	V Vasudevan#	Jayshree Poddar*	
1.	<b>Gross salary</b>						
	a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	158.01	148.48	81.23	90.58	5.06	483.36
	b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.40	0.40	0.40	0.34	0.06	1.60
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0	0	0	0
2.	Stock option	0	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0	0
4.	Commission as % of profit	300.00	300.00	106.56	62.25	0	768.81
	others (specify)	0	0	0	0	0	0
5.	Others, please specify	0	0	0	0	0	0
	<b>Total (A)</b>	<b>458.41</b>	<b>448.88</b>	<b>188.19</b>	<b>153.17</b>	<b>5.12</b>	<b>1,253.77</b>
	<b>Ceiling as per the Act</b>						<b>2,481.74</b>

\* Resigned w.e.f. May 22, 2016

# appointed w.e.f. May 21, 2016

**B. Remuneration to other directors:**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of the Directors						Total Amount
		Dilip J Thakkar <sup>#</sup>	Dr. K.R.S. Murthy	Rajiv Khaitan	Berjis M Desi	Sangeeta Kulkarni	A.K. Himatsingka <sup>*</sup>	
1.	Independent Directors							
	a) Fee for attending board committee meetings	0.30	1.80	1.70	0.40	1.30	0	5.50
	b) Commission	0	10.00	10.00	10.00	10.00	0	40.00
	c) Others, please specify	0	0	0	0	0	0	0.00
	Total (1)	0.30	11.80	11.70	10.40	11.30	0	45.50
2.	Other Non Executive Directors							
	a) Fee for attending board committee meetings	0	0	0	0	0.10	0.10	0.10
	b) Commission	0	0	0	0	0	0	0
	c) Others, please specify.	0	0	0	0	0	0	0
	Total (2)	0	0	0	0	0	0.10	0.10
	Total (B)=(1+2)	0.30	11.80	11.70	10.40	11.30	0.10	45.60
	<b>Total Managerial Remuneration</b>	<b>0.30</b>	<b>11.80</b>	<b>11.70</b>	<b>10.40</b>	<b>11.30</b>	<b>0.10</b>	<b>45.60</b>
	<b>Overall Ceiling as per the Act.</b>							<b>248.17</b>

<sup>\*</sup> resigned w.e.f. May 22, 2016 <sup>#</sup>resigned w.e.f. May 21, 2016

**C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD:**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		K.P. Pradeep (CFO) <sup>*</sup>	Ashok Sharma (Company Secretary)	Total
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	231.35	70.77	302.12
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.30	0.40	0.70
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0
	as % of profit	0	0	0
	others, specify	0	0	0
5.	Others, please specify	0	0	0
	<b>Total</b>	<b>231.65</b>	<b>71.17</b>	<b>302.82</b>

<sup>\*</sup>resigned w.e.f. January 7, 2017

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

### Annexure 3

#### Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a going concern basis; and
- the directors, have laid down internal financial controls to be followed by the company and such internal financial controls are adequate and are operating effectively
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

For and on behalf of the Board

Place: Bengaluru  
Date : August 10, 2017

**D.K. Himatsingka**  
Executive Chairman

## Annexure 4

### Nomination and Remuneration Policy

#### Preamble

Himatsingka Seide Ltd., in its constant endeavour to ensure the all-round welfare of its Human Resources and their effective application to the growth of the Company, has formulated the following policy in line with the requirements of the Companies Act, 2013 and the amendment to the Clause 49 of the Listing Agreement (vide SEBI circular no. circular CIR/CFD/POLICY CELL/2/2014, dated April 17, 2014) and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Effective Date

The policy shall take effect from October 1, 2014.

#### Definitions

For the purposes of this policy

"Nomination and Remuneration Committee or Committee" shall mean a Committee of the Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

"Board" means Board of Directors of HSL.

"Company or HSL" shall mean Himatsingka Seide Limited, wherever it is referred to in the policy.

"Directors" shall mean the directors of HSL.

"Key Managerial Personnel" or "KMP" shall mean key managerial personnel in relation to HSL as defined under the Companies Act, 2013, as follows:

- i) the Chief Executive Officer or the Managing Director or the manager;
- ii) the Company Secretary;
- iii) the whole-time director;
- iv) the Chief Financial Officer;

"Policy" shall mean the Nomination and Remuneration Policy.

"Senior Management" for the purpose of this policy shall refer to the employees of the Company occupying the position of Functional Head (Department Heads), but does not include the directors and the KMP.

"Shareholders" shall mean the shareholders of HSL.

"Special Resolution" shall mean a resolution in which the votes cast in favour of the resolution, whether on a show of hands, or electronically or on a poll, as the case may be, by members who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting.

### The Policy

#### Part-I: Role of the Committee

##### The Committee shall:-

- 1) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
- 2) Formulate the criteria for determining qualifications, positive attributes and independence of a director;
- 3) Recommend to the Board their appointment and removal;
- 4) Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- 5) Carry out evaluation of every director's performance;
- 6) Formulate criteria for evaluation of independent directors and the Board.
- 7) Devise a policy on Board Diversity;
- 8) Develop a succession plan for the Board, Key Managerial Personnel and Senior Management.

#### Part-II: Remuneration policy

##### A. Guiding Principles:

- The remuneration determined under this policy shall have a proper balance between fixed pay and performance based variable pay reflecting short term and long term performance objectives and goals of the Company.
- The remuneration determined shall also ensure a direct relationship with key result areas and individual achievements and thereby strongly aligning with the interests of the Company's stakeholders.
- The level and composition of remuneration determined shall be reasonable and sufficient to attract, retain and motivate Directors and other personnel of the quality required to run the Company successfully.



## B. The Remuneration Policy

### 1. For Executive & Non- Executive Directors:

The Committee shall recommend to the Board the remuneration / commission on Net Profit and perquisites in case of Executive Directors. For Non-Executive Directors, the committee shall recommend to the Board the remuneration which would include commission and sitting fees payable. The acceptance of the recommendation as made by the committee or with any modifications shall be the discretion of the Board and after deliberation on the matter, the Board may approve the remuneration subject to the necessary approvals as required under the Companies Act, 2013 and rules made thereunder and the SEBI listing agreement / Listing Regulations and any modifications thereto from time to time.

#### a) Executive Directors:

##### i) Fixed and Variable pay:

The Managing Director and the Executive Directors shall be eligible for a fixed monthly salary and perquisites as may be recommended by the Committee and approved by the Board. The break-up of the pay scale and quantum of perquisites including house rent allowance, leave travel assistance, employer's contribution to provident fund, gratuity fund, club fees, medical reimbursement, insurance, Company car with driver, telephone etc. shall be decided by the Board on recommendation of the committee and shall be approved by the shareholders.

In addition to the fixed pay and perquisites stated above, the Managing Director and Executive Directors shall be entitled to variable pay by way of commission on net profits of the Company at rates recommended by the committee subject to the overall limits prescribed in the Act and necessary approvals as required thereunder from time to time.

##### ii) Minimum Remuneration:

If in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to the Managing Director and Executive Directors in accordance with the provisions of the Act and rules made thereunder. In case the Company is unable to comply with the aforementioned provisions, the remuneration shall be paid with the previous approval of the Central Government.

##### iii) Excess Remuneration:

If the Directors receive, inadvertently or otherwise, any amount, directly or indirectly, by way of remuneration in excess of the limits prescribed under the Act, without the necessary approvals as prescribed under the Act, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

The Company shall not waive recovery of such sum unless permitted by the Central Government.

##### iv) Sitting Fees:

The Executive Directors shall not be liable to receive sitting fees.

#### b) Non-Executive Directors:

##### i) Sitting Fees:

The Non-Executive whether Independent or not, shall be entitled to receive sitting fees for attending meetings of the Board and Committees thereof. Provided that such fees shall not exceed the limits specified under the Act and rules made thereunder.

##### ii) Commission:

In addition to the sitting fees, the Non-Executive Directors shall be entitled to receive remuneration by way of commission of net profit of the Company at rates recommended by the committee and approved by the Board and the shareholders of the Company, subject to the limits prescribed under the Act and the rules thereunder.

The travelling and out of pocket expenses, if any, incurred by the Directors in the course of performing their duty as directors of the Company shall be reimbursed to them.

Independent Directors shall not be eligible for employees' stock options.

### 2. For KMP and Senior Management:

The remuneration of the KMP not covered above or the Senior Management personnel, as the case may be, will be determined by the management on recommendation of the Committee. The remuneration shall include fixed monthly basic salary, dearness allowance, house rent allowance, special allowance, etc.; and other perquisites like Company car with driver, telephone etc.

### 3. For other Employees:

The remuneration of all other employees may be determined by the Senior Management in consultation with the Human Resources department of the Company, provided that the remuneration thus fixed shall be sufficient to retain talent and motivate the employees so as to ensure smooth and effective functioning of all the departments of the Company.

### Part-III: Board Diversity

It shall be the endeavour of the Committee to ensure that the Board of the Company comprises of directors having sufficient knowledge and experience in various fields such as Finance, Legal, Marketing and such other field as may be advantageous to the Company to ensure wise guidance in the functioning and governing of the Company. The Committee shall review the constitution of the Board annually so as to ensure that the Board consists of members with diversified skills, knowledge, experience and expertise to meet or exceed the requirements of the Company's business.

### Part-IV: Criteria for selecting directors

#### A. Qualification, positive attributes and independence of directors:

- The Committee will identify persons with high educational qualification, rich experience and expertise, integrity, desirable personal traits and leadership qualities and recommend to the Board for appointment as Director, KMP or at Senior Management level. The proposed appointee shall possess appropriate skills, knowledge, experience in one or more fields of finance, accounts, audit, law, management, sales, marketing, administration, research, corporate governance, technical operation or other disciplines related to the Company's business. The Committee has the discretion to decide on the age, qualification, expertise and experience to be possessed by the appointee for the concerned position depending up on the circumstances of each case.
- The director to be appointed shall be a person adhering to all the eligibility norms as specified under the Companies Act, 2013 and the rules made thereunder or any statutory modifications thereof from time to time, including the norms for maximum number of directorships, and shall not be a person disqualified under the section 164 of the said Act.

- **Managing/ Whole-time Director:**

The Company shall appoint or continue the employment of any person as Managing Director/ Whole-time Director who has attained the age of twenty one years and has not attained the age of seventy years.

Provided that appointment/ continuing the term of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

- **Independent Directors:**

In case of appointment of Independent Directors, it shall be ensured that the proposed appointee is not serving as an Independent Director in more than six listed companies and in case he/she is serving as a whole-time director in any listed company, it shall be ensured that he/she is not serving as independent director in more than two listed companies. Further, the person to be appointed shall conform to the norms for an independent director specified under section 149(6) of the Companies Act, 2013 and the rules made thereunder and under the SEBI's listing agreement or any statutory modifications to the same made from time to time.

Every independent director of the Company shall, on the first meeting of the Board in which he participates and thereafter the first meeting of the Board in every financial year or whenever there is a change in his/her status as an independent director, give a declaration that he meets the criteria of independence as provided under section 149(6) of the Act.

- **Non-Executive Directors:**

The criteria as specified in the above paragraphs shall mutatis mutandis be applicable to non-executive, non-independent directors as well and they shall be liable to retire by rotation.

#### Tenure:

##### a) *Managing Director/ Executive Directors:*

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re- appointment shall be made earlier than one year before the expiry of term.

##### b) *Independent Director:*

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. Independent Directors shall not be liable to retire by rotation.

**B. Retirement:**

The Directors, KMP and Senior Management shall be liable to retire as per the provisions of the Act and rules made thereunder, and the prevailing employees' retirement policy of the Company. However, the Board shall have the discretion to retain any Director (other than an Independent Director), KMP, Senior Management personnel or any other employee even after he/she has attained the retirement age, as it deems fit, for the benefit of the Company.

**C. Succession:**

The constitution of the Board, the KMP and Senior Management personnel of the Company shall be in such a manner that it consists of a combination of persons of different age groups and possessing expertise and skill in the various areas and fields required for the effective running of the Company so as to ensure smooth succession at all times.

## **Part-V: Performance Evaluation**

**A. Performance evaluation of the Board/any committee:**

The Committee shall carry out the evaluation of effectiveness of the Board and all Committees of the Board and their functioning on an annual basis such that the same is aligned with the Company's financial year. It shall lay down the criteria for the above mentioned evaluation every year. The functioning of the Board shall be evaluated on the basis of its effectiveness with regard to achievement of the short, medium and long term goals of the Company.

**B. Performance evaluation of Directors:**

The Committee will carry out the performance evaluation of all Directors, KMP and Senior Management Personnel every year such that the evaluation is aligned with the Company's financial year. The evaluation criteria shall include measures to test the participation and contribution of the Directors, integrity, skill, expertise, commitment and diligence. The committee shall carry out the evaluation of every Director's performance in which the Director being evaluated shall not participate.

Further, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

The directors shall be evaluated with regard to their adherence to and compliance with the professional conduct, role, functions and duties as specified in the Code for Independent Directors in the Schedule IV of Companies Act, 2013 including any statutory modifications made thereto from time to time.

**C. Removal:**

The Committee may, even before the expiry of the term, recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel, where he/ she has attracted any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder.

Provided that the aforesaid recommendation shall be subject to the provision and compliance with the said Act, rules or regulations.

## **Part VI: Other Provisions**

**A. Deviation from the Policy:**

The Board, in extraordinary circumstances, when deemed necessary, on recommendation of the Committee, shall at its discretion, accept any reasonable deviation from any element of this policy in specific cases.

**B. Amendments:**

Any amendments to this Policy, subject to the Act, the rules made thereunder and the provisions of the listing agreement / listing regulations shall be made only by the Board of Directors of the Company on recommendation of the Committee.

This policy shall be disclosed in the Company's Annual Report.

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

For the Financial Year ended 31st March 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
 The Members  
 M/s. Himatsingka Seide Limited  
 10/24, Kumara Krupa Road  
 High Grounds, Bangalore-560 001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Himatsingka Seide Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Himatsingka Seide Limited for the financial year ended on 31st March, 2017 according to the provisions of:

- I) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- II) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- III) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of investment in overseas subsidiary and External Commercial Borrowings;
- V) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- VI) Other laws applicable to the Company like Factories Act, 1948, The Payment of Gratuity Act etc.

**I have also examined compliance with the applicable clauses of the following:**

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above except to the extent as mentioned below

1. The company could not spend the eligible profit on Corporate Social Responsibility measures. However the Company has constituted the CSR Committee and its constitution was as per the regulation.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors, Woman Director and Independent Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Bengaluru  
Date : May 20, 2017

**VIVEK BHAT**  
Practicing Company Secretary  
CP 8426

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

#### Annexure A

To,  
The Members  
M/s. Himatsingka Seide Limited  
10/24, Kumara Krupa Road  
High Grounds, Bangalore-560 001.

My report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Bengaluru  
Date : May 20, 2017

#### Annexure 6

Details of Related Party Transactions pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Sl. No.	Name of the Related Party	Nature of relationship	Nature of contract/ arrangement/ transaction	Salient terms	₹ in Lakhs
1.	Himatsingka Holdings North America, Inc.	Wholly owned subsidiaries	Sale of goods (net)	Based on Transfer Pricing guidelines	33,892
			Interest income	Based on Transfer Pricing guidelines	2,033
			Expenses incurred on behalf of	Based on Transfer Pricing guidelines	–
			Inter corporate loans recovered during the year	As per Agreement	510
2.	Himatsingka America, Inc.	Wholly owned subsidiaries	Sale of goods (net)	Based on Transfer Pricing guidelines	72,580
			Sales commission	As per Agreement	–
			Other Income	Based on Transfer Pricing guidelines	362
			Recovery of corporate expenses	As per Agreement	202
			Expenses incurred on behalf of	Based on Transfer Pricing guidelines	118
			Purchase of Fixed Asset	Based on Transfer Pricing guidelines	868

For and on behalf of the Board

Place : Bengaluru  
Date : August 10, 2017

**D.K. Himatsingka**  
Executive Chairman

## Annexure 7

### Conservation of energy

	Particulars		2016-17	2015-16
<b>A)</b>	<b>Power and fuel consumption:</b>			
<b>1)</b>	<b>Electricity</b>			
<b>a)</b>	Purchased	Units	8,294,352	9,491,811
	Total amount	₹	62,263,832	59,798,408
	Rate / unit	₹	7.51	6.30
<b>b)</b>	<b>Own generation</b>			
<b>i)</b>	<b>Through Diesel generator</b>			
	Units	Units	44,161	64,656
	Units/ Litre of Diesel Oil	Units	2.96	3.17
	Cost / unit	₹	16.16	14.80
<b>ii)</b>	<b>Through Steam turbine / Generator</b>			
	Units	Units	66,851,968	89,380,192
	Cost / unit	₹	8.39	4.74
<b>2)</b>	<b>Coal</b>			
	Quantity	Tons	75,417	93,543
	Total amount	₹	397,369,854	447,883,871
	Average rate / tonne	₹	5,163	4,788
<b>3)</b>	<b>Furnace oil</b>			
	Quantity	KL	74.36	25.00
	Total amount	₹	1,780,377	1,032,576
	Average rate / KL	₹	5,269	40,605
<b>4)</b>	<b>Other/Internal Generation</b>			
<b>a)</b>	<b>Liquefied Petroleum Gas</b>			
	Quantity	Kg	354,650	311,663
	Total amount	₹	15,944,320	12,941,678
	Average rate / kg	₹	44.96	41.52
<b>b)</b>	<b>Briquette Generation</b>			
	Quantity	Kg	2,893,450	2,922,760
	Total amount	₹	16,576,143	17,105,585
	Average rate / kg	₹	5.73	6.00
<b>B)</b>	<b>Consumption:</b>			
	<b>Product</b>			
<b>a)</b>	<b>Drapery and Upholstery fabric (per meter)</b>			
	Electricity	Unit	9.69	8.85
	Furnace oil	Litre	–	1.00
	Coal / Others		–	Nil
	Reasons for variation: Due to changes in product-mix.			
<b>b)</b>	<b>Spun Silk/ Blended yarns (per Kg)</b>			
	Electricity	Units/Kg	9.74	12.24
	Furnace oil		–	Nil
	Liquefied Petroleum Gas	₹/Kg	50.27	57.30
	Coal / Others			Nil
	Reasons for variation: Due to changes in product-mix.			
	LPG costs is higher due to higher prices.			
<b>c)</b>	<b>Bed linen (per set)</b>			
	Electricity	Unit/ set	7.89	7.89
	Furnace oil	Liter/set	115.80	0
	Liquefied Petroleum Gas	₹/set	0.42	1.97
	Coal / Others	₹/set	0.02	72.81



**C. 1) Energy conservation measures taken:**

- i) Regular preventive maintenance of electric motors
- ii) Frequency of steam trap checking has been increased and faulty traps were replaced
- iii) Transparent sheets in the roof were replaced to improve day light and to avoid using lights in day time
- iv) Installation of heat recovery system in boiler thermic fluid heater and process machines to recover the heat
- v) Higher system efficiency of boiler due to steam generated at high pressure and used at lower pressure
- vi) Timers were installed for streetlights
- vii) Installation of soft starter to reduce the energy in higher torque application
- viii) Electronic ballast were installed in lighting system
- ix) Implemented the phasing out plan of conventional light fitting to LED fittings in production, general area (processing, yarn stores, inspection and street lighting ) and Installation of LED lights instead of conventional lights in all expansion areas
- x) New high efficient and lower specific power consuming Air Compressor ordered to stop the existing lower efficient air compressors
- xi) Modification done in water treatment area there by sludge generation is reduced considerably
- xii) Change of coal quality from 39 % TM to 35 % TM which improved the boiler efficiency and reduced the coal plant running hours
- xiii) Installed new improved higher efficient Thermic Fluid heater to reduce coal consumption.
- xiv) Installed Power Efficient Humifog system for humidity improvement there by reducing the centralized humidity plant operation.

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

- i) Improvement in productivity
- ii) Improved efficiency and product quality
- iii) Better power factor, better utilization of power plant and lower demand in KVA
- iv) Reduction in electrical energy consumption and better illumination
- v) Optimization of compressor utilization
- vi) Improvement in the life of electrical equipment

**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 2016-17, the Company incurred ₹ 526.02 Lakhs towards recurring expenditure on R&D. The total R&D expenditure as a percentage of turnover is 0.38%.

**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
- iv) Installation of latest technology salt drying equipment to dry the waste salt generated in ETP which has resulted in huge saving in solid waste disposal cost

**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

Foreign Exchange Earnings and Outgoings		(₹ in Lakhs)
Earnings		
Export (FOB Value)		1,24,896.12
Corporate expense recovery from subsidiary		153.99
Interest		2,033.40
Outgo		
Import of raw material and other inputs		31,614.77
Other expenses		1,351.50
Net foreign exchange earnings from operations		94,117.24
Import of capital goods		11,457.26

## Annexure 8

### Annual Report on Corporate Social Responsibility Activities

#### 1) Brief Outline:

Corporate Social Responsibility (CSR) is central to the operating philosophy of the Company as it is the Company's constant endeavour to ensure that its businesses uphold the highest standards of governance and compliance. The Company proposes to engage in one or more CSR activities falling under the list prescribed under the schedule VII of the Companies Act, 2013. The Company has drafted a CSR policy and the same is available at its website at [www.himatsingka.com](http://www.himatsingka.com).

#### 2) The composition of the CSR Committee

The Corporate Social Responsibility (CSR) committee consists of the following directors:

Sl. No.	Name of the Director
1.	Dr. K R S Murthy
2.	D K Himatsingka
3.	Shrikant Himatsingka

3) Average net profit of the Company for last three financial years is ₹ 12,516.14 Lakhs.

4) The prescribed CSR expenditure for the year is ₹ 250.32 Lakhs, taken at 2% of the abovementioned average net profit.

5) Details of CSR spent during the financial year

a) Total amount to be spent for the financial year was ₹ 250.32 Lakhs

b) Amount unspent at the end of the year was ₹ 181.35 Lakhs

c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Location of Projects or Programs	Amount outlay (budget) project or program wise (₹)	Amount spent on the projects or programs	Cumulative expenditure upto the reporting period (₹)	Amount spent direct or through implementing agency
1.	Rural Development	Clause x of Schedule VII	Haliyal, Karnataka, India	50,00,000	50,00,000	50,00,000	Direct
2.	Training to promote rural sports,	Clause vi of Schedule VII	Hassan, Karnataka	7,50,000	7,50,000	7,50,000	Direct
3.	Implementation of e-class room solutions	Clause ii of Schedule VII	Doddaballapur, Karnataka	2,01,978	2,01,978	2,01,978	Direct
4.	Education – Train the Trainer	Clause ii of Schedule VII	Hassan, Karnataka	50,000	50,000	50,000	Direct
5.	CSR Administrative Expenses	Rule 4(iii) of CSR Rules	Karnataka, India	8,94,888	8,94,888	8,94,888	Direct
					<b>Total</b>	<b>68,96,866</b>	

6) The remaining amount has not been spent The same has been explained in the Board's Report.

7) The implementation and monitoring of CSR activities is in compliance with CSR objectives and Policy of the company.

Sd/-  
**Dr. K R S Murthy**  
(Chairman, CSR Committee)

Sd/-  
**Shrikant Himatsingka**  
(Managing Director & CEO)

# CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) and Schedule V(C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR").

## 1. Company's Governance Philosophy

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)

The Company has a balance mix of Executive and Non-Executive Independent Directors. As at March 31, 2017, the Board of Directors comprises of 8 (eight) Directors, of which 4 (four) are Non-Executive Independent Directors including one Women Director. The Chairman is Executive Director and the Promoter of the Company. The number of Independent Director is 4 (four). The composition of the Board is in accordance with the Regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is within the percentages stipulated in the subject clause and Regulation, respectively.

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

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees as specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, across all the public companies in which he or she is a Director. All the directors have made the necessary disclosures regarding their Committee positions in other companies as on March 31, 2017.

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

Name	Category (#)	Board Meetings Attended/ Held	Attendance at last AGM	No. of Directorships held in other companies@	No. of Memberships and Chairmanship in Committees of other public companies*	No. of shares and convertible instruments held by Directors
D K Himatsingka	P, EC	8/9	Yes	3	Nil	12,968,000
Shrikant Himatsingka	P, E	9/9	Yes	2	1 and 0	8,480,964
V. Vasudevan (w.e.f. 21.5.16)	E	7/9	Yes	Nil	Nil	–
Dr. K R S Murthy	I	8/9	Yes	3	1 and 1	1,000
Rajiv Khaitan	I	8/9	Yes	6	2 and 1	4,200
Sangeeta Kulkarni (w.e.f. 21.5.16)	I	8/9	Yes	5	Nil	–
A K Himatsingka (upto. 22.5.16)	P, NE, NI	1/9	No	Nil	Nil	2,561,007
Dilip J Thakkar (upto 21.5.16)	I	1/9	No	NA	NA	–
Jayshree Poddar (upto 22.5.16)	E	1/9	No	NA	NA	363,400
Berjis M Desai	I	2/9	No	15	5 and 2	–
Aditya Himatsingka	P, E	7/9	No	5	1 and 0	1,978,200

### Note:

# EC = Executive Chairman, E = Executive Director, I = Independent, NE = Non Executive, NI = Non Independent, P = Promoter.

@ For the purpose of considering the limit of directorship, private companies and companies under Section 8 of the Companies Act, 2013 have been included, but foreign companies have been excluded.

\* For the purpose of considering limit of committee membership, private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013 have been excluded. Chairmanship/Membership of only Audit Committee and Stakeholders' Relationship Committee is considered.

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.

During the year 2016-17, the Board of Directors met Nine times on the following dates: May 21, 2016, July 1, 2016, August 10, 2016, September 17, 2016, November 10, 2016, November 29, 2016, December 12, 2016, February 1, 2017 and March 22, 2017. The time gap between two meetings did not exceed 120 days.

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.

During the year, information as required under Schedule II part A of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 has been placed to the Board for its consideration.

### **Familiarization Programme and Training**

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the company's procedures and practices. In addition, presentations made at the Board and Committee Meetings on the performance of the company along with subsidiaries and quarterly updates on relevant statutory changes. The details of familiarization programme for Independent Directors are posted on the website of the company at <http://www.himatsingka.com/corporate-governance.html>

### **Re-appointment of directors**

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

### **3. Audit Committee**

The constitution of the committee is in line with the requirements under section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No changes were required to be made to the committee structure during the year.

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 functions of the Committee include the following:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b) Changes, if any, in accounting policies and practices and reasons for the same
  - c) Major accounting entries involving estimates based on the exercise of judgment by management
  - d) Significant adjustments made in the financial statements arising out of audit findings
  - e) Compliance with listing and other legal requirements relating to financial statements
  - f) Disclosure of any related party transactions
  - g) Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

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

During the year 2016-17, the Audit Committee met on Six occasions i.e. May 21, 2016, August 10, 2016, November 10, 2016, December 12, 2016, February 1, 2017 and March 22, 2017. The necessary quorum was present in all the meetings.

The Constitution of Audit Committee and attendance of the Members for the year 2016-17 is as under:

Name of Director	Position	No. of Meetings attended/ held
Dilip J Thakkar	Chairman (up to 21.5.16)	1/6
Rajiv Khaitan	Chairman (w.e.f. 21.5.16)	5/6
Dr. K.R.S. Murthy	Member	5/6
Berjis M Desai	Member	1/6
Shrikant Himatsingka	Member (w.e.f. 21.5.16)	5/6
Sangeeta Kulkarni	Member (w.e.f. 27.10.16)	4/6

Mr. Rajiv Khaitan, Chairman of the Audit Committee was present at the last Annual General Meeting.

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

The Company Secretary acts as the secretary to the Committee.

#### 4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board comprises of three Independent Directors. During the year 2016-17, the Committee met on three occasions i.e., May 21, 2016, August 10, 2016 & February 1, 2017.

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

The committee has devised a Nomination and Remuneration policy in line with the requirements under the Companies Act, 2013 and under the Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) regulations 2015, which includes performance evaluation criteria for Independent Directors. The Policy is enclosed as an annexure to the Boards' Report.

The following Directors are the members of the Committee:

Name of Director	Position	No. of Meetings attended/ held
Rajiv Khaitan	Chairman	3/3
Dilip J Thakkar	Member (upto 21.5.16)	1/3
Dr. K.R.S. Murthy	Member	2/3
Berjis M Desai	Member (w.e.f. 21.5.16)	1/3

The Company Secretary acts as the secretary to the Committee. The terms of reference is provided in Nomination & Remuneration Policy as given elsewhere in this Annual Report.

## 5. Remuneration 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. In addition to sitting fees, Commission is paid to Non-Executive Directors. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year, subject to overall ceiling stipulated in Sections 197 of the Companies Act, 2013. The remuneration is closely linked to the performance of the Company.

Given below are the details of Directors Remuneration during the financial year 2016-17.

(₹ in Lakhs)

Name of the Director	Sitting fees	Salaries and perquisites	Profit linked Commission	Total
D K Himatsingka	Nil	158.41	300.00	458.41
Shrikant Himatsingka	Nil	148.88	300.00	448.88
V. Vasudevan (w.e.f 21.5.2016)	Nil	90.92	62.25	153.17
Rajiv Khaitan (paid to Khaitan & Co., LLP)	1.70	Nil	10.00	11.70
Dr. K R S Murthy	1.80	Nil	10.00	11.80
Sangeeta Kulkarni (w.e.f 21.5.2016)	1.30	Nil	10.00	11.30
Berjis M Desai	0.40	Nil	10.00	10.40
Dilip J Thakkar (upto 21.5.16)	0.30	Nil	Nil	0.30
A K Himatsingka (upto 22.5.16)	0.10	Nil	Nil	0.10
Aditya Himatsingka	Nil	81.63	106.56	188.19
Jayshree Poddar (upto 22.5.16)	Nil	5.12	Nil	5.12

### The Contract tenures of the Executive Directors are as follows:

D. K. Himatsingka	:	From April 1, 2014 to March 31, 2019
Aditya Himatsingka	:	From June 2, 2014 to June 1, 2019
Shrikant Himatsingka	:	From June 3, 2013 to June 2, 2018
V. Vasudevan	:	From May 21, 2016 to May 20, 2021

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

(₹ in Lakhs)

Name of the Director	Purpose	Amount
Dr. K R S Murthy	Listing fees paid to National Stock Exchange of India Limited	2.30
Rajiv Khaitan	Professional fees paid to Khaitan & Co. LLP	78.97

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

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.

### Criteria for making payments to Non-Executive Directors:

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval obtained at the AGM held on September 23, 2014 for a period of five years commencing from April 1, 2014, the Commission is paid at a rate not exceeding 1% per annum of the profits of the Company computed in accordance with Section 197 of the Companies Act, 2013. The approval for payment of commission to NEDs is valid upto March 31, 2019.

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

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

## 6. Share Transfer Committee

The Company has a Share Transfer Committee. This comprises three directors. The Committee deals with various matters relating to share transfer, share transmission, issue of duplicate share certificates, the approval of split and consolidation requests, the dematerialisation 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, Shrikant Himatsingka and V Vasudevan.



## 7. Stakeholders Relationship Committee

The Company has a Stakeholders Relationship Committee comprising of three directors and the chairman is an independent, Non-Executive director. The constitution of stakeholder relationship committee are in compliance with provision of Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Committee looks into redressing of shareholder and investors complaints like transfer of shares, non-receipt of annual reports, non-receipt of declared dividend and related matters.

Four meetings of the committee were held during the year – on May 21, 2016, August 10, 2016, November 10, 2016 and February 1, 2017. The Chairman of the Committee was present in three meetings.

The minutes of the Stakeholders Relationship Committee meetings are placed before the Board of Directors in the subsequent Board meeting.

Constitution of Stakeholders Relationship Committee for the year 2016-17 and related information:

Name of the Director	Position	No. of Meetings Attended/ held
Rajiv Khaitan	Member (Chairman upto.21.5.2016)	3/4
A K Himatsingka (upto 22.5.16)	Member	1/4
Dr K R S Murthy	Chairman (w.e.f. 21.5.2016)	3/4
D.K. Himatsingka	Member	3/4

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 2016-17, the Company received 76 investor complaints, which have been attended to and no complaints remain unresolved at the end of the year.

## 8. Risk Management Committee

The Board constituted a Risk Management Committee on July 28, 2009. The Committee's prime responsibility is to implement and monitor the risk management plans and policy of the Company. During the year two meetings of the committee were held on May 21, 2016 and March 22, 2017. The minutes of Risk Management Committee meetings are placed before the Board of Directors in the subsequent Board meeting.

Constitution of Risk Management Committee for the year 2016-17 and related information:

Name of the Director	Position	No. of meetings attended / held
Dr K R S Murthy	Chairman	2/2
Aditya Himatsingka	Member	1/2
Shrikant Himatsingka	Member	2/2
V Vasudevan	Member	2/2

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

## 9. Corporate Social Responsibility

The Board constituted a Corporate Social Responsibility Committee on May 15, 2014. During the year two meetings of the committee were held on November 10, 2016 and March 22, 2017. The minutes of the Corporate Social Responsibility Committee meetings are placed before the Board of Directors in the subsequent Board meeting.

Constitution of the Corporate Social Responsibility Committee for the year 2016-17 and related information:

Name of the Director	Position	No. of meetings attended / held
Dr K R S Murthy	Chairman	2/2
D.K. Himatsingka	Member	2/2
Shrikant Himatsingka	Member	2/2
A.K. Himatsingka	Member (upto 22.05.2016)	0/2

## 10. General Body Meetings

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

Date	Year	Type	Time	Venue	No. of special Resolutions passed
September 17, 2016	2015-16	Annual General Meeting	2.00 p.m.	The LaLiT Ashok Kumara Krupa Road, High Grounds, Bangalore-560 001	Nil
September 15, 2015	2014-15	Annual General Meeting	2.00 p.m.	The LaLiT Ashok Kumara Krupa Road, High Grounds, Bangalore-560 001	2
September 23, 2014	2013-14	Annual General Meeting	2.00 p.m.	The LaLiT Ashok Kumara Krupa Road, High Grounds, Bangalore-560 001	3

### Postal Ballot

During the year under review no resolutions was passed through postal Ballot. Further, as on date of this report, no special resolutions are proposed to be passed through postal ballot.

## 11. Means of Communication

- The relevant information relating to the Directors who would be appointed/re-appointed at the ensuing Annual General Meeting is given in the Notice convening the Annual General Meeting.
- The Quarterly, half yearly, nine monthly and Annual Financial Results of the Company are intimated to stock exchange immediately after they are approved by the Board and were published in Business Standard, Business Line, Financial Express, Economic Times (all editions) – English Newspaper, and Vartha Bharati – Kannada newspaper, Bengaluru.
- The financial results and official news releases are also displayed on our website [www.himatsingka.com](http://www.himatsingka.com) and the website of the Company displays the Investor Updates and presentations made to the institutional investors and analysts from time to time.
- Reminders for unclaimed dividend are sent to the shareholders, as per records, before transferring the unclaimed dividend to Investor Education Protection Fund.
- The Company has designated [investors@himatsingka.com](mailto:investors@himatsingka.com) as the Designated Exclusive email-id, for redressal of investor grievances.

## 12. 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.

## 13. CEO/CFO Certification

The CEO and CFO give quarterly and annual certification of the financial statements to the Board, as required under Regulation 33 and Schedule II part B of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 14. 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.

## 15. Compliance Certificate by Auditors

The certificate regarding compliance of the conditions of corporate governance obtained from our statutory auditors M/s. Deloitte Haskins & Sells as stipulated under Schedule V(E) of the SEBI (LODR) Regulations, 2015 which is annexed herewith is given elsewhere in this Annual Report.

## 16. Compliance Officer

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

Mr. Ashok Sharma

Company Secretary

His contact details are –

Telephone: 080-22378000, Fax No. 080-4147 9384

e-mail ID: [investors@himatsingka.com](mailto:investors@himatsingka.com)

## 17. Disclosures

### a) Subsidiary Companies

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

### b) Related party transactions

The statutory disclosure requirements relating to related party transactions have been complied within the Annual Accounts (Note 35)

There were no material transactions during the year 2016-2017 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 2016-17.

### d) Whistle Blower Policy

A Whistle Blower Policy is adopted by the Company, the whistle blower mechanism is in vogue and no personnel has been denied access to the Audit Committee

### e) 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.

- f) Terms and Conditions of appointment of Independent Directors are posted on the website of the company at <http://www.himatsingka.com/corporate-governance.html>

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

- h) All the mandatory requirements have been duly complied with.

- i) With regard to adoption of non-mandatory requirements as specified in Part E of Schedule II, the Company has a non-executive director as its Chairman, it has appointed separate persons as Chairman and CEO, and the Internal Auditors report directly to the Audit Committee.

### j) 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.

- k) The web link for the policy for determining the material subsidiaries and policy on dealing with related party transactions is <http://www.himatsingka.com/corporate-governance/policies.html>

## 18. General Shareholders' Information

### Corporate

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

Listing on Stock Exchanges

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 to BSE and NSE for 2017-2018

Custodial Fees

Paid to Central Depository Services (India) Ltd. for 2017-18.  
The Company has paid one time fees to  
National Securities Depository Limited.  
Demat ISIN: INE049A01027

### Unclaimed Dividends

Pursuant to Section 125 of the Companies Act, 2013, dividends that are unpaid/ unclaimed for a period of seven years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF). Given below are the dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to IEPF.

Year	Type of dividend	Dividend per share (₹)	Date of declaration of dividend	Due date for transfer to IEPF
2010	Final dividend	0.25	September 8, 2010	October 15, 2017
2012	Final dividend	0.50	August 25, 2012	October 2, 2019
2013	Final dividend	1.00	August 12, 2013	September 18, 2020
2014	Final dividend	1.50	September 23, 2014	October 30, 2021
2015	Final dividend	2.00	September 15, 2015	October 22, 2022
2016	Interim dividend	1.00	March 11, 2016	April 18, 2023
2016	Final dividend	1.50	September 17, 2016	October 25, 2023

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

September 23, 2017 at 2.00 pm  
The LaLit Ashok Bengaluru  
Kumara Krupa Road, High Grounds  
Bengaluru-560 001

Financial year

1st April to 31st March

Financial Calendar

Board Meetings for approval of

Financial Results for 1st Quarter 2017-18	July-August 15, 2017
Financial Results for 2nd Quarter 2017-18	October-November 15, 2017
Financial Results for 3rd Quarter 2017-18	January-February 15, 2018
Annual Accounts 2017-18	April-May 30, 2018

Date of Book Closure

September 16, 2017 to September 23, 2017  
(both days inclusive)

Dividend payment date

on or before October 22, 2017

## Share Price

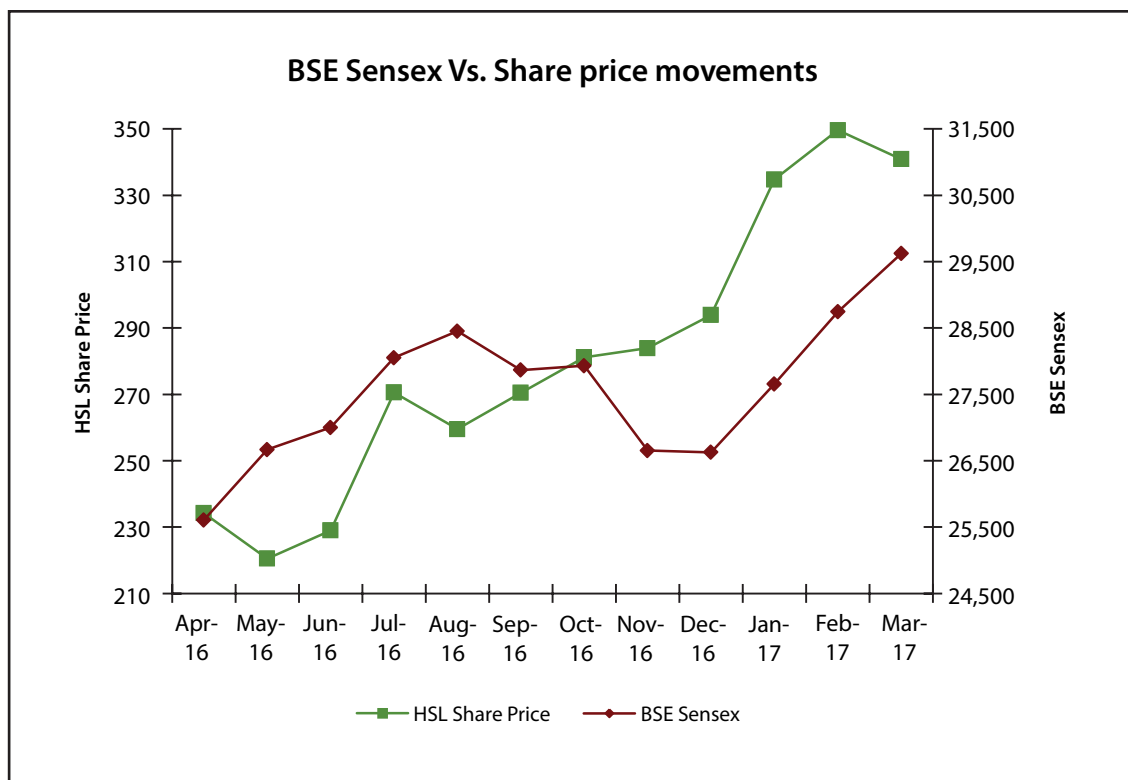
The monthly high and low quotations of the closing price and volume of shares traded at Bombay Stock Exchange and National Stock Exchange during the year were as follows:

Month	Bombay Stock Exchange			National Stock Exchange		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
Apr-16	236.10	186.15	1,254,990	236.00	185.30	6,094,147
May-16	251.20	211.50	1,176,774	251.00	211.00	6,530,430
Jun-16	239.00	216.10	1,275,060	238.90	215.30	5,631,979
Jul-16	297.50	228.00	2,230,858	297.00	227.50	6,855,043
Aug-16	292.00	241.95	840,317	276.00	241.55	3,868,507
Sep-16	279.00	240.90	748,136	279.00	240.00	2,897,501
Oct-16	293.00	266.70	527,189	293.90	266.10	3,325,778
Nov-16	308.00	246.35	669,738	308.40	231.50	3,638,640
Dec-16	313.00	266.70	1,247,484	313.70	265.00	4,671,372
Jan-17	359.00	291.05	1,241,412	359.00	291.00	5,268,698
Feb-17	384.50	330.10	1,931,690	384.95	331.00	4,306,263
Mar-17	369.30	336.25	420,677	370.00	335.30	2,457,988
<b>Total</b>			<b>13,564,325</b>	<b>Total</b>		<b>55,546,346</b>

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

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

## Share Price Movement



## Share price movement

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

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District  
Nanakramguda, Hyderabad-500 032  
Phone: (040) 6716 1559 Fax: (040) 23001153  
E-mail: shobha.anand@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 Regulation 40(9) of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges.

Transfer period in days	2016-2017	
	No. of shares	Percentage
1 – 10	6,400	100.00
11 – 20	–	–
21 – 30	–	–
<b>Total</b>	<b>6,400</b>	<b>100.00</b>

## Complaints received from Investors during the year

Sl. No.	Nature of Complaints	Received	Cleared
1.	Non-receipt of share certificates	3	3
2.	Non-receipt of dividend warrants	55	55
3.	Non-receipt of Annual Report	17	17
4.	Complaints received through SEBI (SCORES)	1	1
	<b>Total</b>	<b>76</b>	<b>76</b>

The Company attended to most of the investors' grievances/ correspondence within seven days from the date of receipt of the same during the year 2016-17

## Distribution of shareholding as on March 31, 2017

No. of equity shares	No. of share holders	% of share holders	No. of shares held	% of shareholding
1 – 5000	21,172	86.63	5,175,913	5.26
5001 – 10000	1,596	6.53	2,368,164	2.41
10001 – 20000	777	3.18	2,251,607	2.29
20001 – 30000	290	1.19	1,461,264	1.48
30001 – 40000	134	0.55	959,209	0.97
40001 – 50000	80	0.33	738,746	0.75
50001 – 100000	184	0.75	2,659,044	2.70
100001 and above	203	0.84	82,843,213	84.14
<b>Total</b>	<b>24,436</b>	<b>100.00</b>	<b>98,457,160</b>	<b>100.00</b>

## Shareholding Pattern as on March 31, 2017

Particulars	Physical Holding	Electronic Holding	Total Holdings	%
Promoters	0	56,334,595	56,334,595	57.22
Banks	2,000	11,176	13,176	0.01
Trusts	0	9,488	9,488	0.01
Mutual Fund	400	9,627,855	9,628,255	9.78
FII	400	8,255,101	8,255,501	8.38
Non-Resident Indians	169,780	554,047	723,827	0.74
Indian Corporate Bodies	15,720	3,679,738	3,695,458	3.75
Individuals	1,033,940	18,025,280	19,059,220	19.36
Others	0	737,640	737,640	0.75
<b>Total</b>	<b>1,222,240</b>	<b>97,234,920</b>	<b>98,457,160</b>	<b>100.00</b>
Percentage	1.24	98.76	100	

NOTE: Promoter Group has not pledged any of their shares as on March 31, 2017

### Dematerialisation of shares and liquidity

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

As on March 31, 2017, 98.76% 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, 2017

Category	Number of		% to total equity
	Shareholders	Shares	
Demat Mode			
NSDL	12,428	90,350,590	91.77
CDSL	11,229	6,884,330	6.99
<b>Total</b>	<b>23,660</b>	<b>97,234,920</b>	<b>98.76</b>
Physical Mode	779	1,222,240	1.24
<b>Grand Total</b>	<b>24,436</b>	<b>98,457,160</b>	<b>100.00</b>

**Plant Locations:** The Company's plants are situated at the following locations:

**Drapery & Upholstery Unit:** Doddaballapur-561 203, Karnataka, India.

**Bed Linen Unit:** Plot No. 1, KIADB Industrial Area, Hassan-573 201, Karnataka, India

**Spinning Unit:** Plot No. 4, KIDB Industrial Area, Hassan-573 201, Karnataka, India

### 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).

### Commodity Price Risk / Foreign Exchange Risk and Hedging activity

A report on Risk Management is included elsewhere in this Annual Report.

### Other useful information to shareholders

- Equity shares of the Company are under compulsory demat trading by all investors, with effect from March 21, 2000. Considering the advantages of scripless trading, shareholders are requested in their own interest to consider de-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 complain/ raise query and request for speedy and prompt redressal.



- Shareholders holding shares in physical form are requested to notify to the RTA/ Company, change in their address/ Pin Code number with proof of address and Bank Account details promptly by written request under the signatures of sole/ first joint holder. Shareholders may Note that for transfer of shares held in physical form, as per circular issued by SEBI, the transferee is required to furnish copy of their PAN card to the Company/RTAs for registration of transfer of shares.
- Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, bank details, nomination, power of attorney, etc., directly to their Depository Participants only.
- Non-resident members are requested to immediately notify the following to the Company in respect of shares held in physical form and to their Depository Participants in respect of shares held in dematerialized form:
  - Indian address for sending all communications, if not provided so far;
  - Change in their residential status on return to India for permanent settlement;
  - Particulars of the Bank Account maintained with a bank in India, if not furnished earlier; and
  - E-mail ID and Fax No.(s), if any.
- In case of loss/ misplacement of shares, investors should immediately lodge FIR/Complaint with the Police and inform to the Company along with original or certified copy of FIR/ Acknowledged copy of the Police complaint.
- For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.
- Shareholders are requested to keep record of their specimen signature before lodgement of shares with the Company to obviate the possibility of difference in signature at a later date.
- Shareholders of the Company, who have multiple accounts in identical 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 72 of the Companies Act, 2013 extends nomination facility to individuals holding shares in physical form in Companies. Shareholders, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form.
- Shareholders are requested to give their valuable suggestions for improvement of the Company's investor services.

Investors' correspondence may be addressed to Ashok Sharma, Company Secretary, Himatsingka Seide Limited, 10/24, Kumara Krupa Road, High Grounds, Bengaluru-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 Schedule V of Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Corporate Governance. With regard to the non-mandatory requirements the Company has a Executive Director as its Chairman, it has appointed separate persons as Chairman and CEO, and the Internal Auditors report directly to the Audit Committee.

### **DECLARATION**

As provided under Schedule V(D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2017.

Place: Bengaluru  
Date : August 10, 2017

**Dinesh Himatsingka**  
Executive Chairman

## DIVIDEND DISTRIBUTION POLICY

### Preamble

SEBI vide notification No. SEBI/ LAD-NRO/GN/2016-17/008 dated July 08, 2016 mandates that the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites

The Board of Directors of the Himatsingka Seide Limited has, at its meeting held on August 10, 2016 approved and adopted this policy.

Effective Date: August 10, 2016

### Definitions

For the purposes of this policy

"Act" shall mean the Companies Act, 2013 and shall include any amendments made thereto.

"Rules" Companies (declaration and payment of Dividend) Rules, 2013.

'Dividend' has been defined under Section 2(35) of Act. The term "Dividend" includes any interim dividend.

"Regulations" SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015.

"Company or HSL" shall mean Himatsingka Seide Limited, wherever it is referred to in the policy.

"Board" means Board of Directors of HSL.

"Policy" shall mean the Policy on Dividend Distribution Policy of HSL.

### The Policy

#### Introduction

This policy has been developed in accordance with the provisions of Companies Act, 2013 read with the applicable Rules framed thereunder, as may be in force for the time being and the Articles of Association of the Company.

The Policy is intended to determine the approach of the Board of Directors of the Company to the development of recommendations on the amount of dividends on the Company shares and the procedure for their payment.

The Company believes in continuing a reasonable balance between cash retention and distribution of dividend to its members. The Company believes in the requirement of cash retention for expansion and diversification of the Company including acquisitions to be made by it, and also to meet contingency.

The Company shall declare dividends for a financial year out of the profits of the company for that year or out of the profits of the company for any previous financial year or years after providing for depreciation in accordance with applicable laws.

#### Types of Dividends

##### A. Final Dividend

Dividend is said to be a final dividend if it is declared at the Annual General Meeting of the Company. Final dividend once declared becomes a debt enforceable against the Company. Final Dividend can be declared only if it is recommended by the Board of Directors of the Company.

##### B. Interim Dividend

Dividend is said to be an interim dividend, if it is declared by the Board of Directors between two annual general meetings of the company. However, all the provisions relating to the payment of dividend shall be applicable on the interim dividend also.

#### Factors determining the Dividend

##### C. Internal Factors

- |                      |                            |                        |
|----------------------|----------------------------|------------------------|
| 1) Upcoming Projects | 3) Technology Up gradation | 5) Contingency Funds   |
| 2) Expansion Plans   | 4) Merger and acquisitions | 6) Liquidity Positions |

##### D. External Factors

- |                                       |                           |                    |
|---------------------------------------|---------------------------|--------------------|
| 1) Economy in which company operating | 2) Statutory requirements | 3) Capital Markets |
|---------------------------------------|---------------------------|--------------------|

#### Utilization of retained earnings

Retained earnings are used to maintain existing operations or to increase sales and profits by growing the business of the Company.

#### For example:-

- ▶ For installation of new plants and equipment just to maintain existing operations.
- ▶ Repair and replace costly machinery.
- ▶ Idea of expansion etc.,

#### Review

This Policy will be reviewed periodically by the Board.

# INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

## TO THE MEMBERS OF HIMATSINGKA SEIDE LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated September 21, 2016.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Himatsingka Seide Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We 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  
Firm's Registration No. 008072S

**Monisha Parikh**

Partner  
Membership No. 47840

Place: Bengaluru  
Date : August 10, 2017

# BUSINESS RESPONSIBILITY REPORT

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN)	L17112KA1985PLC006647
2.	Name of the Company	Himatsingka Seide Limited
3.	Registered Office & Corporate Office	# 10/24, Kumara Krupa Road, High Grounds Bengaluru-560 001
4.	Website	www.himatsingka.com
5.	E-mail id	investors@himatsingka.com
6.	Financial Year reported	2016- 17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Home Textiles
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	1. Bedding Products, 2. Drapery & Upholstery Fabrics
9.	Total number of locations where business activity is undertaken by the Company  a) Number of International Locations (Provide details of major 5)  b) Number of National Locations	The Company through its subsidiaries has operations in USA and Europe.  <b>Corporate Office:</b> 10/24, Kumara Krupa Road, High Grounds, Bangalore-560 001  <b>Bed Linen Unit:</b> Plot No. 1, KIADB Industrial Area, Hassan-573 201, Karnataka, India  <b>Drapery and Upholstery Unit:</b> Doddaballapur-561 203, Karnataka, India  <b>Spinning Unit:</b> Plot No. 4 KIADB Industrial Area, Hassan-573 201, Karnataka, India.
10.	Markets served by the Company Local/State/National/International	India and over 10 countries worldwide

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	₹ 49.22 Crores
2.	Total Turnover (INR)	₹ 1439.99 Crores
3.	Profit after Tax (INR)	₹ 176.84 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) a) In INR b) As percentage of Profit after Tax (%)	₹ 0.68 Crores 0.47% (Average PAT for three preceding years)
5.	List of activities in which expenditure in 4 above has been incurred	i) Primary Education ii) Public Utility & Infrastructure iii) Promotion of rural sports

## SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company?	Yes
	If yes, then indicate the number of such subsidiary company(s)	7
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?	No

## SECTION D: BUSINESS RESPONSIBILITY INFORMATION

### 1. Details of the Director and BR Head responsible for implementation of the BR policy/policies

No.	Particulars	Company Information
1.	DIN Number	07521742
2.	Name	V Vasudevan
3.	Designation	Executive Director – Manufacturing Operations (Group)
4.	Telephone Number	080-22378000
5.	e-mail ID	corporate@himatsingka.com

### 2. Principle-wise BR Policy:

Principle 1	Businesses Should Conduct & Govern themselves with Ethics, Transparency & Accountability.
Principle 2	Businesses should provide goods & services that are safe and contribute to sustainability throughout their life cycle.
Principle 3	Businesses should promote the wellbeing of all employees
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
Principle 5	Businesses should respect and promote human rights.
Principle 6	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

#### a) Details of compliance:

No.	Questions	P 1w	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify ? (50 words)	Policies are prepared ensuring adherence to applicable laws and in line with international standards such as ISO, & OSHAS and meet national regulatory requirements such as Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the company have a specified committee of the Board/ Director / Official to oversee the implementation of the policy?	These policies are administered and supervised by the management of the Company through a robust internal governance structure								
6.	Indicate the link for the policy to be viewed online?	Policies on CSR, Code of Conduct, Related Party and Whistle Blower etc. are available at the below link. 1. <a href="http://himatsingka.com/Investorrelations/Corporategovernance/Policies">http://himatsingka.com/Investorrelations/Corporategovernance/Policies</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	The Quality, Safety, Health and Environment Policies are subject to internal and external audits as part of certification process.								
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

b) If answer to the question at serial number I against any principle, is “No”, please explain why

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The company has not understood the Principles	–	–	–	–	–	–	–	–	–
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	–	–	–	–	–	–	–	–	–
3.	The company does not have financial or manpower resources available for the task	–	–	–	–	–	–	–	–	–
4.	It is planned to be done within next 6 months	–	–	–	–	–	–	–	–	–
5.	It is planned to be done within the next 1 year	–	–	–	–	–	–	√	–	–
6.	Any other reason (please specify)	–	–	–	–	–	–	–	–	–

## SECTION E: PRINCIPLE-WISE PERFORMANCE

Our philosophy is to conduct the business with high ethical standards in our dealings with all the stakeholders that include employees, customers, suppliers, government and the community.

### PRINCIPLE 1: BUSINESSES SHOULD CONDUCT & GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY & ACCOUNTABILITY.

1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?	The Company's policies and code of conduct explains the company's view on ethics, bribery and corruption and is applicable to all employees. The policies have been shared with other stakeholders including vendors and suppliers.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	In the financial year 2016-17, we have not received any complaints.

### PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS & SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE.

1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	1. Bedding Products, 2. Drapery & Upholstery Fabrics
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain? b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	These products have resulted in savings in energy, raw material usage and water resources.
3.	Does the company have procedures in place for sustainable sourcing (including transportation)? a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	The sourcing of input materials for manufacturing activities have largely adhered to the use of such materials that are sustainable. The Company's supplier evaluation requirements stress on sustainability criteria to further the high sustainability value chain goals of the Company.
4.	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes, to the extent possible the Company sources goods and services from the areas surrounding its operating facilities.
5.	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Yes, the Company has a mechanism to recycle products and waste. Over 99% of all waste is recycled or recyclable.

**PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES.**

The Company strives to position itself as an equal opportunity employer and ensures best efforts in providing a high quality work environment with the highest standards of safety and work employee friendly amenities to enhance its employee satisfaction quotient.

**Information with reference to BRR framework as on March 31, 2017:**

1.	Total number of Permanent employees	3503			
2.	Total number of employees hired on temporary/ contractual/casual basis	1707			
3.	The Number of permanent women employees	1701			
4.	Number of permanent employees with disabilities	22			
5.	Employee association that is recognized by management	HSL Employees Union			
6.	Percentage of permanent employees who are members of this recognized employee association	Approximately 12% of permanent employees are members of a recognized employee association.			
7.	Number of Complaints received relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year	<b>No.</b>	<b>Category</b>	<b>Filed</b>	<b>Resolved</b>
		1	Child labour / forced labour	Nil	Nil
		2	Involuntary labour	Nil	Nil
		3	Sexual harassment	Nil	Nil
		4	Discriminatory employment	Nil	Nil
8.	Percentage of employees given safety & skill up-gradation training in the last year a) Permanent Employees b) Permanent Women Employees c) Casual /Temporary /Contractual Employees d) Employees with Disabilities	<p>The Company carries out training initiatives based on specific skill requirements and nature of work. In no eventuality do we train employees based on employee status as the Company is an equal opportunity employer</p> <p>The Company has well-structured and developed training programmes for its various needs and it estimates approximately 80% of its employees have gone through training and skill development programmes organized through the year.</p>			

**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED.**

The Company is committed to embrace an inclusive growth model keeping in mind the needs of all its stakeholders including the under privileged, disadvantaged and vulnerable members of society.

1.	Has the company mapped its internal and external stakeholders? Yes/No	<p>The Company has several internal and external stakeholders. They are majorly classified as follows:</p> <p>a) Business Stakeholders</p> <ul style="list-style-type: none"> <li>• Employees</li> <li>• Client Groups</li> <li>• Vendors and Suppliers</li> <li>• Partners</li> <li>• Local communities</li> </ul> <p>b) Financial Stakeholders</p> <ul style="list-style-type: none"> <li>• Bankers</li> <li>• Shareholders</li> <li>• Investors</li> </ul> <p>c) Statutory Stakeholders</p> <ul style="list-style-type: none"> <li>• Central and State Government authorities</li> <li>• Regulatory bodies</li> </ul>
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	Local communities and society continue to be an area of focus for the Company. We endeavor to take initiatives that have a positive impact on such communities.
3.	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	<p>Yes, special initiatives have been taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.</p> <p>The Company has carried out developmental work for the local communities in the vicinity of its manufacturing facilities. The initiatives include but are not limited to education, health, employment opportunities and social infrastructure.</p>



**PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS.**

1.	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint ventures/ Suppliers/ Contractors/NGOs/Others?	The Company remains committed to respect and protect human rights. The Company's code of conduct, Human Resource practices and policies provide guidelines on matters relating to child labour, occupational health and safety among other relevant matters that help respect and promote Human Rights.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	The Company has not received any stakeholder complaints pertaining to this principle, during the financial year 2016-17.

**PRINCIPLE 6: BUSINESSES SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT.**

The Company strives to have best in class initiatives and infrastructure in order to be environment friendly.

1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers /Contractors/NGOs/others.	The Company's environment policy extends to its facilities across India.
2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	As part of its initiatives to reduce its carbon footprint and ensure operational sustainability the Company has been focused on operating Zero Liquid Discharge (ZLD), Water Treatment Plants (WTP) and operating assets with high fuel efficiencies and best in class emission standards. Among other initiatives the Company is also exploring opportunities in the renewal energy space.
3.	Does the company identify and assess potential environmental risks? Y/N	Yes, as part of the process the Company regularly evaluates environmental risks and initiates steps for mitigation.  The manufacturing locations are certified for requirements under ISO 14001 (environment management system) and OHSAS 18001 (Occupational Health and Safety System).
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	At present, the Company does not have any project related to Clean Development Mechanism.
5.	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	The Company is researching and exploring possibilities in the renewable energy space.
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	NIL

**PRINCIPLE 7: BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER.**

The company participates in activities carried out by industry bodies and associations, vision groups and other forums set up by the government to discuss and deliberate challenges and opportunities.

1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	a) TEXPROCIL – Cotton Textile Export promotion Council b) ISEPC – Indian Skill Export Promotion Council c) FKCCI – Federation of Karnataka Chamber of Commerce and Industry
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	The Company has advocated through the above organisations on economic reforms, export policies and infrastructural needs.

**PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT.**

1.	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	In line with the provisions of the Companies Act, 2013 and based on recommendation of the CSR Committee, the Board of Directors have adopted a CSR Policy. The CSR policy, inter-alia, deals with the objectives of the Company's CSR initiatives, the guiding principles, the thrust areas of CSR, responsibilities of the CSR Committee, implementation plan and the reporting framework.  The thrust areas of the Company's CSR activities are:  a) Public Utility b) Education and Health c) Rural Development  The details of CSR initiatives can be accessed in the Company's CSR report in Annexure 8
2.	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	The aforesaid projects have been carried out by the Company directly and or through implementing agencies.
3.	Have you done any impact assessment of your initiative?	No
4.	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	The Company has spent Rs. 0.68 Crores during the financial year 2016-17 on CSR.  The details of CSR initiatives can be accessed in the Company's CSR report in Annexure 8
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes the CSR Committee reviews and assesses the initiatives at the end of each year to understand the efficacy of the programmes in terms of delivery of desired benefits to the community.

**PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER**

1.	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	Nil
2.	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)	The Company adheres to all the applicable regulations regarding product labeling and display's relevant information on it.
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	Nil
4.	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF HIMATSINGKA SEIDE LIMITED

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **HIMATSINGKA SEIDE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- 1) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv) The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. Based on audit procedures performed and the representations provided to us by the Management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
- 2) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm's Registration No. 0080725

**Monisha Parikh**  
Partner  
Membership No. 47840

Bengaluru, May 23, 2017

# ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

## **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **HIMATSINGKA SEIDE LIMITED** (the “Company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

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

### **Auditor’s Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

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

### **Opinion**

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

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

Firm’s Registration No. 008072S

**Monisha Parikh**

Partner

Membership No. 47840

Bengaluru, May 23, 2017

# ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- According to the information and explanations given to us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings are held in the name of the Company including share of undivided land jointly held with other entities as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.
- In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement except in case of four premises having a gross book value of ₹ 5.50 Lakhs and net book value of ₹ 3.12 Lakhs where the lease-cum-sale deed had been entered into by the Company and sale has not been registered upon completion of the lease period. The Company has initiated procedures for executing the sale in its favour.
- ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii) According to the information and explanations given to us, the Company has granted unsecured loans, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
- b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- c) There is no overdue amount remaining outstanding as at the balance sheet date.
- The Company has not granted any loans, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits.
- vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) According to the information and explanations given to us, in respect of statutory dues:
- a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in Lakhs)
Income Tax Act, 1961	Income Tax	Supreme Court	1993-94	39.23
		High Court of Karnataka	1994-95	125.75
		Supreme Court	2003-04	24.46*
		Income Tax Appellate Tribunal	2005-06	23.68
		Commissioner of Income Tax (Appeals)	2008-09	6.82
			2012-13	595.89
Central Excise Act, 1944	Excise Duty	Central Excise and Service Tax Appellate Tribunal	2003-04 to 2008-09	265.40
			February 2009 to December 2009	33.14^
			August 2012 to March 2013	16.28
		Commissioner of Central Excise (Appeals)	April 2013 to July 2014	6.02#
			August 2014 to January 2015	6.46!
			February 2015 to August 2015	32.80@

\*Net of ₹ 100 Lakhs paid under protest.

^Net of ₹ 5 Lakhs paid under protest.

#Net of ₹ 0.48 Lakhs paid under protest.

!Net of ₹ 0.52 Lakhs paid under protest.

@Net of ₹ 2.65 Lakhs paid under protest.

- viii)** In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. There are no borrowings from government.
- ix)** In our opinion and according to the information and explanations given to us, during the year the Company has not raised money by way of initial public offer/ further public offer (including debt instruments) and the money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds.
- x)** To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi)** In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii)** The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii)** In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv)** During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- xv)** In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi)** The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm's Registration No. 0080725

**Monisha Parikh**  
Partner  
Membership No. 47840

Bengaluru, May 23, 2017



# BALANCE SHEET

Himatsingka Seide Limited | As at March 31, 2017

	Note No.	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	3.1	78,325.91	53,341.09	50,962.04
Capital Work-In-Progress	3.1	9,902.35	2,846.41	3,300.00
Intangible Assets	3.2	1,648.71	876.26	605.72
Intangible Assets Under Development	3.2	–	–	330.00
Financial Assets				
a) Investments	4	22,977.98	29,356.21	28,697.76
b) Loans	5	24,262.30	24,943.75	24,964.26
c) Other Financial Assets	6	990.09	323.47	337.94
Deferred Tax Assets (Net)	7B	178.68	5,425.00	6,239.31
Non-current Income Tax Assets (Net)	7A	629.88	599.13	498.99
Other Non-current Assets	8	14,745.93	6,626.94	1,230.71
<b>Total non-current Assets</b>		<b>153,661.83</b>	<b>124,338.26</b>	<b>117,166.73</b>
<b>Current Assets</b>				
Inventories	9	25,923.25	17,047.46	14,990.14
Financial Assets				
a) Trade Receivables	10	34,062.17	19,495.13	12,076.65
b) Cash and Cash Equivalents	11	15,538.53	10,618.97	1,034.94
c) Loans	5	100.42	116.74	100.48
d) Other Financial Assets	6	13,738.73	3,453.23	1,903.10
Other Current Assets	8	7,609.82	6,696.08	3,383.33
<b>Total Current Assets</b>		<b>96,972.92</b>	<b>57,427.61</b>	<b>33,488.64</b>
<b>Total Assets</b>		<b>250,634.75</b>	<b>181,765.87</b>	<b>150,655.37</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	12	4,922.86	4,922.86	4,922.86
Other Equity	13	101,748.90	83,718.92	73,171.92
<b>Total equity</b>		<b>106,671.76</b>	<b>88,641.78</b>	<b>78,094.78</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Financial Liabilities				
a) Borrowings	14	68,093.11	46,660.89	29,174.45
Provisions	15	1,369.75	1,022.41	720.15
Non-current Income Tax Liabilities (Net)	7A	–	390.61	390.61
Other Non-current Liabilities	16	5,335.29	1,563.72	309.34
<b>Total non-current Liabilities</b>		<b>74,798.15</b>	<b>49,637.63</b>	<b>30,594.55</b>
<b>Current Liabilities</b>				
Financial Liabilities				
a) Borrowings	17	43,072.20	25,222.33	18,129.76
b) Trade Payables	18	14,628.69	10,030.22	10,830.55
c) Other Financial Liabilities	19	7,850.72	3,773.96	9,509.32
Provisions	15	152.72	130.75	115.33
Current Income Tax Liabilities (Net)	7A	1,017.00	3,307.72	2,254.71
Other Current Liabilities	16	2,443.51	1,021.48	1,126.37
<b>Total Current Liabilities</b>		<b>69,164.84</b>	<b>43,486.46</b>	<b>41,966.04</b>
<b>Total Equity and Liabilities</b>		<b>250,634.75</b>	<b>181,765.87</b>	<b>150,655.37</b>

See accompanying notes forming part of the financial statements

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

**Monisha Parikh**  
Partner

Place: Bengaluru  
Date : May 23, 2017

For and on behalf of the Board of Directors

**D.K. Himatsingka**  
Executive Chairman

**Ashok Sharma**  
Company Secretary

Place: Bengaluru  
Date : May 23, 2017

**Shrikant Himatsingka**  
Managing Director & CEO

# STATEMENT OF PROFIT AND LOSS

Himatsingka Seide Limited | For the year Ended March 31, 2017

	Note No.	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
Revenue from operations	20	139,807.02	102,380.34
Other Income	21	4,192.36	4,189.14
<b>Total Revenue</b>		<b>143,999.38</b>	<b>106,569.48</b>
<b>Expenses</b>			
Cost of Materials Consumed	22	84,682.51	54,699.12
Purchases of Stock-in-trade	22	3,638.47	211.38
Changes in stock of finished goods, work-in-progress and stock-in-trade	22	(6,882.00)	(322.24)
Excise duty expenses on sale of goods		—	170.84
Employee Benefit Expense	23	11,504.25	9,096.97
Finance Costs	24	6,365.45	5,996.86
Depreciation and Amortisation Expense	25	4,299.78	3,779.93
Other Expenses	26	15,901.24	14,333.52
		<b>119,509.70</b>	<b>87,966.38</b>
<b>Profit Before Tax</b>		<b>24,489.68</b>	<b>18,603.10</b>
Current Tax	32	2,682.87	3,923.26
Deferred Tax	32	4,122.59	722.32
Tax Expense		<b>6,805.46</b>	<b>4,645.58</b>
<b>Profit for the Year</b>		<b>17,684.22</b>	<b>13,957.52</b>
Other Comprehensive Income			
A) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		(217.21)	(136.58)
Income tax relating to items that will not be reclassified to profit or loss		75.17	46.42
B) Items that may be reclassified to profit or loss			
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		3,464.23	384.23
Income tax relating to items that may be reclassified to profit or loss		(1,198.90)	(138.41)
<b>Total Comprehensive Income for the Year</b>		<b>19,807.51</b>	<b>14,113.18</b>
<b>Basic and Diluted Earnings Per Equity Share of ₹ 5/- each (in ₹)</b>	33	<b>17.96</b>	<b>14.18</b>

See accompanying notes forming part of the financial statements

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

**Monisha Parikh**  
Partner

Place: Bengaluru  
Date : May 23, 2017

For and on behalf of the Board of Directors

**D.K. Himatsingka**  
Executive Chairman

**Ashok Sharma**  
Company Secretary

Place: Bengaluru  
Date : May 23, 2017

**Shrikant Himatsingka**  
Managing Director & CEO

# STATEMENT OF CHANGES IN EQUITY

HIMATSINGKA SEIDE LIMITED | For the year Ended March 31, 2017

	Amount ₹ in Lakhs
<b>A. EQUITY SHARE CAPITAL</b>	
Balance as at April 01, 2015	4,922.86
Changes in equity share capital during the year	–
Balance as at March 31, 2016	4,922.86
Changes in equity share capital during the year	–
<b>Balance as at March 31, 2017</b>	<b>4,922.86</b>

## B. Other Equity

(₹ in Lakhs)

	Reserves and surplus (Refer Note 13)					Other Comprehensive Income		Total Other Equity
	Capital reserve	Securities premium reserve	General reserve	Debenture Redemption Reserve	Retained earnings	Effective Portion of Cash Flow Hedge	Remeasurement of net defined benefit liability or asset	
<b>Balance as at April 01, 2015</b>	620.88	27,675.71	15,670.17	1,200.00	27,424.51	580.65	–	73,171.92
Profit for the year (Refer Note 36.3)	–	–	–	–	13,957.52	–	–	13,957.52
Other Comprehensive Income for the Year, net of income tax (Refer Note 36.3)	–	–	–	–	–	245.82	(90.16)	155.66
Payment of Dividends, including dividend distribution tax	–	–	–	–	(3,566.18)	–	–	(3,566.18)
Transfer to General reserve	–	–	800.00	(400.00)	(400.00)	–	–	–
<b>Balance as at March 31, 2016</b>	<b>620.88</b>	<b>27,675.71</b>	<b>16,470.17</b>	<b>800.00</b>	<b>37,415.85</b>	<b>826.47</b>	<b>(90.16)</b>	<b>83,718.92</b>
Profit for the year	–	–	–	–	17,684.22	–	–	17,684.22
Other Comprehensive Income for the Year, net of income tax	–	–	–	–	–	2,265.33	(142.04)	2,123.29
Payment of Dividends, including dividend distribution tax	–	–	–	–	(1,777.53)	–	–	(1,777.53)
Transfer to General reserve	–	–	400.00	(400.00)	–	–	–	–
Any other changes (to be specified)	–	–	–	–	–	–	–	–
<b>Balance as at March 31, 2017</b>	<b>620.88</b>	<b>27,675.71</b>	<b>16,870.17</b>	<b>400.00</b>	<b>53,322.54</b>	<b>3,091.80</b>	<b>(232.20)</b>	<b>101,748.90</b>

See accompanying notes forming part of the financial statements

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

**Monisha Parikh**  
Partner

Place: Bengaluru  
Date : May 23, 2017

For and on behalf of the Board of Directors

**D.K. Himatsingka**  
Executive Chairman

**Ashok Sharma**  
Company Secretary

Place: Bengaluru  
Date : May 23, 2017

**Shrikant Himatsingka**  
Managing Director & CEO

# CASH FLOW STATEMENT

HIMATSINGKA SEIDE LIMITED | For the year Ended March 31, 2017

	Note No.	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		17,684.22	13,957.52
<b>Adjustments for:</b>			
Income tax expense recognised in profit or loss	32	6,805.46	4,645.58
Finance costs recognised in profit or loss	24	6,365.45	5,996.86
Interest income recognised in profit or loss	21a	(2,347.45)	(2,261.58)
Net gain on sale of investments in mutual funds	21c	(667.79)	(251.91)
Net gain on disposal of property, plant and equipment	21c	(257.15)	(30.79)
Provision for doubtful debts	26	–	107.43
Loss on disposal of subsidiary	26	269.50	–
Amortized value of employee loans and security deposits		39.37	21.31
Income on financial guarantee contracts	21b	(153.14)	(158.45)
Depreciation and amortisation of non-current assets	25	4,299.78	3,779.93
Net foreign exchange (gain)/loss on non operating activities		(253.52)	(269.05)
Rental income from operating lease	21b	(38.83)	(53.49)
		<b>31,745.90</b>	<b>25,483.36</b>
<b>Movements in working capital:</b>			
Increase in trade and other receivables		(14,567.04)	(7,525.91)
Increase in inventories		(7,369.20)	(2,025.30)
Increase in other assets		(1,139.82)	(3,050.25)
Increase/(decrease) in trade and other payables		4,598.46	(800.32)
Increase in provisions		152.10	181.10
Decrease in other liabilities		(202.44)	(421.64)
<b>Cash generated from operations</b>		<b>13,217.96</b>	<b>11,841.04</b>
Income taxes paid		(5,709.92)	(3,208.87)
<b>Net cash generated by operating activities</b>		<b>7,508.04</b>	<b>8,632.17</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire financial assets		(54,265.58)	(19,130.19)
Proceeds on sale of financial assets		54,933.37	19,382.10
Interest received		2,247.83	1,264.70
Payments for property, plant and equipment and intangible assets		(38,588.54)	(9,713.36)
Proceeds from disposal of property, plant and equipment		295.86	74.09
Income from investment property		38.83	53.49
Net cash outflow on acquisition of subsidiaries		(627.31)	(500.00)
Other deposits		0.18	(10.10)
Loans to subsidiaries		160.46	1,391.38
<b>Net cash used in investing activities</b>		<b>(35,804.90)</b>	<b>(7,187.89)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from current borrowings		17,968.02	7,146.38
Proceeds from non current borrowings		34,186.88	38,784.76
Repayment of non current borrowings		(10,025.07)	(27,988.28)
Dividends paid on equity shares		(1,777.51)	(3,556.09)
Proceeds from government subsidy		617.87	184.82
Interest paid		(7,753.59)	(6,441.94)
<b>Net cash generated by financing activities</b>		<b>33,216.60</b>	<b>8,129.65</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,919.74</b>	<b>9,573.93</b>
Cash and cash equivalents at the beginning of the year	11	10,596.16	1,022.23
<b>Cash and cash equivalents at the end of the year</b>	<b>11</b>	<b>15,515.90</b>	<b>10,596.16</b>

See accompanying notes forming part of the financial statements

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

**Monisha Parikh**  
Partner

Place: Bengaluru  
Date : May 23, 2017

For and on behalf of the Board of Directors

**D.K. Himatsingka**  
Executive Chairman

**Ashok Sharma**  
Company Secretary

Place: Bengaluru  
Date : May 23, 2017

**Shrikant Himatsingka**  
Managing Director & CEO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: GENERAL INFORMATION

#### 1.1: Company Overview

Himatsingka Seide Limited ('the Company') is a public limited Company incorporated in India and listed on Bombay Stock Exchange and National Stock Exchange. The Company is primarily engaged in manufacturing of home textiles, mainly in bedding, drapery and upholstery products, made of cotton, silk, and blends.

The Company has investments in various subsidiaries across the globe, covering the United States of America, Italy, Singapore and Dubai which are into distribution of home textile products. The Company along with its subsidiaries represents a vertically integrated home textile group that manufactures, retails and distributes bedding, bath, drapery, upholstery and lifestyle accessory products.

The registered office of the Company is 10/24, Kumara Krupa Road, High Grounds, Bengaluru-560 001.

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

#### 2.1: Statement of Compliance

These standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 2.24 for the explanations of transition to Ind AS including the details of first-time adoption exemptions availed by the Company.

#### 2.2: Basis of preparation and presentation of financial statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

#### 2.3: Use of estimates and judgement

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### a) Impairment of investments in subsidiaries

The Company reviews its carrying value of investments in subsidiaries at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

## NOTES TO FINANCIAL STATEMENTS

### b) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

### c) Deferred tax assets

The carrying amount of deferred tax asset is reviewed at each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### d) Employee Benefits

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

## 2.4: Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the “functional currency”). The financial statements are presented in India Rupee, the national currency of India, which is the functional currency of Company.

## 2.5: Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

### a) Sale of goods

Revenue from the sale of goods is recognised when the goods are dispatched/delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree associated with ownership nor effective control over goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

### b) Dividend and Interest Income

Dividend Income from investments is recognised when the shareholder’s right to receive payment has been established (provided that it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

## 2.6: Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

## 2.7: Foreign Currencies

In preparing the financial statements of the Company, transactions in currencies other than entity’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## NOTES TO FINANCIAL STATEMENTS

### 2.8: Borrowings and Borrowing Cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

### 2.9: Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of profit and loss over the expected useful lives of the assets concerned.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognizes, as expenses, the related costs for which the grants are intended to compensate.

### 2.10: Employee benefits

#### a) Retirement benefit costs and termination benefits

Payments to defined contribution Retirement Benefit Plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit Retirement Benefit Plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

**Defined benefit costs are categorised as follows:**

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

#### b) Short-term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

## NOTES TO FINANCIAL STATEMENTS

Liabilities recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

### 2.11: Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted and are applicable as at the end of the reporting period. In the absence of adequate taxable profits, the Company is required to pay Minimum Alternate Tax (MAT) on the book profits, as adjusted for certain provisions.

#### b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

MAT paid in accordance with the tax laws, if any, which gives 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 tax. Accordingly, MAT is recognised as a deferred tax asset in the Balance sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### c) Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 2.12: Property, Plant and Equipment

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed. Revenue generated from production during the trial period is capitalised.



## NOTES TO FINANCIAL STATEMENTS

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land and leasehold land where the lease is convertible to freehold land under lease agreements at future dates at no additional cost, are not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Plant and Machinery, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Class of assets	Years
Factory Building	30 years
Office building	60 years
Plant and machinery	25 years (on single shift basis)
Furniture and Fixtures	10 years
Office Equipment	3-6 years
Books and Catalogues	4 years
Vehicles	6 -10 years
Leasehold Improvements	shorter of the lease term and their useful lives

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

For the purpose of transition to Ind AS, the Company has elected to fair value its land and building (including building under construction) and restate the carrying value of the balance categories of property, plant and equipment in accordance with Ind AS as of April 01, 2015 as its deemed cost as of the transition date.

### 2.13: Intangible Assets

#### a) Intangibles assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### b) Derecognition of intangible assets

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

#### c) Useful lives of Intangible assets

Estimated useful live of the intangible assets are as follows:

Nature of asset	Useful life
SAP (ERP Implementation cost)	10 years
Product designs	4 years
Technical knowhow	10 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern.

## NOTES TO FINANCIAL STATEMENTS

### d) Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with carrying value of all its intangible assets recognised as of 1 April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of transition date.

### 2.14: Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 2.15: Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost of raw materials include cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods and work in progress include cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### 2.16: Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 2.17: Investment in subsidiaries

Investment in subsidiaries are shown at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss.

On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

## NOTES TO FINANCIAL STATEMENTS

### Deemed cost on transition date

The Company has elected to continue with the carrying value of all of its investments in subsidiaries, other than its investment in one subsidiary, recognised as of April 01, 2015 (transition date) measured as per the previous GAAP as its deemed cost as at the date of transition and in case of that one subsidiary, the Company has elected to fair value the investment as of April 01, 2015 (transition date) as its deemed cost as at the date of transition.

### 2.18: Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

### 2.19: Financial assets

#### a) Recognition and initial measurement

- i) The Company initially recognises loans and advances, deposits, debt securities issue and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.
- ii) The Company has elected to apply the requirements pertaining to Level III financial instruments of deferring the difference between the fair value at initial recognition and the transaction price prospectively to transactions entered into on or after the date of transition to Ind AS.

#### b) Classification of financial assets

On initial recognition, a financial asset is classified to be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy in financial assets measured at amortised cost, refer Note 2.19.e

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognized at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previous accumulated in this reserve is reclassified to profit or loss.

For the impairment policy in financial assets measured at amortised cost, refer Note 2.19.e

All other financial assets are subsequently measured at fair value.

#### c) Effective Interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the gross carrying amount on initial recognition.

## NOTES TO FINANCIAL STATEMENTS

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other Income" line item.

### d) Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

### e) Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet

## NOTES TO FINANCIAL STATEMENTS

### f) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### g) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

## 2.20: Financial liabilities and equity instruments

### a) Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### c) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

### d) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

## NOTES TO FINANCIAL STATEMENTS

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

### e) Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The Company enters into deferred payment arrangements (acceptances) whereby overseas lenders such as banks and other financial institutions make payments to supplier's banks for import of raw materials and capital expenditure. The banks and financial institutions are subsequently repaid by the Company at a later date. These are normally settled up to 3 months (for raw materials) and up to 3 months (for capital expenditure). These arrangements for raw materials are recognized as Acceptances (under trade payables) and the arrangements for capital expenditure are recognised as other financial liabilities.

### f) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified parties fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

### g) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

## NOTES TO FINANCIAL STATEMENTS

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

### h) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 2.21: Derivative financial instruments

### a) Cash flow hedges

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains or losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

### b) Derivatives instruments not designated as Cash flow hedges:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate, commodity price and foreign exchange rate risks, including foreign exchange forward contracts, foreign exchange options, commodity forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

## 2.22: Earnings per share

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

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

## 2.23: Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.



## NOTES TO FINANCIAL STATEMENTS

### 2.24: First time adoption – mandatory exceptions, optional exemptions

The Company has prepared the opening standalone balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions, permitted under Ind AS 101 – First-time Adoption of Indian Accounting Standards, availed by the Company as detailed below.

**a) Deemed cost for property, plant and equipment, and intangible assets including capital work in progress and intangibles assets under development**

The Company has elected to fair value its land and building (including building under construction) and restate the carrying value of the balance categories of property, plant and equipment and capital work in progress in accordance with Ind AS as of April 01, 2015 (transition date) as its deemed cost as of the transition date.

The Company has elected to continue with the carrying value of all of its intangible assets, including intangibles under development as of April 1, 2015 (transition date) measured as per the previous GAAP as its deemed cost as at date of transition.

**b) Deemed cost for investments in subsidiaries**

The Company has elected to continue with the carrying value of all of its investments in subsidiaries, other than its investment in one subsidiary, recognised as of April 01, 2015 (transition date) measured as per the previous GAAP as its deemed cost as at the date of transition and in case of that one subsidiary, the Company has elected to fair value the investment as of April 01, 2015 (transition date) as its deemed cost as at the date of transition.

**c) Determining whether an arrangement contains a lease**

The Company has opted to apply the Appendix C of Ind AS 17 – Determining whether an Arrangement contains a Lease, to determine whether the arrangements existing as on the transition date contain a lease, on the basis of facts and circumstances existing as at the transition date.

**d) De-recognition of financial assets and financial liabilities**

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2015 (the transition date).

**e) Designation of previously recognised financial instruments**

The Company has designated financial liabilities and financial assets at fair value through profit or loss and investments in equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**f) Impairment of financial assets**

The Company has applied the impairment requirements of Ind AS 109 – Financial Instruments, retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

**g) Assessment of embedded derivatives**

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.



## NOTES TO FINANCIAL STATEMENTS

### Note 3.1: Property Plant and Equipment and Capital work in progress

(₹ in Lakhs)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>Carrying amounts of:</b>			
Freehold Land	16,450.09	16,450.09	15,542.50
Buildings	15,850.76	12,322.45	12,981.76
Buildings – Operating lease	22.59	24.36	26.09
Plant and Machinery	44,824.20	24,222.37	22,049.03
Furniture and Fixtures	173.94	119.86	131.49
Leasehold Improvements	6.96	2.91	3.28
Office Equipments	392.31	133.52	171.38
Vehicles	61.42	65.53	56.51
Books & Catalogues	543.64	–	–
<b>Total</b>	<b>78,325.91</b>	<b>53,341.09</b>	<b>50,962.04</b>
Capital Work-In-Progress	9,902.35	2,846.41	3,300.00
<b>Grand Total</b>	<b>88,228.26</b>	<b>56,187.50</b>	<b>54,262.04</b>

(₹ in Lakhs)

	Tangible Assets									
	Freehold Land (Refer Note 3.1.2)	Buildings	Buildings – Operating lease	Plant and Machinery	Furniture and Fixtures	Leasehold Improve- ments	Office Equipments	Vehicles	Books & Catalogues	Total
<b>Cost / Deemed Cost</b>										
As at April 01, 2015 (Refer Note 3.1.1 below)	15,542.50	12,981.76	26.09	58,816.88	630.56	103.30	1,169.48	124.46	–	89,395.03
Additions	907.59	163.82	–	4,973.34	33.16	1.94	76.72	24.95	–	6,181.52
Disposals	–	–	–	443.67	4.64	–	2.61	21.10	–	472.02
<b>As at March 31, 2016</b>	<b>16,450.09</b>	<b>13,145.58</b>	<b>26.09</b>	<b>63,346.55</b>	<b>659.08</b>	<b>105.24</b>	<b>1,243.59</b>	<b>128.31</b>	<b>–</b>	<b>95,104.53</b>
Additions	–	4,425.57	–	24,135.75	101.04	14.92	394.33	11.97	544.01	29,627.59
Disposals	–	–	–	1,589.75	0.17	–	0.06	–	–	1,589.98
<b>As at March 31, 2017</b>	<b>16,450.09</b>	<b>17,571.15</b>	<b>26.09</b>	<b>85,892.55</b>	<b>759.95</b>	<b>120.16</b>	<b>1,637.86</b>	<b>140.28</b>	<b>544.01</b>	<b>123,142.14</b>

#### Accumulated depreciation

As at April 01, 2015	–	–	–	36,767.85	499.07	100.02	998.10	67.95	–	38,432.99
Depreciation expense	–	823.13	1.73	2,757.59	43.90	2.31	114.58	15.93	–	3,759.17
Eliminated on disposal of assets	–	–	–	401.26	3.75	–	2.61	21.10	–	428.72
<b>As at March 31, 2016</b>	<b>–</b>	<b>823.13</b>	<b>1.73</b>	<b>39,124.18</b>	<b>539.22</b>	<b>102.33</b>	<b>1,110.07</b>	<b>62.78</b>	<b>–</b>	<b>41,763.44</b>
Depreciation expense	–	897.26	1.77	3,495.22	46.96	10.87	135.54	16.08	0.37	4,604.07
Eliminated on disposal of assets	–	–	–	1,551.05	0.17	–	0.06	–	–	1,551.28
<b>As at March 31, 2017</b>	<b>–</b>	<b>1,720.39</b>	<b>3.50</b>	<b>41,068.35</b>	<b>586.01</b>	<b>113.20</b>	<b>1,245.55</b>	<b>78.86</b>	<b>0.37</b>	<b>44,816.23</b>

#### Carrying amount

<b>As at March 31, 2017</b>	<b>16,450.09</b>	<b>15,850.76</b>	<b>22.59</b>	<b>44,824.20</b>	<b>173.94</b>	<b>6.96</b>	<b>392.31</b>	<b>61.42</b>	<b>543.64</b>	<b>78,325.91</b>
<b>As at March 31, 2016</b>	<b>16,450.09</b>	<b>12,322.45</b>	<b>24.36</b>	<b>24,222.37</b>	<b>119.86</b>	<b>2.91</b>	<b>133.52</b>	<b>65.53</b>	<b>–</b>	<b>53,341.09</b>
<b>As at April 01, 2015</b>	<b>15,542.50</b>	<b>12,981.76</b>	<b>26.09</b>	<b>22,049.03</b>	<b>131.49</b>	<b>3.28</b>	<b>171.38</b>	<b>56.51</b>	<b>–</b>	<b>50,962.04</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 3.1.1

The Company has elected to use fair value in its Opening Ind AS Balance Sheet (as at April 01, 2015) as deemed cost for Land and Building. Accordingly, the Land and Building is carried at fair value of ₹ 15,542.50 Lakhs and ₹ 13,007.85 Lakhs respectively, Carrying amount reported under previous GAAP was ₹ 747.38 Lakhs and ₹ 10,000.82 Lakhs respectively. The difference between the fair value and carrying amount reported under previous GAAP of ₹ 17,802.14 Lakhs has been taken to Retained Earnings as at April 01, 2015 (Transition Date).

The fair value of the above mentioned assets as at April 01, 2015 has been arrived at, on the basis of a valuation carried out as at March 31, 2015 by Messrs Manjunath Enterprise, Chartered Engineer registered with the Institution of Engineers (India), having appropriate qualification and experience in the valuation of Land and Building. For the land at Doddabalapur and Bengaluru, the fair value was derived using the market approach considering the prevailing market rate in the vicinity of the subject land parcel and also considering available details of recent transactions of similar land parcels adjusted for factors such as negotiation margin, land use, road location etc. For the Buildings, the fair value was derived using the Depreciated Replacement Cost method (DRC). DRC has been worked out using the replacement value determined based on the existing conditions and specifications of the Building with depreciation having been deducted from such replacement value. Straight Line Method of depreciation based on age and total life of the asset has been used.

### Note 3.1.2

Land includes ₹ 37.51 Lakhs (As at March 31, 2016 ₹ 37.51 Lakhs) (As at April 01, 2015 ₹ 37.51 Lakhs) being the share in land jointly owned with others. During 2003-04, the Khata in respect of one of the Company's properties was merged with those of other adjacent properties to facilitate better utilization of the property by joint construction and entitlement of proportionate undivided share of the amalgamated property.

### Note 3.1.3

Certain property, plant and equipment are pledged against borrowings, the details relating to which have been described in Note 14 pertaining to borrowings.

### Note 3.1.4

The above assets are owned and used by the Company and the employees of the Company other than those assets which are given on lease. Also refer Note 29 (a) for assets given on operating lease.

### Note 3.2: Intangible Assets and Intangible assets under development

(₹ in Lakhs)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Software	1,094.45	596.03	605.72
Design Costs	230.04	280.23	–
Technical Know-How	324.22	–	–
<b>Total</b>	<b>1,648.71</b>	<b>876.26</b>	<b>605.72</b>
Intangible assets under development	–	–	330.00
<b>Grand Total</b>	<b>1,648.71</b>	<b>876.26</b>	<b>935.72</b>

## NOTES TO FINANCIAL STATEMENTS

	Computer Software	Design Costs	Technical know-how	Total
<b>Cost / Deemed Cost</b>				
<b>As at April 01, 2015</b>	929.32	–	–	929.32
Additions	65.26	330.42	–	395.68
<b>As at March 31, 2016</b>	<b>994.58</b>	<b>330.42</b>	–	<b>1,325.00</b>
Additions	651.11	–	324.22	975.33
<b>As at March 31, 2017</b>	<b>1,645.69</b>	<b>330.42</b>	<b>324.22</b>	<b>2,300.33</b>
<b>Accumulated Depreciation</b>				
<b>As as April 01, 2015</b>	<b>323.60</b>	–	–	<b>323.60</b>
Depreciation expense	74.95	50.19	–	125.14
<b>As at March 31, 2016</b>	<b>398.55</b>	<b>50.19</b>	–	<b>448.74</b>
Depreciation expense	152.69	50.19	–	202.88
<b>As at March 31, 2017</b>	<b>551.24</b>	<b>100.38</b>	–	<b>651.62</b>
<b>Carrying value</b>				
<b>As at March 31, 2017</b>	<b>1,094.45</b>	<b>230.04</b>	<b>324.22</b>	<b>1,648.71</b>
<b>As at March 31, 2016</b>	<b>596.03</b>	<b>280.23</b>	–	<b>876.26</b>
<b>As at April 01, 2015</b>	<b>605.72</b>	–	–	<b>605.72</b>

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 4: NON-CURRENT INVESTMENTS</b>			
<b>Unquoted investments (all fully paid)</b>			
Investment in equity instruments of subsidiary companies, at cost			
Himatsingka Wovens Private Limited	1,683.69	1,677.21	1,164.12
Equity shares of ₹ 100 each fully paid up [No. of shares: 1,750,000 (As at March 31, 2016: 1,750,000) (As at April 01, 2015: 1,250,000)]			
Himatsingka Holdings North America, Inc.	21,209.73	20,465.63	20,345.17
Equity shares of USD 10,000 each fully paid up [No. of shares: 4,742 (As at March 31, 2016: 4,650) (As at April 01, 2015: 4,650)]			
Twill & Oxford LLC	37.35	37.35	37.35
Equity shares of AED 100 each fully paid up [No. of shares: 1,470 (As at March 31, 2016: 1,470) (As at April 01, 2015: 1,470)]			
Giuseppe Bellora S.r.l. (Refer Note 4.1 and Note 4.2 )	–	7,176.02	7,151.12
Equity shares of Euro 1 each fully paid up [No. of shares: Nil (As at March 31, 2016: 7,515,501) (As at April 01, 2015: 7,515,501)]			
Himatsingka Europe Limited (HEL)	47.21	–	–
Equity shares of GBP 1 each fully paid up (No. of shares:1)			
	<b>22,977.98</b>	<b>29,356.21</b>	<b>28,697.76</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 4.1:

As per Ind AS 101 the Company chose to value investments in subsidiaries at deemed cost. Such deemed cost is previous GAAP carrying amounts for all subsidiaries except for investment in Giuseppe Bellora S.r.l. whose fair value has been considered as the deemed cost. Accordingly the investment in Giuseppe Bellora S.r.l. is restated to its fair value of ₹ 7,151.12 Lakhs as against its carrying value reported under previous GAAP of ₹ 18,099.27 Lakhs. The difference between the fair value and carrying amount reported under previous GAAP of ₹ 10,948.15 Lakhs has been taken to Retained Earnings as at April 01, 2015 (Transition Date).

The fair value of the above mentioned Investment as at April 01, 2015 has been arrived at, on the basis of a valuation carried out as at March 31, 2015 by Sandesh Hegde, registered with Institute of Chartered Accountants of India and American Institute of Certified Public Accountants, having appropriate qualification and experience in the valuation of investment. The equity value was arrived using Income and Market approach by using Discounted Cash Flow Method, Guideline Transaction Method and Guideline Public Company Method. The valuer arrived at the fair value by using weighted average method by assigning equal weights to all the three methods.

### Note 4.2:

During the current year, the Company incorporated a subsidiary viz. Himatsingka Europe Limited, registered in England. The Company has on March 30, 2017 transferred the investment in Giuseppe Bellora S.r.l. to this subsidiary, at the fair value determined on the date of such transfer, as a part of its Group restructuring. The difference in the carrying value and the fair value as at March 30, 2017 was taken to the statement of profit and loss, included in Note 26. As at March 31, 2017 the subsidiary is yet to commence its operations.

### Note 4.3:

The above disclosed cost of investment includes a cumulative total of adjustments made in the nature of 'deemed equity' arising from accounting for the financial guarantees provided to loans taken by subsidiaries free of cost. The subsidiary wise value of deemed equity included in the carrying value is:

#### DEEMED EQUITY

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
Himatsingka Wovens Private Limited	19.57	13.09	–
Himatsingka Holdings North America, Inc.	350.70	225.29	104.83
Giuseppe Bellora S.r.l.	46.15	24.90	–
	<b>416.42</b>	<b>263.28</b>	<b>104.83</b>

### Note 4.4:

The Company has invested in above subsidiaries to manage the retail and distribution business across the globe.

## NOTE 5: LOANS

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>Non-current</b>			
a) Loans to related parties (Refer Note 35)			
– Unsecured, considered good	24,162.41	24,852.27	24,859.98
b) Loans to employees			
– Unsecured, considered good	99.89	91.48	104.28
<b>Total Non-current</b>	<b>24,262.30</b>	<b>24,943.75</b>	<b>24,964.26</b>
<b>Current</b>			
a) Loans to employees			
– Unsecured, considered good	100.42	116.74	100.48
<b>Total Current</b>	<b>100.42</b>	<b>116.74</b>	<b>100.48</b>

### Note No. 5.1:

The loans to related parties represent inter-corporate deposits given to the wholly owned subsidiaries for growing business needs. These are provided at an interest rate of 8.5% p.a. These financial assets are carried at amortized cost. Additional information about these deposits have been set out in Note 35.

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 6: OTHER FINANCIAL ASSETS</b>			
<b>Non-current</b>			
a) Financial assets at amortized cost			
Security Deposits			
– Unsecured, considered good	990.09	323.47	337.94
<b>Total Non-current</b>	<b>990.09</b>	<b>323.47</b>	<b>337.94</b>
<b>Current</b>			
a) <b>Financial assets at amortized cost</b>			
Security Deposits			
– Unsecured, considered good	37.91	15.76	24.20
Receivable from Himatsingka Europe Limited (Refer Note 4.2)	7,069.21	–	–
Interest Receivable (Refer Note 6.1 below)	1,903.52	1,836.75	766.95
Unbilled revenue	–	200.71	–
<b>Total</b>	<b>9,010.64</b>	<b>2,053.22</b>	<b>791.15</b>
b) <b>Derivatives financial instruments designated and effective as hedging instruments carried at fair value</b>			
Foreign currency forward contracts designated in hedge accounting relationships	4,728.09	1,400.01	1,111.95
<b>Total-Current</b>	<b>13,738.73</b>	<b>3,453.23</b>	<b>1,903.10</b>
<b>Note 6.1: Includes interest due from subsidiaries</b>			
Himatsingka Wovens Private Limited	233.54	149.63	72.92
Himatsingka Holdings North America, Inc.	1,437.07	1,601.82	646.88
Giuseppe Bellora S.r.l	–	67.72	47.15
	<b>1,670.61</b>	<b>1,819.17</b>	<b>766.95</b>
<b>NOTE 7: TAX ASSETS AND LIABILITIES</b>			
<b>7A: Income Tax Assets and Liabilities</b>			
<b>Non-current Income Tax Assets</b>			
Income tax payments made against returns filed /demands received for earlier years	6,515.20	6,221.07	3,644.93
Less: Provisions made in prior years	(5,885.32)	(5,621.94)	(3,145.94)
<b>Tax refund receivable (net)</b>	<b>629.88</b>	<b>599.13</b>	<b>498.99</b>
<b>Current tax liabilities</b>			
Income tax payable for the current year	7,581.65	4,162.72	2,476.00
Less: Advance tax and taxes deducted at source	(6,564.65)	(855.00)	(221.29)
<b>Tax payable (net)</b>	<b>1,017.00</b>	<b>3,307.72</b>	<b>2,254.71</b>
<b>Non Current tax liabilities</b>			
Provisions made in prior years	–	654.00	654.00
Less: Advance tax and taxes deducted at source	–	(263.39)	(263.39)
<b>Tax payable (net)</b>	<b>–</b>	<b>390.61</b>	<b>390.61</b>
<b>7B: Deferred Tax Balances</b>			
The following is the analysis of the net deferred tax asset/ (liability) position as presented in the financial statements			
Deferred tax assets	12,645.81	14,695.64	14,710.41
Deferred tax liabilities	(12,467.13)	(9,270.64)	(8,471.10)
<b>Net balance</b>	<b>178.68</b>	<b>5,425.00</b>	<b>6,239.31</b>

## NOTES TO FINANCIAL STATEMENTS

Movement for the year:

	For the year 2016-2017			(₹ in Lakhs)
	Opening Balance	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance
Property, Plant and Equipment (including land)	(8,614.84)	(2,291.16)	–	(10,906.00)
Cash flow hedge	(437.40)	–	(1,198.90)	(1,636.30)
Defined benefit obligations	249.53	(44.27)	75.17	280.43
Other claims	(264.82)	264.82	–	–
Unpaid employee benefits	294.22	51.14	–	345.36
Investment in subsidiary; impairment	–	–	–	–
Unadjusted tax losses, including unabsorbed depreciation	4,521.48	(4,487.95)	–	33.53
Other disallowances	–	297.37	–	297.37
Minimum Alternate Tax Credit	9,676.83	2,087.46	–	11,764.29
<b>Total</b>	<b>5,425.00</b>	<b>(4,122.59)</b>	<b>(1,123.73)</b>	<b>178.68</b>

	For the year 2015-2016			(₹ in Lakhs)
	Opening Balance	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance
Property, Plant and Equipment (including land)	(8,172.11)	(442.73)	–	(8,614.84)
Cash flow hedge	(298.99)	–	(138.41)	(437.40)
Defined benefit obligations	162.07	41.04	46.42	249.53
Other claims	–	(264.82)	–	(264.82)
Unpaid employee benefits	144.99	149.23	–	294.22
Investment in subsidiary; impairment	3,721.27	(3,721.27)	–	–
Unadjusted tax losses, including unabsorbed depreciation	4,892.64	(371.16)	–	4,521.48
Other disallowances	35.87	(35.87)	–	–
Minimum Alternate Tax Credit	5,753.57	3,923.26	–	9,676.83
<b>Total</b>	<b>6,239.31</b>	<b>(722.32)</b>	<b>(91.99)</b>	<b>5,425.00</b>

### NOTE 8: OTHER ASSETS

#### Other Non-Current assets

a) Capital advances	13,706.27	5,551.12	127.44
b) Prepayments	1,008.51	1,016.19	1,029.68
c) Deferred employee benefit	31.15	32.45	32.45
d) Deferred rent	–	27.18	41.14
<b>Total</b>	<b>14,745.93</b>	<b>6,626.94</b>	<b>1,230.71</b>

#### Other Current assets

a) Advances to suppliers	279.37	130.89	146.28
b) Advances to related parties (Refer Note 35)	328.55	490.96	72.28
c) Balances with government authorities (other than income taxes)	2,002.81	2,209.11	547.49
d) Prepayments	582.97	95.28	71.19
e) Deferred employee benefit	7.70	7.20	6.58
f) Deferred rent	27.18	13.29	14.06
g) Interest subsidy receivable	1,476.44	1,290.65	979.35
h) Subsidy receivable under various government schemes	2,904.80	2,458.70	1,546.10
<b>Total</b>	<b>7,609.82</b>	<b>6,696.08</b>	<b>3,383.33</b>

## NOTES TO FINANCIAL STATEMENTS

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 9: INVENTORIES</b>			
Raw materials	5,623.50	3,618.12	2,596.47
Work-in-progress	14,209.71	8,223.60	8,113.74
Finished goods	4,138.35	3,242.46	3,030.08
Stores and spares	1,951.69	1,963.28	1,249.85
<b>Total Inventories at the lower of cost and net realisable value</b>	<b>25,923.25</b>	<b>17,047.46</b>	<b>14,990.14</b>
<b>Included above, goods-in-transit:</b>			
Raw materials	1,363.50	1,087.28	708.48
Finished goods	543.01	–	–
Stores and spares	–	15.49	–
<b>Total goods-in-transit</b>	<b>1,906.51</b>	<b>1,102.77</b>	<b>708.48</b>
The mode of valuation has been stated in Note 2.15			
<b>NOTE 10: TRADE RECEIVABLES</b>			
Unsecured, considered good	34,169.60	19,602.56	12,076.65
Less: Allowance for doubtful debts	(107.43)	(107.43)	–
<b>Total</b>	<b>34,062.17</b>	<b>19,495.13</b>	<b>12,076.65</b>
<b>Note 10.1: Movement in the allowance for Doubtful Debts</b>			
Balance at the beginning of the year	–	–	–
Movement during the year	–	107.43	–
<b>Balance at end of the year</b>	<b>(107.43)</b>	<b>(107.43)</b>	<b>–</b>
<b>Note 10.2: Details of Trade Receivables</b>			
Of the above, trade receivables from:			
– Related Parties (Refer Note 35)	31,444.55	17,122.12	9,594.41
– Others	2,617.62	2,373.01	2,482.24
<b>Total</b>	<b>34,062.17</b>	<b>19,495.13</b>	<b>12,076.65</b>

### Note 10.3: Credit period

The average credit period on sale of goods ranges from 60 to 180 days. No interest is charged on trade receivables on delayed payments.

Before accepting any new customer, the internal team assesses the potential customer's credit quality and defines credit limits for the customer. Of the trade receivables balance as at March 31, 2017, ₹ 31,444.54 (as at March 31, 2016 of ₹ 17,122.12; as at April 1, 2015 of ₹ 9,594.41) is due from related parties. There are no other customers who represent more than 10% of the total balance of trade receivables for the respective financial years.

### Note 10.4: Expected credit loss allowance

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The Company has had no past history of any credit loss and based on such past experience and expectation in the future, credit loss has been provided for.

### Note 10.5: Transfer of Financial Assets

During the year, the Company discounted trade receivables with an aggregate carrying amount of ₹ 70,951.36 Lakhs with a Bank for cash proceeds of ₹ 63,734.59 Lakhs. If the trade receivables are not paid at maturity, the Bank has the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as secured borrowing, and recorded the differential as interest cost. At the end of the reporting period, the carrying amount of the trade receivables that have been transferred but have not been derecognized amounted to ₹ 15,403.42 Lakhs and the carrying amount of the associated liability is ₹ 14,637.79 Lakhs. (Refer Note 17)

## NOTES TO FINANCIAL STATEMENTS

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 11: CASH AND CASH EQUIVALENTS</b>			
Balance with Banks in current accounts and deposits (Refer Note 11.1)	15,494.90	10,582.38	1,007.17
Cash in hand (Refer Note 11.3)	21.00	13.78	15.06
Cash and cash equivalents as per Ind AS 7 Cash flow statement	15,515.90	10,596.16	1,022.23
Other Bank Balances (Refer Note 11.2)	22.63	22.81	12.71
<b>Total</b>	<b>15,538.53</b>	<b>10,618.97</b>	<b>1,034.94</b>

### Notes:

**11.1:** The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

**11.2:** Other Bank Balances represent earmarked balances in respect of unpaid dividends and dividend payable.

**11.3:** The details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 is provided in the table below:

	SBN	Other denomination notes	Total
<b>Closing cash in hand as on November 8, 2016</b>	29.22	3.04	32.26
Add: Permitted receipts	–	38.31	38.31
Less: Permitted payments	–	25.27	25.27
Less: Amount deposited in Banks	29.22	0.04	29.26
<b>Closing cash in hand as on December 30, 2016</b>	–	16.04	16.04

## NOTE 12: EQUITY SHARE CAPITAL

### Authorised

134,000,000 equity shares of ₹ 5 each with voting rights (As at March 31, 2016: 134,000,000 equity shares of ₹ 5 each) (As at April 1, 2015: 134,000,000 equity shares of ₹ 5 each)	6,700.00	6,700.00	6,700.00
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### Issued

98,496,160 equity shares of ₹ 5 each with voting rights (As at March 31, 2016 : 98,496,160 equity shares of ₹ 5 each) (As at April 1, 2015 : 98,496,160 equity shares of ₹ 5 each)	4,924.81	4,924.81	4,924.81
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### Subscribed and fully paid-up

98,457,160 equity shares of ₹ 5 each with voting rights (As at March 31, 2016 : 98,457,160 equity shares of ₹ 5 each) (As at April 1, 2015 : 98,457,160 equity shares of ₹ 5 each)	4,922.86	4,922.86	4,922.86
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	<b>4,922.86</b>	<b>4,922.86</b>	<b>4,922.86</b>
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i) There is no movement in the shares outstanding from the prior years' to the current year.

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

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



## NOTES TO FINANCIAL STATEMENTS

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

Shareholder	As at 31.03.2017 No. of shares	As at 31.03.2016 No. of shares	As at 31.03.2015 No. of shares
D K Himatsingka	12,968,000	11,135,944	11,135,424
% of holding	13%	11%	11%
D K Himatsingka (HUF)	—	5,432,056	5,432,056
% of holding	0%	6%	6%
Shrikant Himatsingka	8,480,964	6,680,964	6,680,964
% of holding	9%	7%	7%
Bihar Mercantile Union Limited	5,706,000	5,706,000	5,706,000
% of holding	6%	6%	6%
Rajshree Himatsingka	7,257,260	5,457,260	5,457,260
% of holding	7%	6%	6%

iv) There were no instances of shares issued, on which there were any calls remaining unpaid or instances of any forfeitures during the years ended March 31, 2017, March 31, 2016 and April 01, 2015.

### NOTE 13: OTHER EQUITY

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
Capital reserve (Refer note (i) below)	620.88	620.88	620.88
Securities premium account (Refer note (ii) below)	27,675.71	27,675.71	27,675.71
General reserve (Refer note (iii) below)	16,870.17	16,470.17	15,670.17
Debenture redemption reserve (Refer note (iv) below)	400.00	800.00	1,200.00
Retained earnings (Refer note (v) below)	53,322.54	37,415.85	27,424.51
<b>Reserves and Surplus</b>	<b>98,889.30</b>	<b>82,982.61</b>	<b>72,591.27</b>
Cash flow hedge reserve	3,091.80	826.47	580.65
Remeasurement of net defined benefit liability or asset	(232.20)	(90.16)	—
<b>Other Comprehensive Income</b>	<b>2,859.60</b>	<b>736.31</b>	<b>580.65</b>
<b>Total Other Equity</b>	<b>101,748.90</b>	<b>83,718.92</b>	<b>73,171.92</b>

#### Notes:

- Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserves.
- Amounts received on issue of shares in excess of the par value has been classified as securities premium.
- This represents appropriation of profit by the Company.
- Reserves created from general reserve for redemption of non convertible debentures.
- Retained earnings comprise of the Company's undistributed earnings after taxes.

Debenture redemption reserve		
Opening balance	800.00	1,200.00
Less: Transferred to general reserve	(400.00)	(400.00)
	400.00	800.00
General reserve		
Opening balance	16,470.17	15,670.17
Add: Transferred from Debenture redemption reserve	400.00	400.00
Add: Transferred from Retained Earnings	—	400.00
	16,870.17	16,470.17
Retained Earnings		
Opening balance	37,415.85	27,424.51
Add: Profit for the year	17,684.22	13,957.52
Less: Transferred to Debenture redemption reserve	—	(400.00)
Less: Payment of Dividends, including dividend distribution tax	(1,777.53)	(3,566.18)
	<b>53,322.54</b>	<b>37,415.85</b>

# NOTES TO FINANCIAL STATEMENTS

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
Effective Portion of Cash Flow Hedge			
Opening balance	826.47	580.65	
Gain/(loss) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges	8,039.46	1,786.93	
Cumulative (gain)/loss arising on changes in fair value of designated portion of hedging instruments reclassified to profit or loss	(4,575.23)	(1,402.70)	
Income tax related to net gains recognised in other comprehensive income	(1,198.90)	(138.41)	
	<b>3,091.80</b>	<b>826.47</b>	
Remeasurement of net defined benefit liability or asset			
Opening Balance	(90.16)	—	
Other Comprehensive Income for the Year, net of income tax	(142.04)	(90.16)	
	<b>(232.20)</b>	<b>(90.16)</b>	
<b>NOTE 14: NON CURRENT BORROWINGS</b>			
Borrowings measured at amortized cost			
Unsecured Borrowings: (Refer Note 14.1)			
Non Convertible Debentures	—	399.73	798.97
Secured Borrowings: (Refer Note 14.1)			
Term Loans			
From Banks	36,527.54	31,474.06	21,266.19
From Financial Institutions	31,565.57	14,787.10	7,109.29
<b>Total Borrowings</b>	<b>68,093.11</b>	<b>46,660.89</b>	<b>29,174.45</b>

## Note 14.1: Details of non-current borrowings and current maturities of non-current borrowings

	As at 31.03.2017		Total Borrowings As at 31.03.2016		As at 31.03.2016		Total Borrowings As at 31.03.2015		As at 01.04.2015		Nature of security	Repayment/ redemption / other terms
	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current		
Debentures (Unsecured)												
Non-convertible and redeemable debentures	-	399.81	399.73	399.14	798.87	798.87	798.87	399.14	798.97	398.73	Unsecured	Four equal annual installments commencing 2 years from the date of issue. The outstanding term as of March 31, 2017 was 1 installment.
<b>Total</b>	<b>-</b>	<b>399.81</b>	<b>399.73</b>	<b>399.14</b>	<b>798.87</b>	<b>798.87</b>	<b>798.87</b>	<b>399.14</b>	<b>798.97</b>	<b>398.73</b>		
Term loans from bank (Secured)												
Loan 1	11,518.62	1,461.98	13,590.56	329.13	13,919.69	13,919.69	13,160.09	329.13	13,160.09	-	Secured by charge over certain fixed assets and pledge of shares of wholly owned subsidiary.	20 quarterly installments after initial moratorium period of 2 years with ballooning provision at 5th, 10th, 15th, 19th & 20th installments. The outstanding term as of March 31, 2017 was 16 installments.
Loan 2	12,379.17	2,106.96	14,497.85	331.82	14,829.67	14,829.67	-	331.82	-	-	First pari passu charge of certain immovable fixed assets.	20 substantially equal quarterly installments commencing on 31.12.2016. The outstanding term as of March 31, 2017 was 16 installments.
Loan 3	4,308.05	-	-	-	-	-	-	-	-	-	First pari passu charge on entire moveable and immovable fixed assets of the Hassan Plot No.1 & 2 and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 39 structured quarterly installments commencing after a moratorium of 12 months from the Scheduled Commercial Operation date (or) actual Commercial Operation date. The outstanding term as of March 31, 2017 was 39 installments.
Loan 4	8,321.70	-	-	-	-	-	-	-	-	-	First pari passu charge on Midford garden property & Vital Mallya road property.	In 3 Yearly installments after initial moratorium of 4 years (yearly % of repayment 25%, 35% & 40%) The outstanding term as of March 31, 2017 was 3 installments.
Loan 5*	-	-	-	-	-	-	4,897.62	-	2,084.62	2,813.00	Secured by charge over certain moveable and immovable fixed assets, both present and future.	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, 2017 was Nil.
Loan 6	-	-	-	-	-	-	2,777.87	-	2,022.73	755.14	Secured by charge over certain moveable and immovable fixed assets, both present and future.	32 Quarterly installments commencing 2 years from the date of first disbursement. The outstanding term as of March 31, 2017 was Nil.
Loan 7	-	-	3,385.65	843.63	4,229.28	4,229.28	4,796.18	843.63	3,998.75	797.43	Secured by charge over certain immovable fixed assets and pledge of shares of wholly owned subsidiary.	22 Quarterly installments commencing 27 months from the date of first disbursement. The outstanding term as of March 31, 2017 was Nil.
<b>Total</b>	<b>36,527.54</b>	<b>3,568.94</b>	<b>32,978.64</b>	<b>31,474.06</b>	<b>32,978.64</b>	<b>32,978.64</b>	<b>25,631.76</b>	<b>1,504.58</b>	<b>21,266.19</b>	<b>4,365.57</b>		

The rate of interest on the above term loans is in the range of 4.65% to 10.25% (Previous Year: 5.3% to 10.5%).

\* Interest on these term loans is eligible for government subsidies.

# NOTES TO FINANCIAL STATEMENTS

## Note 14.1: Details of non-current borrowings and current maturities of non-current borrowings

	As at 31.03.2017		As at 31.03.2016		Total Borrowings As at 31.03.2016		As at 01.04.2015		Nature of security	Repayment/ redemption / other terms
	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current		
Loan 1*	845.20	313.67	1,411.89	1,160.09	251.80	1,666.22	1,413.59	252.63	Secured by charge over certain moveable and immovable fixed assets, both present and future.	33 Quarterly installments commencing 2 years from the date of first disbursement. The outstanding term as of March 31, 2017 was 13 installments.
Loan 2*	1,424.15	245.56	1,917.41	1,671.74	245.67	1,864.00	1,864.00	-	First pari passu charge on certain moveable and immovable fixed assets of the Company (in both units) including the proposed project assets, both present and future.	32 equal quarterly installments commencing after a moratorium of 1 year from the date of Commencement of Commercial Operation (COD). The outstanding term as of March 31, 2017 was 27 installments.
Loan 3 *	2,360.45	-	2,359.32	2,359.32	-	1,041.44	1,041.44	-	First pari passu charge on certain fixed assets (both moveable and immovable) of the Company (in both units), both present and future excluding the fixed assets charged on exclusive basis.	28 substantially equal quarterly installments commencing after a moratorium of 2 years from Scheduled Commercial Operation Date (SCOD) or Actual Commercial Operation Date (COD). The outstanding term as of March 31, 2017 was 28 installments.
Loan 4 *	16,843.48	441.93	7,198.34	7,198.34	-	-	-	-	First pari passu charge on the entire fixed assets (both moveable and immovable properties) of the Company (in both units) both present and future excluding the assets exclusively charged to other lenders.	39 substantially equal quarterly installments commencing after a moratorium of 1 year from Scheduled Commercial Operation Date (SCOD) or Actual Commercial Operation Date (COD) which ever is earlier. The outstanding term as of March 31, 2017 was 39 installments.
Loan 5*	7,427.10	444.31	-	-	-	-	-	-	First pari passu charge on entire moveable and immovable fixed assets of the Hassan Plot No.1 &2 and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 39 structured quarterly installments commencing after a moratorium of 12 months from the Scheduled Commercial Operation date (or) actual Commercial Operation date which ever is earlier. The outstanding term as of March 31, 2017 was 39 installments.
Loan 6	2,665.19	-	-	-	-	-	-	-	First pari passu charge on entire moveable and immovable fixed assets of the Hassan Plot No.1 &2 and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 40 structured quarterly installments commencing after a moratorium of 2 years from the date of first disbursement. The outstanding term as of March 31, 2017 was 40 installments.
Loan 7	-	-	3,129.65	2,397.61	732.04	3,483.38	2,790.26	693.12	Secured by charge over certain immovable fixed assets of promoter group companies and pledge of 10% shares of wholly owned subsidiary.	20 Quarterly equal installments commencing 3 years from the date of first disbursement. The outstanding term as of March 31, 2017 was Nil.
Loan 8*	-	-	-	-	-	2,762.24	-	2,762.24	Secured by charge over moveable and certain immovable fixed assets, both present and future.	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, 2017 was Nil.
<b>Total</b>	<b>31,565.57</b>	<b>1,445.47</b>	<b>16,016.61</b>	<b>14,787.10</b>	<b>1,229.51</b>	<b>10,817.28</b>	<b>7,109.29</b>	<b>3,707.99</b>		
The rate of interest on the above term loans is in the range of 10.2% to 11.55% (Previous year 6.4% to 11.8%).										
*Interest on these term loans is eligible for government subsidies.										
Loan from related Parties(Unsecured)										
Credit Himatsingka Private Limited	-	-	-	-	-	244.54	-	244.54	Unsecured	85 equal monthly installments commencing from April 2013. Consequent to acceleration of repayment as part of a modification of terms in FY 2013-14, the outstanding term as of March 31, 2017 was Nil.
<b>Total</b>	<b>68,093.11</b>	<b>5,414.22</b>	<b>49,794.12</b>	<b>46,660.89</b>	<b>3,133.23</b>	<b>37,891.28</b>	<b>29,174.45</b>	<b>8,716.83</b>		

## NOTES TO FINANCIAL STATEMENTS

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 15: PROVISIONS</b>			
<b>Non-current</b>			
Provision for compensated absences	342.24	301.39	243.33
Provision for gratuity (Refer Note 15.1)	1,027.51	721.02	476.82
<b>Total – Non-current</b>	<b>1,369.75</b>	<b>1,022.41</b>	<b>720.15</b>
<b>Current</b>			
Provision for compensated absences	152.72	130.75	115.33
<b>Total – Current</b>	<b>152.72</b>	<b>130.75</b>	<b>115.33</b>

### Note 15.1: Employee Benefit

#### a) Defined benefit plans

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 eligible 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 included as part of 'Contribution to provident and other funds' in Note 23 Employee benefit expense. Under this plan, the settlement obligation remains with the Company.

#### Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

- Interest Rate Risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
- Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.
- Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- Liquidity Risk:** This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cashequivalent to meet the liabilities or holding of illiquid assets not being sold in time.

In respect of the plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2017 by Mr. Khushwant Pahwa, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs
<b>Change in the benefit obligation</b>		
Defined Benefit Obligation at the beginning of the year	1,366.39	1,171.40
Current service cost	122.18	100.11
Interest cost	103.09	89.85
Benefits paid	(130.01)	(117.09)
Remeasurements – Actuarial (gains)/losses	167.51	122.13
<b>Defined Benefit Obligation at the end of the year</b>	<b>1,629.16</b>	<b>1,366.39</b>

## NOTES TO FINANCIAL STATEMENTS

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs
<b>Change in plan assets</b>		
Fair value of plan assets at the beginning of the year	645.36	694.57
Expected return on plan assets	48.69	47.69
Employer contributions	50.00	34.64
Benefits paid	(92.71)	(117.09)
Remeasurements – Return on plan assets excluding amounts included in interest income	(49.69)	(14.45)
<b>Fair value of plan assets at the end of the year</b>	<b>601.65</b>	<b>645.36</b>
<b>Composition of plan assets is as follows</b>		
Insurer managed funds – invested in 80% debt funds and 20% equity	601.65	645.36
Actual return on plan assets	(1.00)	33.24
Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.		
<b>Funded status [Surplus / (deficit)]</b>		
Present value of defined benefit obligation	1,629.16	1,366.39
Fair value of plan assets	601.65	645.36
<b>Funded status [Surplus / (deficit)]</b>	<b>(1,027.51)</b>	<b>(721.03)</b>
Net liability (unfunded obligations)	(1,027.51)	(721.03)
Less: Current portion of liability	–	–
<b>Non-current liability</b>	<b>(1,027.51)</b>	<b>(721.03)</b>
Estimate of amount of contribution in the immediate next year	–	–
<b>Components of defined benefit cost for the year ended recognised in the total comprehensive income under employee benefit expense is as follows</b>		
Service cost	122.18	100.11
Interest cost	103.09	89.85
Expected return on plan assets	(48.69)	(47.69)
Actuarial gain	217.21	136.58
<b>Net gratuity cost</b>	<b>393.79</b>	<b>278.85</b>
<b>Components of defined benefit cost for the year ended recognized in the statement of other comprehensive income:</b>		
Remeasurements of the net defined benefit liability		
Actuarial (gains) / losses arising from changes in financial assumptions	89.45	47.21
Actuarial (gains) / losses arising from experience adjustments	78.06	74.91
Return on plan assets, excluding amount recognised in net interest expense	49.69	14.45
	<b>217.20</b>	<b>136.57</b>
<b>Actuarial assumptions for gratuity</b>		
Discount rate	6.7%	7.55%
Salary escalation*	6.0%	6.0%
Mortality [IALM 06-08]	100.0%	100.0%
Withdrawal rates – Staff	2 – 40%	2 – 40%

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

## NOTES TO FINANCIAL STATEMENTS

### Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- A) If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by 6.4% (increase by 7.3%). (as at March 31, 2016: decrease by 7.4% (increase by 8.5%))
- B) If the expected salary growth increases/(decreases) by 1%, the defined benefit obligation would increase by 7.3% (decrease by 6.5%). (as at March 31, 2016: increase by 8.6% (decrease by 7.6%))
- C) If the attrition rate increases/(decreases) by 50%, the defined benefit obligation would decrease by 1.6% (increase by 2.9%). (as at March 31, 2016: decrease by 0.9% (increase by 1.4%))
- D) If the Mortality rate increases/(decreases) by 10%, the defined benefit obligation would increase by 0.2% (decrease by 0.2%). (as at March 31, 2016: increase by 0.3% (decrease by 0.3%))

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

### Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity liability occurring during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

### Effect of Plan on Entity's Future Cash Flows

#### A) Funding Arrangements and Funding Policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

- B) The Company expects to make a contribution of ₹ Nil during the next financial year.
- C) The weighted average duration of the benefit obligation at March 31, 2017 is 7 years (as at March 31, 2016 is 8 years).
- D) Maturity profile of defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis):	₹ in Lakhs
Within 1 year	394.17
2 to 5 year	551.00
6 to 10 year	573.37
more than 10 year	1,329.65

#### b) 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 Company recognised the following contributions in the Statement of profit and loss.

	31.03.2017 ₹ in Lakhs	31.03.2016 ₹ in Lakhs
Provident fund	562.62	482.49
Superannuation fund	14.51	17.26

## NOTES TO FINANCIAL STATEMENTS

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 16: OTHER LIABILITIES</b>			
<b>Non-current</b>			
a) Deferred Revenue arising from government grant (Refer Note 16.1 below)	5,335.29	1,563.72	309.34
<b>Total – Non Current</b>	<b>5,335.29</b>	<b>1,563.72</b>	<b>309.34</b>
<b>Current</b>			
a) Deferred Revenue arising from government grant (Refer Note 16.1 below)	1,941.22	316.75	–
b) Advances received from customers	105.13	84.66	127.29
c) Statutory dues	200.69	224.75	132.19
d) Unpaid Dividend	22.63	22.81	12.69
e) Advance from related parties (Refer Note 35)	173.84	372.51	854.20
<b>Total – Current</b>	<b>2,443.51</b>	<b>1,021.48</b>	<b>1,126.37</b>

### Note 16.1: Deferred Revenue arising from government grant

The Company has received government grants in the form of import duty exemption and subsidy on purchase of capital goods and purchase of raw materials, to be used for production of goods for exports, based on the terms of the respective schemes. The Company recognises such grants in statement of Profit or Loss on a systematic basis over the period in which the related expenses (the related costs for which the grants are intended to compensate) are incurred and charged to the income statement. The Company has presented such amortisation of deferred income as a deduction from the related expenses.

## NOTE 17: CURRENT BORROWINGS

### Secured Borrowings

Loans repayable on demand

– From Banks (Refer Note 17.1 and 17.2 below)	28,434.41	18,613.35	12,144.66
– Bill Discounting	14,637.79	6,608.98	5,985.10
<b>Total – Current Borrowings</b>	<b>43,072.20</b>	<b>25,222.33</b>	<b>18,129.76</b>

**Note 17.1:** The weighted average effective interest rate on the bank loans is 6.91% per annum (10.01% as at March 31, 2016 and 10.36% as at April 1, 2015)

**Note 17.2:** Working capital limits are secured against present and future inventory and trade receivables on pari-passu basis.

## NOTE 18: TRADE PAYABLES

Trade payables (Refer Note 18.1 and 18.2)	14,628.69	10,030.22	10,830.55
<b>Total trade payables</b>	<b>14,628.69</b>	<b>10,030.22</b>	<b>10,830.55</b>

**Note 18.1:** Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Information related to micro, small and medium enterprises

i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	685.22	147.71	185.71
ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	0.21	0.28
iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	148.47	44.68	321.04
iv) The amount of interest due and payable for the year	1.09	0.76	5.94
v) The amount of interest accrued and remaining unpaid at the end of the accounting year	1.09	0.79	21.24
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	–	0.01	3.92



## NOTES TO FINANCIAL STATEMENTS

**Note 18.2:** The average credit period on purchases of major goods is between 30 days to 90 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 19: OTHER FINANCIAL LIABILITIES</b>			
a) Current maturities of long term borrowing (Refer Note 14.1)	5,414.22	3,133.23	8,716.83
b) Interest accrued but not due on borrowings	437.80	308.77	227.50
d) Payables for capital projects	1,998.70	266.34	509.80
e) Derivatives financial instruments designated and effective as hedging instruments carried at fair value:			
– Interest rate swaps	–	65.62	55.19
	<b>7,850.72</b>	<b>3,773.96</b>	<b>9,509.32</b>

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>NOTE 20: REVENUE FROM OPERATIONS</b>		
Sale of products (Refer Note 20.3 below)	131,364.41	96,798.11
Other operating revenues (Refer Note 20.1 below)	8,442.61	5,582.23
<b>Total</b>	<b>139,807.02</b>	<b>102,380.34</b>
<b>Note 20.1: Other operating revenue comprises of:</b>		
Sale of Power	407.66	1,748.59
Sale of Waste and Scrap (Refer Note 20.2 below)	1,157.65	747.54
Income under government incentive schemes	6,877.30	3,086.10
	<b>8,442.61</b>	<b>5,582.23</b>
<b>Note 20.2:</b>		
Scrap sales includes sale of ₹ 212.68 Lakhs out of the trial production during the year. (Previous year: ₹ 143.88 Lakhs)		
<b>Note 20.3: Information on Major Customers</b>		
The above Revenue from sale of goods include majorly sales to related parties as mentioned below		
Related Parties [5 Customers aggregating to 83% in 2016-17 and 84% in 2015-16] (Refer Note 35.2)	108,629.80	81,599.89
Others [No other single customer contributes 10% or more to the Company's revenue for 2016-2017 and 2015-2016]	22,734.61	15,198.22
	<b>131,364.41</b>	<b>96,798.11</b>
<b>NOTE 21: OTHER INCOME</b>		
<b>a) Interest Income</b>		
Interest from Bank Deposits	120.11	30.64
Interest on Inter Company Deposits (Refer Note 35)	2,126.64	2,184.88
Interest on Electricity Deposits	50.92	22.35
Interest income earned on Financial Assets that are not designated as at fair value through Profit or Loss (Refer Note 21.1)	49.78	23.71
	<b>2,347.45</b>	<b>2,261.58</b>
<b>b) Other non-operating income (net of expenses directly attributable to such income)</b>		
Operating lease rental income	38.83	53.49
Shared service income	153.99	130.44
Income on financial guarantee contracts (Refer Note 4.3)	153.14	158.45
Provision no longer required written back	362.10	–
Miscellaneous income	24.24	78.32
	<b>732.30</b>	<b>420.70</b>
<b>c) Other Gains and Losses</b>		
Profit on sale of current investments	667.79	251.91
Net gain on disposal of property, plant and equipment	257.15	30.79
Net foreign exchange gains	187.67	1,224.16
	<b>1,112.61</b>	<b>1,506.86</b>
<b>Total</b>	<b>4,192.36</b>	<b>4,189.14</b>

## NOTES TO FINANCIAL STATEMENTS

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>Note 21.1:</b> The interest income earned on financial assets that are not designated as at fair value through profit or loss pertains to interest income earned on account of discounting of the rental deposits.		
<b>NOTE 22: COST OF MATERIALS CONSUMED AND PURCHASES OF STOCK IN TRADE</b>		
A) Raw material consumed (Refer Note 22.1 below)	84,682.51	54,699.12
B) Purchase of stock-in-trade – Bed linen	3,638.47	211.38
C) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening stock		
Work in progress	8,223.60	8,113.74
Finished goods	3,242.46	3,030.08
Closing stock:		
Work in progress	14,209.71	8,223.60
Finished goods	4,138.35	3,242.46
<b>Net (increase) / decrease</b>	<b>(6,882.00)</b>	<b>(322.24)</b>
<b>Note 22.1:</b> The Raw material and packing material consumed in current year is net off ₹ 1,078.78 Lakhs capitalised for trial production [Previous year: ₹ 244.29 Lakhs] (Refer Note 30).		
	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>NOTE 23: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	10,224.96	7,896.68
Contribution to provident and other funds (Refer Note 15.1)	753.70	642.01
Workmen and staff welfare expenses	1,285.12	896.21
Less: Expenses capitalized (Refer Note 30)	(759.53)	(337.93)
<b>Total</b>	<b>11,504.25</b>	<b>9,096.97</b>
<b>NOTE 24: FINANCE COST</b>		
Interest expense on:		
a) On Financial Liability at Amortised Cost		
Interest on term loan (net of subsidy ₹ 803.66 Lakhs (Previous year: ₹ 496.12 Lakhs) (Refer Note 14.1)	4,641.55	2,720.05
Interest on Non-convertible debentures (Refer Note 14.1)	63.15	108.69
Interest on working capital loans (Refer Note 17.1)	1,834.59	1,365.46
b) Interest on delayed payment of income taxes	314.00	239.46
c) Other borrowing costs	642.95	511.15
Exchange differences regarded as an adjustment to borrowing costs	–	1,198.40
	<b>7,496.24</b>	<b>6,143.21</b>
Less: Amounts capitalised as the cost of qualifying assets (Refer Note 30)	(1,130.79)	(146.35)
<b>Total</b>	<b>6,365.45</b>	<b>5,996.86</b>
<b>NOTE 25: DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation of Property, Plant and Equipment (Refer Note 3.1)	4,604.07	3,759.17
Amortization of intangible assets (Refer Note 3.2)	202.88	125.14
Less: Amortization of deferred income on government grants (Refer Note 16.1)	(507.17)	(104.38)
<b>Total</b>	<b>4,299.78</b>	<b>3,779.93</b>

## NOTES TO FINANCIAL STATEMENTS

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>NOTE 26: OTHER EXPENSES</b>		
Stores and spares consumed	1,175.67	963.87
Power and fuel	5,046.34	5,444.49
Job work charges	75.58	258.52
Manufacturing expenses – Others	579.08	637.65
Rent (Refer Note 29)	506.99	448.42
Travelling and conveyance	1,124.40	882.71
Communication expenses	156.45	125.99
Printing and stationery	49.31	56.41
Insurance	188.96	113.24
Repairs and maintenance		
Plant and Machinery	439.23	399.54
Buildings	136.23	157.26
Others	129.40	90.75
Rates and taxes	99.05	189.30
Professional and consultancy charges (Refer Note 26.1 below)	1,457.82	653.37
Bank charges	109.18	53.81
Expenditure on Corporate Social Responsibility (CSR) (Refer Note 26.2)	68.97	77.00
Amounts contributed to All India Congress Committee (political party) during the year	150.00	–
Contribution and donation	7.25	3.91
Advertisement and publicity	28.94	28.99
Selling and distribution		
– Commission on sales	67.86	171.83
– Selling expenses	80.33	494.53
– Freight outward, net of reimbursement	1,233.49	1,033.70
Provision for doubtful trade receivables	–	107.43
Royalty	11.18	–
Loss on disposal of subsidiary (Refer Note 4.2)	269.50	–
Security charges	310.88	192.37
Contract labour charges	2,792.53	1,622.15
Other expenses	666.08	379.88
Less: Expenses capitalized (Refer Note 30)	(1,059.46)	(253.60)
	<b>15,901.24</b>	<b>14,333.52</b>
<b>Note 26.1: Payments to Auditors</b>		
For audit	42.00	42.00
For taxation matters	4.00	4.00
For other services	1.24	5.00
For reimbursement of expenses	0.02	3.60
Service Tax	7.02	6.34
	<b>54.28</b>	<b>60.94</b>
<b>Note 26.2: Details of Corporate Social Responsibility expenditure</b>		
a) Total amount required to be spent for the financial year (Determined considering the average profit of prior three financial years, as per previous GAAP)	250.32	150.00
b) Amount spent during the financial year		
i) Construction or acquisition of any asset	–	–
ii) On purpose other than (i) above	68.97	77.00

## NOTES TO FINANCIAL STATEMENTS

### NOTE 27: COMMITMENTS

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)			
– for the acquisition of property, plant and equipment	39,995.48	12,239.00	83.30
Other commitments:			
The Company has imported capital goods under the Export Promotion Capital Goods (EPCG) scheme and Advance Authorisation to utilise the benefit of a zero or concessional customs duty rate. These benefits are subject to future exports within the stipulated period. Such export obligations at year end aggregate to Rupees			
Export Promotion Capital Goods (EPCG) Scheme	24,125.47	5,763.69	–
<b>NOTE 28: CONTINGENT LIABILITIES</b>			
a) Claims against Company not acknowledged as debt			
Taxation Matters (Refer Note 28.1)			
Income tax demands including penalty and interest upto date of order (Refer Note 28.2)	1,081.24	464.79	464.79
Excise duty (excludes penalties, if any) (Refer Note 28.3)	400.32	333.33	326.34
Others (relating to miscellaneous claims and bonus)	212.00	232.57	35.25
	<b>1,693.56</b>	<b>1,030.69</b>	<b>826.38</b>
b) Corporate guarantee given towards credit facilities on behalf of subsidiaries			
– Financial institutions	12,969.00	13,266.00	12,531.50
– Banks	7,385.56	7,903.75	7,711.62
– Others	415.57	425.08	401.55
	<b>20,770.13</b>	<b>21,594.83</b>	<b>20,644.67</b>
<b>Total</b>	<b>22,463.69</b>	<b>22,625.52</b>	<b>21,471.05</b>

**Note 28.1:** The above amounts have been arrived at based on the notice of demand or the Assessment Orders, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows including interest and other consequential payments, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. No reimbursements are expected.

**Note 28.2:** These claims relate to demands resulting from disallowances of deductions claimed and other adjustments, which are being contested by the Company. These cases are pending at various forums with respective authorities. Outflows, if any, arising out of the claims would depend upon the outcome of the decision of the appellate authority and the Company's right for future appeals before judiciary. No reimbursements are expected.

**Note 28.3:** These claims relate to demands arising from difference pertaining to transfer price assessed in terms of Customs Valuation Rules, 1988.

### NOTE 29: OPERATING LEASES

- a) As Lessor:  
The Company has entered into operating lease arrangements for a portion of its building premises. The details are as follows:

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
Gross Carrying Amount	26.09	26.09	26.09
Accumulated Depreciation	3.50	1.73	–
	<b>For the year ended 31.03.2017 ₹ in Lakhs</b>	<b>For the year ended 31.03.2016 ₹ in Lakhs</b>	
Depreciation recognised in the statement of profit and loss	1.77	1.73	
Rental income earned by the Company from the above mentioned building premises are set out in Note 21(b).			

## NOTES TO FINANCIAL STATEMENTS

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
b) As Lessee: The Company has entered into operating lease agreements mainly in respect of the office premises, accommodations and vehicles. 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	200.02	161.63
later than one year and not later than five years	299.97	209.88
later than five years	–	–
ii) Lease payments recognized in the statement of profit and loss for the year	506.99	448.42
Himatsingka Seide Limited		
<b>NOTE 30: EXPENSES CAPITALIZED</b>		
During the year, the Company completed the construction of additional manufacturing facility, enhancing the existing capacity of production. Expenses capitalized on initial recognition of the resulting PPE, include the costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.		
<b>a) Details of Borrowing costs capitalised</b>		
Borrowing costs capitalised during the year as capital work in progress	1,130.79	146.35
<b>Total Borrowing cost capitalised</b>	<b>1,130.79</b>	<b>146.35</b>
<b>b) Details of expenses capitalised</b>		
Raw material and packing material consumed	1,078.78	244.29
Employee benefit expenses	759.53	337.93
Other expenses	1,059.46	253.60
	<b>2,897.77</b>	<b>835.82</b>

## NOTE 31: SEGMENT REPORTING

The CEO & MD of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The Company is structured into a single segment of Home Textiles value chain, and accordingly the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators for the only identifiable segment.

The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below

- i) Geographical revenues are segregated based on the location of the customers who are invoiced or in relation to which the revenue is otherwise recognised

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
North America	117,894.24	86,554.54
Asia	4,466.62	1,727.27
Europe	5,372.76	6,296.42
India	3,558.19	2,219.88
Rest of the world	72.59	–
<b>Total</b>	<b>131,364.40</b>	<b>96,798.11</b>

Refer to Note 20.3 for revenue from major customers.

- ii) All non-current assets other than financial instruments, deferred tax assets of the Company are located in India.

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2017 ₹ in Lakhs
<b>NOTE 32: INCOME TAXES</b>		
<b>Note 32.1: Income tax expense recognised in statement of profit and loss</b>		
<b>Current Tax:</b>		
In respect of the current year	2,993.87	3,923.26
Adjustments in respect of prior years	(311.00)	–
	<b>2,682.87</b>	<b>3,923.26</b>
<b>Deferred Tax</b>		
In respect of the current year	4,122.59	722.32
	<b>4,122.59</b>	<b>722.32</b>
<b>Total income tax expense recognised in statement of profit and loss</b>	<b>6,805.46</b>	<b>4,645.58</b>
<b>Note 32.2: Income Tax recognised in Other Comprehensive Income</b>		
<b>Deferred tax:</b>		
Remeasurements of the defined benefit liabilities/(asset)	(75.17)	(46.42)
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	1,198.90	138.41
<b>Total income tax recognised in other comprehensive income</b>	<b>1,123.73</b>	<b>91.99</b>
Bifurcation of the income tax recognised in other comprehensive income into:–		
Items that will not be reclassified to profit or loss	(75.17)	(46.42)
Items that may be reclassified to profit or loss	1,198.90	138.41
	<b>1,123.73</b>	<b>91.99</b>
<b>Note 32.3:</b> A reconciliation of income tax expense applicable to accounting profit/(loss) before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:		
Profit before tax	24,489.68	18,603.10
Enacted income tax rate in India	34.61%	34.61%
<b>Computed expected tax expense</b>	<b>8,475.39</b>	<b>6,438.16</b>
Effects of tax concessions	(1,472.88)	(1,830.99)
Effects of expenses that are not deductible in determining taxable profit	160.82	82.71
Effects due to differential tax rates on capital gains	(46.78)	(44.32)
<b>Total income tax expense recognised in the statement of profit and loss</b>	<b>7,116.55</b>	<b>4,645.57</b>
Adjustments recognised in the current year in relation to current tax of prior years	(311.00)	–
<b>Total income tax expense recognised in the statement of profit and loss</b>	<b>6,805.55</b>	<b>4,645.57</b>
The tax rates under Indian Income Tax Act, for the years ended March 31, 2017 and March 31, 2016 is 34.61%.		
<b>NOTE 33: EARNINGS PER SHARE</b>		
Basic earnings per share (in Rupees)	17.96	14.18
Diluted earnings per share (in Rupees)	17.96	14.18
The earnings and weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows:		
Profit for the year attributable to owners of the Company (₹ in Lakhs)	17,684.22	13,957.52
Earnings used in the calculation of basic earnings per share	<b>17,684.22</b>	<b>13,957.52</b>
<b>Weighted average number of equity shares for the purposes of basic and diluted earnings per share (in number of shares)</b>	<b>98,457,160</b>	<b>98,457,160</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 34: FINANCIAL INSTRUMENTS

#### Note 34.1: Categories of Financial Instruments:

The carrying value of the financial instruments by categories as on March 31, 2017, March 31, 2016 and April 01, 2015 is as follows:

₹ in Lakhs

	Carrying amount			Fair Value		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>Financial Assets</b>						
<b>Measured at amortized cost:</b>						
Investments in unquoted equity Instruments	22,977.98	29,356.21	28,697.76	22,977.98	29,356.21	28,697.76
Cash and Cash Equivalents	15,538.53	10,618.97	1,034.94	15,538.53	10,618.97	1,034.94
Trade Receivables	34,062.17	19,495.13	12,076.65	34,062.17	19,495.13	12,076.65
Loans	24,362.72	25,060.49	25,064.74	24,362.72	25,060.49	25,064.74
Other Financial Assets	10,000.73	2,376.69	1,129.09	10,000.73	2,376.69	1,129.09
<b>Measured at FVTOCI</b>						
Other Financial Assets	4,728.09	1,324.16	934.83	4,728.09	1,324.16	934.83
<b>Measured at FVTPL</b>						
Other Financial Assets	—	75.85	177.12	—	75.85	177.12
<b>Total Assets</b>	<b>111,670.22</b>	<b>88,307.50</b>	<b>69,115.13</b>	<b>111,670.22</b>	<b>88,307.50</b>	<b>69,115.13</b>
<b>FINANCIAL LIABILITIES:</b>						
<b>Measured at amortized cost</b>						
Borrowings	111,165.31	71,883.22	47,304.21	111,165.31	71,883.22	47,304.21
Trade payables	14,628.69	10,030.22	10,830.55	14,628.69	10,030.22	10,830.55
Other Financial Liabilities	7,850.72	3,708.34	9,454.13	7,850.72	3,708.34	9,454.13
<b>Measured at FVTOCI</b>						
Other Financial Liabilities	—	65.62	55.19	—	65.62	55.19
<b>Total</b>	<b>133,644.72</b>	<b>85,687.40</b>	<b>67,644.08</b>	<b>133,644.72</b>	<b>85,687.40</b>	<b>67,644.08</b>

The management assessed that fair value of cash and cash equivalents, trade receivables, loans, borrowings, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### The following methods and assumptions were used to estimate the fair value/amortized cost:

- 1) Long-term fixed-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual losses and creditworthiness of the receivables.
- 2) The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the unquoted instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- 3) Fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2017 was assessed to be insignificant.
- 4) The Company enters into derivative financial instruments only with banks and financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at March 31, 2017, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financials instruments recognised at fair value.

## NOTES TO FINANCIAL STATEMENTS

### Fair Value Hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value using level 2 inputs on a recurring basis as at March 31, 2017, March 31, 2016 and April 01, 2015:

₹ in Lakhs

	Fair value measurement as at		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>Financial Assets measured at FVTOCI</b>			
Other Financial Assets – Derivative Instruments designated in hedge accounting relationships	4,728.09	1,324.16	934.83
<b>Financial Assets measured at FVTPL</b>			
Other Financial Assets – Other Derivatives	—	75.85	177.12
<b>Financial Liabilities measured at FVTOCI</b>			
Other Financial Assets – Interest rate swaps designated in hedge accounting relationships	—	65.62	55.19

There have been no transfers among level 1, 2 and 3 during the years.

Derivative financials instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

### Note 34.2: Capital Management:

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business.

The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using debt equity ratio, which is total debt divided by total equity. The capital structure of the Company consists of net debt (borrowings as detailed in Note 14.1 and 17 offset by cash and bank balances) and the total equity of the Company.

The Net debt equity ratio at the end of the reporting periods is as follows:

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Debt	116,579.53	75,016.45	56,021.04
Cash and Bank Balances	15,538.53	10,618.97	1,034.94
	<b>101,041.00</b>		
Equity share capital	4,922.86	4,922.86	4,922.86
Other equity	101,748.90	83,718.92	73,171.92
<b>Net Equity</b>	<b>106,671.76</b>	<b>88,641.78</b>	<b>78,094.78</b>
<b>Net Debt to Equity ratio</b>	<b>0.95</b>	<b>0.73</b>	<b>0.70</b>

The amount of future dividends of equity shares will be balanced with efforts to continue to maintain an adequate liquidity status.

### Note 34.3: Financial risk management:

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.



## NOTES TO FINANCIAL STATEMENTS

The Company's activities expose it to a variety of financial risks: liquidity risk, credit risk and market risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

### a) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. The Company believes that the working capital and its cash and cash equivalent are sufficient to meet its short and medium term requirements.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The contractual maturity is based on the earliest date on which the Company may be required to pay.

#### Liquidity exposure as at March 31, 2017

₹ in Lakhs

	< 1 Year	1 to 5 Years	>5 Years	Total
<b>Financial assets:</b>				
Trade Receivables	34,062.17	–	–	34,062.17
Cash and Cash Equivalents	15,538.53	–	–	15,538.53
Loans	100.42	24,262.30	–	24,362.72
Investments	–	–	22,977.98	22,977.98
Other Financial Assets	9,010.64	–	990.09	10,000.73
<b>Total</b>	<b>58,711.76</b>	<b>24,262.30</b>	<b>23,968.07</b>	<b>106,942.13</b>
<b>Financial Liabilities:</b>				
Borrowings	43,072.20	41,546.78	26,546.33	111,165.31
Trade Payables	14,628.69	–	–	14,628.69
Other Financial Liabilities	7,850.72	–	–	7,850.72
<b>Total</b>	<b>65,551.61</b>	<b>41,546.78</b>	<b>26,546.33</b>	<b>133,644.72</b>

#### Liquidity exposure as at March 31, 2016

₹ in Lakhs

	< 1 Year	1 to 5 Years	>5 Years	Total
<b>Financial assets:</b>				
Trade Receivables	19,495.13	–	–	19,495.13
Cash and Cash Equivalents	10,618.97	–	–	10,618.97
Loans	116.74	24,943.75	–	25,060.49
Investments	–	–	29,356.21	29,356.21
Other Financial Assets	2,053.22	–	323.47	2,376.69
<b>Total</b>	<b>32,284.06</b>	<b>24,943.75</b>	<b>29,679.68</b>	<b>86,907.49</b>
<b>Financial Liabilities:</b>				
Borrowings	25,222.33	34,331.37	12,329.52	71,883.22
Trade Payables	10,030.22	–	–	10,030.22
Other Financial Liabilities	3,708.34	–	–	3,708.34
<b>Total</b>	<b>38,960.89</b>	<b>34,331.37</b>	<b>12,329.52</b>	<b>85,621.78</b>

#### Liquidity exposure as at April 01, 2015

₹ in Lakhs

	< 1 Year	1 to 5 Years	>5 Years	Total
<b>Financial assets:</b>				
Trade Receivables	12,076.65	–	–	12,076.65
Cash and Cash Equivalents	1,034.94	–	–	1,034.94
Loans	100.48	24,964.26	–	25,064.74
Investments	–	–	28,697.76	28,697.76
Other Financial Assets	791.15	–	337.94	1,129.09
<b>Total</b>	<b>14,003.22</b>	<b>24,964.26</b>	<b>29,035.70</b>	<b>68,003.18</b>
<b>Financial Liabilities:</b>				
Borrowings	18,129.76	20,373.01	8,801.44	47,304.21
Trade Payables	10,830.55	–	–	10,830.55
Other Financial Liabilities	9,454.13	–	–	9,454.13
<b>Total</b>	<b>38,414.44</b>	<b>20,373.01</b>	<b>8,801.44</b>	<b>67,588.89</b>

## NOTES TO FINANCIAL STATEMENTS

### b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Trade receivables: The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

Refer Note 20.3 and Note 10.2 for the details in respect of revenue and receivable from top customers.

Credit risk on current investments, cash & cash equivalent and derivatives is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in fixed deposits and short-term liquid mutual fund units.

### c) Market Risk

Market risk is the risk of loss of any future earnings, in realizable fair values or in future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

#### Commodities risk:

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchase of raw material, mainly comprising cotton, silk, dyes and chemicals. All these raw material inputs are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, where the Company does not have much control. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies.

#### Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates and investments.

The Company holds hedging instruments to mitigate the risk of changes in interest rate on foreign currency loans. The counterparty to these contracts is generally a bank or a financial institution. These instruments are valued based on quoted prices for similar assets and liabilities in active markets.

The following table details the nominal amounts and remaining terms of interest rate swap contracts outstanding at the year end

	As at March 31, 2016			As at April 01, 2015		
	No. of contracts	USD equivalent of notional value	MTM of IRS	No. of contracts	USD equivalent of notional value	MTM of IRS
Interest Rate Swap	2.00	80.00	(65.62)	2.00	80.00	(55.19)

No Interest rate swap contracts outstanding as at March 31, 2017.

## NOTES TO FINANCIAL STATEMENTS

### Foreign currency risk:

The Company's foreign currency risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in USD, GBP and Euros) and foreign currency borrowings (in USD and GBP). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in Indian rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses derivative and non-derivative financial instruments, such as foreign exchange forward contracts, and foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

All hedging activities are carried out in accordance with the Company's internal risk management policies, as approved by the Board of Directors, and in accordance with the applicable regulations where the Company operates.

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Sell Contracts:

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	in Foreign Currency in (Million)	in ₹ Lakhs	in Foreign Currency in (Million)	in ₹ Lakhs	in Foreign Currency in (Million)	in ₹ Lakhs
In USD	144.18	100,647.96	78.59	54,968.69	72.87	47,511.05
In EURO	4.13	3,246.76	3.99	3,086.11	4.13	3,362.23
In GBP	2.86	2,621.29	2.86	3,001.58	2.86	2,971.39
<b>Total</b>	<b>151.17</b>	<b>106,516.01</b>	<b>85.44</b>	<b>61,056.38</b>	<b>79.86</b>	<b>53,844.67</b>

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Buy Contracts:

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	in Foreign Currency in (Million)	in ₹ Lakhs	in Foreign Currency in (Million)	in ₹ Lakhs	in Foreign Currency in (Million)	in ₹ Lakhs
IN EURO	15.23	11,396.15	7.02	5,257.82	–	–
In CHF	0.34	237.66	3.23	2,235.70	–	–
In USD	0.10	68.43	0.53	365.58	–	–
In JPY	–	–	8.25	50.47	–	–
<b>Total</b>	<b>15.67</b>	<b>11,702.24</b>	<b>19.03</b>	<b>7,909.57</b>	<b>–</b>	<b>–</b>

The foreign exchange forward contracts mature within 12 months. The table below analyzes the derivative financial instruments (SELL) into relevant maturity groupings based on the remaining period as on the balance sheet date:

	₹ in Lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Less than 1 month	8,727.29	4,492.73	6,436.59
1 to 3 months	20,286.28	11,158.47	12,714.25
3 to 6 months	29,431.71	16,493.77	15,213.39
6 to 12 months	48,070.73	28,911.41	19,480.42
<b>Total</b>	<b>106,516.01</b>	<b>61,056.38</b>	<b>53,844.65</b>

## NOTES TO FINANCIAL STATEMENTS

The foreign exchange forward contracts mature within 12 months. The table below analyzes the derivative financial instruments (BUY) into relevant maturity groupings based on the remaining period as on the balance sheet date:

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Less than 1 month	2,356.20	3,875.53	–
1 to 3 months	8,463.85	3,291.95	–
3 to 6 months	882.19	726.72	–
6 to 12 months	–	15.37	–
<b>Total</b>	<b>11,702.24</b>	<b>7,909.57</b>	<b>–</b>

The carrying amounts of the Company's unhedged foreign currency monetary assets and unhedged foreign currency monetary liabilities at March 31, 2017, March 31, 2016 and April 01, 2015 are as follows:

₹ in Lakhs

Particulars	As at 31.03.2017		
	USD	EUR	GBP
<b>Financial Assets</b>			
Cash and Cash Equivalents	1.91	–	–
Trade Receivables	30,504.21	505.53	253.49
Loans	22,812.41	–	–
Other Financial Assets	1,437.07	–	–
<b>Total</b>	<b>54,755.60</b>	<b>505.53</b>	<b>253.49</b>
<b>Financial Liabilities</b>			
Borrowings	19,840.32	–	–
Trade payables	4,178.02	71.55	16.37
Other Financial Liabilities	1,461.98	–	–
<b>Total</b>	<b>25,480.32</b>	<b>71.55</b>	<b>16.37</b>

Particulars	As at 31.03.2016		
	USD	EUR	GBP
<b>Financial Assets</b>			
Cash and Cash Equivalents	1.95	–	–
Trade Receivables	6,585.61	104.04	1.15
Loans	23,852.26	–	–
Other Financial Assets	1,601.81	67.72	–
<b>Total</b>	<b>32,041.63</b>	<b>171.76</b>	<b>1.15</b>
<b>Financial Liabilities</b>			
Borrowings	30,617.52	–	–
Trade payables	–	94.39	17.67
Other Financial Liabilities	1,904.80	–	–
<b>Total</b>	<b>32,522.32</b>	<b>94.39</b>	<b>17.67</b>

Particulars	As at 01.04.2015		
	USD	EUR	GBP
<b>Financial Assets</b>			
Cash and Cash Equivalents	1.88	–	–
Trade Receivables	6,006.69	4.40	1.10
Loans	23,859.98	–	–
Other Financial Assets	646.88	47.15	–
<b>Total</b>	<b>30,515.43</b>	<b>51.55</b>	<b>1.10</b>
<b>Financial Liabilities</b>			
Borrowings	27,406.41	–	–
Trade payables	324.95	278.43	–
Other Financial Liabilities	1,490.55	–	–
<b>Total</b>	<b>29,221.91</b>	<b>278.43</b>	<b>–</b>

## NOTES TO FINANCIAL STATEMENTS

The amounts of monetary assets and monetary liabilities shown in the above table are unhedged and are hence directly subject to the risk of fluctuation in the respective foreign currencies. The following table details the Company's sensitivity to a 1% increase and decrease in the INR against the relevant foreign currencies net of hedge accounting impact. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 1% against the relevant currency. For a 1% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and such balances are indicated in negative.

₹ in Lakhs

	Impact on profit or loss for the year		Impact on total equity as at the end of reporting period	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
USD Sensitivity				
INR/USD – Increase by 1%	292.75	(4.81)	292.75	(4.81)
INR/USD – Decrease by 1%	(292.75)	4.81	(292.75)	4.81
EUR Sensitivity				
INR/EUR – Increase by 1%	4.34	0.77	4.34	0.77
INR/EUR – Decrease by 1%	(4.34)	(0.77)	(4.34)	(0.77)
GBP Sensitivity				
INR/GBP – Increase by 1%	2.37	(0.17)	2.37	(0.17)
INR/GBP – Decrease by 1%	(2.37)	0.17	(2.37)	0.17

## NOTES TO FINANCIAL STATEMENTS

### NOTE 35: RELATED PARTY DISCLOSURES

#### Note 35.1: Name of the Related party and relationships

Nature of relationship	Names of the related parties
Wholly owned subsidiaries (WOS)	Himatsingka Wovens Private Limited (HWPL) Himatsingka Holdings North America, Inc. (HHNA) (formerly known as Himatsingka America, Inc.) Himatsingka America, Inc. (HIMA) (Merged entity of DWI Holdings, Inc. (DWI) and Divatex Home Fashions, Inc. (DHF) ) Himatsingka Singapore Pte. Ltd. (HSPL) Himatsingka Europe Limited (HEL) Giuseppe Bellora S.r.l. (GB)
Other subsidiaries (OS)	Twill & Oxford LLC (T&O)
Key management personnel (KMP)	A.K. Himatsingka (AKH) – Vice Chairman & Executive Director (upto 22-05-2017) D.K. Himatsingka (DKH) – Executive Chairman (w.e.f. 21-05-2016) Aditya Himatsingka (ADH) – Executive Director Jayashree Poddar (JP) – Executive Director (upto 22-05-2016) Shrikant Himatsingka (SKH) – Managing Director & CEO (w.e.f. 21-05-2016) V. Vasudevan – Executive Director (w.e.f. 21-05-2016) Sangeeta Kulkarni – Independent Director (w.e.f. 21.05.2016) Dilip J. Thakkar – Chairman (upto 21-05-2016) Rajiv Khaitan – Independent Director Dr. K.R.S. Murthy – Independent Director Berjis M Desai – Independent Director K.P. Pradeep – Chief Financial Officer (upto 07-01-2017) Ashok Sharma – Company Secretary
Enterprises owned or significantly influenced by	Bihar Mercantile Union Limited (BMU) VSJ investments Pvt. Ltd. (formerly known as Credit Himatsingka Private Limited (CHPL)) Khaitan & Co. LLP Jacaranda Design LLC

## NOTES TO FINANCIAL STATEMENTS

Note 35.2: Details of related party transactions during the year ended March 31, 2017 and balances outstanding as at March 31, 2017

(₹ in Lakhs)

Nature of transaction	HWPL	HHNA	HIMA	GB	HEL	Others	Total
	WOS	WOS	WOS	WOS	WOS		
Sale of goods (net)	1,988.30	33,891.85	72,579.87	126.71	–	43.07	108,629.80
Sale of services	6.34	–	–	–	–	–	6.34
Interest income	93.23	2,033.40	–	–	–	–	2,126.63
Rental income	25.95	–	–	–	–	–	25.95
Other income	–	–	362.10	–	–	–	362.10
Recovery of expenses	44.62	–	201.87	61.91	–	–	308.40
Reimbursement of expenses	18.86	–	117.59	–	–	–	136.45
Purchase of fixed asset	6.60	–	868.04	503.31	–	–	1,377.95
Inter corporate loans given during the year	350.00	–	–	–	–	–	350.00
Inter corporate loans recovered during the year	–	510.46	–	–	–	–	510.46
Investment made during the year	–	–	–	–	1.05	–	1.05
Sale of investment during the year	–	–	–	–	7,069.21	–	7,069.21
Guarantees given on behalf of subsidiaries	–	–	–	–	–	–	–

<b>Balances outstanding as at year end</b>							
Amounts receivable	2,537.57	8,600.55	20,275.02	–	–	31.41	31,444.55
Advances/Other receivables	170.26	–	158.29	–	7,069.21	–	7,397.76
Inter corporate loans receivable	1,350.00	22,812.41	–	–	–	–	24,162.41
Interest receivable	233.54	1,437.07	–	–	–	–	1,670.61
Amounts payable	7.40	–	904.46	–	–	–	911.86
Customer Advance	–	173.84	–	–	–	–	173.84
Guarantees	1,200.00	13,176.78	207.78	6,185.56	–	–	20,770.12

## NOTES TO FINANCIAL STATEMENTS

Details of related party transactions during the year ended March 31, 2016 and balances outstanding as at March 31, 2016

(₹ in Lakhs)

Nature of Transactions	HWPL	HHNA	HIMA	GB	Others	Total
	WOS	WOS	WOS	WOS		
Sale of goods (net)	1,877.62	29,720.94	49,736.03	236.50	28.80	81,599.89
Sale of services	8.57	–	–	–	–	8.57
Purchase of goods	9.04	–	–	–	–	9.04
Interest income	85.47	2,084.06	–	15.35	–	2,184.88
Rental income	45.63	–	–	–	–	45.63
Job work charges	220.60	–	–	–	–	220.60
Sales commission	–	–	51.21	–	–	51.21
Lease rent expense	6.33	–	–	–	–	6.33
Selling expenses	–	–	361.68	–	–	361.68
Recovery of expenses	69.28	534.81	126.30	383.21	–	1,113.60
Reimbursement of expenses	5.00	–	65.07	–	–	70.07
Purchase of fixed asset	161.12	–	–	–	–	161.12
Inter corporate loans given during the year	–	–	–	5,996.80	–	5,996.80
Inter corporate loans recovered during the year	–	1,391.38	–	6,054.17	–	7,445.55
Investment made during the year	500.00	–	–	54.52	–	554.52
Share application money given	–	–	–	–	–	–
Guarantees given on behalf of subsidiaries	–	–	–	6,611.10	–	6,611.10

Balances outstanding as at year end						
Amounts receivable	1,829.57	5,165.45	9,868.66	231.09	27.35	17,122.12
Advances recoverable	111.52	–	146.74	297.77	–	556.03
Inter corporate loans receivable	1,000.00	23,852.27	–	–	–	24,852.27
Interest receivable	149.63	1,601.82	–	67.72	–	1,819.17
Share application money	–	–	–	9,371.21	–	9,371.21
Capital Advance	150.00	–	–	–	–	150.00
Amounts payable	3.06	–	86.89	36.09	–	126.04
Customer Advance	–	372.51	–	–	–	372.51
Guarantees	1,200.00	13,478.54	212.54	6,703.75	–	21,594.83

Details of related party balances outstanding as at April 01, 2015

(₹ in Lakhs)

Particulars	HWPL WOS	HHNA WOS	HIMA WOS	GB WOS	Others	Total
Balances outstanding as at year end						
Amounts receivable	1,417.99	1,879.88	6,296.54	–	–	9,594.41
Advances recoverable	1.62	–	52.91	17.75	–	72.28
Inter corporate loans receivable	1,000.00	23,859.98	–	–	–	24,859.98
Interest receivable	72.92	646.88	–	47.15	–	766.95
Share application money	–	–	–	9,371.21	–	9,371.21
Amounts payable	18.75	–	181.18	207.74	–	407.67
Customer advance	–	854.20	–	–	–	854.20
Guarantees	1,200.00	12,732.28	200.77	6,511.62	–	20,644.67



## NOTES TO FINANCIAL STATEMENTS

### Note 35.3: Key Management Personnel:

#### Transactions during the year

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
Short term employee benefits*	1,556.62	995.31
Receiving of services	205.43	115.77
Others	12.30	7.93
Inter corporate deposits repaid during the year to the Enterprise	—	245.30

#### Balances outstanding as at year end

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
Inter corporate loans payable	—	—	245.30
Amounts payable	174.45	201.12	411.85

\*excludes gratuity and compensated absences which cannot be separately identifiable from the composite amount advised by the actuary.

#### Terms & Conditions:

##### Sales:

The sales to related parties are in the ordinary course of business. Sale transactions are based on prevailing price lists and memorandum of understanding signed with related parties. For the year ended March 31, 2017, the Company has not recorded any loss allowances for trade receivables from related parties.

##### Purchases:

The purchases from related parties are in the ordinary course of business. Purchase transactions are based on normal commercial terms and conditions and market rates.

##### Guarantees to subsidiaries:

Guarantees provided to the lenders of the subsidiaries are for availing term loans and working capital facilities from the banks and for general business purpose.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 36: TRANSITION TO IND AS

#### Note 36.1: First-time adoption of Ind-AS

The Company's financial statements for the year ended March 31, 2017 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2015 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the Ind AS financial statements for the year ended March 31, 2017, be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Indian GAAP as at the transition date have been recognized directly in equity at the transition date.

The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101:

- 1) Equity as at April 01, 2015 and March 31, 2016
- 2) Net profit and total comprehensive income for the year ended March 31, 2016 and
- 3) Cash flow movement for the year ended March 31, 2016.

#### Note 36.2: Equity Reconciliation

(₹ in Lakhs)

Particulars	Notes	As at 31.03.2016	As at 01.04.2015
		(End of last period presented under previous GAAP)	(Date of transition)
<b>Equity as reported under previous GAAP</b>		83,678.52	68,459.22
Ind AS: Adjustments increase (decrease):			
Impact of fair valuation of Property, plant and equipment	1.2	17,638.28	17,802.14
Impact of fair valuation of Capital WIP		(19.57)	(19.57)
Fair Valuation of investments	1.8	(11,002.66)	(10,948.15)
Measurement of Financial guarantee contracts	1.7	263.28	105.19
Finance costs recognised under Ind AS on Interest free loans to employee and security deposits	1.4	0.29	(1.67)
Time value of derivative instruments designated in a hedging relationship	1.6, 7	(2.63)	1.18
Measurement of term loan using effective interest method	1.3	58.16	(67.52)
Dividends not recognised as liability until declared	1.9	1,777.53	2,381.19
Recognition of deferred taxes using Balance Sheet approach under Ind AS	1.5	(3,749.42)	382.77
<b>Equity as reported under Ind AS</b>		<b>88,641.78</b>	<b>78,094.78</b>

#### Note 36.3: Net profit and total comprehensive income reconciliation for the year ended March 31, 2016

	Note	Amount ₹ in Lakhs
Net Profit as per Previous GAAP		17,797.59
Impact of depreciation on account of deemed cost and amortization of capital subsidy	1.2	(163.86)
Adjustment arising from restatement of term borrowing at amortized cost	1.3	125.68
Reclassification of remeasurement adjustment to employee benefits to other comprehensive income	9	136.58
Other Ind AS Adjustments	1.4, 1.7, 8	101.73
Tax expense	1.5	(4,040.20)
<b>Net Profit as per Ind AS</b>		<b>13,957.52</b>
Other Comprehensive Income		
Reclassification of remeasurement adjustment to employee benefits (net of tax)	9	(90.16)
Impact of forward exchange contracts and interest rate swap classified as cash flow hedges (routed through OCI) [earlier disclosed directly in Hedge Reserve]	1.6	245.82
<b>Total Comprehensive Income as per Ind AS</b>		<b>14,113.18</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 36.4: Effect of Ind AS adoption on the Cash Flow Statement

Particulars	Note	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
Net cash generated from/(used in) operating activities	2	8,971.17	(339.00)	8,632.17
Net cash generated from/(used in) investing activities	3	(7,221.76)	33.87	(7,187.89)
Net cash generated from/(used in) financing activities	4	7,834.62	295.03	8,129.65
Net increase (decrease) in cash and cash equivalents		9,584.03	(10.10)	9,573.93
Cash and cash equivalents at the beginning of the period	5	1,034.94	(12.71)	1,022.23
Cash and cash equivalents at the end of the period	5	10,618.97	(22.81)	10,596.16

### Note 36.5: Notes on Reconciliation

- 1.1 Previous GAAP balances have been regrouped to comply with the Companies (Accounting Standard) Rules, 2006, certain account balances have been regrouped as per the format prescribed under Division II of Schedule III to the Companies Act 2013.
- 1.2 Ind AS 101 (First-time Adoption of Indian Accounting Standards) allows first-time adopters exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the exemption in its financial results for its Property, Plant and Equipment, as well as Intangible Assets (referred to as "fixed assets" in aggregate). The Company has opted to determine the deemed cost of such fixed assets as of April 01, 2015 to be represented by the fair value of the land and buildings and restating certain other items of fixed assets in accordance with Ind AS wherein these fixed assets were grossed up for the capital subsidies received in prior years (net of amortisation). Accordingly, the increase in the carrying value of these fixed assets to their deemed costs resulted in higher depreciation charge for the year/period. The amortisation of the capital subsidy has been netted against the depreciation of the relevant fixed asset.
- 1.3 Under previous GAAP, the Company had charged off certain loan origination/upfront fees paid to the banks for facilitating the term loans, as finance cost in the respective year of incurrence. Under Ind AS, such financial liabilities, classified to be carried at amortized cost basis, have resulted in a change in the current period finance cost (net) with an adjustment to the retained earning balance as of April 01, 2015. Borrowings and other financial liabilities which were recognized at historical cost under previous GAAP have been recognized at amortized cost under Ind AS with the difference been adjusted to opening retained earnings. Under previous GAAP, transaction costs incurred in connection with borrowings were amortized equally over the tenure of the borrowings. Under Ind AS, transaction costs are deducted from the initial recognition amount of the financial liability and charged over the tenure of borrowing using the effective interest method.
- 1.4 Under previous GAAP, the interest free employee loans and security deposits, with fixed terms, were considered at historical cost. Under Ind AS these financial assets have been adjusted to be carried at amortized cost. The notional cost of interest on deposits under Ind AS has been recognised as rental expense and the notional cost of interest on loans given to employees has been recognised as employee benefit expense. The interest accrual has been recognised as interest income earned on financial assets that are not designated as at fair value through profit or loss.
- 1.5 The Company has recognised the deferred tax impact arising from Ind AS adjustments as well as evaluated the status of the deferred tax asset arising from carried forward tax losses existing as of March 31, 2015 not recognised as per previous GAAP in the absence of virtual certainty and has adjusted the same in the reserves as of April 01, 2015. Based on the utilisation of the carried forward tax losses during the period(s), such reversal of deferred tax asset is recognised in statement of profit and loss.
- 1.6 The Company uses derivative financial instruments(hedging instruments) to manage risks associated with foreign currency exchange fluctuations relating to certain highly probable forecasted transactions. The hedging instruments initially measured at fair value are remeasured at subsequent reporting dates. Under the previous GAAP, changes in the fair value of these hedging instruments designated and effective, as hedge of future cash flows, were recognized directly in a Hedge Reserve (grouped under reserves and surplus) until the occurrence of the forecast transaction at which time the same was recognized in the Statement of profit and loss. As per Ind AS requirements changes in the fair value are routed through Other Comprehensive income, after adjustment of the deferred tax, to be disclosed in the statement of equity as a Hedge Reserve. On occurrence of the forecast transaction, the effective portion of these derivatives are adjusted against the underlying hedged item and ineffective portion is recognized as expense in the Statement of profit and loss.
- 1.7 Measurement of financial guarantee contracts given free of cost to subsidiaries leading to increase in investment value and other income.
- 1.8 The Company has elected to continue with the carrying value of all of its investments in subsidiaries, other than its investment in one subsidiary, recognised as of April 01, 2015 (transition date) measured as per the previous GAAP as its deemed cost as at the date of transition and in case of that one subsidiary, the Company has elected to fair value the investment as of April 01, 2015 (transition date) as its deemed cost as at the date of transition.

## NOTES TO FINANCIAL STATEMENTS

- 1.9 Under previous GAAP, dividends proposed by the Board of Directors after balance sheet date but before the approval of the financial statements by the shareholders at the Annual General Meeting, were considered as adjusting events. However, under Ind AS, such dividends are recognized when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend recognized as on transition date has been reversed with corresponding adjustment to opening retained earnings and dividend in the subsequent period has been recognized in the year of approval in the general meeting.
- 2) The movement in cash flow from operating activities: There is movement arising mainly on account of reclassification of bill discounting from trade receivables to short borrowings and payment made for upfront costs which has been adjusted against long term borrowings.
- 3) The movement in cash flow from investing activities: There is movement arising mainly on account of GAAP adjustments made to the profit on write off of ineligible costs on acquisition and measurement of financial assets at amortized cost.
- 4) The movement in cash flow from financing activities: There is movement arising mainly on account of reclassification of bill discounting from trade receivables to short borrowings and payment made for upfront costs which has been adjusted against long term borrowings.
- 5) Unpaid dividend bank accounts aggregating to ₹ 22.81 Lakhs as at March 31, 2016 (April 01, 2015 : ₹ 12.71 Lakhs) considered as cash and cash equivalents under Previous GAAP has been considered under investing activities.

**Note 36.6:** There is no amount due and outstanding as at Balance sheet date to be credited to the Investor Education and Protection Fund.

### NOTE 37: EVENTS AFTER REPORTING PERIOD

On May 23, 2017, the board of directors recommended a final dividend of ₹ 2.50 per equity share (total dividend of ₹ 2,461.43 Lakhs (excluding dividend distribution tax)) be paid to the shareholders for financial year 2016-2017, which will be approved by shareholders at the Annual General Meeting.

### NOTE 38: APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the board of directors on May 23, 2017.

For and on behalf of the Board of Directors

**D.K. Himatsingka**  
Executive Chairman

**Shrikant Himatsingka**  
Managing Director & CEO

**Ashok Sharma**  
Company Secretary

Place: Bengaluru  
Date : May 23, 2017

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
HIMATSINGKA SEIDE LIMITED

## Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **HIMATSINGKA SEIDE LIMITED** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

## Other Matters

We did not audit the financial statements of 2 subsidiaries, whose financial statements reflect total assets of ₹ 18,990 Lakhs as at March 31, 2017, total revenues of ₹ 10,198 Lakhs and net cash outflows amounting to ₹ 40.58 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below,

is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and the subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary company's incorporated in India internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.
  - iv) The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of account maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us by the Management of the respective Group entities.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm's Registration No. 008072S

**Monisha Parikh**  
Partner

Membership No. 47840

Bengaluru, May 23, 2017

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **HIMATSINGKA SEIDE LIMITED** (hereinafter referred to as “the Holding Company”) and its subsidiary company incorporated in India, as of that date.

### Management’s Responsibility for Internal Financial Controls

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

### Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

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

## Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm's Registration No. 008072S

**Monisha Parikh**  
Partner  
Membership No. 47840

Bengaluru, May 23, 2017



# CONSOLIDATED BALANCE SHEET

Himatsingka Seide Limited | As at March 31, 2017

	Note No.	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>ASSETS</b>				
<b>Non-Current assets</b>				
Property, Plant and Equipment	3.1	86,497.35	61,898.81	60,369.13
Capital Work-In-Progress	3.1	11,293.90	4,370.10	4,283.52
Investment Property	3.2	806.94	4,743.39	4,396.44
Goodwill	4	34,141.58	35,254.64	33,039.45
Other Intangible Assets	3.3	5,243.73	3,997.64	2,674.13
Other Intangible Assets Under Development	3.3	–	–	330.42
<b>Financial Assets</b>				
a) Investments	5	18.97	19.15	16.92
b) Loans	6	99.89	91.39	104.47
c) Other Financial Assets	7	1,626.93	991.12	891.65
Deferred Tax Assets (Net)	8.2	3,744.26	7,125.72	6,682.29
Non-current Income Tax Assets (Net)	8.1	792.92	891.41	703.08
Other Non-current Assets	9	20,108.38	11,225.30	2,074.46
<b>Total Non-Current Assets</b>		<b>164,374.85</b>	<b>130,608.67</b>	<b>115,565.96</b>
<b>Current assets</b>				
Inventories	10	75,388.08	58,423.54	55,430.22
<b>Financial Assets</b>				
a) Trade Receivables	11	6,827.93	6,081.98	4,392.84
b) Cash and Cash Equivalents	12	20,359.59	12,207.03	3,642.87
c) Loans	6	199.61	242.76	235.10
d) Other Financial Assets	7	5,027.64	1,672.48	1,185.96
Other Current Assets	9	12,652.71	10,527.76	8,474.67
Assets Classified As Held For Sale	13	3,577.98	130.51	–
<b>Total Current Assets</b>		<b>124,033.54</b>	<b>89,286.06</b>	<b>73,361.66</b>
<b>Total Assets</b>		<b>288,408.39</b>	<b>219,894.73</b>	<b>188,927.62</b>

	Note No.	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	14	4,922.86	4,922.86	4,922.86
Other Equity	15	101,803.22	84,049.80	73,461.00
<b>Total Equity</b>		<b>106,726.08</b>	<b>88,972.66</b>	<b>78,383.86</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Financial Liabilities				
a) Borrowings	16	73,977.99	52,897.24	35,269.14
Provisions	17	1,450.99	1,088.56	796.91
Deferred Tax liabilities (Net)	8.2	95.40	254.70	390.41
Non-current Income Tax Liabilities (Net)	8.1	—	399.39	399.90
Other Non-current Liabilities	18	5,335.29	1,563.72	309.34
<b>Total Non-Current Liabilities</b>		<b>80,859.67</b>	<b>56,203.61</b>	<b>37,165.70</b>
<b>Current Liabilities</b>				
Financial Liabilities				
a) Borrowings	19	60,879.93	44,500.79	37,887.83
b) Trade payables	20	26,849.95	19,612.06	21,785.64
c) Other financial liabilities	21	7,309.94	4,032.43	9,802.68
Provisions	17	169.77	140.48	124.95
Current Income Tax Liabilities (Net)	8.1	1,017.01	3,307.72	2,254.71
Other current liabilities	18	4,596.04	3,124.98	1,522.25
<b>Total Current Liabilities</b>		<b>100,822.64</b>	<b>74,718.46</b>	<b>73,378.06</b>
<b>Total Equity and Liabilities</b>		<b>288,408.39</b>	<b>219,894.73</b>	<b>188,927.62</b>

See accompanying notes forming part of the consolidated financial statements

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

**Monisha Parikh**  
Partner

Place : Bengaluru  
Date : May 23, 2017

For and on behalf of the Board of Directors

**D.K. Himatsingka**  
Executive Chairman

**Ashok Sharma**  
Company Secretary

Place : Bengaluru  
Date : May 23, 2017

**Shrikant Himatsingka**  
Managing Director & CEO

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Himatsingka Seide Limited | For the year ended March 31, 2017

	Note No.	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
Revenue from Operations	22	213,840.60	189,130.94
Other Income	23	1,319.18	1,866.01
<b>Total Revenue</b>		<b>215,159.78</b>	<b>190,996.95</b>
<b>Expenses:</b>			
Cost of materials consumed	24	84,654.00	54,745.00
Purchases of Stock-in-trade	24	53,055.26	58,968.23
Changes in stock of finished goods, work-in-progress and stock-in-trade	24	(15,038.46)	(1,290.74)
Excise duty expenses on sale of goods		–	170.84
Employee benefit expense	25	19,743.71	16,838.88
Finance costs	26	9,352.65	9,340.63
Depreciation and Amortization expense	27	5,800.96	6,652.12
Other expenses	28	33,656.10	30,160.89
<b>Total Expenses</b>		<b>191,224.22</b>	<b>175,585.85</b>
<b>Profit before tax</b>		<b>23,935.56</b>	<b>15,411.10</b>
Current tax	34	3,426.39	3,930.10
Deferred tax	34	2,298.92	(1,044.60)
<b>Tax Expense</b>		<b>5,725.31</b>	<b>2,885.50</b>
<b>Profit for the Period</b>		<b>18,210.25</b>	<b>12,525.60</b>
<b>Other comprehensive income</b>			
A) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		(217.21)	(136.58)
Income tax relating to items that will not be reclassified to profit or loss		75.17	46.42
B) Items that may be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations		(1,002.47)	1,867.34
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		3,464.23	384.23
Income tax relating to items that may be reclassified to profit or loss		(998.40)	(511.88)
<b>Total Comprehensive Income for the Year</b>		<b>19,531.57</b>	<b>14,175.13</b>
<b>Basic and Diluted Earnings Per Equity Share of ₹ 5/- each (In ₹)</b>	35	<b>18.50</b>	<b>12.72</b>

See accompanying notes forming part of the consolidated financial statements

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

**Monisha Parikh**  
Partner

Place : Bengaluru  
Date : May 23, 2017

For and on behalf of the Board of Directors

**D.K. Himatsingka**  
Executive Chairman

**Ashok Sharma**  
Company Secretary

Place : Bengaluru  
Date : May 23, 2017

**Shrikant Himatsingka**  
Managing Director & CEO

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Himatsingka Seide Limited | For the year ended March 31, 2017

₹ In Lakhs

## A) EQUITY SHARE CAPITAL

<b>Balance as at April 1, 2015</b>	4,922.86
Changes in equity share capital during the year	–
<b>Balance as at March 31, 2016</b>	4,922.86
Changes in equity share capital during the year	–
<b>Balance as at March 31, 2017</b>	<b>4,922.86</b>

## B) OTHER EQUITY

(₹ in Lakhs)

	Capital reserve on consolidation	Capital reserve	Securities premium reserve	General reserve	Legal reserve	Debiture Redemption Reserve	Retained earnings	Effective portion of cash flow hedge	Foreign currency translation reserve	Remeasurement of net defined benefit liability or asset	Total Other Equity
<b>Balance as at April 01, 2015</b>	66.74	620.88	27,675.71	15,670.17	7.21	1,200.00	27,639.64	580.65	–	–	<b>73,461.00</b>
Profit for the year (Refer Note 38.3)	–	–	–	–	–	–	12,525.60	–	–	–	12,525.60
Other Comprehensive Income for the Year, net of Income tax (Refer Note 38.3)	–	–	–	–	–	–	–	245.82	1,493.87	(90.16)	1,649.53
Total Comprehensive Income for the Year	–	–	–	–	–	–	12,525.60	245.82	1,493.87	(90.16)	14,175.13
Payment of Dividends, including dividend distribution tax	–	–	–	–	–	–	(3,566.18)	–	–	–	(3,566.18)
Transfer to General reserve	–	–	–	800.00	–	(400.00)	(400.00)	–	–	–	–
Other Adjustment	–	–	–	–	–	–	(20.95)	–	–	–	(20.95)
Foreign Exchange differences	–	–	–	–	0.80	–	–	–	–	–	0.80
<b>Balance as at March 31, 2016</b>	66.74	620.88	27,675.71	16,470.17	8.01	800.00	36,178.11	826.47	1,493.87	(90.16)	<b>84,049.80</b>
Profit for the year	–	–	–	–	–	–	18,210.25	–	–	–	18,210.25
Other Comprehensive Income for the Year, net of Income tax	–	–	–	–	–	–	–	2,265.33	(801.97)	(142.04)	1,321.32
Total Comprehensive Income for the Year	–	–	–	–	–	–	18,210.25	2,265.33	(801.97)	(142.04)	19,531.57
Payment of Dividends, including dividend distribution tax	–	–	–	–	–	–	(1,777.53)	–	–	–	(1,777.53)
Transfer to General reserve	–	–	–	400.00	–	(400.00)	–	–	–	–	–
Foreign Exchange differences	–	–	–	–	(0.62)	–	–	–	–	–	(0.62)
<b>Balance as at March 31, 2017</b>	66.74	620.88	27,675.71	16,870.17	7.39	400.00	52,610.83	3,091.80	691.90	(232.20)	<b>101,803.22</b>

See accompanying notes forming part of the consolidated financial statements

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

For and on behalf of the Board of Directors

**D.K. Himatsingka**  
Executive Chairman

**Shrikant Himatsingka**  
Managing Director & CEO

**Monisha Parikh**  
Partner

**Ashok Sharma**  
Company Secretary

Place : Bengaluru  
Date : May 23, 2017

Place : Bengaluru  
Date : May 23, 2017

# CONSOLIDATED CASH FLOW STATEMENT

Himatsingka Seide Limited | For the year ended March 31, 2017

	Note No.	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		18,210.25	12,525.60
<b>Adjustments for:</b>			
Income tax expense recognised in profit or loss	34	5,725.31	2,885.50
Finance costs recognised in profit or loss	26	9,352.65	9,340.63
Interest income recognised in profit or loss	23.a	(243.08)	(112.33)
Net gain on sale of investments in mutual funds	23.c	(667.79)	(251.91)
Net gain on disposal of property, plant and equipment		(259.13)	280.93
Provision for doubtful debts	28	—	107.43
Amortized value of employee loans and security deposits		41.08	21.31
Depreciation and amortisation of non-current assets	27	5,800.96	6,652.12
Net foreign exchange (gain)/loss on non operating activities		15.81	(327.11)
Rental income from operating lease		(111.31)	(87.79)
		<b>37,864.75</b>	<b>31,034.38</b>
<b>Movements in working capital:</b>			
Increase in trade and other receivables		(30,355.96)	(880.12)
Increase in inventories		(16,774.41)	(545.89)
(Increase)/decrease in other assets		33,515.06	(4,616.51)
Decrease in trade and other payables		(3,227.77)	(14,706.51)
Increase in provisions		4,603.43	171.55
(Decrease)/increase in other liabilities		(1,406.13)	10,883.34
<b>Cash generated from operations</b>		<b>24,218.97</b>	<b>21,340.24</b>
Income taxes paid		(5,652.00)	(3,237.25)
<b>Net cash generated by operating activities</b>		<b>18,566.97</b>	<b>18,102.99</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire financial assets		(54,265.58)	(19,130.19)
Proceeds on sale of financial assets		54,933.37	19,382.10
Interest received		24.06	135.96
Payments for property, plant and equipment		(41,553.91)	(13,924.59)
Proceeds from disposal of property, plant and equipment		792.12	1,158.14
Other deposits		0.18	(10.10)
Income from investment property		111.31	87.79
<b>Net cash used in investing activities</b>		<b>(39,958.45)</b>	<b>(12,300.89)</b>

	Note No.	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from current borrowings		16,944.28	5,510.23
Proceeds from non current borrowings		35,061.39	44,958.30
Repayment of non current borrowings		(10,629.40)	(34,717.01)
Dividends paid on equity shares		(1,777.51)	(3,556.09)
Proceeds from government subsidy		617.87	184.83
Interest paid		(10,665.79)	(9,801.78)
<b>Net cash generated by financing activities</b>		<b>29,550.84</b>	<b>2,578.48</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,159.36</b>	<b>8,380.58</b>
Cash and cash equivalents at the beginning of the year		12,184.22	3,630.16
Effects of exchange rate changes on the balance of cash held in foreign currencies		(6.62)	173.48
<b>Cash and cash equivalents at the end of the year</b>		<b>20,336.96</b>	<b>12,184.22</b>

See accompanying notes forming part of the consolidated financial statements

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

**Monisha Parikh**  
Partner

Place : Bengaluru  
Date : May 23, 2017

For and on behalf of the Board of Directors

**D.K. Himatsingka**  
Executive Chairman

**Ashok Sharma**  
Company Secretary

Place : Bengaluru  
Date : May 23, 2017

**Shrikant Himatsingka**  
Managing Director & CEO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: GENERAL INFORMATION

#### 1.1 Company Overview

Himatsingka Seide Limited ("the Company" or 'the parent') is a public limited company incorporated in India and listed on Bombay Stock Exchange and National Stock Exchange. The Company is primarily engaged in manufacturing of home textiles, mainly bedding, drapery and upholstery products made of cotton, silk and blends. The Himatsingka Group (Himatsingka Seide Limited and its subsidiaries, herein referred to as The Group) is a vertically integrated home textile group that manufactures, retails and distributes bedding, bath, drapery, upholstery and lifestyle accessory products. The Group operates two manufacturing facilities in India and retail and distribution businesses across North America, Europe and Asia.

The registered office of the Company is 10/24, Kumara Krupa Road, High Grounds, Bengaluru-560 001.

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For periods up to and including the year ended March 31, 2016, the Group prepared its financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). These are the Group's first Ind AS consolidated financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 2.27 for the explanations of transition to Ind AS including the details of first-time adoption exemptions availed by the Group.

#### 2.2 Basis of preparation and presentation of financial statements

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, that are quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### 2.3 Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee
- is exposed to, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The subsidiaries which are included in the consolidation and the Company's holdings therein are as under:-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Name of the entity	Country of incorporation	% ownership held either directly or through subsidiaries	
		March 31, 2017	March 31, 2016
Himatsingka Wovens Private Limited	India	100%	100%
Himatsingka Holdings North America, Inc	United States of America	100%	100%
Himatsingka America, Inc*	United States of America	100%	100%
Giuseppe Bellora S.r.l.***	Italy	100%	100%
Twill & Oxford LLC	United Arab Emirates	49%	49%
Himatsingka Singapore Pte Limited**	Singapore	100%	100%
Himatsingka Europe Limited (w.e.f February 17, 2017)	United Kingdom	100%	100%

\*In respect of Himatsingka America Inc., ownership is held through Himatsingka Holdings North America, Inc.

\*\*In respect of Himatsingka Singapore Pte Limited, ownership is held through Himatsingka Wovens Private Limited.

\*\*\*In respect of Giuseppe Bellora S.r.l, ownership from March 30, 2017 is held through Himatsingka Europe Limited.

### 2.4 Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

Business combinations arising from transfer of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

### 2.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated Statement of Profit and Loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 2.6 Use of estimates and judgement

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### a) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

#### b) Useful lives of property, plant and equipment

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

#### c) Deferred tax assets

The carrying amount of deferred tax asset is reviewed at each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

#### d) Employee Benefits

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

### 2.7 Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The consolidated financial statements are presented in India Rupee, the national currency of India, which is the functional currency of Parent Company.

### 2.8 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### a) Sale of goods

Revenue from the sale of goods is recognised when the goods are dispatched/delivered and titles have passed as per contractual terms, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree associated with ownership nor effective control over goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

#### b) Dividend and Interest Income

Dividend Income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that economic benefits will flow to the group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 2.9 Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to statement of profit and loss on repayment of the monetary items.
- exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Group for the period immediately before the beginning of the first Ind AS financial reporting period (prior to April 1, 2016), as per the previous GAAP, pursuant to the Group's choice of availing the exemption as permitted by Ind AS 101.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to statement of profit and loss.

### 2.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially capitalised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### 2.11 Borrowings and Borrowing Cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 2.12 Government Grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of profit and loss over the expected useful lives of the assets concerned.

Government grants are recognised in the Consolidated Statement of Profit and Loss on a systematic basis over the periods in which the Group recognizes, as expenses, the related costs for which the grants are intended to compensate.

### 2.13 Employee benefits

#### a) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

#### b) Short-term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

### 2.14 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### a) Current tax

Current tax is the amount of tax payable based on taxable profit for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws in the countries where the Group operates and generates taxable income.

#### b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against

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which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives 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 recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### c) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination

## 2.15 Property, plant and equipment

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed. Revenue generated from production during the trial period is capitalised.

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land and leasehold land where the lease is convertible to freehold land under lease agreements at future dates at no additional cost, are not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect

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of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Class of assets	Years
Factory Building	30 years
Office building	60 years
Plant and machinery	25 years (on single shift basis)
Furniture and Fixtures	10 years
Office Equipment	3-6 years
Books and Catalogues	4 years
Vehicles	6 -10 years
Leasehold Improvements	shorter of the lease term and their useful lives

The Group reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

For the purpose of transitions to Ind AS, the Group has elected to fair value its land and building (including building under construction and investment property) and restate the carrying value of the balance categories of property, plant and equipment in accordance with Ind AS as of April 01, 2015 as its deemed cost as of the transition date.

### 2.16 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss in the period in which the property is derecognised.

### 2.17 Intangible Assets

#### a) Intangibles assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### b) Derecognition of intangible assets

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

#### c) Useful lives of Intangible assets

Estimated useful live of the intangible assets are as follows:

Nature of asset	Useful life
Computer softwares	10 years
Design Costs	4 years
Technical knowhow	10 years
Brands and Licenses	3-5 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern.

#### d) Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to fair value the brands and licenses and restate with carrying value of the balance categories of intangible assets in accordance with Ind AS as of 1 April, 2015 (transition date) as its deemed cost as of transition date.

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### 2.18 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Consolidated Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 2.19 Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost of raw materials include cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods and work in progress include cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### 2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 2.21 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Consolidated Statement of Profit and Loss.

### 2.22 Financial assets

#### a) Recognition and initial measurement

- i) The Group initially recognises loans and advances, deposits, debt securities issue and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

- ii) The Group has elected to apply the requirements pertaining to Level III financial instruments of deferring the difference between the fair value at initial recognition and the transaction price prospectively to transactions entered into on or after the date of transition to Ind AS.

### b) Classification of financial assets

On initial recognition, a financial asset is classified to be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy in financial assets measured at amortised cost, refer Note 2.22.e

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognized at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previous accumulated in this reserve is reclassified to profit or loss.

For the impairment policy in financial assets measured at amortised cost, refer Note 2.22.e

All other financial assets are subsequently measured at fair value.

### c) Effective Interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other Income" line item.

### d) Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.



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### e) Impairment of financial assets

The Group applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the consolidated balance sheet.

### f) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.



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### g) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

## 2.23 Financial liabilities and equity instruments

### a) Classification as debt or equity

Debt and equity instruments issued by a group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### c) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

### d) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.
- A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
  - such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
  - the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
  - it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is

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always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

### e) Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The Group enters into deferred payment arrangements (acceptances) whereby overseas lenders such as banks and other financial institutions make payments to supplier's banks for import of raw materials and capital expenditure. The banks and financial institutions are subsequently repaid by the Group at a later date. These are normally settled up to 3 months (for raw materials) and up to 3 months (for capital expenditure). These arrangements for raw materials are recognized as Acceptances (under trade payables) and the arrangements for capital expenditure are recognised as other financial liabilities.

### f) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified parties fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

### g) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

### h) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 2.24 Derivative financial instruments

### a) Cash flow hedges

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains or losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

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### b) Derivatives instruments not designated as Cash flow hedges:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, commodity price and foreign exchange rate risks, including foreign exchange forward contracts, foreign exchange options, commodity forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

### 2.25 Earnings per share

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

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### 2.26 Cash and cash equivalents

Cash and cash equivalent in the consolidated balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.

### 2.27 First time adoption – mandatory exceptions, optional exemptions

The Group has prepared the opening consolidated balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions, permitted under Ind AS 101 - First-time Adoption of Indian Accounting Standards, availed by the Group as detailed below.

#### a) Deemed cost for property, plant and equipment, and intangible assets including capital work in progress and intangible assets under development

The Group has elected to fair value its land and building (including building under construction) and restate the carrying value of the balance categories of property, plant and equipment and capital work in progress in accordance with Ind AS as of April 01, 2015 (transition date) as its deemed cost as of the transition date.

The Group has elected to continue with the carrying value of all of its intangible assets, including intangibles under development as of April 1, 2015 (transition date) measured as per the previous GAAP as its deemed cost as at date of transition.

#### b) Past Business combination

The Group has elected to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2015 considering a transition date of January 01, 2007. Consequently,

- The Group has kept the same classification for the past business combinations, for business acquisitions prior to January 01, 2007, as in its previous GAAP financial statements;
- For business combinations taking place between January 01, 2007 to April 01, 2015 (date of transition), the Group has recognised assets and liabilities that were not recognised in accordance with previous GAAP in the consolidated balance sheet of the acquirer and would qualify for recognition in accordance with Ind AS;
- The Group has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- The Group has tested the goodwill for impairment at the transition date based on the conditions as of the transition date.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### c) Determining whether an arrangement contains a lease

The Group has opted to apply the Appendix C of Ind AS 17 - Determining whether an Arrangement contains a Lease, to determine whether the arrangements existing as on the transition date contain a lease, on the basis of facts and circumstances existing as at the transition date.

### d) De-recognition of financial assets and financial liabilities

The Group has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2015 (the transition date).

### e) Designation of previously recognised financial instruments

The Group has designated financial liabilities and financial assets at fair value through profit or loss and investments in equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

### f) Impairment of financial assets

The Group has applied the impairment requirements of Ind AS 109 - Financial Instruments, retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

### g) Assessment of embedded derivatives

The Group has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

### h) Cumulative translation differences

The Group has opted to apply the exemption of not applying the requirements of Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, for cumulative translation differences that existed at the date of transition to Ind AS, wherein the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to Ind AS; and the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to Ind AS and shall include later translation differences.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Himatsingka Seide Limited | For the year ended March 31, 2017

Note 3.1: Property Plant and Equipment and Capital work in progress

	₹ in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Carrying amounts of:</b>			
Freehold Land	18,251.80	18,251.80	17,400.19
Buildings	18,328.72	15,128.44	16,394.69
Buildings - Operating lease	22.59	24.36	26.09
Plant and Machinery	45,048.24	24,406.50	22,281.96
Plant and Machinery-Operating Lease	–	–	230.47
Furniture and Fixtures	1,827.69	1,515.18	1,120.50
Leasehold Improvements	1,736.99	2,000.57	2,274.91
Office Equipments	665.26	486.57	555.33
Vehicles	72.42	85.39	84.99
Books and Catalogues	543.64	–	–
<b>Total</b>	<b>86,497.35</b>	<b>61,898.81</b>	<b>60,369.13</b>
Capital Work-In-Progress	11,293.90	4,370.10	4,283.52
<b>Grand Total</b>	<b>97,791.25</b>	<b>66,268.91</b>	<b>64,652.65</b>

## TANGIBLE ASSETS

	Freehold Land(Refer Note 3.1.2)	Buildings	Buildings – Operating lease	Plant and Machinery	Plant and Machinery- Operating Lease	Furniture and Fixtures	Leasehold Improvements	Office Equipments	Vehicles	Books and Catalogues	Total
<b>Cost / Deemed Cost</b>											
<b>As at April 01, 2015 (Refer Note 3.1.1)</b>	17,400.19	16,771.48	26.09	60,419.43	482.45	3,145.32	3,780.03	3,774.13	170.25		105,969.37
Additions	907.59	163.82	–	5,025.99	–	721.62	46.82	169.04	24.95	–	7,059.83
Disposals	58.94	1,360.22	–	445.18	294.86	70.95	480.22	73.78	37.05	–	2,821.20
Other Adjustments (Refer Note 3.1.4)	2.96	376.97	–	(49.56)	(187.59)	112.72	138.31	190.25	3.30	–	587.36

₹ in Lakhs

₹ in Lakhs

	Freehold Land(Refer Note 3.1.2)	Buildings	Buildings – Operating lease	Plant and Machinery	Plant and Machinery- Operating Lease	Furniture and Fixtures	Leasehold Improvements	Office Equipments	Vehicles	Books and Catalogues	Total
<b>As at March 31, 2016</b>	<b>18,251.80</b>	<b>15,952.05</b>	<b>26.09</b>	<b>64,950.68</b>	<b>-</b>	<b>3,908.71</b>	<b>3,484.94</b>	<b>4,059.64</b>	<b>161.45</b>	<b>-</b>	<b>110,795.36</b>
Additions	-	4,425.56	-	24,239.48	-	759.14	171.17	468.89	11.97	1,031.89	31,108.10
Disposals	-	-	-	1,599.28	-	46.40	433.13	76.40	-	487.88	2,643.09
Other Adjustments (Refer Note 3.1.4)	-	(322.25)	-	(104.99)	-	(140.60)	(69.20)	(124.54)	(2.56)	-	(764.14)
<b>As at March 31, 2017</b>	<b>18,251.80</b>	<b>20,055.36</b>	<b>26.09</b>	<b>87,485.89</b>	<b>-</b>	<b>4,480.85</b>	<b>3,153.78</b>	<b>4,327.59</b>	<b>170.86</b>	<b>544.01</b>	<b>138,496.23</b>

**Accumulated depreciation****As at April 01, 2015**

Depreciation expense	-	376.79	-	38,137.47	251.98	2,024.82	1,505.12	3,218.80	85.26	-	45,600.24
Eliminated on disposal of assets	-	749.43	1.73	2,835.36	13.69	356.93	360.48	258.96	24.12	-	4,600.70
Other Adjustments (Refer Note 3.1.4)	-	376.79	-	402.78	156.47	55.93	416.33	72.03	34.89	-	1,515.22
	-	74.18	-	(25.87)	(109.20)	67.71	35.10	167.34	1.57	-	210.83

**As at March 31, 2016**

Depreciation expense	-	<b>823.61</b>	<b>1.73</b>	<b>40,544.18</b>	<b>-</b>	<b>2,393.53</b>	<b>1,484.37</b>	<b>3,573.07</b>	<b>76.06</b>	<b>-</b>	<b>48,896.55</b>
Eliminated on disposal of assets	-	969.18	1.77	3,545.00	-	386.64	374.88	270.89	23.87	71.52	5,643.75
Other Adjustments (Refer Note 3.1.4)	-	-	-	1,552.86	-	26.39	407.34	66.65	-	71.15	2,124.39
	-	(66.15)	-	(98.67)	-	(100.62)	(35.12)	(114.98)	(1.49)	-	(417.03)

<b>As at March 31, 2017</b>	<b>-</b>	<b>1,726.64</b>	<b>3.50</b>	<b>42,437.65</b>	<b>-</b>	<b>2,653.16</b>	<b>1,416.79</b>	<b>3,662.33</b>	<b>98.44</b>	<b>0.37</b>	<b>51,998.88</b>
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**Carrying amount**

<b>As at March 31, 2017</b>	<b>18,251.80</b>	<b>18,328.72</b>	<b>22.59</b>	<b>45,048.24</b>	<b>-</b>	<b>1,827.69</b>	<b>1,736.99</b>	<b>665.26</b>	<b>72.42</b>	<b>543.64</b>	<b>86,497.35</b>
<b>As at March 31, 2016</b>	<b>18,251.80</b>	<b>15,128.44</b>	<b>24.36</b>	<b>24,406.50</b>	<b>-</b>	<b>1,515.18</b>	<b>2,000.57</b>	<b>486.57</b>	<b>85.39</b>	<b>-</b>	<b>61,898.81</b>
<b>As at April 01, 2015</b>	<b>17,400.19</b>	<b>16,394.69</b>	<b>26.09</b>	<b>22,281.96</b>	<b>230.47</b>	<b>1,120.50</b>	<b>2,274.91</b>	<b>555.33</b>	<b>84.99</b>	<b>-</b>	<b>60,369.13</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 3.1.1:

The Group has elected to use fair value in its Opening Ind AS Balance Sheet (as at April 01, 2015) as deemed cost for Land and certain Buildings. Accordingly the Land and certain Buildings are carried at fair value of ₹ 17,344.21 Lakhs and ₹ 15,505.73 Lakhs respectively, Carrying amount reported under previous GAAP was ₹ 1,023.04 Lakhs and ₹ 10,619.69 Lakhs respectively. The difference between the fair value and carrying amount reported under previous GAAP of ₹ 21,207.21 Lakhs has been taken to Retained Earnings as at April 01, 2015 (Transition Date).

The fair value of the above mentioned assets as at April 01, 2015 has been arrived at, on the basis of a valuation carried out as at March 31, 2015 by Messrs Manjunath Enterprise, registered Chartered Engineer with Institution of Engineers (India) for properties in India and by Giuseppe Morrone, registered valuer for properties in Italy having appropriate qualification and experience in the valuation of Land and Building. For the land at Doddabalapur and Bengaluru the fair value was derived using the market approach considering the prevailing market rate in the vicinity of the subject land parcel and also considering available details of recent transactions of similar land parcels adjusted for factors such as negotiation margin, land use, road location etc. For the Buildings the fair value was derived using the Depreciated Replacement Cost method (DRC), DRC has been worked using the replacement value determined based on the existing conditions and specifications of the Building with depreciation having been deducted from such replacement value. For this Straight Line Method of depreciation based on age and total life of the asset has been used.

### NOTE 3.1.2:

Land includes ₹ 37.51 Lakhs (as at March 31, 2016 ₹ 37.51 Lakhs) (as at April 01, 2015 ₹ 37.51 Lakhs) being the share in land jointly owned with others. During 2003-04, the Khata in respect of one of the Group'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.

### NOTE 3.1.3:

Certain property, plant and equipment are pledged against borrowings, the details relating to which have been described in Note 16.1 pertaining to borrowings.

### NOTE 3.1.4:

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

### NOTE 3.2: INVESTMENT PROPERTY

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>Cost / Deemed Cost</b>			
<b>Balance at beginning of the year (Refer Note 3.2.1)</b>	4,893.50	4,396.44	4,396.44
Property reclassified as held for sale	(3,722.00)	–	–
Effect of foreign currency exchange differences	(334.58)	497.06	–
<b>Balance at end of the year</b>	<b>836.92</b>	<b>4,893.50</b>	<b>4,396.44</b>
<b>Accumulated depreciation and impairment</b>			
Balance at beginning of the year	150.11	–	–
Depreciation expense	24.39	150.11	–
Property reclassified as held for sale	(144.02)	–	–
Effect of foreign currency exchange differences	(0.50)	–	–
<b>Balance at end of the year</b>	<b>29.98</b>	<b>150.11</b>	<b>–</b>
<b>Net Carrying value</b>	<b>806.94</b>	<b>4,743.39</b>	<b>4,396.44</b>

### NOTE 3.2.1:

The Group has elected to use fair value in its Opening IND AS Balance Sheet (as at April 01, 2015) as deemed cost for Investment Property. Accordingly the Investment Property is carried at fair value of ₹ 4,396.44 Lakhs, Carrying amount reported under previous GAAP was ₹ 816.86 lakh. The difference between the fair value and carrying amount reported under previous GAAP of ₹ 3,579.58 Lakhs has been taken to Retained Earnings as at April 01, 2015 (Transition Date).

The fair value of the above mentioned assets as at April 01, 2015 has been arrived at, on the basis of a valuation carried out as at March 31, 2015 by Messrs Manjunath Enterprise, registered Chartered Engineer with Institution of Engineers (India) for properties in India and by Giuseppe Morrone, registered valuer, for properties in Italy having appropriate qualification and experience in the valuation of Land and Building. For the land at Bengaluru, the fair value was derived using the market approach considering the prevailing market rate in the vicinity of the subject land parcel and also considering available details of recent transactions of similar land parcels adjusted for factors such as negotiation, margin, land use, road location etc. For the Buildings the fair value was derived using the Depreciated Replacement Cost method (DRC), DRC has been worked using the replacement value determined based on the existing conditions and specifications of the Building with depreciation having been deducted from such replacement value. For this Straight Line Method of depreciation based on age and total life of the asset has been used.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 3.3: INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>Carrying amounts of:</b>			
Computer Softwares	4,559.16	3,555.58	994.18
Design Costs	230.04	280.23	–
Technical Know-How	324.22	–	–
Brands and Licenses etc.	130.31	161.83	1,679.95
<b>Total</b>	<b>5,243.73</b>	<b>3,997.64</b>	<b>2,674.13</b>
Intangible assets under development	–	–	330.42
	<b>5,243.73</b>	<b>3,997.64</b>	<b>3,004.55</b>

	Computer Softwares	Design Costs	Technical Know-How	Brands and Licenses etc (Refer Note 3.3.1)	Total
<b>Cost / Deemed Cost</b>					
<b>As at April 01, 2015</b>	1,503.12	–	–	26,301.14	27,804.26
Additions	2,832.55	330.42	–	33.49	3,196.46
Other Adjustments (Refer Note 3.1.4)	62.22	–	–	9.34	71.56
<b>As at March 31, 2016</b>	<b>4,397.89</b>	<b>330.42</b>	<b>–</b>	<b>26,343.97</b>	<b>31,072.28</b>
Additions	2,166.23	–	324.22	–	2,490.45
Disposals	499.44	–	–	–	499.44
Other Adjustments (Refer Note 3.1.4)	(134.56)	–	–	(4.46)	(139.02)
<b>As at March 31, 2017</b>	<b>5,930.12</b>	<b>330.42</b>	<b>324.22</b>	<b>26,339.51</b>	<b>32,924.27</b>
<b>Accumulated amortisation</b>					
<b>As at April 01, 2015</b>	508.94	–	–	24,621.19	25,130.13
Depreciation expense	320.91	50.19	–	1,634.59	2,005.69
Other Adjustments (Refer Note 3.1.4)	12.46	–	–	(73.64)	(61.18)
<b>As at March 31, 2016</b>	<b>842.31</b>	<b>50.19</b>	<b>–</b>	<b>26,182.14</b>	<b>27,074.64</b>
Depreciation expense	560.92	50.19	–	28.88	639.99
Disposals	4.17	–	–	–	4.17
Other Adjustments (Refer Note 3.1.4)	(28.10)	–	–	(1.82)	(29.92)
<b>As at March 31, 2017</b>	<b>1,370.96</b>	<b>100.38</b>	<b>–</b>	<b>26,209.20</b>	<b>27,680.54</b>
<b>Carrying value</b>					
<b>As at March 31, 2017</b>	<b>4,559.16</b>	<b>230.04</b>	<b>324.22</b>	<b>130.31</b>	<b>5,243.73</b>
<b>As at March 31, 2016</b>	<b>3,555.58</b>	<b>280.23</b>	<b>–</b>	<b>161.83</b>	<b>3,997.64</b>
<b>As at April 01, 2015</b>	<b>994.18</b>	<b>–</b>	<b>–</b>	<b>1,679.95</b>	<b>2,674.13</b>

## NOTE 3.3.1: Impact of Past Business Combinations'

As explained in Note 4.2, the Group recognised certain intangibles on past business combinations in accordance with Ind AS on transition date. The value of the intangibles and the useful life was determined based on the valuation of purchase price allocation and the difference between the gross value of the intangibles and the resulting carrying value as of April 01, 2015 (the transition date) was adjusted to Retained Earnings as of April 01, 2015 (Refer Note 38.2).

	Gross Value	Accumulated amortisation adjusted to Retained Earnings	Carrying Value as at 01.04.2015
Customer relationships	11,636.73	10,592.61	1,044.12
Non Compete	5,660.82	5,660.82	–
Trade Name	4,862.31	4,382.75	479.56
License Agreement	3,985.02	3,985.02	–
	<b>26,144.88</b>	<b>24,621.20</b>	<b>1,523.68</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31.30.2017 ₹ in Lakhs	As at 31.30.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 4: GOODWILL</b>			
<b>Cost</b>			
Balance at beginning of year	35,254.64	33,039.45	33,039.45
Effect of foreign currency exchange differences	(1,113.06)	2,215.19	–
<b>Balance at end of year</b>	<b>34,141.58</b>	<b>35,254.64</b>	<b>33,039.45</b>
<b>NOTE 4.1: ALLOCATION OF GOODWILL TO CASH GENERATING UNITS:</b>			
Goodwill has been allocated for impairment testing purposes to the following cash-generating units.			
Bed-Linens (Manufacturing in India, and US Distribution)	28,655.09	29,312.13	27,689.19
Trading in home-textiles with the Bellora Brand	5,486.49	5,942.51	5,350.26
<b>Total</b>	<b>34,141.58</b>	<b>35,254.64</b>	<b>33,039.45</b>

### NOTE 4.2: PAST BUSINESS COMBINATIONS

The Group has elected to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2015 considering a transition date of January 01, 2007. Consequently,

- The Group has kept the same classification for the past business combinations, for business acquisitions prior to January 01, 2007, as in its previous GAAP financial statements;
- For business combinations taking place between January 01, 2007 to April 01, 2015 (date of transition), the Group has recognised assets and liabilities that were not recognised in accordance with previous GAAP in the consolidated balance sheet of the acquirer and would qualify for recognition in accordance with Ind AS;
- The Group has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- The Group has tested the goodwill for impairment at the transition date based on the conditions as of the transition date.

For business acquisitions post January 01, 2007 the Group has carried out a purchase price allocation valuation through an external valuation specialist, Mr. Sandesh Hegde, registered with Institute of Chartered Accountants of India and American Institute of Certified Public Accountants, having appropriate qualification and experience with such valuations, considering the information and conditions as they existed on the date of the business combinations.

This has resulted in the Group recognising certain items of intangibles, subsumed within goodwill under previous GAAP, as well as derecognising certain goodwill recognised under previous GAAP on acquisition of non-controlling interest in the subsidiaries, which, under Ind AS, has been adjusted directly to shareholders funds and retained earnings as of April 01, 2015, net of necessary amortisation of the intangibles so recognised. Additionally, Ind AS did not permit for certain acquisition related transaction costs to be considered as cost of investment/purchase consideration resulting in the same being directly adjusted to retained earnings/ statement of profit and loss, as necessary, and reduced from the Goodwill recognised under previous GAAP.

	Amount ₹ in Lakhs
<b>Goodwill as per previous GAAP as of April 01, 2015</b>	<b>63,962.33</b>
Less: Gross value of Intangibles recognised on past business acquisitions (Refer Note 3.3.1)	(26,144.88)
Less: De-recognition of goodwill on acquisition of non-controlling interest in subsidiaries	(3,553.47)
Less: Reduction of Goodwill arising from adjustment made to value of investment/purchase consideration due to certain transaction related costs not being eligible under Ind AS	(1,224.53)
<b>Goodwill as on transition date (April 01, 2015)</b>	<b>33,039.45</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31.30.2017 ₹ in Lakhs	As at 31.30.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 5: NON-CURRENT INVESTMENTS</b>			
<b>Unquoted (at fair value through profit or loss)</b>			
Investments in Equity Instruments	18.97	19.15	16.92
<b>Total Investments</b>	<b>18.97</b>	<b>19.15</b>	<b>16.92</b>
<b>NOTE 5.1: DETAILS OF INVESTMENTS</b>			
Investment in equity instruments			
Milano Confezioni S.r.l. (No. of shares: 100,000)	—	—	1.33
BP Venture S.r.l.	—	—	998.54
Industria e Università S.r.l. (No. of shares: 13,005,000)	18.97	19.15	14.72
Consorzio Tutela Lino (No. of shares: 11,638)	—	—	0.87
	18.97	19.15	1,015.46
Provision for diminution in value of investments	—	—	(998.54)
	<b>18.97</b>	<b>19.15</b>	<b>16.92</b>
<b>NOTE 6: LOANS</b>			
<b>Non-current</b>			
Loans to employees (Unsecured, considered good)	99.89	91.39	104.47
<b>Total Non Current</b>	<b>99.89</b>	<b>91.39</b>	<b>104.47</b>
<b>Current</b>			
Loans to employees (Unsecured, considered good)	199.61	242.76	235.10
<b>Total Current</b>	<b>199.61</b>	<b>242.76</b>	<b>235.10</b>
<b>NOTE 7: OTHER FINANCIAL ASSETS</b>			
<b>Non-current</b>			
<b>Financial assets at amortized cost</b>			
Security Deposits (Unsecured, considered good)	1,626.93	991.12	891.65
<b>Total Non Current</b>	<b>1,626.93</b>	<b>991.12</b>	<b>891.65</b>
<b>Current</b>			
<b>a) Financial assets at amortized cost</b>			
Security Deposits (Unsecured, considered good)	58.48	54.18	59.90
Interest Receivable	241.07	17.58	14.11
Unbilled revenue	—	200.71	—
<b>Total</b>	<b>299.55</b>	<b>272.47</b>	<b>74.01</b>
<b>b) Derivatives financial instruments designated and effective as hedging instruments carried at fair value</b>			
Foreign currency forward contracts designated in hedge accounting relationships	4,728.09	1,400.01	1,111.95
<b>Total Current</b>	<b>5,027.64</b>	<b>1,672.48</b>	<b>1,185.96</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31.30.2017 ₹ in Lakhs	As at 31.30.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 8: TAX ASSETS AND LIABILITIES</b>			
<b>NOTE 8.1: INCOME TAX ASSETS AND LIABILITIES</b>			
<b>Non-current Income Tax Assets</b>			
Income tax payments made against returns filed/demands received for earlier years	6,715.53	6,982.00	4,317.67
Less: Provisions made in prior years	5,922.61	6,090.59	3,614.59
<b>Tax refund receivable (net)</b>	<b>792.92</b>	<b>891.41</b>	<b>703.08</b>
<b>Non-current tax liabilities</b>			
Provisions made in prior years	–	736.94	736.94
Less: Advance tax and taxes deducted at source	–	337.55	337.04
<b>Tax payable (net)</b>	<b>–</b>	<b>399.39</b>	<b>399.90</b>
<b>Current tax liabilities</b>			
Income tax payable for the current year	7,581.65	4,162.72	2,476.00
Less: Advance tax and taxes deducted at source	6,564.64	855.00	221.29
<b>Tax payable (net)</b>	<b>1,017.01</b>	<b>3,307.72</b>	<b>2,254.71</b>

## NOTE 8.2: DEFERRED TAX BALANCES

The following is the analysis of the net deferred tax asset/(liability) position as presented in the financial statements

Deferred tax assets	3,744.26	7,125.72	6,682.29
Deferred tax liabilities	(95.40)	(254.70)	(390.41)
<b>Net balance</b>	<b>3,648.86</b>	<b>6,871.02</b>	<b>6,291.88</b>

Movement for the year:

	For the year 2016-2017			₹ in Lakhs
	Opening Balance	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance
Property, Plant and Equipment (including land)	(10,055.41)	(2,245.26)	–	(12,300.68)
Cash flow hedge	(437.40)	–	(1,198.90)	(1,636.30)
Defined benefit obligations	46.42	–	75.17	121.59
Foreign currency translation reserve	(373.47)	–	200.50	(172.97)
Goodwill	(4,847.78)	500.52	–	(4,347.26)
Unpaid employee benefits	507.33	51.09	–	558.42
Unadjusted tax losses, including unabsorbed depreciation	9,358.64	(2,682.40)	–	6,676.24
Other disallowances	2,995.86	(10.33)	–	2,985.53
Minimum Alternate Tax Credit	9,676.83	2,087.46	–	11,764.29
	<b>6,871.02</b>	<b>(2,298.92)</b>	<b>(923.23)</b>	<b>3,648.86</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	For the year 2015-2016			₹ in Lakhs
	Opening Balance	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance
Property, plant and equipment (including land)	(9,393.81)	(661.60)	–	(10,055.41)
Cash flow hedge	(298.99)	–	(138.41)	(437.40)
Defined benefit obligations	–	–	46.42	46.42
Foreign currency translation reserve	–	–	(373.47)	(373.47)
Goodwill	(4,377.36)	(470.42)	–	(4,847.78)
Unpaid employee benefits	321.16	186.17	–	507.33
Investment in subsidiary	3,721.27	(3,721.27)	–	–
Unadjusted tax losses, including unabsorbed depreciation	9,522.71	(164.07)	–	9,358.64
Other disallowances	1,043.33	1,952.53	–	2,995.86
Minimum Alternate Tax Credit	5,753.57	3,923.26	–	9,676.83
<b>Total</b>	<b>6,291.88</b>	<b>1,044.60</b>	<b>(465.46)</b>	<b>6,871.02</b>

	As at 31.30.2017 ₹ in Lakhs	As at 31.30.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 9: OTHER ASSETS</b>			
<b>Non-current</b>			
a) Capital advances	13,706.27	5,634.81	127.44
b) Prepayments	6,350.75	5,466.31	1,828.33
c) Deferred Employee benefit	31.15	32.47	32.47
d) Deferred Rent	20.21	91.71	86.22
<b>Total</b>	<b>20,108.38</b>	<b>11,225.30</b>	<b>2,074.46</b>
<b>Current</b>			
a) Advances to suppliers	1,055.10	1,254.38	2,476.22
b) Balances with government authorities (other than income taxes)	2,005.83	2,249.56	610.61
c) Prepayments	4,465.85	2,313.53	2,763.61
d) Deferred Employee benefit	7.82	7.20	6.68
e) Deferred Rent	72.27	28.19	45.23
f) Interest subsidy receivable	1,636.96	1,291.77	980.86
g) Income tax refund receivable	13.20	48.54	48.54
h) Subsidy receivable under various government schemes	2,904.80	2,444.12	1,531.52
i) Others	490.88	890.47	11.40
<b>Total</b>	<b>12,652.71</b>	<b>10,527.76</b>	<b>8,474.67</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31.30.2017 ₹ in Lakhs	As at 31.30.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 10: INVENTORIES</b>			
Raw materials	5,548.50	3,642.80	2,621.70
Work-in-progress	16,822.23	9,214.07	8,905.28
Finished goods	8,273.10	1,500.99	1,909.70
Traded goods	42,792.55	42,134.36	40,743.70
Stores and spares	1,951.70	1,931.32	1,249.84
<b>Total Inventories at the lower of cost and net realisable value</b>	<b>75,388.08</b>	<b>58,423.54</b>	<b>55,430.22</b>
<b>Included above, goods-in-transit:</b>			
Raw materials	1,363.50	1,087.28	766.65
Finished goods	543.71	–	–
Traded goods	16,960.43	3,148.89	2,157.18
Stores and spares	–	15.49	–
<b>Total goods-in-transit</b>	<b>18,867.64</b>	<b>4,251.66</b>	<b>2,923.83</b>
The mode of valuation has been stated in Note 2.19			
<b>NOTE 11: TRADE RECEIVABLES</b>			
<b>Current</b>			
Unsecured, considered good	8,623.28	8,018.63	6,041.62
Less: Provision for doubtful debts/ expected credit loss allowance	(1,795.35)	(1,936.65)	(1,648.78)
<b>Total</b>	<b>6,827.93</b>	<b>6,081.98</b>	<b>4,392.84</b>

### NOTE 11.1: CREDIT PERIOD

The average credit period on sales of goods ranges from 60 to 180 days without security. No interest is charged on trade receivables on delayed payments.

Before accepting any new customer, the internal team assesses the potential customer's credit quality and defines credit limits for the customer.

### NOTE 11.2: EXPECTED CREDIT LOSS ALLOWANCE

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The Group has had no past history of any credit loss or bad debts in most of their operations, except in case of one subsidiary, and based on such past experience and expectation in the future, credit loss has been provided for. In case of that one subsidiary, based on the past experience of bad debts, the Group has estimated the future credit loss. The movement is as follows:

Balance at the beginning of the year	(1,936.65)	(1,648.78)
Movement during the year	–	(107.43)
Foreign exchange translation gains and losses	141.30	(180.44)
<b>Balance at end of the year</b>	<b>(1,795.35)</b>	<b>(1,936.65)</b>

### NOTE 11.3: TRANSFER OF FINANCIAL ASSETS

#### i) Factoring:

The Group sells a substantial portion of its trade receivables to a commercial factor, without recourse, up to maximum credit limits established by the factor for each individual account.

#### ii) Bill Discounting:

At the end of the reporting period, the carrying amount of the trade receivables that have been transferred but have not been derecognized amounted to ₹ 1,638.57 Lakhs and the carrying amount of the associated liability is ₹ 1,432.87 Lakhs. (Refer Note 19)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31.30.2017 ₹ in Lakhs	As at 31.30.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 12: CASH AND CASH EQUIVALENTS</b>			
Balance with Banks in current accounts and deposits (Refer Note 12.1)	20,305.25	12,146.15	3,591.92
Cash in hand (Refer Note 12.3)	31.71	38.07	38.24
<b>Cash and cash equivalents as per Ind AS 7 Cash flow statement</b>	<b>20,336.96</b>	<b>12,184.22</b>	<b>3,630.16</b>
Other Bank Balances (Refer Note 12.2)	22.63	22.81	12.71
<b>Total Cash and cash equivalent</b>	<b>20,359.59</b>	<b>12,207.03</b>	<b>3,642.87</b>

## NOTE 12.1:

The deposits maintained by the Group with banks comprise of time deposits, which can be withdrawn by the Group at any point without prior notice or penalty on the principal.

## NOTE 12.2:

Other Bank Balances represent earmarked balances in respect of unpaid dividends and dividend payable.

## NOTE 12.3:

The details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 is provided in the table below:

	SBN	Other denomination notes	Total
<b>Closing cash in hand as on November 8, 2016</b>	<b>30.75</b>	<b>3.89</b>	<b>34.64</b>
Add: Permitted receipts	–	52.56	52.56
Less: Permitted payments	–	27.63	27.63
Less: Amount deposited in Banks	30.75	11.70	42.45
<b>Closing cash in hand as on December 30, 2016</b>	<b>–</b>	<b>17.12</b>	<b>17.12</b>

	As at 31.30.2017 ₹ in Lakhs	As at 31.30.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 13: ASSETS CLASSIFIED AS HELD FOR SALE</b>			
Building (Refer Note 13.1)	3,577.98	–	–
Plant and Machinery	–	130.51	–
	<b>3,577.98</b>	<b>130.51</b>	<b>–</b>

## NOTE 13.1:

The Group intends to dispose off a portion of its Building in Italy, held by its subsidiary, that it no longer utilises in full capacity and has advertised in search of a buyer. No impairment loss was recognised on reclassification of the building as held for sale as at March 31, 2017 as the directors of the Group expect that the fair value (estimated based on the recent market prices of similar properties in similar locations) less costs to sell is higher than the carrying amount.

## NOTE 14: SHARE CAPITAL

<b>Authorised</b>			
134,000,000 equity shares of ₹ 5 each with voting rights (As at March 31, 2016: 134,000,000 equity shares of ₹ 5 each) (As at April 1 2015: 134,000,000 equity shares of ₹ 5 each)	6,700.00	6,700.00	6,700.00
<b>Issued</b>			
98,496,160 equity shares of ₹ 5 each with voting rights (As at March 31, 2016: 98,496,160 equity shares of ₹ 5 each) (As at April 1, 2015: 98,496,160 equity shares of ₹ 5 each)	4,924.81	4,924.81	4,924.81
<b>Subscribed and fully paid-up</b>			
98,457,160 equity shares of ₹ 5 each with voting rights (As at March 31, 2016: 98,457,160 equity shares of ₹ 5 each) (As at April 1, 2015: 98,457,160 equity shares of ₹ 5 each)	4,922.86	4,922.86	4,922.86
	<b>4,922.86</b>	<b>4,922.86</b>	<b>4,922.86</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 14.1:

There is no movement in the shares outstanding from the prior years to the current year.

### NOTE 14.2: DETAILS OF THE RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHING TO EACH CLASS OF SHARES:

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

### NOTE 14.3: NUMBER OF EQUITY SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES IN THE GROUP:

Shareholder	No. of shares	No. of shares	No. of shares
D K Himatsingka	12,968,000	11,135,424	11,135,424
% of holding	13%	11%	11%
D K Himatsingka (HUF)	—	5,432,056	5,432,056
% of holding	0%	6%	6%
Shrikant Himatsingka	8,480,964	6,680,964	6,680,964
% of holding	9%	7%	7%
Bihar Mercantile Union Limited	5,706,000	5,706,000	5,706,000
% of holding	6%	6%	6%
Rajshree Himatsingka	7,257,260	5,457,260	5,457,260
% of holding	7%	6%	6%

### NOTE 14.4:

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, 2017, March 31, 2016 and April 01, 2015.

	As at 31.30.2017 ₹ in Lakhs	As at 31.30.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 15: OTHER EQUITY</b>			
<b>Reserves and Surplus</b>			
Capital reserve on consolidation	66.74	66.74	66.74
Capital reserve (Refer Note (i) below)	620.88	620.88	620.88
Securities premium account (Refer Note (ii) below)	27,675.71	27,675.71	27,675.71
General reserve (Refer Note (iii) below)	16,870.17	16,470.17	15,670.17
Legal reserve (Refer Note (iv) below)	7.39	8.01	7.21
Debenture redemption reserve (Refer Note (v) below)	400.00	800.00	1,200.00
Retained earnings (Refer Note (vi) below)	52,610.83	36,178.11	27,639.64
<b>Sub – Total</b>	<b>98,251.72</b>	<b>81,819.62</b>	<b>72,880.35</b>
<b>Other Comprehensive income</b>			
Cash Flow Hedge Reserve	3,091.80	826.47	580.65
Foreign currency translation reserve	691.90	1,493.87	—
Remeasurement of net defined benefit liability or asset	(232.20)	(90.16)	—
<b>Sub – Total</b>	<b>3,551.50</b>	<b>2,230.18</b>	<b>580.65</b>
<b>Total Other Equity</b>	<b>101,803.22</b>	<b>84,049.80</b>	<b>73,461.00</b>

### NOTE 15.1: EXPLANATORY NOTES

- Any profit or loss on Purchase, Sale or cancellation of the Group's own equity instruments transferred to capital reserves.
- Amounts received on issue of shares in excess of the par value has been classified as securities premium.
- This represents appropriation of profit by the Group.
- Legal reserve represents the reserve as mandated by the Italian Civil Code.
- Reserves created from general reserve for redemption of non convertible debentures.
- Retained earnings comprise of the Group's undistributed earnings after taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31.30.2017 ₹ in Lakhs	As at 31.30.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 15.2: GENERAL RESERVE</b>			
Opening balance	16,470.17	15,670.17	
Add: Transferred from Debenture redemption reserve	400.00	400.00	
Add: Transferred from Retained Earnings	—	400.00	
	<b>16,870.17</b>	<b>16,470.17</b>	
<b>NOTE 15.3: DEBENTURE REDEMPTION RESERVE</b>			
Opening balance	800.00	1,200.00	
Less: Transferred to general reserve	(400.00)	(400.00)	
	<b>400.00</b>	<b>800.00</b>	
<b>NOTE 15.4: LEGAL RESERVE (REFER NOTE 15.1 (IV))</b>			
Opening balance	8.01	7.21	
Add/(Less): Foreign exchange difference	(0.62)	0.80	
	<b>7.39</b>	<b>8.01</b>	
<b>NOTE 15.5: RETAINED EARNINGS</b>			
Opening balance	36,178.11	27,639.64	
Add: Profit for the year	18,210.25	12,525.60	
Less: Transferred to General Reserve	—	(400.00)	
Less: Payment of Dividends, including dividend distribution tax	(1,777.53)	(3,566.18)	
Less: Other Adjustment		(20.95)	
	<b>52,610.83</b>	<b>36,178.11</b>	
<b>NOTE 15.6: EFFECTIVE PORTION OF CASH FLOW HEDGE</b>			
Opening balance	826.47	580.65	
Gain / (loss) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges	8,039.46	1,786.93	
Cumulative (gain) / loss arising on changes in fair value of designated portion of hedging instruments reclassified to profit or loss	(4,575.23)	(1,402.70)	
Income tax related to net gains recognised in other comprehensive income	(1,198.90)	(138.41)	
	<b>3,091.80</b>	<b>826.47</b>	
<b>NOTE 15.7: FOREIGN CURRENCY TRANSLATION RESERVE</b>			
Opening balance	1,493.87	—	
Other Comprehensive Income for the Year, net of income tax	(801.97)	1,493.87	
	<b>691.90</b>	<b>1,493.87</b>	
<b>NOTE 15.8: REMEASUREMENT OF NET DEFINED BENEFIT LIABILITY OR ASSET</b>			
Opening balance	(90.16)	—	
Other Comprehensive Income for the Year, net of income tax	(142.04)	(90.16)	
	<b>(232.20)</b>	<b>(90.16)</b>	
<b>NOTE 16: NON CURRENT BORROWINGS</b>			
<b>Borrowings measured at amortized cost</b>			
<b>Unsecured Borrowings: (Refer Note 16.1)</b>			
Non Convertible Debentures	—	399.73	798.97
<b>Secured Borrowings: (Refer Note 16.1)</b>			
Term Loans			
From Banks	41,895.57	37,668.96	27,165.07
From Financial Institution	32,082.42	14,828.55	7,305.10
<b>Total Borrowings</b>	<b>73,977.99</b>	<b>52,897.24</b>	<b>35,269.14</b>



## NOTE 16.1: DETAILS OF NON-CURRENT BORROWINGS AND CURRENT MATURITIES OF NON-CURRENT BORROWINGS

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015		Nature of security	Repayment/redemption / other terms
	Non-Current	Current	Non-Current	Current	Non-Current	Current		
Debentures (Unsecured)								
Non – convertible and redeemable debentures	–	399.81	399.73	399.14	798.97	398.73	Unsecured	Four equal annual installments commencing 2 years from the date of issue. The outstanding term as of March 31, 2017 was 1 installment.
<b>Total</b>	<b>–</b>	<b>399.81</b>	<b>399.73</b>	<b>399.14</b>	<b>798.97</b>	<b>398.73</b>		
<b>Term loans from bank (Secured)</b>								
Loan 1	11,518.62	1,461.98	13,590.56	329.13	13,160.09	–	Secured by charge over certain 20 quarterly installments after initial fixed assets and pledge of shares of moratorium period of 2 years with wholly owned subsidiary ballooning provision at 5th, 10th, 15th, 19th & 20th installments. The outstanding term as of March 31, 2017 was 16 installments.	
Loan 2	12,379.17	2,106.96	14,497.85	331.82	–	–	First pari passu charge of certain 20 substantially equal quarterly installments commencing on 31.12.2016. The outstanding term as of March 31, 2017 was 16 installments.	
Loan 3	4,308.05	–	–	–	–	–	First pari passu charge on entire Loan shall be repaid in 39 structured moveable and immoveable fixed quarterly installments commencing after assets of the Hassan Plot No.1 & 2 a moratorium of 12 months from the date and Doddaballapur plant including Scheduled Commercial Operation date proposed project assets present (or) actual Commercial Operation date. The outstanding term as of March 31, 2017 was 39 installments.	
Loan 4	8,321.70	–	–	–	–	–	First pari passu charge on Midford In 3 Yearly installments after initial garden property & Vittal Mallya moratorium of 4 years (yearly % of repayment 25%, 35% & 40%) The outstanding term as of March 31, 2017 was 3 installments.	
Loan 5*			–	–	2,084.62	2,813.00	Secured by charge over certain 33 Quarterly installments commencing 2 moveable and immoveable fixed years from the date of first disbursement assets, both present and future with step up repayment in the ratio of 1:2:3. The outstanding term as of March 31, 2017 was Nil.	

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 16.1: DETAILS OF NON-CURRENT BORROWINGS AND CURRENT MATURITIES OF NON-CURRENT BORROWINGS

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015		₹ in Lakhs
	Non-Current	Current	Non-Current	Current	Non-Current	Current	
Loan 6	–	–	–	–	2,022.73	755.14	Secured by charge over certain 32 Quarterly installments commencing 2 moveable and immovable fixed years from the date of first disbursement. assets, both present and future The outstanding term as of March 31, 2017 was Nil.
Loan 7	–	–	3,385.65	843.63	3,998.75	797.43	Secured by charge over certain 22 Quarterly installments commencing 27 immovable fixed assets and months from the date of first disbursement. pledge of shares of wholly owned The outstanding term as of March 31, 2017 subsidiary] was Nil.
Loan 8	5,368.03	173.28	6,194.90	–	–	–	Secured by Fagnano and Biella Euro 2.25 Million to be repaid in 14 structured properties owned by Bellora quarterly instalments, after a moratorium of and supported by a Corporate 1.5 years (i.e. starting from 31-Dec-17). guarantee from HSL
Loan 9	–	–	–	–	5,230.53	–	Exclusive charge over all Fixed Eighteen Equal Installments commencing assets of Bellora except for Plant 33 months from drawdown. The outstanding- & Machinery, Inventory, Shares ing term as of March 31, 2015 was 18 install- of Bellora held by HSL and DSRA ments. account
Loan 10	–	–	–	–	668.35	62.65	Real Estate in Timberlake, North Monthly instalments of \$8333, with the final Balloon instalment of \$1,008,334. The outstanding term as of March 31, 2015 was 47 instalments. Carolina
	41,895.57	3,742.22	37,668.96	1,504.58	27,165.07	4,428.22	

The rate of interest on the above term loans is in the range of 4.15% to 10.25% (Previous Year: 3.75% to 10.5%)

\* Interest on these term loans is eligible for government subsidies.

## NOTE 16.1: DETAILS OF NON-CURRENT BORROWINGS AND CURRENT MATURITIES OF NON-CURRENT BORROWINGS

	As at 31.03.2017				As at 01.04.2015				₹ in Lakhs
	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	
<b>Term loan from financial institution (Secured)</b>									
Loan 1*	845.20	313.67	1,160.09	251.80	1,413.59	252.63	Secured by charge over certain moveable and immovable fixed assets, both present and future		
Loan 2*	1,424.15	245.56	1,671.74	245.67	1,864.00	-	First pari passu charge on certain moveable and immovable fixed assets of the Group (in both units) including the proposed project assets, both present and future		
Loan 3*	2,360.45	-	2,359.32	-	1,041.44	-	First pari passu charge on certain fixed assets (both moveable and immovable) of the Group (in both units), both present and future excluding the fixed assets charged on exclusive basis		
Loan 4*	16,843.48	441.93	7,198.34	-	-	-	First pari passu charge on the entire fixed assets (both moveable and immovable properties) of the Group (in both units) both present and future excluding the assets exclusively charged to other lenders		
Loan 5*	7,427.10	444.31	-	-	-	-	First pari passu charge on entire moveable and immovable fixed assets of the Hassan Plot No.1 & 2 and Doddaballapur plant including proposed project assets present and future		
Loan 6	2,665.19	-	-	-	-	-	First pari passu charge on entire moveable and immovable fixed assets of the Hassan Plot No.1 & 2 and Doddaballapur plant including proposed project assets present and future		
							33 Quarterly installments commencing 2 years from the date of first disbursement. The outstanding term as of March 31, 2017 was 13 installments.		
							32 equal quarterly installments commencing after a moratorium of 1 year from the date of Commencement of Commercial Operation (COD). The outstanding term as of March 31, 2017 was 27 installments.		
							28 substantially equal quarterly installments commencing after a moratorium of 2 years from Scheduled Commercial Operation Date (SCOD) or Actual Commercial Operation Date (COD). The outstanding term as of March 31, 2017 was 28 installments.		
							39 substantially equal quarterly installments commencing after a moratorium of 1 year from Scheduled Commercial Operation Date (SCOD) or Actual Commercial Operation Date (COD) whichever is earlier. The outstanding term as of March 31, 2017 was 39 installments.		
							Loan shall be repaid in 39 structured quarterly installments commencing after a moratorium of 12 months from the Scheduled Commercial Operation date (or actual Commercial Operation date which ever is earlier. The outstanding term as of March 31, 2017 was 39 installments.		
							Loan shall be repaid in 40 structured quarterly installments commencing after a moratorium of 2 years from the date of first disbursement. The outstanding term as of March 31, 2017 was 40 installments.		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16.1: DETAILS OF NON-CURRENT BORROWINGS AND CURRENT MATURITIES OF NON-CURRENT BORROWINGS

As at 31.03.2017		As at 31.03.2016		As at 01.04.2015		₹ in Lakhs		
	Non-Current	Current	Non-Current	Current	Non-Current	Current	Repayment/redemption / other terms	
Loan 7	-	-	2,397.61	732.04	2,790.26	693.12	Secured by charge over certain immovable fixed assets of promoter group companies and pledge of 10% shares of wholly owned subsidiary	20 Quarterly equal installments commencing 3 years from the date of first disbursement. The outstanding term as of March 31, 2017 was Nil.
Loan 8*	-	-	-	-	-	2,762.24	Secured by charge over moveable and certain immovable fixed assets, both present and future	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, 2017 was Nil.
Loan 9	-	-	41.45	165.83	195.81	156.64	Lease hold improvements at warehouse in Spartanburg, South Carolina	48 equal monthly installments. The outstanding term as of March 31, 2017 was Nil.
Loan 10	516.85	281.92	-	-	-	-	Lease hold improvements at warehouse in Spartanburg, South Carolina	36 equal monthly installments commencing from 01-Feb-2017. The outstanding term as of March 31, 2017 was 34 installments.
Total	32,082.42	1,727.39	14,828.55	1,395.34	7,305.10	3,864.63		
The rate of interest on the above term loans is in the range of 3.25% to 11.55% (Previous year 3.75% to 11.8% )								
* Interest on these term loans is eligible for government subsidies.								
Loan from related Parties:								
Credit Himatsingka Private Limited	-	-	-	-	-	244.54	Unsecured	85 equal monthly installments commencing from April 2013. Consequent to acceleration of repayment as part of a modification of terms in FY 2013-14, the outstanding term as of March 31, 2017 was Nil.
Total	-	-	-	-	-	244.54		
Grand Total	73,977.99	5,869.42	52,897.24	3,299.06	35,269.14	8,936.12		

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 17: PROVISIONS</b>			
<b>Non-current</b>			
Provision for compensated absences	342.24	367.54	320.09
Provision for gratuity (Refer Note 17.1)	1,108.75	721.02	476.82
<b>Total Non-current</b>	<b>1,450.99</b>	<b>1,088.56</b>	<b>796.91</b>
<b>Current</b>			
Provision for compensated absences	169.77	140.48	124.95
<b>Total – Current</b>	<b>169.77</b>	<b>140.48</b>	<b>124.95</b>

### NOTE 17.1: EMPLOYEE BENEFIT

#### a) Defined benefit plans

Employee benefits pertaining to overseas subsidiaries have been accrued based on their respective local labour laws.

In accordance with applicable Indian laws, the holding Group and its subsidiary in India 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 eligible salary and the years of employment with the Group.

#### Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Group is exposed to various risks in providing the above gratuity benefit which are as follows:

- A) Interest Rate risk:** The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
- B) Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.
- C) Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- D) Demographic Risk:** The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- E) Liquidity Risk:** This is the risk that the Group is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

In respect of the plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2017 by Mr. Khushwant Pahwa, Fellow of the Institute of Actuaries of India.

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>Change in the benefit obligation</b>		
<b>Defined Benefit Obligation at the beginning of the year</b>	1,390.22	1,205.04
Current service cost	124.68	104.06
Interest cost	104.89	92.61
Benefits paid	(141.28)	(140.85)
Remeasurements – Actuarial (gains)/ losses	166.30	129.36
<b>Defined Benefit Obligation at the end of the year</b>	<b>1,644.81</b>	<b>1,390.22</b>
<b>Change in plan assets</b>		
<b>Fair value of plan assets at the beginning of the year</b>	651.71	713.15
Expected return on plan assets	49.17	49.34
Employer contributions	57.50	43.02
Benefits paid	(103.98)	(140.85)
Remeasurements- Return on plan assets excluding amounts included in interest income	(51.20)	(12.95)
<b>Fair value of plan assets at the end of the year</b>	<b>603.20</b>	<b>651.71</b>
<b>Composition of plan assets is as follows</b>		
Insurer managed funds – invested in 80% debt funds and 20% equity	603.20	651.71
Actual return on plan assets	(2.03)	36.39
Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.		
<b>Funded status [Surplus / (deficit)]</b>		
Present value of defined benefit obligation	(1,644.81)	(1,390.22)
Fair value of plan assets	603.20	651.71
<b>Funded status [Surplus / (deficit)]</b>	<b>(1,041.61)</b>	<b>(738.51)</b>
Net liability (unfunded obligations)	(1,041.61)	(738.51)
Less: Current portion of liability	–	–
<b>Non-current liability</b>	<b>(1,041.61)</b>	<b>(738.51)</b>
Estimate of amount of contribution in the immediate next year	–	–
<b>Components of defined benefit cost for the year ended recognised in the total comprehensive income is as follows:</b>		
Service cost	124.97	109.79
Interest cost	104.89	92.61
Expected return on plan assets	(49.17)	(49.34)
Actuarial gain	217.21	136.58
<b>Net gratuity cost</b>	<b>397.90</b>	<b>289.64</b>
<b>Components of defined benefit cost for the year ended recognized in the statement of other comprehensive income:</b>		
Remeasurements of the net defined benefit liability		
Actuarial (gains) / losses arising from changes in financial assumptions	89.92	47.22
Actuarial (gains) / losses arising from experience adjustments	76.09	74.91
Return on plan assets, excluding amount recognised in net interest expense	51.20	14.45
	<b>217.21</b>	<b>136.58</b>

	For the year ended 31.03.2017	For the year ended 31.03.2016
<b>Actuarial assumptions for gratuity</b>		
Discount rate	6.7%	7.6%
Salary escalation*	6.0%	6.0%
Mortality [IALM 06-08]	100.0%	100.0%
Withdrawal rates- Staff	2 – 40%	2 – 40%

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

### Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- A) If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by 6.4% (increase by 7.3%). (as at March 31, 2016: decrease by 7.4% (increase by 8.5%))
- B) If the expected salary growth increases/(decreases) by 1%, the defined benefit obligation would increase by 7.3% (decrease by 6.5%). (as at March 31, 2016: increase by 8.6% (decrease by 7.6%))
- C) If the attrition rate increases/(decreases) by 50%, the defined benefit obligation would decrease by 1.6% (increase by 2.9%). (as at March 31, 2016: decrease by 0.9% (increase by 1.4%))
- D) If the Mortality rate increases/(decreases) by 10%, the defined benefit obligation would increase by 0.2% (decrease by 0.2%). (as at March 31, 2016: increase by 0.3% (decrease by 0.3%))

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

### Asset Liability Matching Strategies

The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The Group, as part of the policy rules, makes payment of all gratuity liability occurring during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

### Effect of Plan on Entity's Future Cash Flows

#### A) Funding arrangements and Funding Policy

The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Group carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

- B) The Group expects to make a contribution of Rupees Nil during the next financial year
- C) The weighted average duration of the benefit obligation at March 31, 2017 is 7 years (as at March 31, 2016 is 8 years).
- D) Maturity profile of defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis):	₹ in Lakhs
Within 1 year	396.46
2 to 5 years	558.90
6 to 10 years	580.71
more than 10 years	1,337.20

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### b) Defined contribution plans:

The Group makes Provident Fund and Superannuation Fund contributions to 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 Group recognised the following contributions in the Statement of Profit and Loss.

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
Provident fund	572.16	497.29
Superannuation fund	15.51	18.51

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 18: OTHER LIABILITIES</b>			
<b>Non Current</b>			
Deferred Revenue arising from government grant (Refer Note 18.1)	5,335.29	1,563.72	309.34
<b>Total Non-current</b>	<b>5,335.29</b>	<b>1,563.72</b>	<b>309.34</b>
<b>Current</b>			
a) Deferred Revenue arising from government grant (Refer Note 18.1)	1,941.22	316.75	–
b) Advances received from customers	272.13	290.08	207.20
c) Statutory dues	2,315.26	2,450.54	1,257.56
d) Unpaid Dividend	22.63	22.81	12.69
e) Security deposit received	44.80	44.80	44.80
<b>Total Current</b>	<b>4,596.04</b>	<b>3,124.98</b>	<b>1,522.25</b>

#### NOTE 18.1: DEFERRED REVENUE ARISING FROM GOVERNMENT GRANT

The Group has received government grants in the form of import duty exemption and subsidy on purchase of capital goods and purchase of raw materials, to be used for production of goods for exports, based on the terms of the respective schemes. The Group recognises such grants in statement of Profit or Loss on a systematic basis over the period in which the related expenses (the related costs for which the grants are intended to compensate) are incurred and charged to the income statement. The Group has presented such amortisation of deferred income as a deduction from the related expenses.

#### NOTE 19: CURRENT BORROWINGS

<b>Secured Borrowings</b>			
Loans repayable on demand			
From Banks (Refer Note 19.1 and Note 19.2 below)	44,809.27	37,261.46	31,570.88
Bill Discounting	16,070.66	7,239.33	6,316.95
<b>Total Current Borrowings</b>	<b>60,879.93</b>	<b>44,500.79</b>	<b>37,887.83</b>

**NOTE 19.1:** The weighted average effective interest rate on the bank loans is 5.7% per annum (7.1% as at March 31, 2016 and 7.7% as at April 1, 2015).

**NOTE 19.2:** Working capital limits are secured against present and future stock and trade receivables on pari-passu basis.

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 20: TRADE PAYABLES</b>			
Trade payables (Refer Note 20.1)	26,849.95	19,612.06	21,785.64
<b>Total trade payables</b>	<b>26,849.95</b>	<b>19,612.06</b>	<b>21,785.64</b>

**NOTE 20.1:** The average credit period on purchases of major goods is between 30 days to 90 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
<b>NOTE 21: OTHER FINANCIAL LIABILITIES</b>			
<b>Current</b>			
a) Current maturities of long term borrowing (Refer Note 16.1)	5,869.42	3,299.06	8,936.12
b) Interest accrued but not due	485.95	374.88	286.50
c) Provision for gratuity	—	17.49	15.07
d) Payables for capital projects	954.57	275.38	509.80
e) Derivatives financial instruments designated and effective as hedging instruments carried at fair value			
– Interest rate swaps	—	65.62	55.19
<b>Total</b>	<b>7,309.94</b>	<b>4,032.43</b>	<b>9,802.68</b>

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>NOTE 22: REVENUE FROM OPERATIONS</b>		
Revenue from sale of goods (Refer Note 22.3 below)	203,595.12	181,236.82
Other operating income (Refer Note 22.1 below)	10,245.48	7,894.12
<b>Total</b>	<b>213,840.60</b>	<b>189,130.94</b>
<b>NOTE 22.1: OTHER OPERATING INCOME COMPRISES OF:</b>		
Sale of Power	407.66	1,748.59
Sale of Waste and Scrap (Refer Note 22.2 below)	1,151.31	747.54
Income under government incentive schemes	6,877.30	3,086.10
Marketing Fee	333.85	1,058.23
Commission Income	733.33	380.10
Royalty Income	695.48	811.65
Miscellaneous Income	46.55	61.91
<b>Total</b>	<b>10,245.48</b>	<b>7,894.12</b>
<b>NOTE 22.2</b>		
Scrap sales includes sale of ₹ 212.68 Lakhs out of the trial production during the year. (Previous year: ₹ 143.88 Lakhs)		
<b>NOTE 22.3: INFORMATION ON MAJOR CUSTOMERS</b>		
The above Revenue from sale of goods include majorly sales to Top Customers [2 Customers aggregating to 65% in 2016-17 and 3 customers aggregating to 76% in 2015-16]	131,955.45	138,237.67
Others [No other single customer contributes 10% or more to the group's revenue for 2016-2017 and 2015-2016]	71,639.67	42,999.15
<b>Total</b>	<b>203,595.12</b>	<b>181,236.82</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>NOTE 23: OTHER INCOME</b>		
<b>a) Interest Income</b>		
Interest from Bank Deposits	121.76	30.85
Interest on Electricity Deposits	50.92	22.35
Interest income earned on Financial Assets that are not designated as at fair value through Profit or Loss (Refer Note 23.1)	70.40	59.13
	<b>243.08</b>	<b>112.33</b>
<b>b) Other non-operating income (net of expenses directly attributable to such income)</b>		
Operating lease rental income – Investment Property	104.39	84.67
Others Operating lease rental income	6.92	3.12
Miscellaneous income	37.87	102.10
	<b>149.18</b>	<b>189.89</b>
<b>c) Other Gains and Losses</b>		
Profit on sale of current investments	667.79	251.91
Net gain on disposal of property, plant and equipment	259.13	–
Net foreign exchange gains	–	1,311.88
	<b>926.92</b>	<b>1,563.79</b>
<b>Total</b>	<b>1,319.18</b>	<b>1,866.01</b>

## NOTE 23.1:

The interest income earned on financial assets that are not designated as at fair value through profit or loss pertains to interest income earned on account of discounting of the rental deposits.

## NOTE 24: COST OF MATERIALS CONSUMED AND PURCHASES OF STOCK IN TRADE

A) Raw material and packing material consumed (Refer Note 24.1 below)	84,654.00	54,745.00
B) Purchase of stock-in-trade – Bed linen	53,055.26	58,968.23
C) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening stock		
Work in progress	9,214.07	8,905.28
Finished goods	1,500.99	1,909.70
Traded goods	42,134.36	40,743.70
Closing stock:		
Work in progress	16,822.23	9,214.07
Finished goods	8,273.10	1,500.99
Stock-in trade	42,792.55	42,134.36
<b>Net (increase) / decrease</b>	<b>(15,038.46)</b>	<b>(1,290.74)</b>

### Note 24.1:

The Raw material and packing material consumed in current year is net off ₹ 1,078.78 Lakhs capitalised for trial production. (Previous year: ₹ 244.29 Lakhs) (Refer Note 32(b)).

## NOTE 25: EMPLOYEE BENEFITS EXPENSE

Salaries and wages	18,015.14	16,741.08
Contribution to provident and other funds (Refer Note 17.1)	1,080.86	953.92
Workmen and staff welfare expenses	1,387.95	994.82
Less: Expenses capitalized (Refer Note 32(b))	(740.24)	(1,850.94)
<b>Total</b>	<b>19,743.71</b>	<b>16,838.88</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>NOTE 26: FINANCE COST</b>		
Interest expense on:		
a) On Financial Liability at Amortised Cost		
Interest on term loan (net of subsidy ₹ 803.66 Lakhs (Previous year: ₹ 496.12 Lakhs)	5,524.22	3,583.88
Interest on Non-Convertible Debentures	63.15	108.69
Interest on working capital loans	3,300.62	2,699.50
b) Interest on delayed payment of income taxes	314.00	239.46
c) Other borrowing costs – Finance charges	1,281.45	1,657.05
Exchange differences regarded as an adjustment to borrowing costs	–	1,198.40
Less: Amounts capitalised as the cost of qualifying assets (Refer Note 32(a))	(1,130.79)	(146.35)
<b>Total</b>	<b>9,352.65</b>	<b>9,340.63</b>
<b>NOTE 27: DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on Property, Plant and Equipment (Refer Note 3.1)	5,643.75	4,600.70
Amortization of intangible assets (Refer Note 3.3)	639.99	2,005.69
Amortization of investment property (Refer Note 3.2)	24.39	150.11
Less: Amortization of government grants (Refer Note 18.1)	(507.17)	(104.38)
<b>Total</b>	<b>5,800.96</b>	<b>6,652.12</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>NOTE 28: OTHER EXPENSES</b>		
Stores and spares consumed	1,183.72	1,013.25
Power & fuel oil consumed	5,046.34	5,444.49
Job work charges	973.89	125.13
Manufacturing expenses- Others	2,388.09	2,062.41
Rent (Refer Note 31(b))	3,521.40	3,384.05
Travelling and conveyance	1,699.70	1,838.54
Communication expenses	437.65	504.94
Printing and stationery	173.77	165.11
Insurance	608.49	665.21
Repairs and maintenance		
Plant and Machinery	445.90	404.37
Buildings	224.78	415.54
Others	209.48	140.50
Rates and taxes	323.52	386.73
Professional and consultancy charges (Refer Note 28.1)	2,937.29	2,263.63
Bank charges	285.65	186.79
Expenditure on Corporate Social Responsibility (CSR) (Refer Note 28.2)	68.97	77.00
Amounts contributed to All India Congress Committee (political party) during the year	150.00	–
Other contributions and donations	115.91	75.99
Advertisement and publicity	1,890.30	1,916.30
Selling and distribution	–	–
– Commission on sales	249.66	378.18
– Selling expenses	841.27	883.13
– Freight outward, net of reimbursement	1,340.58	1,101.12
Provision for bad and doubtful trade receivables	–	107.43
Net loss on foreign currency transactions and translation	128.51	–
Net loss on disposal of property, plant and equipment		280.93
Royalty	4,780.75	3,952.42
Security charges	333.37	215.79
Contract labour charges	2,792.53	1,622.15
Other general expenses	1,832.84	1,701.35
Less: Expenses capitalized (Refer Note 32 (b))	(1,328.26)	(1,151.59)
	<b>33,656.10</b>	<b>30,160.89</b>
<b>NOTE 28.1: PAYMENTS TO AUDITORS</b>		
<b>Statutory auditor</b>		
For audit (standalone and consolidated)	105.00	105.00
For taxation matters	6.00	6.00
For other services	1.24	5.00
For reimbursement of expenses	0.02	12.28
Service Tax	16.77	8.83
	<b>129.03</b>	<b>137.11</b>
<b>Remuneration to other auditors for the subsidiaries</b>		
For audit	13.72	24.88
	<b>13.72</b>	<b>24.88</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>NOTE 28.2: DETAILS OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE</b>		
a) Total amount required to be spent for the financial year (Determined considering the average profit of prior three financial years, as per previous GAAP)	250.32	150.00
b) Amount spent during the financial year		
i) Construction or acquisition of any asset	—	—
ii) On purpose other than (i) above	68.97	77.00

## NOTE 29: COMMITMENTS

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)			
– for the acquisition of property, plant and equipment	39,995.48	12,239.00	83.30
Other commitments: The Group has imported capital goods under the Export Promotion Capital Goods (EPCG) scheme and Advance Authorisation to utilise the benefit of a zero or concessional customs duty rate. These benefits are subject to future exports within the stipulated period. Such exports obligations at year end aggregate to ₹			
Export Promotion Capital Goods (EPCG) Scheme	24,125.47	5,764.00	—
<b>NOTE 30: CONTINGENT LIABILITIES</b>			
a) Claims against Group not acknowledged as debt			
Taxation Matters (Refer Note 30.1)			
Income tax demands including penalty and interest due upto date of order (Refer Note 30.2)	1,081.24	464.79	464.79
Excise duty (excludes penalties, if any) (Refer Note 30.3)	400.32	333.33	326.34
Others (relating to miscellaneous claims and bonus)	214.21	234.78	35.25
b) Outstanding guarantees to various banks in respect of the guarantees given by those banks in favour of Government authorities and others	4.21	4.91	4.91
<b>Total</b>	<b>1,699.98</b>	<b>1,037.81</b>	<b>831.29</b>

### NOTE 30.1:

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

### NOTE 30.2:

These claims relate to demands resulting from disallowances of deductions claimed and other adjustments, which are being contested by the Group. These cases are pending at various forums with respective authorities. Outflows, if any, arising out of the claims would depend upon the outcome of the decision of the appellate authority and the Group's right for future appeals before judiciary. No reimbursements are expected.

### NOTE 30.3:

These claims relate to demands arising from difference pertaining to transfer price assessed in terms of Customs Valuation Rules, 1988.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 31: OPERATING LEASES

#### a) As Lessor:

The Group has entered into operating lease arrangements for a portion of its building premises. The details are as follows:

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
Gross Carrying Amount	832.92	4,889.50	4,396.44
Accumulated Depreciation	25.98	146.11	–

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
Depreciation recognised in the statement of profit and loss	24.39	146.11
Rental income earned by the Group from the above mentioned building premises are set out in Note 23 (b).		

#### b) As Lessee:

The Group has entered into operating lease agreements mainly in respect of the office premises, accommodations and vehicles. These leases have non cancellable periods ranging from 1 to 7 years.

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
i) Future Minimum lease payments under non-cancellable operating leases due		
not later than one year	1,508.90	1,478.69
later than one year and not later than five years	4,517.26	4,817.09
later than five years	1,299.87	2,135.54
ii) Lease payments recognized in the statement of profit and loss for the year	3,521.40	3,384.05

### NOTE 32: EXPENSES CAPITALIZED

During the year, the Group completed the construction of additional manufacturing facility, enhancing the existing capacity of production. Expenses capitalized on initial recognition of the resulting PPE, include the costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

<b>a) Details of Borrowing costs capitalised</b>		
Borrowing costs capitalised during the year as capital work in progress	1,130.79	146.35
<b>Total Borrowing cost capitalised</b>	<b>1,130.79</b>	<b>146.35</b>
<b>b) Details of expenses capitalised</b>		
Raw material and packing material consumed	1,078.78	244.29
Employee benefit expenses	740.24	1,850.94
Other expenses	1,328.26	1,151.59
	<b>3,147.28</b>	<b>3,246.82</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 33: SEGMENT REPORTING

The CEO & MD of the group has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The group is structured into a single segment of Home Textiles value chain, and accordingly the CODM evaluates the group's performance and allocates resources based on an analysis of various performance indicators for the only identifiable segment.

The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below

i) Geographical revenues are segregated based on the locations of the customers who are invoiced or in relation to which the revenues is otherwise recognised

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
North America & Canada	178,033.97	163,151.13
Asia	5,585.68	3,070.00
Europe	12,008.53	12,207.44
India	4,211.95	2,618.08
Rest of the world	3,754.99	190.17
<b>Total</b>	<b>203,595.12</b>	<b>181,236.82</b>

Refer to Note 22.3 for revenue from major customers.

ii) Details of non current assets (excluding financial instruments and deferred tax assets)

	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
India	142,135.07	102,436.72	94,788.66
North America	13,247.91	11,853.06	5,978.83
Europe	3,650.84	8,019.91	7,102.73
Others	1.89	67.62	0.41
<b>Total</b>	<b>159,035.71</b>	<b>122,377.31</b>	<b>107,870.63</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended 31.03.2017 ₹ in Lakhs	For the year ended 31.03.2016 ₹ in Lakhs
<b>NOTE 34: INCOME TAXES</b>		
<b>NOTE 34.1: INCOME TAX EXPENSE RECOGNISED IN STATEMENT OF PROFIT AND LOSS</b>		
<b>Current Tax:</b>		
In respect of the current year	3,708.39	3,930.10
Adjustments in respect of prior years	(282.00)	–
	<b>3,426.39</b>	<b>3,930.10</b>
<b>Deferred Tax</b>		
In respect of the current year	2,298.92	(1,044.60)
	<b>2,298.92</b>	<b>(1,044.60)</b>
<b>Total income tax expense recognised in statement of profit and loss</b>	<b>5,725.31</b>	<b>2,885.50</b>
<b>NOTE 34.2: INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME</b>		
<b>Deferred Tax:</b>		
Remeasurements of the defined benefit liabilities / (asset)	75.17	46.42
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	(1,198.90)	(138.41)
Exchange differences in translating the financial statements of foreign operations	200.50	(373.47)
<b>Total income tax recognised in other comprehensive income</b>	<b>(923.23)</b>	<b>(465.46)</b>
Bifurcation of the income tax recognised in other comprehensive income into:		
Items that will not be reclassified to profit or loss	75.17	46.42
Items that may be reclassified to profit or loss	(998.40)	(511.88)
	<b>(923.23)</b>	<b>(465.46)</b>
<b>NOTE 34.3:</b>		
A reconciliation of income tax expense applicable to accounting profit / (loss) before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:		
Profit before tax	18,210.25	12,525.60
Enacted income tax rate in India	34.61%	34.61%
<b>Computed expected tax expense</b>	<b>6,302.20</b>	<b>4,334.86</b>
Effects of tax concessions	(1,472.88)	(1,830.99)
Effects of expenses that are not deductible in determining taxable profit	160.83	82.49
Effects due to differential tax rates on capital gains	(46.78)	(44.32)
Differential tax rates of branches/subsidiaries operating in other jurisdictions	1,063.94	343.46
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>6,007.31</b>	<b>2,885.50</b>
Adjustments recognised in the current year in relation to current tax of prior years	(282.00)	–
<b>Total income tax expense recognised in the statement of profit and loss</b>	<b>5,725.31</b>	<b>2,885.50</b>
The tax rates under Indian Income Tax Act, for the years ended March 31, 2017 and March 31, 2016 is 34.61%.		
<b>NOTE 35- EARNINGS PER SHARE</b>		
Basic earnings per share	18.50	12.72
Diluted earnings per share	18.50	12.72
The earnings and weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows:		
Profit for the year attributable to owners of the Group	18,210.25	12,525.60
<b>Earnings used in the calculation of basic earnings per share</b>	<b>18,210.25</b>	<b>12,525.60</b>
Weighted average number of equity shares for the purposes of basic and diluted earnings per share	98,457,160	98,457,160



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 36: FINANCIAL INSTRUMENTS:

### NOTE 36.1: CATEGORIES OF FINANCIAL INSTRUMENTS:

The carrying value of the financial instruments by categories as on March 31, 2017, March 31, 2016 and April 01, 2015 is as follows:

₹ in Lakhs

	Carrying amount			Fair Value		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>Financial Assets</b>						
<b>Measured at amortized cost:</b>						
Investments in unquoted equity Instruments	18.97	19.15	16.92	18.97	19.15	16.92
Cash and Cash Equivalents	20,359.59	12,207.03	3,642.87	20,359.59	12,207.03	3,642.87
Trade Receivables	6,827.93	6,081.98	4,392.84	6,827.93	6,081.98	4,392.84
Loans	299.50	334.15	339.57	299.50	334.15	339.57
Other Financial Assets	1,926.48	1,263.59	965.66	1,926.48	1,263.59	965.66
<b>Measured at FVTOCI</b>						
Other Financial Assets	4,728.09	1,324.16	934.83	4,728.09	1,324.16	934.83
<b>Measured at FVTPL</b>						
Other Financial Assets	—	75.85	177.12	—	75.85	177.12
<b>Total Assets</b>	<b>34,160.56</b>	<b>21,305.91</b>	<b>10,469.81</b>	<b>34,160.56</b>	<b>21,305.91</b>	<b>10,469.81</b>
<b>FINANCIAL LIABILITIES:</b>						
<b>Measured at amortized cost</b>						
Borrowings	134,857.92	97,398.03	73,156.97	134,857.92	97,398.03	73,156.97
Trade payables	26,849.95	19,612.06	21,785.64	26,849.95	19,612.06	21,785.64
Other Financial Liabilities	7,309.94	3,966.81	9,747.49	7,309.94	3,966.81	9,747.49
<b>Measured at FVTOCI</b>						
Other Financial Liabilities	—	65.62	55.19	—	65.62	55.19
<b>Total</b>	<b>169,017.81</b>	<b>121,042.52</b>	<b>104,745.29</b>	<b>169,017.81</b>	<b>121,042.52</b>	<b>104,745.29</b>

The management assessed that fair value of cash and cash equivalents, trade receivables, loans, borrowings, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### The following methods and assumptions were used to estimate the fair value/amortized cost:

- 1) Long-term fixed-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual losses and creditworthiness of the receivables.
- 2) The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the unquoted instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- 3) Fair values of the Group interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2017 was assessed to be insignificant.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- 4) The Group enters into derivative financial instruments only with banks and financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at March 31, 2017, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financials instruments recognised at fair value.

### Fair Value Hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value using level 2 inputs on a recurring basis as at March 31, 2017, March 31, 2016 and April 01, 2015:

₹ in Lakhs

	Fair value measurement as at		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>Financial Assets measured at FVTOCI</b>			
Other Financial Assets-Derivative Instruments in designated in hedge accounting relationships	4,728.09	1,324.16	934.83
<b>Financial Assets measured at FVTPL</b>			
Other Financial Assets- Other Derivatives	—	75.85	177.12
<b>Financial Liabilities measured at FVTOCI</b>			
Other Financial Assets-Interest rate swaps designated in hedge accounting relationships	—	65.62	55.19

There have been no transfers among level 1, 2 and 3 during the years.

Derivative financials instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

### NOTE 36.2: CAPITAL MANAGEMENT:

The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business.

The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Group monitors capital using net debt to equity ratio, which is total net debt to divided by total equity. The capital structure of the Group consists of net debt (borrowings as detailed in note 16.1 and 19 offset by cash and bank balances) and the total equity of the Group.

The net debt to equity ratio at the end of the reporting periods is as follows:

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Debt	140,727.34	100,697.09	82,093.09
Cash and Bank Balances	20,359.59	12,207.03	3,642.87
<b>Net debt</b>	<b>120,367.75</b>	<b>88,490.06</b>	<b>78,450.22</b>
Equity share capital	4,922.86	4,922.86	4,922.86
Other equity	101,803.22	84,049.80	73,461.00
<b>Net Equity</b>	<b>106,726.08</b>	<b>88,972.66</b>	<b>78,383.86</b>
<b>Net Debt to Equity ratio</b>	<b>1.13</b>	<b>0.99</b>	<b>1.00</b>

The amount of future dividends of equity shares will be balanced with efforts to continue to maintain an adequate liquidity status.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 36.3: FINANCIAL RISK MANAGEMENT:

#### Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities

The Group's activities expose it to a variety of financial risks: liquidity risk, credit risk and market risk. The Group's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Group's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Group's risk assessment and management policies and processes.

#### a) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation. The Group believes that the working capital and its cash and cash equivalent are sufficient to meet its short and medium term requirements.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The contractual maturity is based on the earliest date on which the Group may be required to pay.

#### Liquidity exposure as at March 31, 2017

₹ In Lakhs

	< 1 year	1 to 5 Years	>5 Years	Total
<b>Financial assets:</b>				
Trade Receivables	6,827.93	—	—	6,827.93
Cash and Cash Equivalents	20,359.59	—	—	20,359.59
Loans	199.61	99.89	—	299.50
Investments	—	—	18.97	18.97
Other Financial Assets	5,027.64	—	1,626.93	6,654.57
<b>Total</b>	<b>32,414.77</b>	<b>99.89</b>	<b>1,645.90</b>	<b>34,160.56</b>
<b>Financial Liabilities:</b>				
Borrowings	60,879.93	47,431.66	26,546.33	134,857.92
Trade Payables	26,849.95	—	—	26,849.95
Other Financial Liabilities	7,309.94	—	—	7,309.94
<b>Total</b>	<b>95,039.82</b>	<b>47,431.66</b>	<b>26,546.33</b>	<b>169,017.81</b>

#### Liquidity exposure as at March 31, 2016

	< 1 year	1 to 5 Years	>5 Years	Total
<b>Financial assets:</b>				
Trade Receivables	6,081.98	—	—	6,081.98
Cash and Cash Equivalents	12,207.03	—	—	12,207.03
Loans	242.76	91.39	—	334.15
Investments	—	—	19.15	19.15
Other Financial Assets	1,672.48	—	991.12	2,663.60
<b>Total</b>	<b>20,204.25</b>	<b>91.39</b>	<b>1,010.27</b>	<b>21,305.91</b>
<b>Financial Liabilities:</b>				
Borrowings	44,500.79	40,567.72	12,329.52	97,398.03
Trade Payables	19,612.06	—	—	19,612.06
Other Financial Liabilities	4,032.43	—	—	4,032.43
<b>Total</b>	<b>68,145.28</b>	<b>40,567.72</b>	<b>12,329.52</b>	<b>121,042.52</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Liquidity exposure as at April 01, 2015

₹ In Lakhs

	< 1 year	1 to 5 Years	>5 Years	Total
<b>Financial assets:</b>				
Trade Receivables	4,392.84	–	–	4,392.84
Cash and Cash Equivalents	3,642.87	–	–	3,642.87
Loans	235.10	104.47	–	339.57
Investments	–	–	16.92	16.92
Other Financial Assets	1,185.96	–	891.65	2,077.61
<b>Total</b>	<b>9,456.77</b>	<b>104.47</b>	<b>908.57</b>	<b>10,469.81</b>
<b>Financial Liabilities:</b>				
Borrowings	37,887.83	26,467.70	8,801.44	73,156.97
Trade Payables	21,785.64	–	–	21,785.64
Other Financial Liabilities	9,802.68	–	–	9,802.68
<b>Total</b>	<b>69,476.15</b>	<b>26,467.70</b>	<b>8,801.44</b>	<b>104,745.29</b>

#### b) Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

Trade receivables: The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

Refer Note 22.3 for the details in respect of revenue from top customers.

Credit risk on current investments, cash & cash equivalent and derivatives is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in fixed deposits and short-term liquid mutual fund units.

#### c) Market risk:

Market risk is the risk of loss of any future earnings, in realizable fair values or in future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk and the market value of its investments. Thus, the Group's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

#### Commodities risk:

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchase of raw material, mainly comprising cotton, silk, dyes and chemicals. All these raw material inputs are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Group's raw materials generally fluctuate in line with commodity cycles, where the Group does not have much control. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies.

#### Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates and investments.

The Group holds hedging instruments to mitigate the risk of changes in interest rate on foreign currency loans. The counterparty to these contracts is generally a bank or a financial institution. These instruments are valued based on quoted prices for similar assets and liabilities in active markets.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table details the nominal amounts and remaining terms of interest rate swap contracts outstanding at the year end

	As at 31.03.2016			As at 01.04.2015		
	No of contracts	USD equivalent of notional value	MTM of IRS	No of contracts	USD equivalent	MTM of IRS
Interest Rate Swap	2	80.00	(65.62)	2	80.00	(55.19)

No Interest rate swap contracts outstanding as at March 31, 2017.

### Foreign currency risk:

The Group's foreign currency risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in USD, GBP and Euros) and foreign currency borrowings (in USD and GBP). A significant portion of the Group's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Group's revenues measured in Indian rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Group uses derivative and non-derivative financial instruments, such as foreign exchange forward contracts, and foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

All hedging activities are carried out in accordance with the Group's internal risk management policies, as approved by the Board of Directors, and in accordance with the applicable regulations where the Group operates.

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Sell Contracts:

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	in Foreign Currency in (Million)	₹ in Lakhs	in Foreign Currency in (Million)	₹ in Lakhs	in Foreign Currency in (Million)	₹ in Lakhs
In USD	144.19	100,647.96	78.59	54,968.69	72.87	47,511.05
In EURO	4.13	3,246.76	3.99	3,086.11	4.13	3,362.23
In GBP	2.86	2,621.29	2.86	3,001.58	2.86	2,971.39
<b>Total</b>	<b>151.18</b>	<b>106,516.01</b>	<b>85.44</b>	<b>61,056.38</b>	<b>79.86</b>	<b>53,844.67</b>

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Buy Contracts:

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	in Foreign Currency in (Million)	₹ in Lakhs	in Foreign Currency in (Million)	₹ in Lakhs	in Foreign Currency in (Million)	₹ in Lakhs
In EURO	15.23	11,396.15	7.02	5,257.82	–	–
In CHF	0.34	237.66	3.23	2,235.70	–	–
In USD	0.10	68.43	0.53	365.58	–	–
In JPY	–	–	8.25	50.47	–	–
<b>Total</b>	<b>15.67</b>	<b>11,702.24</b>	<b>19.03</b>	<b>7,909.57</b>	<b>–</b>	<b>–</b>

The foreign exchange forward contracts mature within 12 months. The table below analyzes the derivative financial instruments (SELL) into relevant maturity groupings based on the remaining period as on the balance sheet date:

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Less than 1 month	8,727.29	4,492.73	6,436.59
1 to 3 months	20,286.28	11,158.47	12,714.26
3 to 6 months	29,431.71	16,493.77	15,213.40
6 to 12 months	48,070.73	28,911.41	19,480.43
<b>Total</b>	<b>106,516.01</b>	<b>61,056.38</b>	<b>53,844.68</b>

The foreign exchange forward contracts mature within 12 months. The table below analyzes the derivative financial instruments (BUY) into relevant maturity groupings based on the remaining period as on the balance sheet date:

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Less than 1 month	2,356.20	3,875.53	–
1 to 3 months	8,463.85	3,291.95	–
3 to 6 months	882.19	726.72	–
6 to 12 months	–	15.37	–
<b>Total</b>	<b>11,702.24</b>	<b>7,909.57</b>	<b>–</b>

The carrying amounts of the Group's unhedged foreign currency monetary assets and unhedged foreign currency monetary liabilities at March 31, 2017, March 31, 2016 and April 01, 2015 are as follows:

₹ in Lakhs

	As at 31.03.2017			
	USD	EUR	GBP	Others
<b>Financial Assets</b>				
Cash and Cash Equivalents	3,941.08	816.44	–	50.18
Trade Receivables	2,612.52	3,594.90	253.49	3.51
Loans	97.95	–	–	–
Other Financial Assets	128.13	115.96	–	15.98
<b>Total</b>	<b>6,779.68</b>	<b>4,527.30</b>	<b>253.49</b>	<b>69.67</b>
<b>Financial Liabilities</b>				
Borrowings	35,872.99	7,575.88	–	–
Trade payables	5,343.66	11,030.91	16.37	4.76
Other Financial Liabilities	724.16	197.05	–	–
<b>Total</b>	<b>41,940.81</b>	<b>18,803.84</b>	<b>16.37</b>	<b>4.76</b>
	As at 31.03.2016			
	USD	EUR	GBP	Others
<b>Financial Assets</b>				
Cash and Cash Equivalents	555.77	938.36	–	59.11
Trade Receivables	2,895.53	2,071.71	434.30	164.38
Loans	124.70	–	–	–
Other Financial Assets	328.91	145.99	–	31.26
<b>Total</b>	<b>3,904.91</b>	<b>3,156.06</b>	<b>434.30</b>	<b>254.75</b>
<b>Financial Liabilities</b>				
Borrowings	47,525.99	7,741.75	–	–
Trade payables	6,999.49	2,567.94	17.67	45.09
Other Financial Liabilities	2,127.97	17.79	–	–
<b>Total</b>	<b>56,653.45</b>	<b>10,327.48</b>	<b>17.67</b>	<b>45.09</b>
	As at 01.04.2015			
	USD	EUR	GBP	Others
<b>Financial Assets</b>				
Cash and Cash Equivalents	624.98	1,680.47	–	107.07
Trade Receivables	2,451.22	679.71	463.35	254.52
Loans	134.81	–	–	–
Other Financial Assets	314.71	19.11	–	46.18
<b>Total</b>	<b>3,525.72</b>	<b>2,379.29</b>	<b>463.35</b>	<b>407.77</b>
<b>Financial Liabilities</b>				
Borrowings	45,345.18	7,914.00	–	–
Trade payables	8,896.20	2,532.60	–	16.10
Other Financial Liabilities	1,756.83	11.99	–	–
<b>Total</b>	<b>55,998.21</b>	<b>10,458.59</b>	<b>–</b>	<b>16.10</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The amounts of monetary assets and monetary liabilities shown in the above table are unhedged are hence directly subject the risk of fluctuation in the respective foreign currencies. The following table details the Group's sensitivity to a 1% increase and decrease in the INR against the relevant foreign currencies net of hedge accounting impact. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 1% against the relevant currency. For a 1% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and such balances are indicated in negative.

₹ in Lakhs

	Impact on profit or loss for the year		Impact on total equity as at the end of reporting period	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
USD Sensitivity				
INR/USD – Increase by 1%	(351.61)	(527.49)	(351.61)	(527.49)
INR/USD – Decrease by 1%	351.61	527.49	351.61	527.49
EUR Sensitivity				
INR/EUR – Increase by 1%	(142.77)	(71.71)	(142.77)	(71.71)
INR/EUR – Decrease by 1%	142.77	71.71	142.77	71.71
GBP Sensitivity				
INR/GBP – Increase by 1%	2.37	4.17	2.37	4.17
INR/GBP – Decrease by 1%	(2.37)	(4.17)	(2.37)	(4.17)

## NOTE 37: RELATED PARTY DISCLOSURES

### NOTE 37.1: NAME OF THE RELATED PARTY AND RELATIONSHIPS

Nature of relationship	Names of the related parties
Key management personnel (KMP)	A.K. Himatsingka (AKH) – Vice Chairman & Executive Director(upto 22-05-2016) D.K. Himatsingka (DKH) – Executive Chairman(w.e.f.21-05-2016) Aditya Himatsingka (ADH) – Executive Director Jayashree Poddar(JP)– Executive Director(upto 22-05-2016) Shrikant Himatsingka (SKH) – Managing Director & CEO(w.e.f.21-05-2016) V.Vasudevan – Executive Director(w.e.f.21-05-2016) Sangeeta Kulkarni – Independent Director(w.e.f.21.05.2016) Dilip J. Thakkar – Chairman(upto 21-05-2016) Rajiv Khaitan – Independent Director Dr.K.R.S Murthy – Independent Director Berjis M Desai – Independent Director K.P.Pradeep – Chief Financial officer (upto 07-01-2017) Ashok Sharma – Company Secretary
Enterprises owned or significantly influenced by KMP, directors or their relatives (Referred as "Enterprises")	Bihar Mercantile Union Limited (BMU) BMU International VSJ Investments Pvt Ltd (formerly known as Credit Himatsingka Private Limited (CHPL)) Khaitan & Co LLP Jacaranda Design LLC

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 37.2: RELATED PARTY TRANSACTIONS

Details of related party transactions during the year and balances outstanding

₹ in Lakhs

March 31, 2017	KMP	Enterprises					Total
		VSJ Investments Private Limited	BMU	BMU International	Khaitan & Co	Jacaranda Design LLC	
Short term employee benefits *	1,556.62	–	–	–	–	–	1,556.62
Receiving of services	45.60	–	–	–	–	–	45.60
Others	12.30	–	–	–	–	–	12.30
Purchase of goods	–	–	6.77	628.69	–	–	635.46
Professional fees	–	–	–	–	78.97	80.86	159.83
<b>Balances outstanding as at year end</b>							
Amounts payable	174.45	–	–	29.23	–	–	203.68

March 31, 2016	KMP	Enterprises					Total
		VSJ Investments Private Limited	BMU	BMU International	Khaitan & Co	Jacaranda Design LLC	
March 31, 2016							
Short term employee benefits *	995.31	–	–	–	–	–	995.31
Receiving of services	52.00	–	–	–	–	–	52.00
Others	3.60	–	–	–	–	–	3.60
Sale of goods	–	–	1.73	–	–	–	1.73
Purchase of goods	–	–	13.68	706.43	–	–	720.11
Sale of services	–	–	10.41	–	–	–	10.41
Professional fees	–	–	–	–	4.74	59.03	63.77
Interest expense	–	–	4.33	–	–	–	4.33
Inter corporate loans repaid during the year	–	–	245.30	–	–	–	245.30
<b>Balances outstanding as at year end</b>							
Amounts payable	201.12	–	–	214.09	–	–	415.21

April 01, 2015	KMP	Enterprises					Total
		VSJ Investments Private Limited	BMU	BMU International	Khaitan & Co	Jacaranda Design LLC	
April 01, 2015							
<b>Balances outstanding as at year end</b>							–
Amounts payable	411.85	–	–	53.23	–	–	465.08
Inter corporate loans payable		245.30	–	–	–	–	245.30

\* excludes gratuity and compensated absences which cannot be separately identifiable from the composite amount advised by the actuary.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 38: TRANSITION TO IND AS

#### NOTE 38.1: FIRST-TIME ADOPTION OF IND-AS

The Group's financial statements for the year ended March 31, 2017 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2015 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the Ind AS financial statements for the year ended March 31, 2017, be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Indian GAAP as at the transition date have been recognized directly in equity at the transition date.

The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101:

1. Equity as at April 01, 2015 and March 31, 2016
2. Net profit and total comprehensive income for the year ended March 31, 2016 and
3. Cash flow movement for the year ended March 31, 2016;

#### NOTE 38.2: EQUITY RECONCILIATION

	Notes	As at 31.03.2016 (End of last period presented under previous GAAP)	As at 01.04.2015 (Date of transition)
₹ in Lakhs			
<b>Equity as reported under previous GAAP</b>		98,331.98	80,489.99
Ind AS: Adjustments increase (decrease):			
Impact of fair valuation of Property, plant and equipment	1.2	20,984.27	21,207.21
Impact of fair valuation of Investment Property	1.2	3,541.83	3,579.57
Impact of fair valuation of Capital Work In Progress	1.2	(19.57)	(19.57)
Adjustment of Goodwill on de-recognition pertaining to transaction costs and non-controlling interest	1.7	(4,778.00)	(4,778.00)
Amortisation of intangibles recognised on past business combinations	1.7	(26,144.88)	(24,621.20)
Finance costs recognised under Ind AS on Interest free loans to employee and security deposits	1.4	0.29	(1.67)
Time value of derivative instruments designated in a hedging relationship	2	(2.63)	1.18
Measurement of term loan using effective interest method	1.3	54.42	(71.25)
Dividends not recognised as liability until declared	1.8	1,777.53	2,381.19
Recognition of deferred taxes using Balance Sheet approach under Ind AS	1.5	(1,268.99)	1,818.80
Other Adjustments		(332.25)	(298.39)
Estimated Credit Losses	1.9	(1,304.00)	(1,304.00)
Impact of Foreign Currency Translation Reserve on restatement of transition adjustments	1.10	(1,867.34)	–
<b>Equity as reported under Ind AS</b>		<b>88,972.66</b>	<b>78,383.86</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 38.3:

#### NET PROFIT AND TOTAL COMPREHENSIVE INCOME RECONCILIATION FOR THE YEAR ENDED MARCH 31, 2016

	Note	Amount ₹ in Lakhs
<b>Net Profit as per Indian GAAP</b>		<b>16,660.08</b>
Impact of measuring derivative financial instruments, other than those designated as cash flow hedges, at fair value	2	(3.81)
Impact of depreciation on account of deemed cost and amortization of capital subsidy	1.2,1.7	(1,784.36)
Exchange differences in translating the financial statements of foreign operations	4	84.97
Reclassification of actuarial gains / (losses), arising in respect of employee benefit plans, from the Statement of Profit and Loss.	3	136.58
Adjustment arising from restatement of term borrowing at amortized cost	1.3	125.67
Income tax effect for GAAP adjustments from previous GAAP to Ind AS	1.5	(2,622.86)
Other Adjustments	1.4,1.7	(70.67)
<b>Net Profit as per Ind AS</b>		<b>12,525.60</b>
<b>Other Comprehensive Income</b>		
Reclassification of actuarial gains / (losses), arising in respect of employee benefit plans, from the Statement of Profit and Loss.	3	(90.16)
Impact of forward exchange contracts and interest rate swap classified as cash flow hedges (routed through OCI) [earlier disclosed directly in Hedge Reserve]	1.6	245.82
Adjustment on movement in the foreign currency translation reserve	1.10	1,493.87
<b>Total Comprehensive Income as per Ind AS</b>		<b>14,175.13</b>

#### NOTE 38.4: EFFECT OF IND AS ADOPTION ON THE CASH FLOW STATEMENT

₹ in Lakhs

	Note	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
Net cash generated from/(used in) operating activities	5	18,468.87	(365.88)	18,102.99
Net cash generated from/(used in) investing activities	6	(12,366.51)	65.62	(12,300.89)
Net cash generated from/(used in) financing activities	7	2,464.07	114.41	2,578.48
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>8,566.43</b>	<b>(185.85)</b>	<b>8,380.58</b>
Cash and cash equivalents at the beginning of the period	8	3,642.87	(12.71)	3,630.16
Effects of exchange rate changes on the balance of cash held in foreign currencies		(2.27)	175.75	173.48
<b>Cash and cash equivalents at the end of the period</b>	<b>8</b>	<b>12,207.03</b>	<b>(22.81)</b>	<b>12,184.22</b>

#### NOTE 38.5: NOTES ON RECONCILIATION

- 1.1 Previous GAAP balances have been regrouped to comply with the Companies (Accounting Standard) Rules, 2006, certain account balances have been regrouped as per the format prescribed under Division II of Schedule III to the Companies Act 2013.
- 1.2 Ind AS 101 (First-time Adoption of Indian Accounting Standards) allows first-time adopters exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the exemption in its financial results for its Property, Plant and Equipment, as well as Intangible Assets (referred to as "fixed assets" in aggregate). The Group has opted to determine the deemed cost of such fixed assets as of April 01, 2015 to be represented by the fair value of the land and buildings and restating certain other items of fixed assets in accordance with Ind AS wherein these fixed assets were grossed up for the capital subsidies received in prior years (net of amortisation). Accordingly, the increase in the carrying value of these fixed assets to their deemed costs resulted in higher depreciation charge for the year/period. The amortisation of the capital subsidy has been netted against the depreciation of the relevant fixed asset.
- 1.3 Under previous GAAP, the Group had charged off certain loan origination/upfront fees paid to the banks for facilitating the term loans, as finance cost in the respective year of incurrence. Under Ind AS, such financial liabilities, classified to be carried at amortized cost basis, have resulted in a change in the current period finance cost (net) with an adjustment to the retained earning balance as of April 01, 2015. Borrowings and other financial liabilities which were recognized at historical cost under

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- previous GAAP have been recognized at amortized cost under Ind AS with the difference been adjusted to opening retained earnings. Under previous GAAP, transaction costs incurred in connection with borrowings were amortized equally over the tenure of the borrowings. Under Ind AS, transaction costs are deducted from the initial recognition amount of the financial liability and charged over the tenure of borrowing using the effective interest method.
- 1.4 Under previous GAAP, the interest free employee loans and security deposits, with fixed terms, were considered at historical cost. Under Ind AS these financial assets have been adjusted to be carried at amortized cost. The notional cost of interest on deposits under Ind AS has been recognised as rental expense and the notional cost of interest on loans given to employees has been recognised as employee benefit expense. The interest accrual has been recognised as interest income earned on financial assets that are not designated as at fair value through profit or loss.
- 1.5 The Group has recognised the deferred tax impact arising from Ind AS adjustments as well as evaluated the status of the deferred tax asset arising from carried forward tax losses existing as of March 31, 2015 not recognised as per previous GAAP in the absence of virtual certainty and has adjusted the same in the reserves as of April 01, 2015. Based on the utilisation of the carried forward tax losses during the period(s), such reversal of deferred tax asset is recognised in statement of profit and loss.
- 1.6 The Group uses derivative financial instruments (hedging instruments) to manage risks associated with foreign currency exchange fluctuations relating to certain highly probable forecasted transactions. The hedging instruments initially measured at fair value are remeasured at subsequent reporting dates. Under the previous GAAP, changes in the fair value of these hedging instruments designated and effective, as hedge of future cash flows, were recognized directly in a Hedge Reserve (grouped under reserves and surplus) until the occurrence of the forecast transaction at which time the same was recognized in the Statement of profit and loss. As per Ind AS requirements changes in the fair value are routed through Other Comprehensive income, after adjustment of the deferred tax, to be disclosed in the statement of equity as a Hedge Reserve. On occurrence of the forecast transaction, the effective portion of these derivatives are adjusted against the underlying hedged item and ineffective portion is recognized as expense in the Statement of profit and loss.
- 1.7 The Group has opted to apply the optional exemption provided in Ind AS 101, with regard to business combinations wherein the Group has considered January 01, 2007 as the effective date for applying business combinations retrospectively. This has resulted in the Group recognising certain items of intangibles, earlier subsumed within goodwill as well as adjusting the goodwill recognised in previous GAAP from additional interest acquired in subsidiaries to be adjusted directly to shareholders funds and retained earnings as of April 01, 2015, net of necessary amortisation of the intangibles. As the intangibles recognised had an estimated useful life expiring during 2015-16, the Group has recognised certain amortisation charges towards the same. Additionally, Ind AS 103 did not permit transaction costs to be considered as part of investment/purchase consideration resulting in the same being adjusted to retained earnings/statement of profit and loss as necessary.
- 1.8 Under previous GAAP, dividends proposed by the Board of Directors after balance sheet date but before the approval of the financial statements were considered as adjusting events. However under Ind AS, such dividends are recognized when the same is approved by the shareholders in the general meeting. Accordingly the liability for proposed dividend recognized as on transition date has been reversed with corresponding adjustment to opening retained earnings and dividend in the subsequent period has been recognized in the year of approval in the general meeting.
- 1.9 Under previous GAAP, the Group would provide for doubtful receivables purely on individual assessment of various aged balances. Under Ind AS the Group has opted for a simplified approach of impairing its trade receivable wherein they have considered the past trend of behaviour of similar customers and determined an incremental provision required on such receivables which were otherwise considered good and recoverable.
- 1.10 The Group opted to apply the exemption of not applying the requirement of Ind AS 21. The Effects of Changes in Foreign Exchange Rates, for cumulative translation differences that existed at the date of transition to Ind AS, wherein the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to Ind AS, and hence all the adjustments were recognised within the various adjustments. For the financial year 2015-16, the impact of ₹ 1,867.34 Lakhs represents the adjustment on cumulative translation differences arising from all the opening balance adjustments considered on transition date.
- 2) Under previous GAAP, for foreign currency derivative contracts, not classified as cash flow hedges, taken as a hedge against recorded exposures on the balance sheet date, were restated at the year end rate and the discount or premium, as applicable, was amortized over the period of the contract. Under Ind AS, such derivative financial instruments are recognised at fair value and the movement is recognised in profit or loss.
- 3) Under Ind AS, Remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability, are recognized in other comprehensive income instead of profit or loss in previous GAAP.
- 4) Restatement of foreign operations termed as 'integral operations' under the Previous GAAP and included as an adjustment to the income statement, has under Ind AS 21 been considered as an element of other comprehensive income due to conversion of functional and reporting currency.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- 5) The movement in cash flow from operating activities: There is movement arising mainly on account of reclassification of bill discounting from trade receivables to short borrowings and payment made for upfront costs which has been adjusted against long term borrowings.
- 6) The movement in cash flow from investing activities: There is movement arising mainly on account of GAAP adjustments made to the profit on write off of ineligible costs on acquisition and measurement of financial assets at amortized cost
- 7) The movement in cash flow from financing activities: There is movement arising mainly on account of reclassification of bill discounting from trade receivables to short borrowings and payment made for upfront costs which has been adjusted against long term borrowings.
- 8) Unpaid dividend bank accounts aggregating to ₹ 22.81 Lakhs as at March 31, 2016 (April 01, 2015: ₹ 12.71 Lakhs) considered as cash and cash equivalents under Previous GAAP has been considered under investing activities.

### NOTE 39:

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

### NOTE 40: EVENTS AFTER REPORTING PERIOD

On May 23, 2017, the Board of Directors recommended a final dividend of ₹ 2.50 per equity share (total dividend of ₹ 2,461.43 Lakhs (excluding dividend distribution tax)) be paid to shareholders for financial year 2016-2017, which will be approved by shareholders at the Annual General Meeting.

### NOTE 41: APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors on May 23, 2017.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 42: DISCLOSURE OF ADDITIONAL INFORMATION AS REQUIRED BY THE SCHEDULE III

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities as on [Refer Note 1]		Share in profit or (loss) as on [Refer Note 2]		Share in Comprehensive income as on [Refer Note 2]		Share in total comprehensive income as on [Refer Note 2]	
	March 31, 2017	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)	As % of consolidated Comprehensive income	Amount (₹ in Lakhs)	As % of consolidated comprehensive income	Amount (₹ in Lakhs)
<b>Parent</b>								
Himatsingka Seide Limited	46.18%	49,286.49	98.02%	17,849.94	99.98%	1,321.04	98.15%	19,170.98
<b>Subsidiaries(Group's share)</b>								
Indian								
1. Himatsingka Wovens Private Limited (HWPL)	4.85%	5,175.29	(3.35)%	(609.14)	0.02%	0.28	(3.12)%	(608.86)
Foreign								
1) Himatsingka Holdings North America, Inc.	(8.06)%	(8,601.51)	(8.62)%	(1,569.01)	0.00%	–	(8.03)%	(1,569.01)
2) Himatsingka America, Inc. (HimA)	48.25%	51,498.61	14.16%	2,578.18	0.00%	–	13.20%	2,578.18
3) Himatsingka Singapore Pte Ltd (HSPL)	(0.01)%	(13.16)	(1.20)%	(217.76)	0.00%	–	(1.11)%	(217.76)
4) Twill & Oxford LLC (T&O)	0.03%	36.15	0.09%	16.42	0.00%	–	0.08%	16.42
5) Giuseppe Bellora S.r.l. (GB)	8.76%	9,344.21	0.89%	161.62	0.00%	–	0.83%	161.62
6) Himatsingka Europe Limited (HEL)	0.00%	–	0.00%	–	0.00%	–	0.00%	–
<b>Total</b>	<b>100.00%</b>	<b>106,726.08</b>	<b>100.00%</b>	<b>18,210.25</b>	<b>100.00%</b>	<b>1,321.32</b>	<b>100.00%</b>	<b>19,531.57</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note:

- 1) The details of the net assets for the Parent and each of the subsidiaries extracted from the individual standalone financial information is excluding the inter-Group balances which have been eliminated on consolidation and investments made in subsidiaries. The goodwill arising on consolidation is included in the parent Group net assets.
- 2) The details of share in profit or loss for the subsidiaries are as per the standalone financial information of the respective entities, and in case of the Parent Group the amount of share of profit or loss is net of adjustments associated with unrealized profits/(losses) arising from Inter-Group transactions amounting to ₹ 229 Lakhs.

For and on behalf of the Board of Directors

**D.K.Himatsingka**  
Executive Chairman

**Shrikant Himatsingka**  
Managing Director & CEO

**Ashok Sharma**  
Company Secretary

Place: Bengaluru  
Date : May 23, 2017

# Financial Highlights – Consolidated

Himatsingka Seide Limited

(₹ Lakhs, except ratios)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Share Capital	4,923	4,923	4,923	4,923	4,923	4,923	4,923	4,923	4,923	4,923
Reserves	54,025	49,894	49,227	47,375	51,923	58,635	69,578	73,461	84,050	101,803
Networth	59,569	55,438	54,150	52,298	56,846	63,558	74,501	78,384	88,973	106,726
Total Debt	59,636	65,311	79,433	74,457	69,837	70,301	80,473	82,093	100,697	140,727
Gross Fixed Assets	77,451	83,351	89,314	90,980	90,608	91,576	95,804	133,774	141,868	171,421
Net Fixed Assets	53,611	55,167	56,972	54,811	48,719	45,679	44,277	67,440	70,640	92,548
Average Capital Employed	105,273	119,977	127,166	130,169	126,719	130,271	144,417	157,726	175,073	218,562
Total Revenue	88,620	101,928	107,534	123,265	142,869	168,943	202,815	194,316	190,997	215,160
EBITDA	6,933	6,703	10,685	9,510	14,762	16,683	20,477	22,153	31,404	39,089
Depreciation	3,588	5,988	5,471	5,646	5,557	5,216	5,438	4,464	6,652	5,801
EBIT	3,345	715	5,215	3,863	9,205	11,468	15,039	17,689	24,752	33,288
Interest and Finance Charges	2,944	4,248	4,922	5,262	5,284	6,528	8,283	8,544	9,341	9,353
Profit Before Tax	(2,164)	(7,788)	1,146	(1,398)	4,476	5,175	6,342	9,145	15,411	23,936
Profit After Tax	(2,399)	(7,442)	1,179	(1,658)	3,306	5,732	6,335	9,544	12,526	18,210
No. of Equity Shares (In Lakhs)	984.57	984.57	984.57	984.57	984.57	984.57	984.57	984.57	984.57	984.57
Face Value Per Share (INR)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Book Value Per Share (INR)	60.50	56.31	55.00	53.12	57.74	64.55	75.67	79.61	90.37	108.40
Earnings Per Share (INR)	(2.44)	(7.56)	1.20	(1.68)	3.36	5.82	6.43	9.69	12.72	18.50
Dividend Per Share (INR)	–	–	0.25	–	0.50	1.00	1.50	2.00	2.50	2.50
Total Dividend (INR Lakhs)	–	–	246	–	492	985	1,477	1,969	2,461	2,461
ROCE	3.2%	0.6%	4.1%	3.0%	7.3%	8.8%	10.41%	11.2%	14.1%	15.2%
ROE	-4.0%	-12.9%	2.2%	-3.1%	6.1%	9.5%	9.2%	12.5%	15.0%	18.6%
Debt Equity Ratio	1.00	1.18	1.47	1.42	1.21	1.06	1.04	1.05	1.13	1.32

Note:

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

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

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