

Himatsingka Seide Limited

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

August 30, 2019

BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Script Code: 514043

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No. C/1G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051
Symbol: HIMATSEIDE

Dear Sirs,

Sub: Annual Report 2019.

Ref: Disclosure under Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015.

Pursuant to Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, we enclose herewith a copy of Annual Report of the Company for the financial year ended March 31, 2019

This is for your information & records.

Thanking you,

Yours faithfully,
For Himatsingka Seide Limited


Ashok Sharma
Company Secretary



More.

INSPIRED EXCELLENCE
ANNUAL REPORT 2019

Our New Identity



The Wheel

The wheel is perhaps the most definitive testament to human invention. It symbolizes progress, being integral to the great machines that drive the modern world.



The Star

The star has always been a totem for dreamers. Its brightness in the sky led ancient wayfarers across the earth. To this day, stars inspire us to look up, see ahead and think beyond.

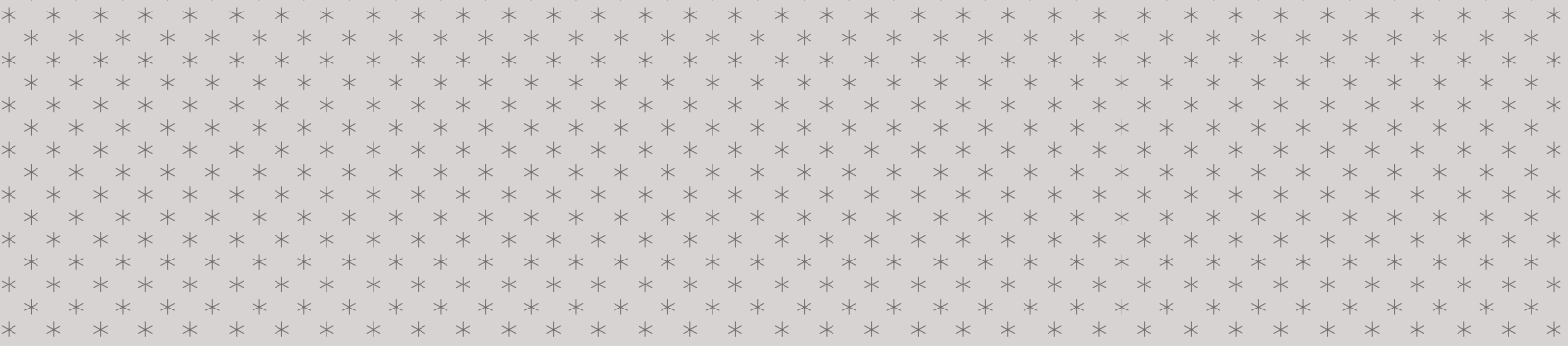
While the wheel keeps us moving, it is the star that guides our way.



Himatsingka

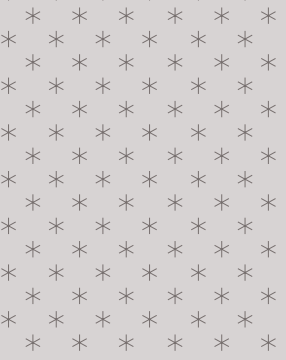
At Himatsingka, good is just not good enough. Excellent, is better. We strive to be more in everything we do. By broadening our capabilities, expanding our reach and deepening our partnerships, we create more value for our stakeholders.





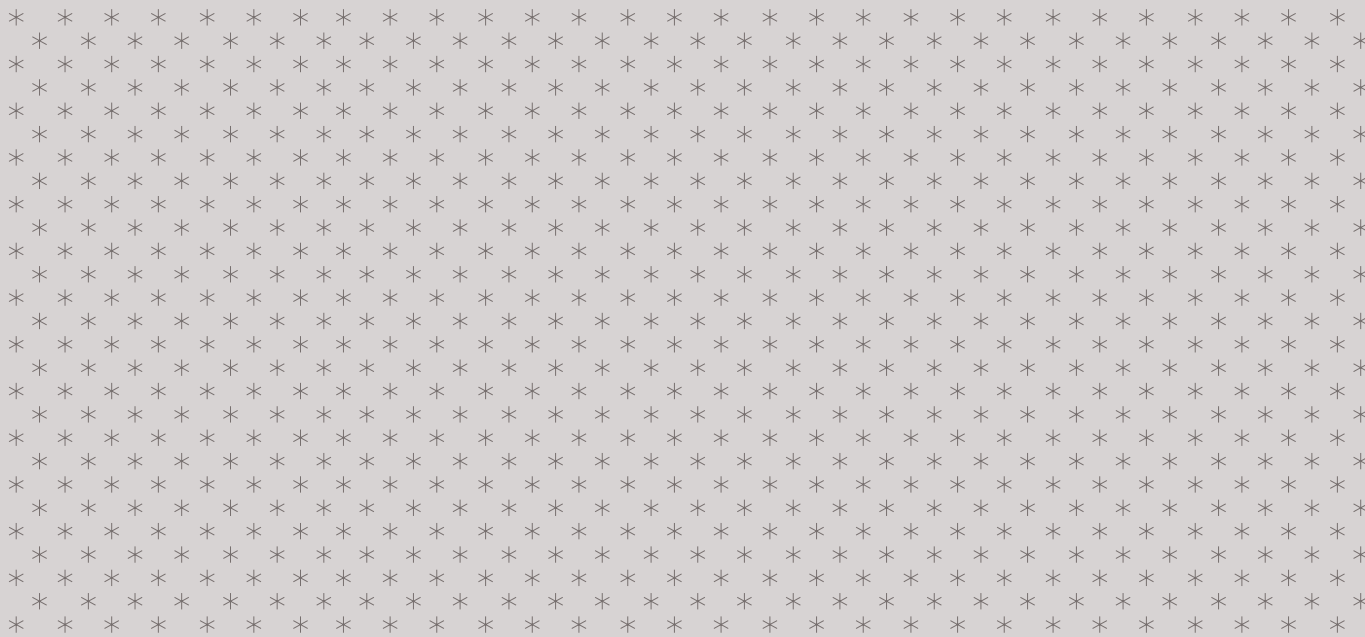
Our Values

- * Unity
- * Trust
- * Respect
- * Courage
- * Foresight
- * Agility
- * Quality



Our Vision

**Redefining possibility
and delivering distinction
through the relentless
pursuit of excellence.**



Our Purpose

Making
Better
Lives
Possible

The Himatsingka Way

At Himatsingka, courage and imagination go hand-in-hand in the perennial pursuit of perfection. Through meticulous planning and rigorous execution, we turn dreams into reality. We relish challenges and thrive in the face of all odds. With 'forward thinking', 'purposeful action' and 'unyielding integrity', we aim to be a force for positive change and value creation while delivering happiness to millions of customers across the world.



Scale + Smart drives manufacturing at Himatsingka





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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About Himatsingka

Himatsingka is an integrated global textile major that designs, develops, manufactures, distributes, and retails a suite of textile products. Our installed capacities for manufacturing bedding and bath products, drapery and upholstery fabrics, and fine-count cotton yarn are amongst the largest in the world.

While global scale and next generation digital shop floors support our impressive portfolio of owned and licensed brands, it is our committed workforce of over 10,000 people who underpin the Himatsingka Way. We are able to consistently deliver and share success because we carry within us, **inspired excellence.**



Bigger

Himatsingka owns and operates the world's largest cotton spinning plant under one roof.

More Manufacturing

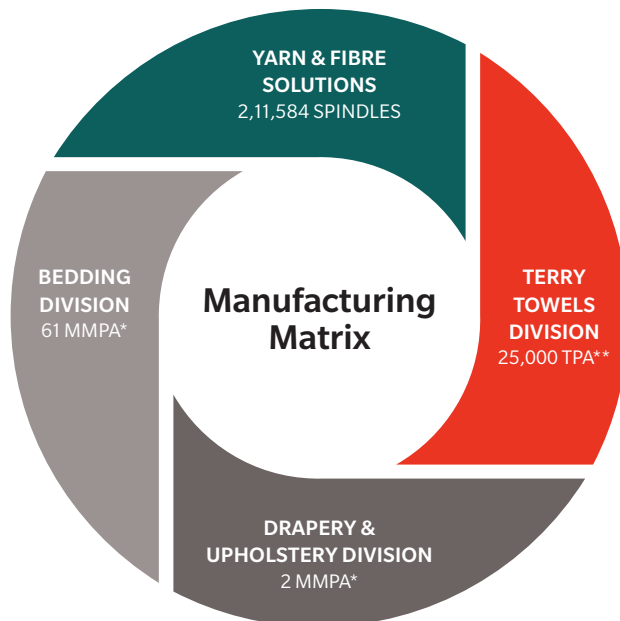
Himatsingka owns and operates amongst the largest integrated capacities for manufacturing bedding and bath products, drapery and upholstery fabrics, and fine-count cotton yarn. During FY19, we commenced trial production at our new terry towel facility with an installed capacity of 25,000 tonnes per annum. This global scale, highly automated plant is equipped to produce a suite of bath products, providing valuable synergies to our bedding portfolio and strengthening our position amongst leaders in providing total home textile solutions.

During the year, we also augmented the capacities of our bedding division to 61 MMPA (Million Metres Per Annum), and stabilized the operating performance of

our greenfield cotton spinning plant with an installed capacity of 2,11,584 spindles.

To deliver beyond the benefits of scale, Himatsingka has incubated a smart manufacturing culture that leverages next generation technology and commits to sustainability, best-in-class quality, improved customization, highest standards of safety, and enhanced agility. Our shop floors epitomize the seamless integration of advanced analytics, IoT and robotics. By constantly upgrading our digital quotient and nurturing the right manufacturing culture, we continue to become leaner, greener, and above all, more responsive to changing consumer preferences, globally.

Our shop floors epitomize the seamless integration of advanced analytics, IoT and robotics.



*MMPA — Million Meters Per Annum **TPA — Tonnes Per Annum

Deeper

Integration from fibre to shelf deepens our capabilities to operate a global-local model that is more coordinated, synchronized and predictable.



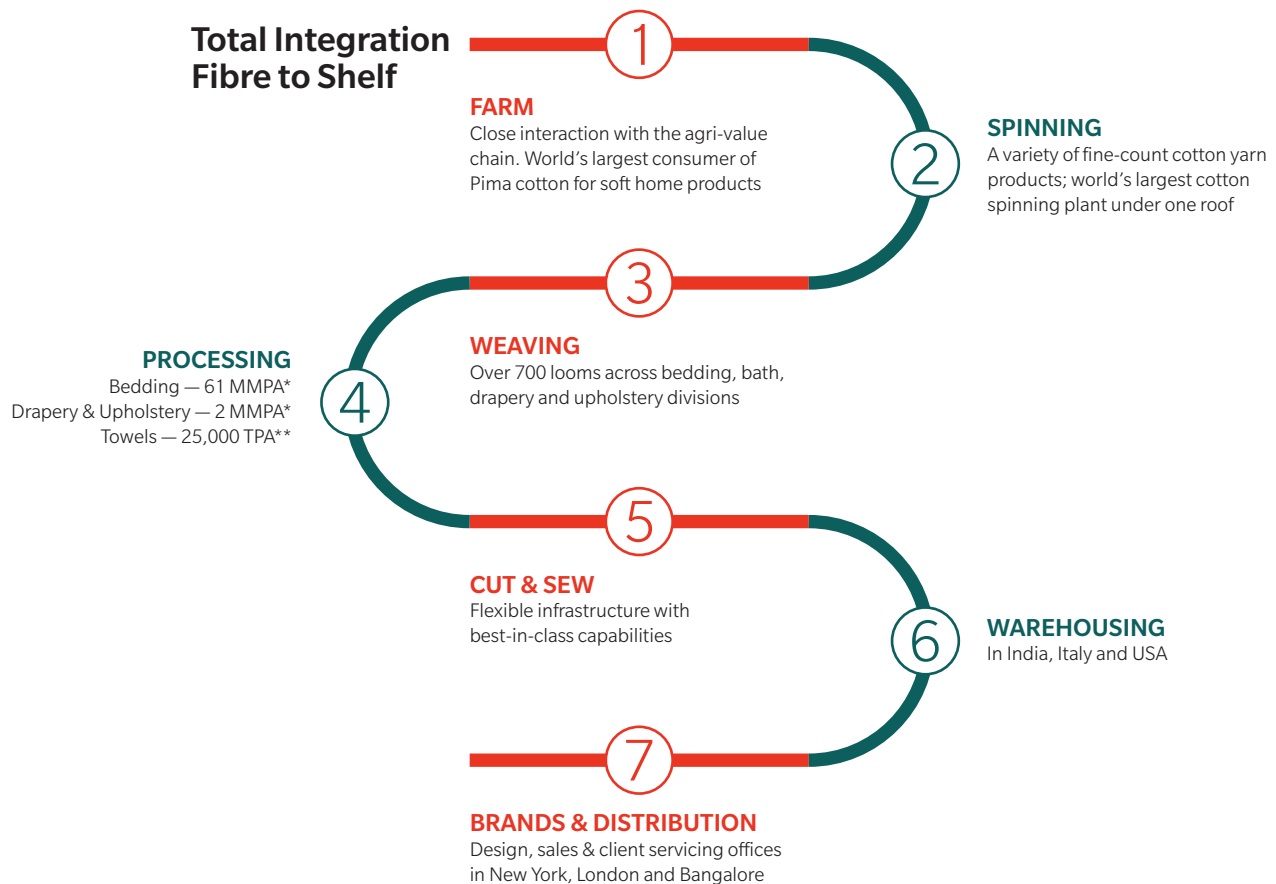
More Integration

Integration from fibre to shelf empowers Himatsingka to operate a global-local model that is more coordinated, synchronized and predictable. It affords us greater agility and adaptability to market conditions while ensuring a high degree of compliance through the global value chain. This model aids in lowering risk and strengthening control, which is pivotal to product quality, client

experience, traceability, authenticity, and resource optimization.

During FY19, Himatsingka continued to focus on integration. We worked closely with the agri-value chain to streamline the traceability of certain varieties of cotton and strengthen our brand portfolio to expand reach.

Integration is pivotal to product quality, client experience, traceability, authenticity, and resource optimization.



*MMPA — Million Meters Per Annum **TPA — Tonnes Per Annum

Wider

We endeavour to stay current and relevant to our global clientele by offering our comprehensive range of products.



More Products

At Himatsingka, we endeavour to stay current and relevant to our global clientele by offering our comprehensive range of products. We design and develop products that span diverse aesthetic signatures across categories and price points. We are able to do this because of our presence at every stage of the value chain. As total solutions providers in home textiles, we continue to strengthen our presence across consumer-facing retail shelves, globally. This helps us enhance revenue streams and de-risk our business model.

During FY19, we made significant progress in broadening our product assortments across all categories of bedding, while augmenting our bath range through our new terry towel facility. We believe our robust bedding

and bath portfolio will expand our client base and diversify our market presence.

Consumers of our products deserve to know the provenance of the cotton they buy. Himatsingka continues to be a leader in the cotton Track & Trace space, offering complete traceability solutions for a suite of cotton products. We use a patented DNA tagging technology that enables us to test and track cotton through its journey from farm to shelf. Himatsingka's traceable and globally marketed cotton brand portfolio comprising PimaCott®, HomeGrown Cotton®, Organicott® and Gizacott® are available across a full range of bedding, bath, and other textile products. Our traceable solutions portfolio continues to be well received across markets.

We believe our robust bedding and bath portfolio will augment our client base and diversify our market presence.

DRAPERY & UPHOLSTERY
Residential
Institutional



BEDDING

Basic
Solid, printed, stripes, jacquards and dobby sheets
Fashion
Printed sheets, duvets, comforters
Utility
Pillows, mattress pads, down-alternative comforters

YARN & FIBRE
Fine-count Cotton Yarn
100% combed compact cotton yarn ranging from 40's — 160's NE



BATH

Core towels
Fashion towels
Bath mats
Bath rugs
Bath robes
Bath accessories

Total
Solutions

Stronger

Himatsingka continues to expand its global portfolio of iconic brands, thus strengthening its presence and leadership in the home textile space.



More Brands

A robust brand portfolio is central to the integrated model of Himatsingka. We continue to build our prestigious global brand portfolio, both licensed and owned, responding to dynamic consumer preferences across geographies. These brands augment our connect with consumers across segments. To enhance global revenue streams from our brands, we remain focused on developing products and solutions that will also pave the way for a wider market presence over time.

During FY19, we successfully integrated the Tommy Hilfiger home brand and entered into a licensing agreement with the Iconix Brand Group for exclusive rights to the Royal Velvet brand – a heritage home brand that brings luxury to life through a classic and colourful aesthetic. These brand additions helped grow our branded revenue streams by 40% during the year.

Revenues from brands grew at an impressive 40% and stood at ₹ 2,255 crores versus ₹ 1,610 crores during FY18.

CALVIN KLEIN

TOMMY HILFIGER

kate spade
NEW YORK

PimaCott

HomeGROWN
COTTON
PROUDLY GROWN IN THE USA

organicCott

ROYAL VELVET

GizaCott

HIMÊYA®

WAVERLY

BARBARA
BARRY

Bellora®
SINCE 1883

atmosphere®

Greener

Going forward, we will continue on this path of sustainability as we truly believe in being a part of the incredibly important global effort to create a greener world.



More Sustainable

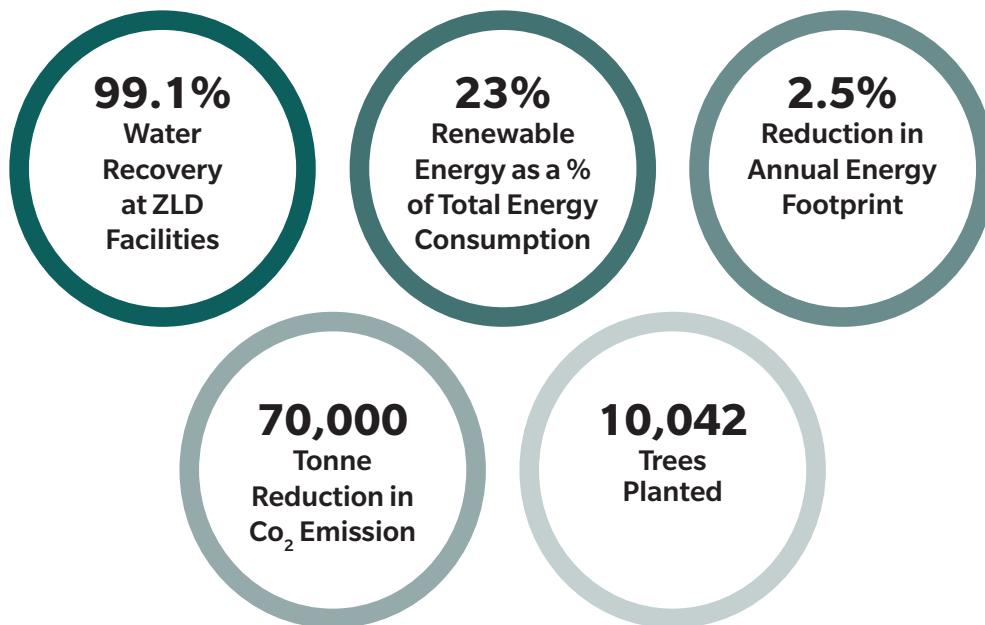
Developing and implementing sustainable business models is probably the most important and urgent challenge the world faces today. Over time, an increase in population levels and an ever-expanding global economy have taken a toll on everything, leading to depletion of natural resources and various forms of environmental degradation.

Himatsingka is committed to participating and contributing to the transformative journey that global value chains across industry have to embark upon to create a more sustainable world. We are determined to take initiatives that help in reducing the consumption of energy, water and other natural resources. We are also committed to taking all necessary measures that aid in the reduction of waste generation, usage of hazardous chemicals and GHG emissions.

During FY19, we worked on reducing our energy footprint. The share of renewable energy in our total energy portfolio increased from 8% to 23%. Our best-in-class zero liquid discharge (ZLD) water management facilities clocked a 99.1% recovery rate on total discharged water. We also rationalized the quantum of annual energy consumption by approximately 2.5% and continued to drive other green initiatives, including promoting sustainable packaging solutions for our products and planting over 10,000 trees during the year. Together, our sustainable initiatives have led to the reduction of approximately 70,000 tonnes of CO₂ emissions.

Going forward, we will continue on this path of sustainability as we truly believe in being a part of the incredibly important global effort to create a greener world.

We are determined to take initiatives that help in reducing the consumption of energy, water and other natural resources.





Richer

Our ability to 'make better lives possible' through meaningful partnerships with our people is a sustainable measure of our business success.

More Partnerships

Relationships are integral to the Himatsingka value system. We value people – the people who work for us, the people who collaborate with us, and the people who purchase our products. Our ability to ‘make better lives possible’ through meaningful partnerships with every stakeholder is a sustainable measure of our business success.

Himatsingka is supported by a 10,000-strong workforce that embodies our culture of collaboration, symbiotic growth and mutual respect. At our Learning Academy,

thousands of young people from rural communities are provided opportunities to earn better, receive life/job-skill training, pursue further education, while working in a healthy, safe and enabling environment.

Our belief in partnership and absolute integrity extends to all our stakeholders. We deeply value our consumers with whom we continue to build a connect by remaining alert to their requirements, agile to their needs, and proactive in anticipating their preferences.

Himatsingka is supported by a 10,000-strong workforce that embodies our culture of collaboration, symbiotic growth and mutual respect.

The Himatsingka Advantage

6 Strong core values

1 Best-in-class manufacturing assets of global scale and capabilities

2 Iconic global brand portfolio with over 12 brands

5 Leader in cotton traceability solutions

More.

3 Global client base and enduring partnerships

4 Comprehensive product portfolio



Performance Highlights



Business Highlights — FY 2019

Stabilized operating performance at our new cotton spinning facility. With 2,11,584 spindles, it is the world's largest under one roof

Continued to focus on building IP-led revenue streams: Revenues from brands crossed the ₹2,000 crore mark and stood at ₹2,255 crores

Strengthened leadership in the cotton Track & Trace space and augmented traceability solutions portfolio

Commenced trial production at our new greenfield terry towel facility with an installed capacity of 25,000 TPA

Successfully integrated our recently acquired portfolio of brands, including the iconic Tommy Hilfiger home brand

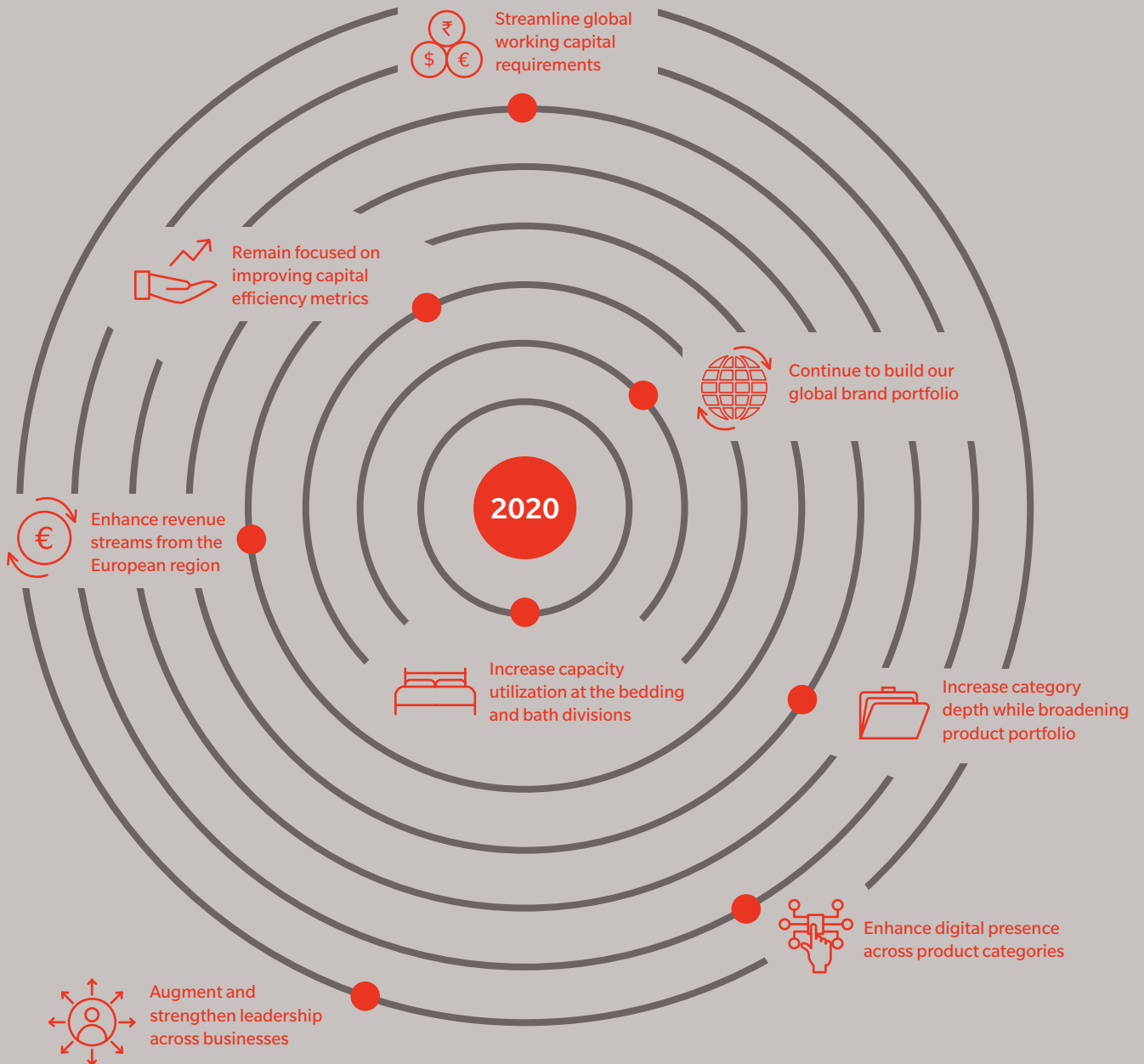
Acquired rights to the Royal Velvet brand for soft home products

Total assets crossed the ₹5,000 crore mark and stood at ₹5,205 crores

Achieved new milestones on Consolidated Total Revenues and EBIDTA fronts

Number of employees crossed the 10,000 mark

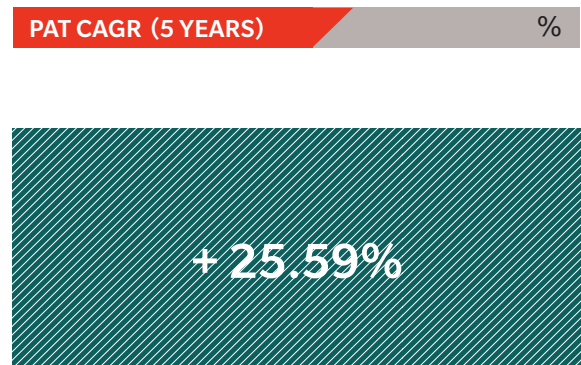
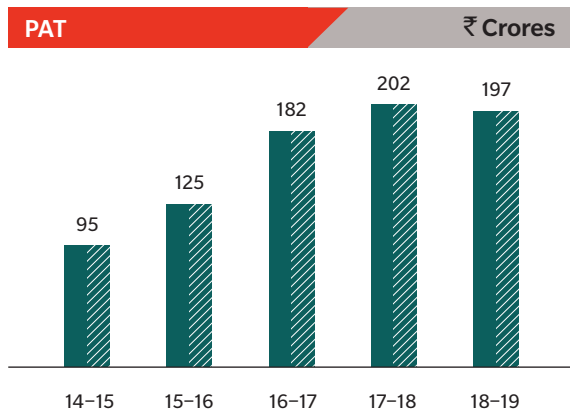
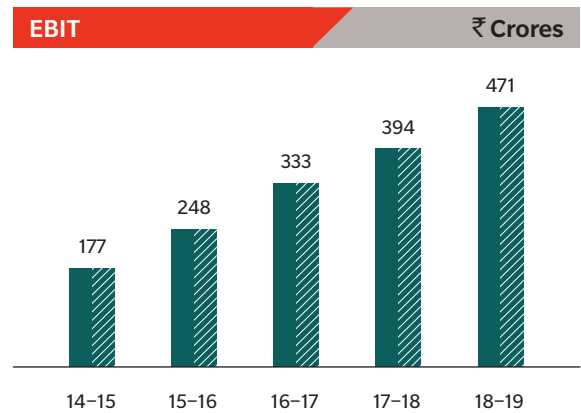
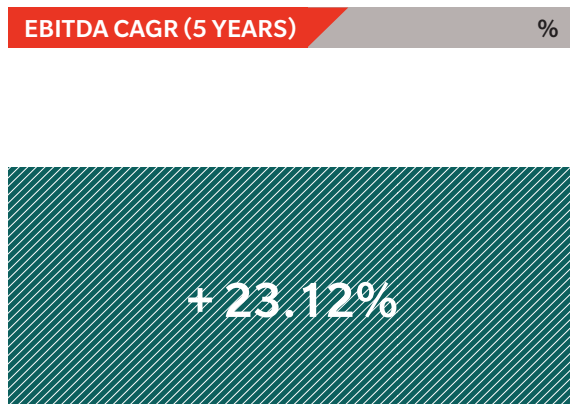
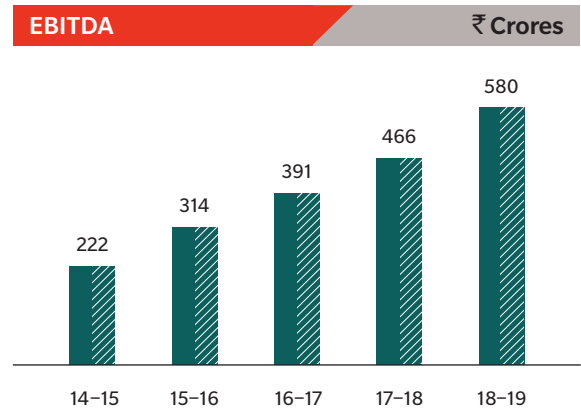
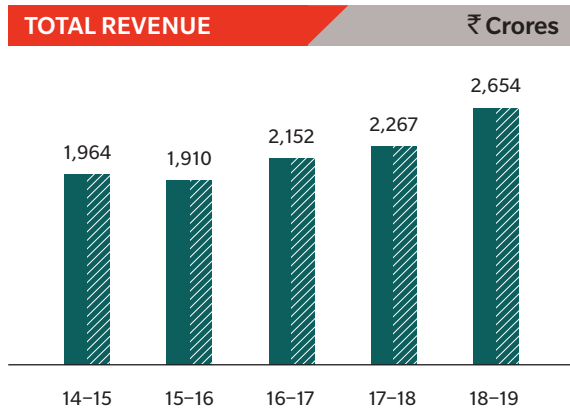
Key Focus Areas — FY 2020



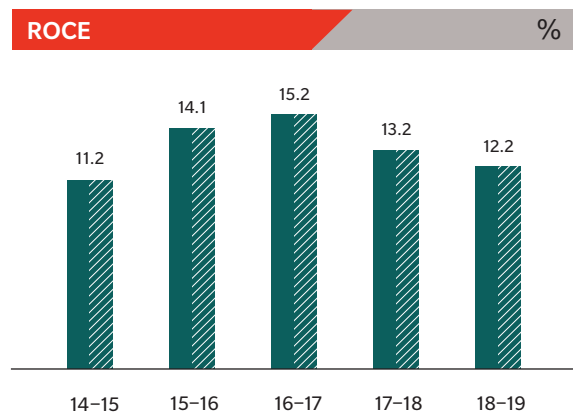
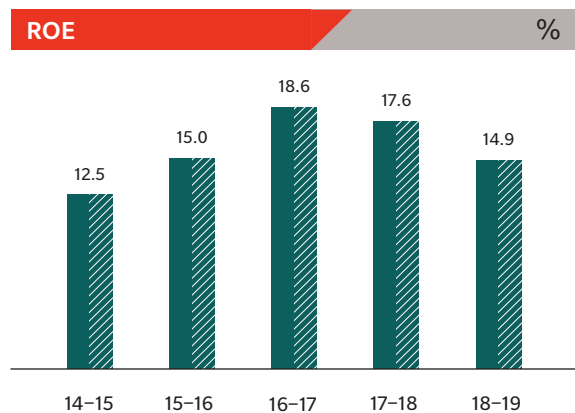
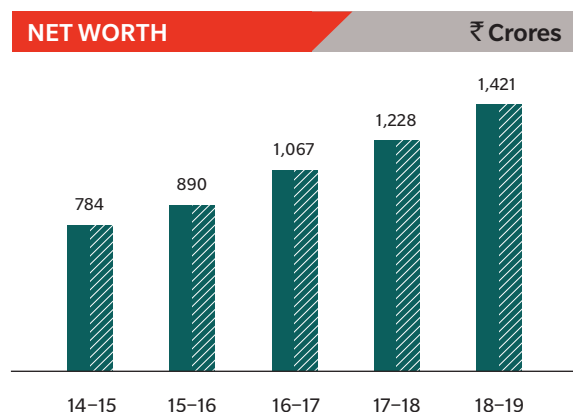
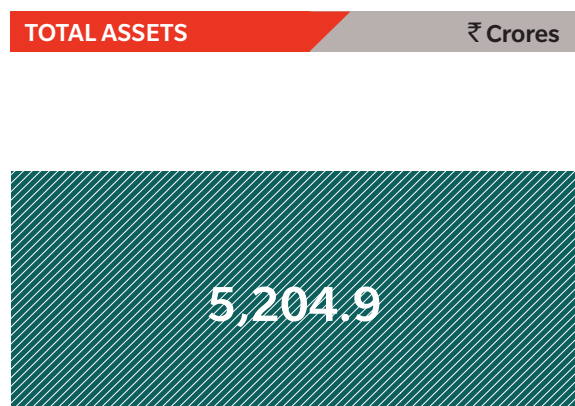
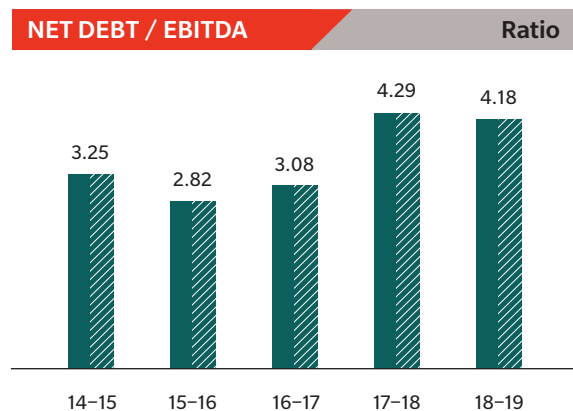
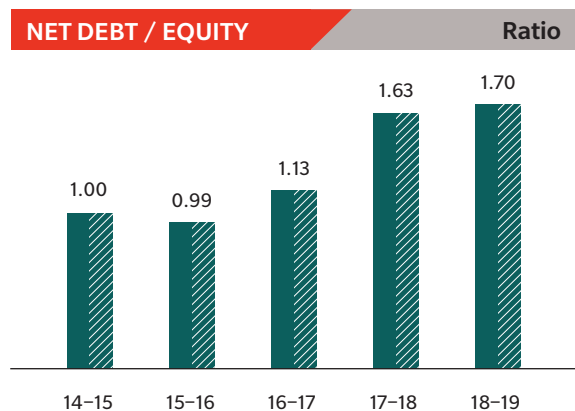
Financial Snapshot — FY 2019

TOTAL REVENUE	₹2,654.26 Cr	17.10 % ▲
EBITDA	₹579.93 Cr	24.39 % ▲
EBIT	₹471.16 Cr	19.50 % ▲
PBT	₹308.04 Cr	6.05 % ▲
PAT	₹196.84 Cr	-2.38 % ▼

Key Financial Parameters — 5 Years



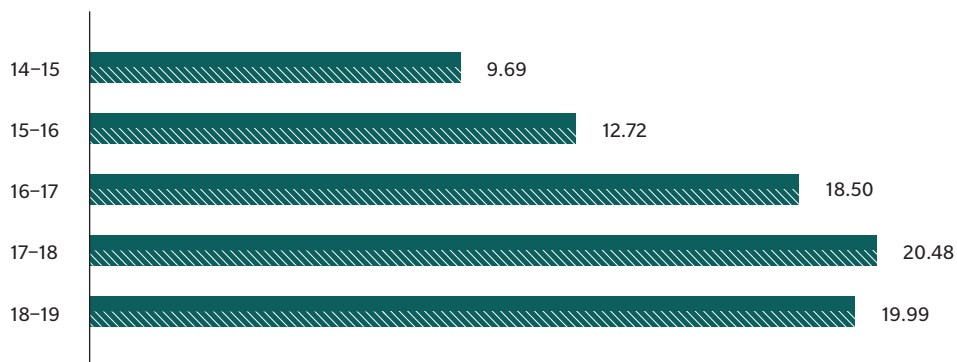
Key Financial Parameters — 5 Years



Key Financial Parameters — 5 Years

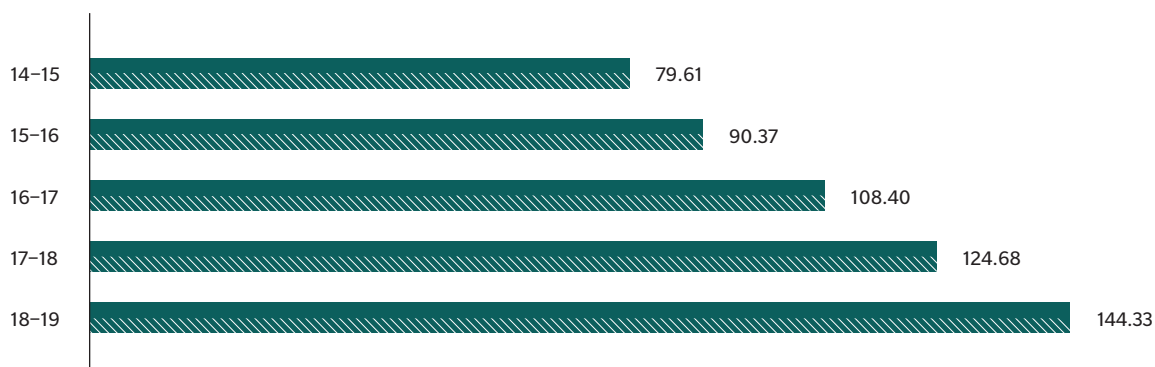
EARNINGS PER SHARE

₹



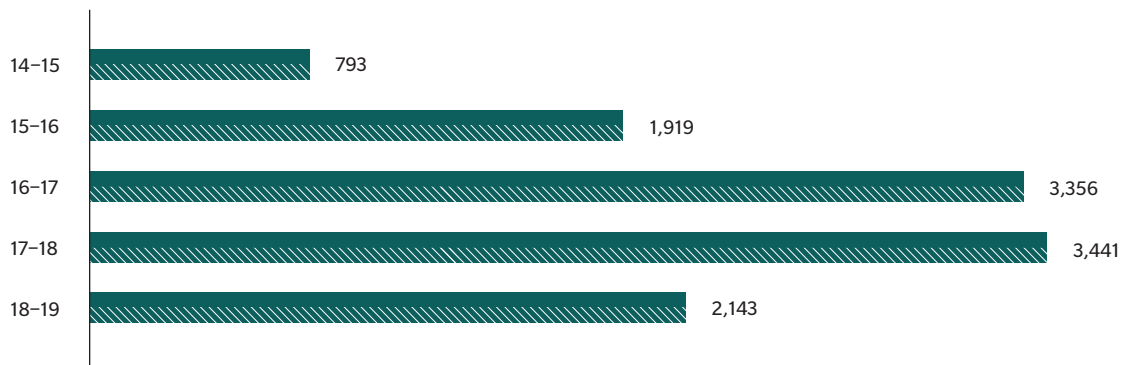
BOOK VALUE PER SHARE

₹



MARKET CAPITALIZATION*

₹ Crores



*At the end of the respective Financial Year



Consolidated Financial Highlights — 5 Years

(₹ Lacs, except ratios)

	2014 -15	2015 -16	2016 -17	2017 -18	2018 -19
Share Capital	4,923	4,923	4,923	4,923	4,923
Reserves	73,461	84,050	1,01,803	1,17,830	1,37,183
Networth	78,384	88,973	1,06,726	1,22,753	1,42,106
Total Debt	82,093	1,00,697	1,40,727	2,25,517	2,79,033
Gross Fixed Assets	1,33,774	1,41,868	1,72,713	2,76,407	2,94,012
Net Fixed Assets	67,440	70,640	93,004	1,88,437	1,93,918
Total Assets	1,88,928	2,19,895	2,51,563	4,21,897	5,20,491
Total Revenue	1,94,316	1,90,997	2,15,160	2,26,669	2,65,426
EBITDA	22,153	31,404	39,089	46,623	57,993
Depreciation	4,464	6,652	5,801	7,195	10,877
EBIT	17,689	24,752	33,288	39,428	47,116
Interest and Finance Charges	8,544	9,341	9,353	10,380	16,312
Profit before Tax	9,145	15,411	23,936	29,048	30,804
Profit after Tax	9,544	12,526	18,210	20,164	19,684
No. of Equity Shares (In Lacs)	984.57	984.57	984.57	984.57	984.57
Face Value per Share (₹)	5.00	5.00	5.00	5.00	5.00
Book Value per Share (₹)	79.61	90.37	108.40	124.68	144.33
Earnings per Share (₹)	9.69	12.72	18.50	20.48	19.99
Dividend per Share (₹)	2.00	2.50	2.50	2.50	5.00
Total Dividend (₹ Lakhs)	1,969	2,461	2,461	2,461	4,923
Debt Service Coverage Ratio (DSCR) (x)	1.28	2.48	2.57	2.34	1.95
Net Debt to EBIDTA (x)	3.25	2.82	3.08	4.29	4.18
Net Debt to Equity (x)	1.00	0.99	1.13	1.63	1.70
ROCE (%)	11.2%	14.1%	15.2%	13.1%	12.2%
ROE (%)	12.5%	15.0%	18.6%	17.6%	14.9%



**Letter to Shareholders +
Corporate Information**



Dear Shareholders,

It's been another eventful year for us at Himatsingka. We had set out to accomplish several objectives for FY19 and we are indeed pleased with the progress that we have made during this time.

While the global and domestic economic environments continue to be challenging and volatile, we have been steadfast in executing various initiatives across the board. Our initiatives are focused on achieving holistic growth. It is not our operating performance alone that drives value for our stakeholders but a string of initiatives that aid in augmenting our global leadership quotient and our ability to build a more sustainable and responsible enterprise.

Business Review

Our Manufacturing Platforms

Over the last three years, we undertook a calibrated capital expenditure programme that involved the setting up of one brownfield and two greenfield projects.

We undertook a brownfield expansion programme to augment the capacity of our bedding division from 23 MMPA (Million Metres Per Annum) to 61 MMPA, making us amongst the largest integrated manufacturers of bedding products globally.

We also undertook a backward integration greenfield project to set up a cotton spinning plant with an installed capacity of 2,11,584 spindles. This spinning plant, the world's largest under one roof, gives us significant strengths in furthering our seamlessly integrated model spanning the entire value chain from fibre to shelf.

In addition, to expand our soft home solutions portfolio, we implemented a greenfield project to set up amongst the largest terry towel production facilities globally. With an installed capacity of 25,000 TPA (Tonnes Per Annum), this facility will be synergistic and complimentary to the products offered by our bedding division.

While the expansion of the bedding division commenced commercial production during FY17, our spinning plant was commissioned during FY18.

We are pleased to share that our towel facility commenced trial production during FY19 and should be ready to begin commercial production by the end of H1-FY20.

Situated at our manufacturing campus in Hassan, Karnataka, all these plants are equipped with best-in-class technology and infrastructure. These investments have significantly strengthened our capabilities and capacities, and will be pivotal to our operating performance going forward.

Our brownfield and greenfield investments have significantly strengthened our capabilities and capacities, and will be pivotal to our operating performance going forward.

₹2,654 Crores

FY19 Consolidated Total Revenue

₹580 Crores

FY19 Consolidated EBITDA

Our Global Brand Portfolio

Himatsingka has developed a strong know-how to build and operate brands in the home textile space.

Nurturing and growing our brand portfolio is integral to the Himatsingka model that is seamlessly linked from fibre to shelf. During FY19, we successfully integrated the recently acquired portfolio of brands that includes the iconic Tommy Hilfiger home brand among others. In addition, during the year, we also acquired exclusive license rights to the Royal Velvet brand.

Our cotton brands Pimacott®, HomeGrown Cotton®, Organicott® and Gizacott® continue to cement their global leadership in the cotton Track & Trace space.

Our global brand portfolio is now powered by over 12 brands that continue to aid our efforts in enhancing our market share across regions. Our portfolio also helps in leveraging our manufacturing expertise and scale to deliver integrated solutions for our global clientele.

We remain focused on enhancing revenues from our global brand portfolio and believe they will add significant strength to our operating model. Our revenue streams from brands remained strong during FY19 and stood at ₹2,255 crores versus ₹1,610 crores during FY18.

Our global brand portfolio is now powered by over 12 brands that continue to aid our efforts in enhancing our market share across regions.

Our Operating Scorecard

FY19 saw us stabilise the operating performance of our new Spinning plant, augment capacity utilisation levels at our Bedding plant and integrate our acquired brand portfolio. These initiatives culminated in Consolidated Total Revenues growing by 17.1% to ₹2,654 crores during FY19 versus ₹2,267 crores during FY18. Our five-year growth CAGR on the Consolidated Revenue front, therefore, stood at 5.48%.

Our Consolidated EBITDA for FY19 grew 24.4% and stood at ₹580 crores versus ₹466 crores during FY18. Our focus on sweating assets helped us expand our consolidated EBITDA

margins that stood at 21.8% during FY19 versus 20.6% during FY18.

The consolidated PAT for FY19 remained range-bound and stood at ₹196.84 crores versus ₹201.64 crores during FY18. Consolidated Total Assets for FY19 stood at ₹5,205 crores versus ₹4,219 crores during FY18. Growth in Total Assets was primarily due to the investments made in new projects and higher working capital requirements.

While we remain focused on improving our capital efficiency parameters, both ROE and ROCE for FY19 remained range-bound given the increase in total capital employed on account of new projects. We endeavour to improve our capital efficiency parameters with the commissioning and scaling up of our new assets.

Priorities for FY20

FY20 will be a year of consolidation. As far as our manufacturing platforms are concerned, we will be focused on sweating our assets across Bedding, Bath and Yarn verticals. On the Bedding and Bath front, our priority will be to increase capacity utilisation, broaden product offerings and drive efficiencies. We believe digital capabilities and superior efficiencies are positively correlated and our investments in creating next generation digital shop floors will be integral to achieving the same.

Our integrated model comprises of high tech, scale oriented manufacturing platforms on the one hand and strong consumer facing brand platforms on the other. Therefore, we will continue to strengthen and grow our portfolio of brands in order to provide relevant and future ready solutions to global audiences.

As a total solutions provider in the home textile space, it is imperative that Himatsingka epitomizes flexibility and agility in responding to the requirements of our global clientele. Given our wider product portfolio with the addition of bath products, we will intensify our efforts to achieve best-in-class response times in addressing increasingly dynamic client needs across markets.

As a thought leader in our industry, we strive to decode global market movements, to offer solutions that lead the way and drive value for our clients. This is not possible without building teams rich in intellectual capital across functions. We will, therefore, continue to invest in strengthening our intellectual capital pool keeping medium and long term goals in view.

Our New Identity

We thought it's time to refresh our brand identity, re-energise our vision and purpose, articulate our core values and define our approach to work. We believe our new vision of 'Redefining possibility and delivering distinction through the relentless pursuit of excellence', will guide us in exploring new frontiers of growth, while our values keep us anchored to become a more sustainable and responsible enterprise.

We believe our new vision of 'Redefining possibility and delivering distinction through the relentless pursuit of excellence', will guide us in exploring new frontiers of growth.

Being More Sustainable

Sustainability is central to our thinking at Himatsingka. We endeavour to make every step of the value chain we operate in, more sustainable. Our efforts to be greener manifests in everything; from packaging to power consumption, from water to waste.

Himatsingka operates best-in-class zero liquid discharge (ZLD) water management facilities and has been focused in increasing its energy consumption from renewable sources. We are pleased to share that our energy consumption from renewable sources has increased to 23% of total energy consumed in FY19, versus approximately 8% during FY18.

On the product front, we have worked with clients across regions to develop and launch products with green packaging and accessories. We have also led various initiatives to use

raw materials, like cotton, that have been grown organically or cultivated using optimal agri-practices that significantly reduce and/or remove the use of chemical based agri-inputs and restrict usage of other natural resources like water.

We will remain committed to driving sustainability measures across the value chain and endeavour to create new benchmarks in developing sustainable practices.

The Road Ahead

Over the last three years, we have committed approximately ₹2,500 crores in implementing our new projects, undertaking organic capital expenditure requirements, acquisitions and meeting working capital needs across our businesses.

We have a lot to do in order to harness the full potential of the various assets that have come to be part of our global asset portfolio. While we are committed to maximising returns from these investments, we also endeavour to embrace new growth opportunities that help us consolidate and adapt to the increasingly unpredictable and disruptive global environment.

Our efforts are incomplete without the valuable support and trust of our shareholders, employees, bankers, clients, suppliers, the Board and other stakeholders. We would like to take this opportunity to express our sincere gratitude for your belief in Himatsingka.

Sincerely,

Shrikant Himatsingka
Managing Director & CEO

Dinesh Himatsingka
Executive Chairman



Corporate Information

Board of Directors

Dinesh Himatsingka
Executive Chairman

Shrikant Himatsingka
Managing Director & CEO

V. Vasudevan
Executive Director

Dr. K.R.S. Murthy
Independent Director

Pradeep Bhargava
Independent Director

Rajiv Khaitan
Independent Director

Sangeeta Kulkarni
Independent Director

Management Team

V. Vasudevan
Executive Director
Manufacturing Operations (Group)

Akanksha Himatsingka
Head — Business Development
Europe & Asia Pacific

K.P. Rangaraj
President — Finance & Group CFO

Julie Mckenzie
CEO — North America

Henry Jones
CEO — Europe

Major (Retd.) Kumud Kumar
President — HR & Group CHRO

Shanmuga Sundaram
President — Manufacturing Operations (Hassan)

C.B. Ganapathy
Executive Vice President — Corporate Affairs &
Group General Counsel

Bankers

Abu Dhabi Commercial Bank
Axis Bank Ltd.
Canara Bank
DBS Bank
Doha Bank
Exim Bank
HSBC Bank
IndusInd Bank Ltd.
Kotak Mahindra Bank Ltd.
RBL Bank Ltd.
Yes Bank Ltd.

Statutory Auditors

BSR & Co. LLP

Internal Auditors

Grant Thornton India LLP

Registered Office

10/24, Kumara Krupa Road
High Grounds
Bengaluru 560 001
Karnataka, India

Works

Doddaballapur, Karnataka
23A, KIADB Industrial Area
Doddaballapur 561 203
Karnataka, India

Hassan, Karnataka
Plot No. 1, KIADB Industrial Area
Hassan 573 201
Karnataka, India



Management Discussion and Analysis



Management Discussion and Analysis

GLOBAL ECONOMIC OVERVIEW

Global economic growth softened in 2018 to 3.6% compared to 3.8% in 2017. This growth of 3.6% was lower than earlier forecasts of 3.9% made at the start of 2018. While global economies started the year 2018 on a positive note they seem to have lost momentum during the second half of the year due to a confluence of factors that adversely affected parameters across all economies.

In 2018, the stronger economic growth registered by the United States was offset by subdued growth rates witnessed by China and the Eurozone. While the United States retained its growth momentum, the Chinese economy slowed to 6.6% vs 6.8% clocked in 2017. This correction in Chinese economic growth rates was predominately caused on account of monetary tightening and escalating trade war issues with

the United States. Growth in the Eurozone slowed to 1.9% during 2018 as compared to a robust 2.4% the region clocked in 2017.

Global economic growth for 2019 is estimated at 3.2% as compared to 3.6% that was achieved during 2018. All major advanced and emerging economies are expected to witness a decline in growth rate during 2019. While the issues of 2018 are expected to continue in the first half of 2019, economic growth in the second half is expected to improve due to the recent policy accommodation measures taken by major economies. However, as per the International Monetary Fund (IMF), any further escalation on bilateral trade tensions between the United States and China could potentially hamper the pace of expected global economic growth for 2019.



Table 1: World Economic Growth – Projections

Percentage Change (%)	2017	2018	2019(P*)	2020(P*)
World Output	3.8	3.6	3.2	3.5
Advanced Economies	2.4	2.2	1.9	1.7
United States	2.2	2.9	2.6	1.9
Euro Area	2.4	1.9	1.3	1.6
- Germany	2.2	1.4	0.7	1.7
- France	2.3	1.7	1.3	1.4
- Italy	1.7	0.9	0.1	0.8
- Spain	3.0	2.6	2.3	1.9
Japan	1.9	0.8	0.9	0.4
United Kingdom	1.8	1.4	1.3	1.4
Canada	3.0	1.9	1.5	1.9
Other Advanced Economies	2.9	2.6	2.1	2.4
Emerging Markets and Developing Economies	4.8	4.5	4.1	4.7
Commonwealth of Independent States	2.2	2.7	1.9	2.4
- Russia	1.6	2.3	1.2	1.9
- Excluding Russia	3.5	3.9	3.5	3.7
Emerging and Developing Asia	6.6	6.4	6.2	6.2
- China	6.8	6.6	6.2	6.0
- India	7.2	6.8	7.0	7.2
- ASEAN	5.3	5.2	5.0	5.1
Emerging and Developing Europe	6.1	3.6	1.0	2.3
Latin America and the Caribbean	1.2	1.0	0.6	2.3
- Brazil	1.1	1.1	0.8	2.4
- Mexico	2.1	2.0	0.9	1.9
Middle East, North Africa, Afghanistan and Pakistan	2.1	1.6	1.0	3.0
- Saudi Arabia	-0.7	2.2	1.9	3.0
Sub-Saharan Africa	2.9	3.1	3.4	3.6
- Nigeria	0.8	1.9	2.3	2.6
- South Africa	1.4	0.8	0.7	1.1

Source: IMF – World Economic Outlook, July 2019

P*=Projections



Global merchandise trade grew at a slower pace in 2018 as compared to 2017. The lower than expected growth rates were primarily due to increasing trade tensions and unusually high levels of trade restrictions that persisted during the year. In volume terms, merchandise trade registered a growth of 3.0% vs 4.6% in 2017. In value terms, global merchandise trade stood at USD 19.67 trillion up by 10% over 2017 primarily on account of high energy prices.

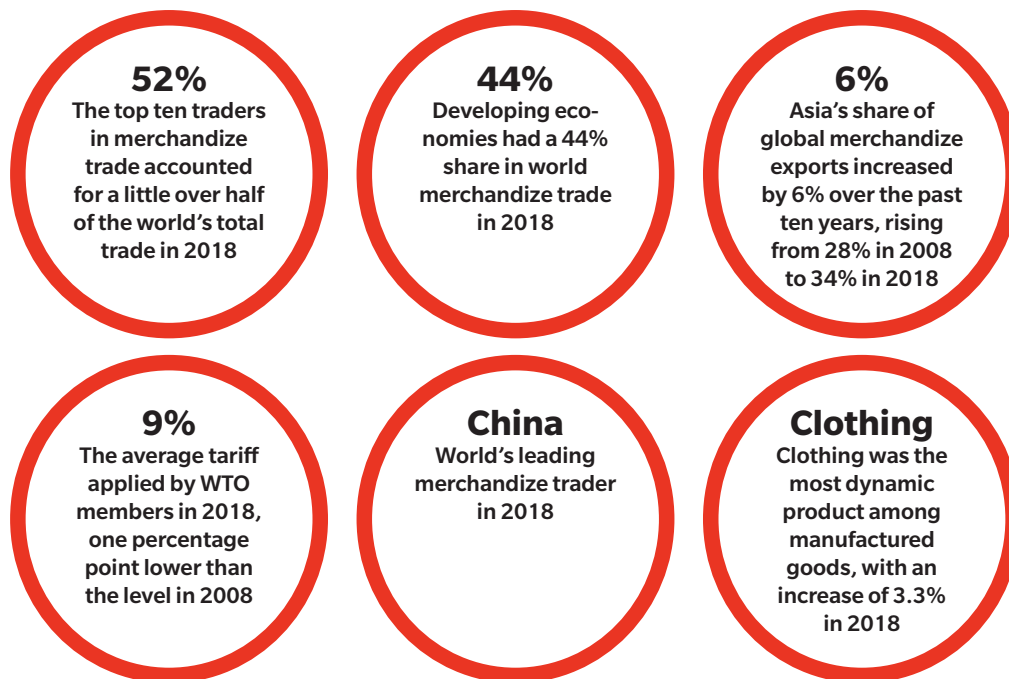
The WTO anticipates global merchandise trade volume growth of 2.6% in 2019 and 3.0% in 2020. This downward bias on the growth rate in 2019 is on account of economic uncertainties that prevail globally and the escalating trade tensions between China and the USA.

Table 2: Growth in World GDP and Merchandize Trade (in Volume), 2015-2020

%Change

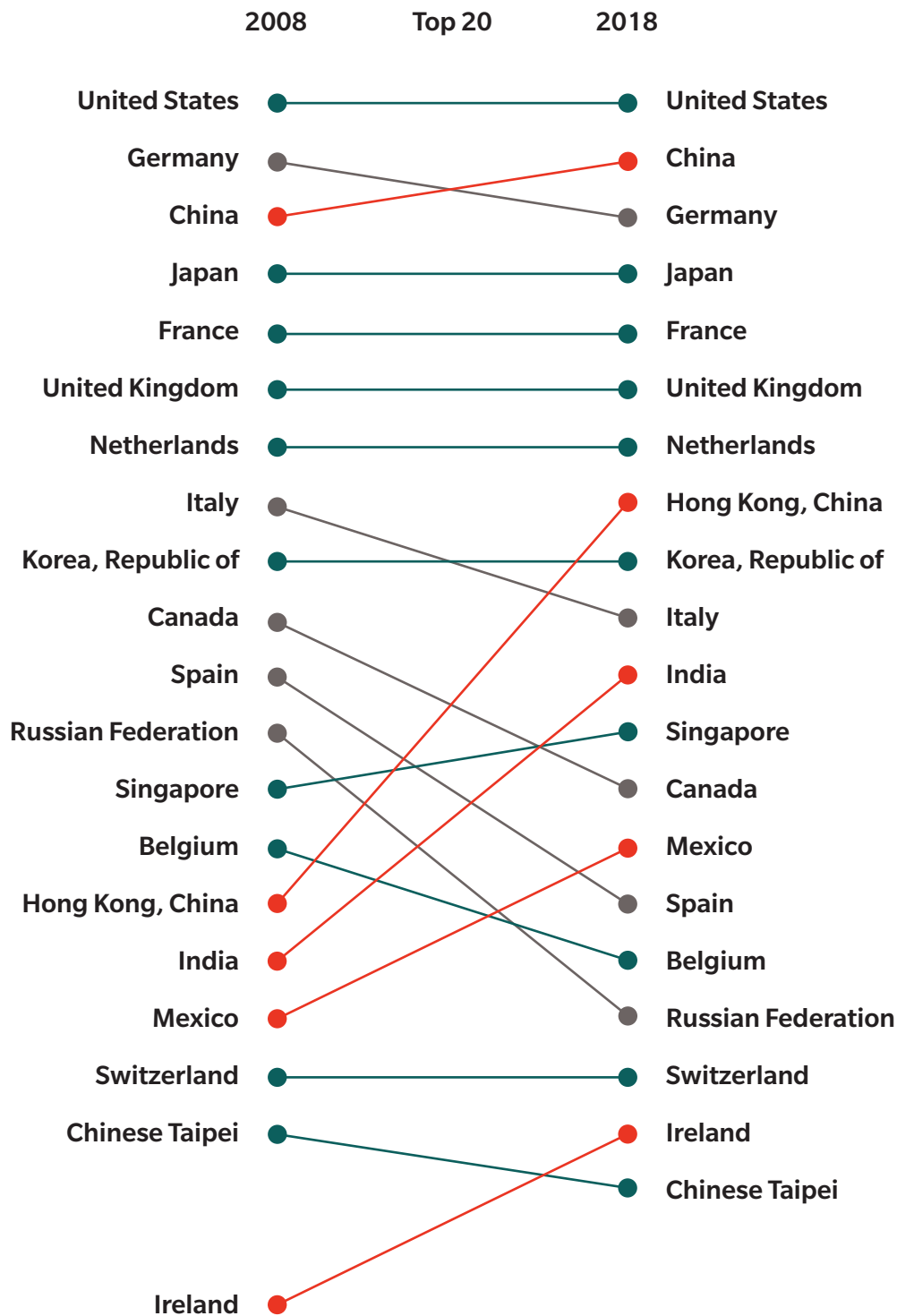


Figure 1: Fast Facts on Global Merchandize Trade



Source: IMF and WTO

Figure 2: World's Leading Traders of Goods and Services, 2008 and 2018



Source: World Trade Statistical Review 2019, WTO

Over the past ten years, Hong Kong China, India, Mexico and Ireland rose the most in world rankings among the top 20 traders of goods and services.

INDIAN ECONOMY OVERVIEW

During fiscal 2019, India's growth rate slowed down to 6.8%, the slowest in the last five years. Fiscal 2019 ought to have witnessed positive momentum as temporary headwinds stemming from transformative regulatory reforms and the demonetization initiative settled down. However, a burdened financial sector, international trade tensions, investment outflows and a crude price shock, among other factors, hampered the growth trajectory India was on.

Despite these setbacks, India remains among the fastest growing economies and seems relatively insulated from global volatility and turmoil. A central government with a strong mandate, sound macro-economic fundamentals and continued regulatory and policy reforms should put India in good stead. The GDP growth rate is expected to improve to 7.0% in 2019 and 7.2% in 2020.

Table 3: Indian GDP Growth



Source: IMF

India is poised to witness tremendous economic progress over the years. It is currently the world's sixth largest economy and has demonstrated strong growth momentum that is expected to sustain over the next decade. This phenomenal growth story that could power India's GDP beyond the USD 5.0 trillion mark over the next 5-7 years will throw up an array of opportunities for businesses across sectors. Domestic

consumption is robust and powers approximately 60% of GDP today and will play a pivotal role in driving growth going forward. There will be several factors that will shape the consumption story India is witnessing. See table on next page for a few advantages and challenges Indian consumption could potentially face along the way.



Figure 3: Drivers and Challenges of Consumption-led Growth in India

1 billion

Estimated internet users in India by 2030

Physical Connectivity

Only 30% of villages with 250 people or more have access to all weather roads

22%

Estimated Indian households savings rate

Skill Development

10 -12 million people will be annual addition to workforce over the next decade

31 Years

Estimated median age of Indian population by 2030

Digital Connectivity

Only about 18% of rural Indians have access to the internet, compared to nearly 65% in urban India

140 million

Number of households that India will add in middle-income category by 2030

Financial Inclusion

Less than 10% of villages have bank branches

40%

Estimated percentage of Indians who will be urban residents by 2030

Affordable Healthcare

Only about seven doctors and seven hospital beds per 10,000 people in India

370 million

Estimated Generation Z consumers of ages 10-25 years by 2030

Urban Congestion

450 persons per square kilometre, compared to 150 in China and 350 in Japan

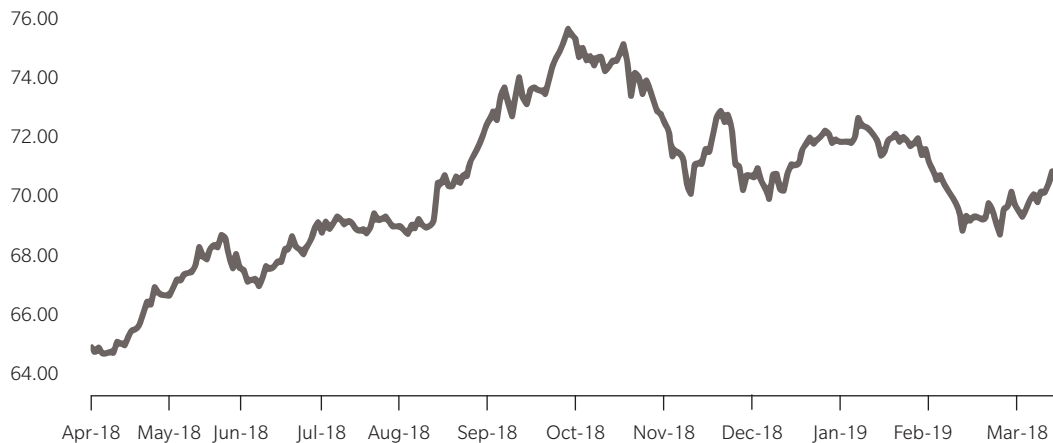
77

India's world ranking in 'ease of doing business'

In 2018-19, the Indian rupee (INR) witnessed volatile movement against the US dollar after showing tremendous strength in 2017-18. During the first seven months of 2018-19, the rupee depreciated 14.3% against the US dollar and hit a low of 74.485 in October 2018. This significant depreciation was prompted by higher crude prices, widening current account deficit,

foreign outflows, and a relatively stronger US dollar. However, post October 2018, the rupee started appreciating primarily on account of decline in crude prices, expectation of stable government at the center and enhanced liquidity in the system.

Table 4: Exchange Rate Movement (USD/INR)



Source: Thomson Reuters

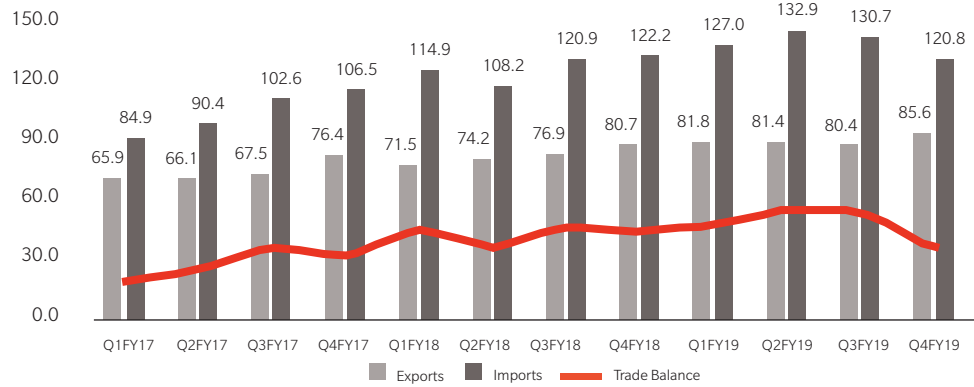
On the merchandise trade front, total exports during 2018-19 grew at a healthy rate of 8.5% and stood at USD 329.2 billion compared to USD 303.4 billion in 2017-18. Major export destinations during FY2018-19 were North America with a 18.0% share of total exports followed by the EU region with a share of 17.4%.

Total merchandise imports during fiscal 2019 stood at USD 511.4 billion, an increase of 9.7% from USD 466.3 billion in fiscal 2018. This increase was primarily driven by higher imports of petroleum and crude products.

As per the current rankings, India is the 19th largest exporter (with a share of 1.7%) and the 10th largest importer (with a share of 2.6%) of merchandise trade in the world. In Commercial Services Exports, India was the 8th largest exporter in 2018 (with a share of 3.5%). India ranks 10th globally (with a share of 3.2%) in imports of commercial services.

Table 5: Quarterly Trade Figures

USD Billion



Source: Ministry of Commerce and Industry, Department of Commerce

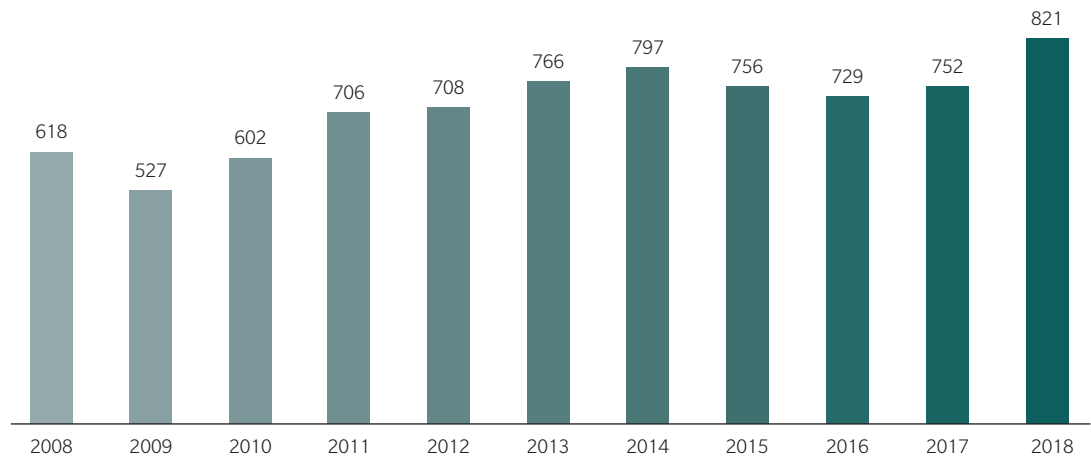
GLOBAL TEXTILE INDUSTRY

The global textile and apparel trade for 2018 stood at USD 821 billion vs USD 752 billion during 2017. It contributed to 4.2% of global trade during both 2017 and 2018. Of USD 821 billion, USD 506 billion came from the apparel sector and USD 315 billion came from the textiles sector. The global textile and apparel trade has witnessed a CAGR of 2.9% from 2008 through

2018. The global textile and apparel trade is estimated to grow at a CAGR of approximately 4.0%-4.5% and is likely to touch, approximately USD 1 trillion by 2023.

Table 6: World Textile and Apparel Trade

USD Billion



Source: International Trade Statistics 2018, WTO

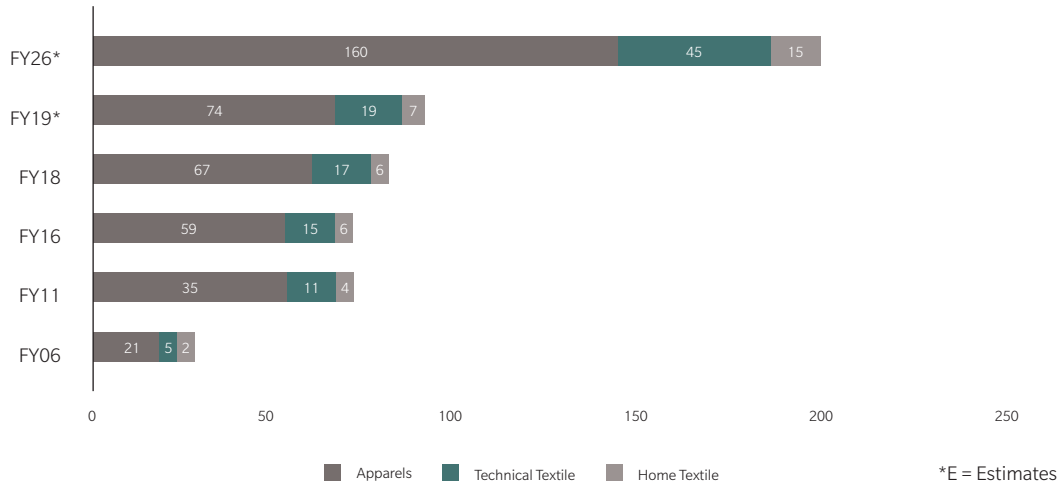
Indian Textile Scenario

The Indian textile industry plays an important role in the Indian economy. It is the second largest employment generator after agriculture as it provides direct employment to over 45 million people. It contributes approximately 5% to the GDP and 11% of export earnings. The size of India's domestic textile market, which was USD 50 billion in FY11 is estimated to be

approximately USD 100 billion in FY19 and is expected to grow to approximately USD 220 billion by FY26, at a CAGR of 11.9% between FY19 to FY26. The home textile segment is expected to grow at 11.5% during the same period.

Table 7: Indian Domestic Textile Market Size

USD Billion



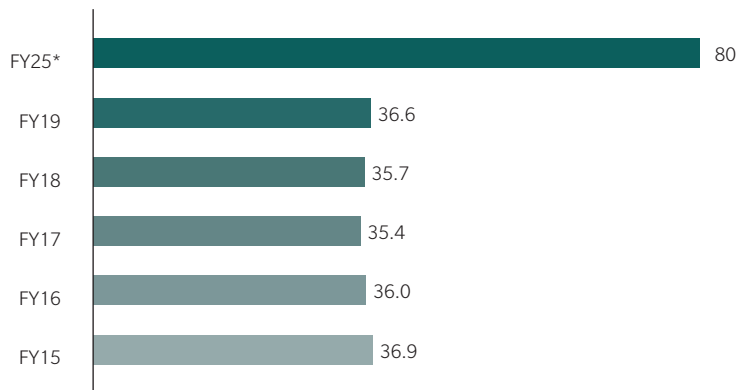
Source: Wazir Advisors

Overall textile and apparel exports from India during 2018-19 stood at USD 36.63 billion as compared to USD 35.67 billion during 2017-18. The sector was impacted by implementation of GST and decline in incentives. The export of cotton made-ups and fabric was USD 5.96 billion, an increase of 8.9% over FY 17-18.

Textile and apparel exports from India is expected to grow at the CAGR of 13.9% to USD 80 billion by 2025 from estimated USD 36.63 billion in 2018-19.

Table 8: Indian Textile and Apparel Export

USD Billion



Source: Ministry of Textile and Wazir Advisors

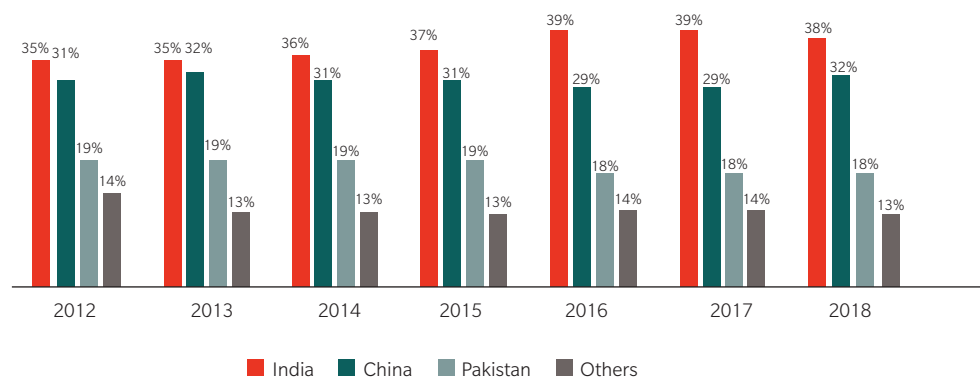
*E = Estimates

For Himatsingka, The United States continued to be the largest market in FY 2019. The US imported USD 4.4 billion worth of cotton-based bedding and bath products primarily from India, China and Pakistan, in calendar 2018. These three countries contributed 87% of the total cotton-based bedding and bath products imported by the US compared to 86% that these products accounted for in 2017.

In 2018, the United States' sourcing of cotton sheets, pillow cases, bed spreads, quilts and terry towels from China witnessed a significant growth of 8.3% while sourcing from India declined marginally compared to 2017.

The United States continue to dominate the global market for soft home products. The table below demonstrates the percentage share of United States imports of Cotton Sheets, Pillow Cases, Bedspreads, Quilts and Terry Towels that India, China and Pakistan and the rest of the world enjoy. India and China continued to dominate US imports in these categories with a share of approximately 70%. India continues to be the single largest supplier to the US with 37.7%.

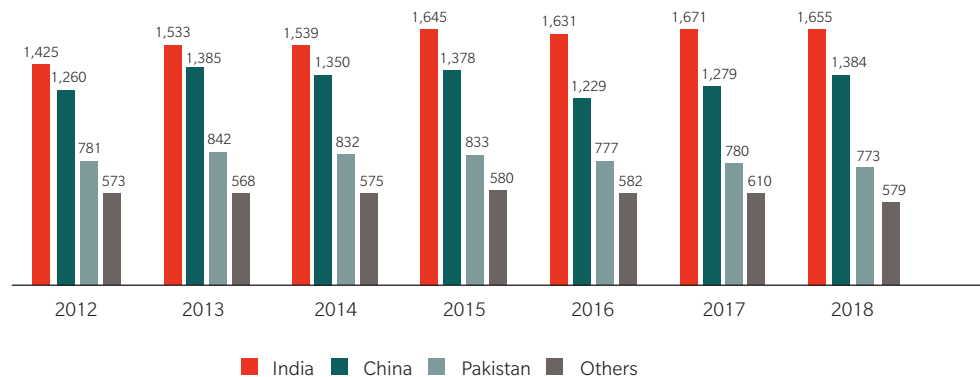
Table 9: US Imports – Cotton Sheets, Pillow Cases, Bed Spreads, Quilts and Terry Towels % Shares of Countries



Over the years, India has surpassed China to become the largest supplier of cotton soft home products to the United States. While India's supply of cotton soft home products to the United States stood at USD 825 million in 2009, it now stands at USD 1.66 billion

during 2018. This translates to a CAGR of 8.0%. China, on the other hand, witnessed a CAGR of 1.2% over the same period.

Table 10: US Imports – Cotton Sheets, Pillow Cases, Bed Spreads, Quilts and Terry Towels USD Million

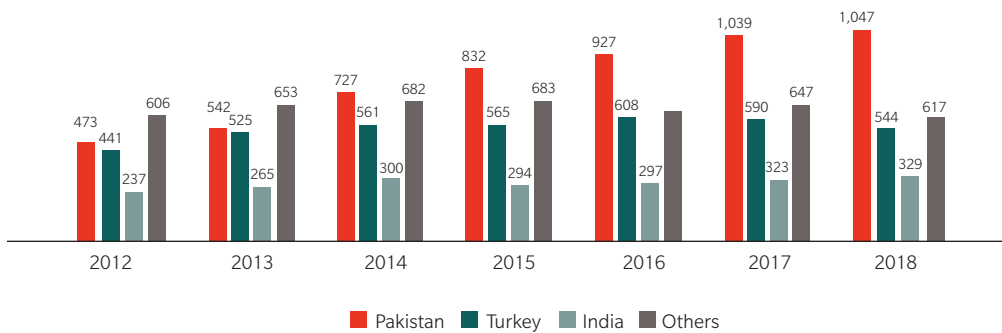


EU-28 imports of cotton-based bed linen, terry and blankets products is comparable to the US. In 2018, EU-28 imported cotton-based bed linen, terry and blankets worth Euro 2.54 billion. Import of these products have grown at a CAGR of 5.0% over the last 5 years and 3.3% over the last 10 years. India is the third largest exporter of these goods to EU-28 with a Euro 329 million share and has grown its share to this region at a CAGR of 4.4% over the last 5 years.

As is visible in the table below, Pakistan enjoys the dominant share of EU-28 imports for cotton-based soft home products, this is primarily on account of duty advantage that it enjoys vis-a-vis India.

Table 11: EU-28 Imports — Cotton Bed Linen, Terry Towels and Blankets

EURO Million



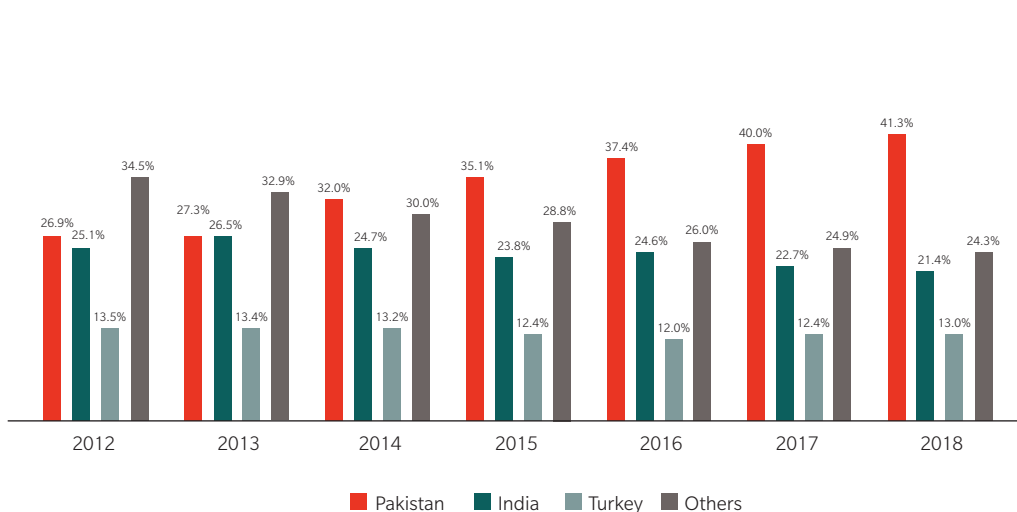
Source: European Commission

The top three supplier countries to EU-28 region constitute approximately 75% of their total imports of cotton soft home products (bed linen, terry towels and

blankets). India is the third largest supplier with 13.0% share in the total imports.

Table 12: EU-28 Imports — Cotton Bed Linen, Terry Towels and Blankets

% Shares of Countries



GLOBAL COTTON SCENARIO

Cotton is amongst the most extensively used fibers in the global textile space. Cotton is grown in over 100 countries but the main concentration is limited to few countries. After witnessing growth in 2017-18, world cotton production decreased in 2018-19 to 25.8 million metric tonnes, a decline of 4.3%, largely driven by unfavorable climate conditions in the major cotton growing regions. Global area under cultivation declined 1.1% to 33.2 million hectares in 2018-19 coupled with reduction in yield.

The decline in production by the US and India was partly offset by Brazil, which registered a strong growth of 38.9%. In 2018-19, global cotton production decreased, while the consumption remained stagnant as compared to the previous year. However, in 2019-20, the world cotton production is expected to rise 5.9% to about 27.3 million metric tonnes with improving yields and rising acreage among major cotton producing countries.

Table 13: World Cotton Production – Million Metric Tonnes



India and China contribute to approximately 45% of global cotton output. In 2018-19, India's cotton production declined, which made China the largest producer. In 2018-19, India's share in global cotton production declined to 21.5% compared to 23.4% in 2017-18, while China's share increased 23.4% from 22.2%.

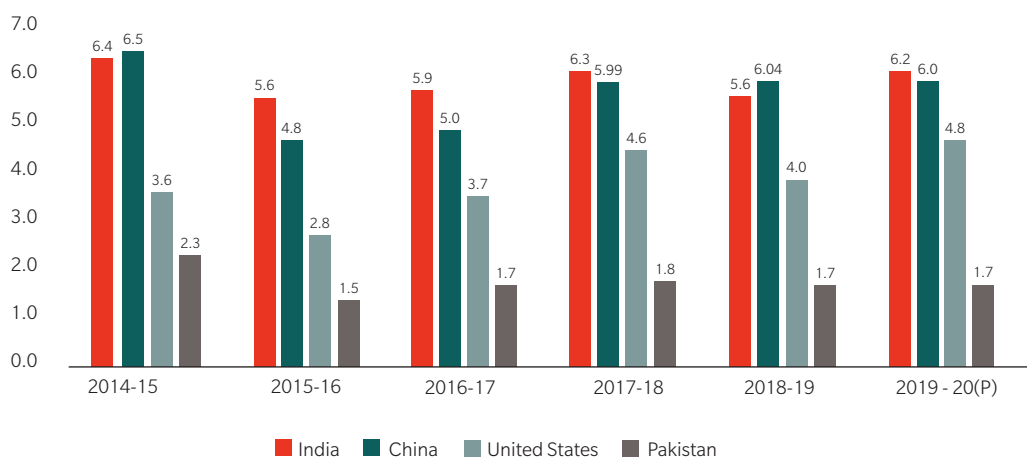
In 2018-19, India contributed 21.5% of the global cotton production compared to 23.4% in 2017-18,

while China's contribution increased to 23.4% from 22.2% during the previous year. In 2018-19, cotton production in the USA declined after witnessing an increase over two years and contributed 15.5% of the world's total cotton production in 2018-19 compared to 16.9%.

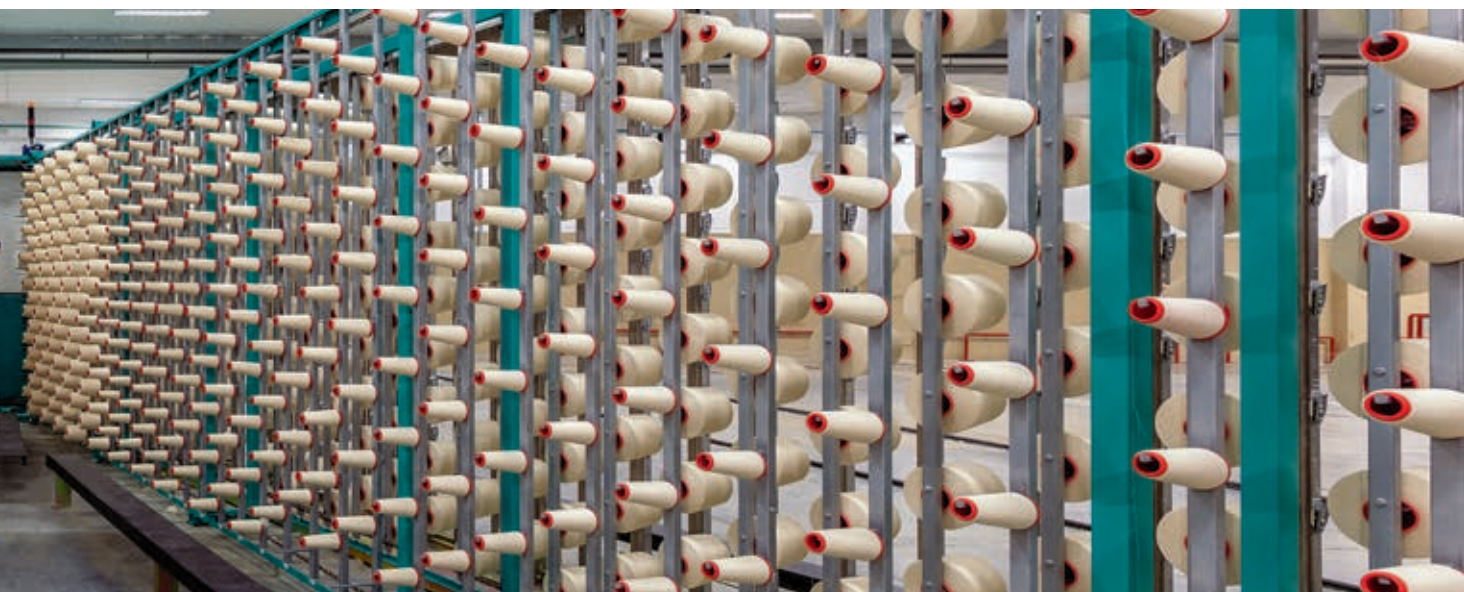
The table below shows India's cotton production vis-à-vis China, USA and Pakistan over the last 5 years and also projection for 2019-20.

Table 14: Cotton Production – Region Wise

Million Metric Tonnes



Source: United States Department of Agriculture (USDA)



The tables below gives a snapshot of the world's cotton production over the last 5 years.

Table 15: World Cotton Balance Sheet

World Cotton Balance Sheet

Million Metric Tonnes	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Beginning Stocks	22.4	23.3	19.7	17.5	17.7	16.6
Production	26.0	20.9	23.2	27.0	25.8	27.3
Supply	48.4	44.2	42.9	44.5	43.4	44.0
Consumption	24.4	24.7	25.3	26.7	26.7	27.4
Ending Stocks	23.3	19.7	17.5	17.7	16.6	16.5
Stocks to Use Ratio	95.2%	79.7%	69.2%	66.0%	62.3%	60.1%

China Balance Sheet

Million Metric Tonnes	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20(P)
Beginning Stocks	13.7	14.5	12.3	10.0	8.3	7.3
Production	6.5	4.8	5.0	6.0	6.0	6.0
Imports	1.8	1.0	1.1	1.2	1.9	2.4
Supply	22.0	20.2	18.4	17.1	16.2	15.8
Consumption	7.5	7.8	8.4	8.9	8.8	9.0
Exports	0	0	0	0	0	0
Demand	7.5	7.8	8.4	8.9	8.8	9.0
Ending Stocks	14.5	12.3	10.0	8.3	7.3	6.7
Stocks to Use Ratio	192.51%	157.50%	119.28%	92.73%	83.01%	74.08%

India Balance Sheet

Million Metric Tonnes	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20(P)
Beginning Stocks	1.9	2.3	1.5	1.7	2.0	1.6
Production	6.4	5.6	5.9	6.3	5.6	6.2
Imports	0.3	0.2	0.6	0.4	0.3	0.3
Supply	8.6	8.2	8.0	8.4	7.9	8.1
Consumption	5.3	5.4	5.3	5.3	5.4	5.5
Exports	0.9	1.3	1.0	1.1	0.9	1.0
Demand	6.2	6.6	6.3	6.4	6.3	6.5
Ending Stocks	2.3	1.5	1.7	2.0	1.6	1.6
Stocks to Use Ratio	47.00%	32.6%	39.0%	43.1%	43.1%	44.2%

Source: United States Department of Agriculture (USDA)



Risk Management

Risk Factors	Risk	Mitigation
Concentration	Concentration on certain markets and customers for a substantial part of the Company's business.	The Company is continuously pursuing opportunities in expanding market presence across new geographies and client groups in order to mitigate risk.
Raw Material	Raw material costs account for approximately 49% of the Company's sales. Our operating performance may be adversely impacted by volatility on the cost of raw materials.	The Company'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 Company's performance.	The Company 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 Company'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 Company 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, maintaining proper accounting records and reliable financial information. An external independent firm carries out the internal audit of the Company's operations and reports its findings to the Audit Committee on a regular basis. Internal Audit also evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting.

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

HUMAN RESOURCES

Our approach to Human Resources has enabled us to be able to attract, integrate, develop and retain the talent required for driving sustainable growth. The continued focus on enhancing employee capabilities and benchmarking to be able to deliver a best-in-class working environment has helped the Company maintain its leadership in the home textile industry.

ment that prevails today. We are focused on creating a culture that is performance-driven and recognises innovation across the spectrum of activities within the Company. The Company employs over 10,000 people across its businesses and continues to invest in and nurture its talent pool in order to align with the broader vision of the Company.

Our HR processes and systems have helped us to be agile and responsive to the dynamic global environ-

CONSOLIDATED INCOME STATEMENT SUMMARY — FY19

₹ in Lakhs

Particulars	Consolidated		
	2018-19	2017-18	Change %
Revenue from Operations	2,61,765	2,24,906	16.4%
Other Income	3,661	1,763	107.7%
Total Revenue	2,65,426	2,26,669	17.1%
Cost of Materials Consumed	1,28,963	1,18,565	8.8%
As a % of Revenue	49.27%	52.72%	-6.5%
Employee Benefit Expenses	25,686	20,912	22.8%
Other Expenses	52,784	40,569	30.1%
EBITDA	57,993	46,623	24.4%
Depreciation	10,877	7,195	51.2%
EBIT	47,116	39,428	19.5%
Interest and Finance Cost	16,312	10,380	57.1%
Profit before Tax	30,804	29,048	6.0%
Profit after Tax	19,684	20,164	-2.4%

Revenue Analysis:

- » Consolidated Total Revenues for the year increased by 17.1% and stood at ₹2,65,426 lacs. This growth was primarily driven on account of volumes across categories and a robust performance from our global portfolio of brands.
- » Revenues from brands for FY19 stood at ₹2,25,500 lacs versus ₹1,61,000 lacs during FY18.

Expenditure Analysis:

- » The cost of materials consumed stood at ₹1,28,963 lacs during the year. Material costs as a percentage of revenue decreased from 52.7%

to 49.3% on account of the commissioning of our new spinning facility.

- » Employee benefit expenses increased by 22.8% to ₹25,686 lacs on account of annual inflation levels and employee additions across our new and expanded facilities.
- » Interest and finance charges increased by 57.2% to ₹16,312 lacs on account of the increased levels of debt assumed for the setting up of new projects and the increased working capital requirements arising thereof.



Profitability Analysis:

- » The consolidated EBITDA increased by 24.4% to ₹57,993 lacs versus ₹46,623 lacs during the previous year. The consolidated EBITDA margins also showed improvement and stood at 21.8% versus 20.6% during the previous year.
- » The consolidated EBIT increased by 19.5% to ₹47,116 lacs versus ₹39,428 lacs during the previous year. The consolidated EBIT margins stood at 17.8% versus 17.4% during the previous year.
- » The consolidated Profit after Tax for the year saw a marginal decrease and stood at ₹19,684 lacs versus ₹20,164 lacs during the previous year. This slight correction of our consolidated Profit after Tax was mainly on account of higher effective tax rates during the year.

CONSOLIDATED BALANCE SHEET

The analysis of our consolidated Balance Sheet as on 31st March 2019 is as below:

₹ in Lakhs

Particulars	As on 31st March 2019	As on 31st March 2018
Property, Plant and Equipment*	2,61,313	1,95,814
Goodwill	44,243	35,104
Other Financial Assets	13,994	19,794
Deferred Tax Assets, (Net)	1,977	3,142
Non-current Income Tax Assets (Net)	1,045	888
Other Current and Non-current Assets	26,904	32,854
Inventories	1,17,597	99,027
Trade Receivables	16,628	9,910
Cash and Cash Equivalents including Current Investments	36,790	25,365
Total Assets	5,20,491	4,21,897
Equity Share Capital	4,923	4,923
Other Equity	1,37,183	1,17,830
Total Borrowings	2,79,033	2,25,517
Current and Non-current Provisions	2,211	1,817
Deferred Tax Liabilities, (Net)	3,740	793
Current and Non-current Other Liabilities	33,860	27,875
Trade Payable	44,245	35,117
Other Current Financial Liabilities	10,360	5,000
Current Income Tax Liabilities (Net)	4,936	3,025
Total Liabilities	5,20,491	4,21,897

*Includes CWIP, Asset held for sale and other intangible assets

Analysis of Assets

- » Property, plant and equipment including CWIP and intangible assets increased by ₹65,499 lacs mainly on account of investments made for the setting up of new projects.
- » Goodwill increased by ₹9,139 lacs to ₹44,243 lacs mainly due to the acquisition of a portfolio of licensed brands including the iconic Tommy Hilfiger Home brand among others.
- » Cash and cash equivalents including Current Investments increased by ₹11,425 lacs and stood at ₹36,790 lacs versus ₹25,365 lacs in the previous year on account of the receipt of subsidies under various government schemes.

Analysis of Equity and Liabilities

- » The Consolidated Net Worth of the Company increased from ₹122,753 lacs during FY18 to ₹142,106 lacs in FY19.
- » Total borrowings increased to ₹2,79,033 lacs mainly due to additional borrowings towards new projects and enhanced working capital requirements across businesses.
- » Trade Payables increased by 25.9% and stood at ₹44,245 lacs versus ₹35,117 lacs during the previous year. This increase in Trade Payables was primarily on account of increased working capital requirements.

KEY CONSOLIDATED FINANCIALS AND RATIOS

₹ in Lakhs

Particulars	As on 31st March 2019	As on 31st March 2018
Total Income	265,426	226,669
EBITDA	57,993	46,623
EBIT	47,116	39,428
Net Profit after Tax	19,684	20,164
Net Worth	142,106	122,753
Net Debt	2,422	1,997
Leverage Ratios		
Net Debt/Equity (Times)	1.70	1.63
Net Debt/ EBITDA (Times)	4.18	4.29
Debt Service Coverage Ratio (Times)	1.95	2.34
Capital Efficiency Ratios		
Return on Equity (ROE)	14.9%	17.6%
Return on Capital Employed (ROCE)	12.2%	13.2%
Working Capital Ratios		
Inventory Days	164	161
Receivable Days*	23	16
Payable Days	62	57

*Increased by 44.2% due to increase in credit period



Statutory Reports



Board's Report

Your Directors are pleased to present the Thirty Fourth Annual Report on the operations and performance of your Company, together with Audited Financial Statements and Auditors' Report for the year ended March 31, 2019.

1. FINANCIAL HIGHLIGHTS

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

(₹ Lacs)

Particulars	Standalone			Consolidated		
	2018-19	2017-18	Change %	2018-19	2017-18	Change %
Revenue from Operations	174,526	161,665	7.96%	261,765	224,906	16.39%
Other Income	6,776	3,670	84.63%	3,661	1,763	107.66%
Total Revenue	181,302	165,335	9.66%	265,426	226,669	17.10%
EBITDA	54,649	41,628	31.28%	57,993	46,623	24.39%
EBITDA Margin (%)	31.31%	25.75%	21.61%	22.15%	20.73%	6.87%
EBIT	46,105	35,993	28.09%	47,116	39,428	19.50%
Profit before exceptional items	34,969	29,157	19.93%	30,804	29,048	6.05%
Profit before tax	34,969	28,882	21.08%	30,804	29,048	6.05%
Tax Expense	11,365	7,384	53.91%	11,120	8,884	25.17%
Profit after tax	23,604	21,498	9.80%	19,684	20,164	-2.38%

2. BUSINESS HIGHLIGHTS

In the Fiscal year 2018-19 the Consolidated Total Revenue increased by 17.10% to ₹ 265,426 lacs and the Consolidated EBITDA grew by 24.39% to ₹ 57,993 lacs. During the year, the Company made significant progress on various initiatives across its businesses. Some key highlights of FY19 are as follows:

- Completed the construction of our greenfield integrated Terry Towel Project. Trial run have commenced and Commercial production is expected to begin by end of H1 2020.
- Entered into licensing agreement with the Iconix Brand Group, Inc. for the Royal Velvet brand. The exclusive licensing rights to the brand is for the territory of North America.
- Revenue from brands stood at ₹ 225,500 lacs compared to ₹161,000 lacs in FY 18.
- Stabilised the operating performance of our new spinning facility.
- Completed the integration of our newly acquired licensed Brand portfolio including iconic Tommy Hilfiger Home brand.

3. CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of Business carried out by the Company during the period under review.

4. SHARE CAPITAL

The Company during the period under review has not issued and/or allotted any shares with/ without differential voting rights as per Section 43 of Companies Act, 2013 read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014.

The Authorized Share Capital of the Company is ₹ 67,00,00,000 divided into 13,40,00,000 Equity Shares of ₹ 5 /- each and the Paid-up Capital of the Company is ₹ 49,22,85,800/- divided into 9,84,57,160 Equity Shares of ₹ 5 each.

5. DIVIDEND

Your Directors in their meeting held on May 28, 2019, have recommended a dividend of 100 % (₹ 5.00 per equity share including ₹1.50 per equity share as one time special dividend) for the financial year ended March 31, 2019, subject to the approval by the shareholders at the ensuing Annual General Meeting.

6. TRANSFER TO RESERVES

During the year the Company has not transferred any amount to reserves.

7. SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES AND CHANGES THEREON

As on March 31, 2019, the Company had the following subsidiaries, Joint Ventures and associate companies:

Subsidiaries

- » Himatsingka Wovens Private Limited,
- » Himatsingka Holdings NA Inc,
- » Himatsingka America Inc.,
- » Himatsingka Europe Limited

Joint Venture

- » Twill & Oxford LLC.

Associate Company

- » Himatsingka Energy Private Limited

During the year under review, Himatsingka Singapore Pte Ltd, a step down wholly owned subsidiary of the Company through Himatsingka Wovens Private Limited, has been struck off under the laws of Singapore w.e.f March 08, 2019 and Giuseppe Bellora LLC has been merged with Himatsingka America Inc. w.e.f March 26, 2019.

Re-organisation of European Operations

With a view to consolidate retail distribution business and to create a seamless international distribution arm, the Company undertook an initiative to reorganise its European operations. As a result of the reorganization, the Company entered into a Share Purchase agreement with Himatsingka Holdings NA Inc., USA, a wholly owned subsidiary, and sold 100% stake in Himatsingka Europe Limited, a wholly owned subsidiary of the Company.

Further, Giuseppe Bellora Srl, Italy a 100%, a wholly owned subsidiary of Himatsingka Europe Limited, after shifting its seat of incorporation from Italy to USA, was merged with Himatsingka America Inc, USA. Himatsingka America Inc, USA, is a wholly owned subsidiary of Himatsingka Holdings NA Inc., USA.

Consolidated Financial Statements

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 the Company will make available separate audited and unaudited financial statement, as the case may be of the subsidiary companies and the related information to any member of the Company who may be interested in obtaining it.

8. EXTRACT OF ANNUAL RETURN

The extract of Annual Return has been disclosed on the Company website <https://himatsingka.com/annual-report.html>.

9. PUBLIC DEPOSITS

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

10. BOARD OF DIRECTORS AND COMMITTEES

Composition of Board and changes thereto

The Board of the Company comprises of 7 (Seven) Directors of which 4 (Four) are Independent Directors, 2 (Two) are Promoter Executive Directors and 1 (One) is Non-Promoter Executive Director. During the year, Mr. Pradeep Bhargava (DIN: 00525234) was appointed as an Independent Director of the Company.

Board Meetings

The Board met 8 (Eight) times during the year under review and the intervening gap between the meetings was within the period prescribed under the Companies Act 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The details of the meetings and attendance thereof are provided in the Corporate Governance Report forming part of the Annual Report.

The details pertaining to the composition of Board Committees are included in the Corporate Governance Report which is part of the Annual Report.

The details of the Composition of CSR Committee, the CSR Policy and the CSR spending have been elaborated in the **Annexure-2** to this report.

Re-appointment of Director retiring by rotation

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. D. K. Himatsingka, Executive Chairman, (DIN: 00139516), retires by rotation and being eligible, offers himself for re-appointment. His re-appointment will be taken up at the ensuing Annual General Meeting for seeking approval of shareholders.

Appointment of Independent Director

In accordance with the provisions of the Companies Act, 2013 the Board appointed Mr. Pradeep Bhargava (DIN: 00525234) as an Additional Director (Independent) on the Board of the Company effective September 22, 2018 for a period of five years. Pursuant to the relevant provisions of the Companies Act 2013, the same has to be approved by the shareholders in the ensuing Annual General Meeting

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 and Regulation 25(8) of Listing Regulations, confirming that the Director meets the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 16(b) of Listing Regulations.

Directors' Responsibility Statement

As required by the provisions of Section 134(3)(c) of the Companies Act, 2013, we the Directors of Himatsingka Seide Limited, confirm the following:

- a) in the preparation of the Annual Financial Statements for the year ended March 31, 2019, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) 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 2018-19 and of the profit of the Company for that period;
- c) 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;
- d) the Annual Financial Statements have been prepared on a Going Concern basis;
- e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and
- f) the Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively.

Key Managerial Personnel

There was no change in the Key Managerial Personnel during the year under review.

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. Details of the meetings are provided in Corporate Governance Report, which forms part of the Annual Report.

11. AUDITORS AND AUDITORS' REPORTS

a) Statutory Audit

The report of Statutory Auditors M/s. BSR and Co., LLP, Chartered Accountants, for F.Y-2018-19 (appearing elsewhere in the Annual Report) does not have any qualification, reservation or adverse remarks.

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereafter, M/s. BSR and Co., LLP, Chartered Accountants, were appointed as statutory auditors of the Company and are to hold office until the conclusion of the 37th Annual General Meeting of the Company.

b) Secretarial Audit

The Company has 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-3** to the Board's Report.

In the above mentioned 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".

Boards Response to Comments of Secretarial Auditor

During the previous year, the Company had registered "Himatsingka Foundation", a charitable trust to undertake various CSR initiatives including rural development, education and other community development programs. In line with the plans, the Company during the current financial year has contributed ₹ 2 crores to the foundation and the funds have been earmarked for spending for the CSR initiatives.

The Company is in a definitive phase of drawing up concrete plans for firming up the CSR spending during the next financial year.

As per the provisions, the total amount to be spent by the Company on CSR activities for the FY 2018-19 was ₹ 5.01 Crores. During the year, an amount of ₹ 2.18 Crores was spent by the Company.

c) Secretarial Compliance Report

In view of the amended Listing Regulations, the Company is required to submit an Annual Secretarial Compliance Report, made by a practicing Company Secretary to the stock exchanges within 60 days from the end of the financial year. The Company has appointed Mr. Vivek Bhat for the purpose of issuance of Annual Secretarial Compliance Report under Regulation 24A of Listing Regulations which is appended as **Annexure-4** to the Board's Report.

d) Cost Auditors

Since the Company's export revenue, in foreign exchange, for the financial year 2018-19 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.

e) Internal Financial Controls

The Board reviews the effectiveness of controls documented as part of IFC framework, and take necessary corrective actions where weaknesses are identified as a result of such reviews. This review covers entity level controls, process level controls, fraud risk controls and Information Technology environment.

Based on this evaluation, no significant events had come to notice during the year that have materially affected, or are reasonably likely to materially affect, our IFC. The management has also come to a conclusion that the IFC and other financial reporting was effective during the year and is adequate considering the business operations of the Company.

The Statutory Auditors of the Company has audited the IFC over Financial Reporting and their Audit Report is annexed as Annexure-A to the Independent Auditors' Report under Standalone Financial Statements and Consolidated Financial Statements.

f) Fraud Reporting

There have been no instances of fraud reported by Auditors under section 143(12) of the Companies Act 2013 and Rules framed thereunder either to the Company or to the Central Government.

12. 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.

13. 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-5**.

14. SIGNIFICANT OR MATERIAL ORDERS PASSED BY REGULATORS/ COURTS

Scheme of Arrangement between the Company and Himatsingka Wovens Private Limited:

Through the Scheme of Arrangement, demerger of the retail business division of Himatsingka Wovens Private Limited, wholly owned subsidiary with the Company was envisaged. Pursuant to applications submitted to the Office of Regional Director (South East Region), Ministry of Corporate Affairs, Hyderabad, the same has been approved and the division has been duly vested with the Company and the same have been reflected in the books of accounts.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

A statement containing the necessary information on Conservation of energy, Technology absorption and Foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed to this report as **Annexure-6**.

16. 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. In terms of the provisions of Section 134 of the Companies Act, 2013 a Risk Management Report is set out elsewhere in this Annual Report.

17. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Details of Directors' remuneration

(₹ Lacs)

Director	DIN	Sitting Fees	Salaries and perquisites	Commission	Total	Ratio to Median Remuneration of Employees	Percentage Increase over previous year
Mr. D.K. Himatsingka	00139516	-	194.42	650.00	844.42	462.34:1	1.89
Mr. Shrikant Himatsingka	00122103	-	191.34	650.00	841.34	460.66:1	2.02
Mr. Vasudevan V	07521742	-	156.94	57.04	213.98	117.16:1	7.61
Dr. K.R.S Murthy	00167877	3.20	-	18.00	21.20	11.61:1	47.22
Mr. Rajiv Khaitan	00071487	3.10	-	20.00	23.10	12.65:1	62.68
Mrs. Sangeeta Kulkarni	01690333	2.40	-	18.00	20.20	11.06:1	43.26
Mr. Pradeep Bhargava *	00525234	0.60	-	9.00	9.60	5.26:1	N.A

* w.e.f., September 22, 2018

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)

KMP	Designation	Total Remuneration (₹ Lacs)	%age Increase Over FY18
Mr. K.P. Rangaraj	President - Finance and Group CFO	151.10	5.9%
Mr. Ashok Sharma	SVP-Finance & CFO (Strategic Finance) & Company Secretary	101.13	13.77%

c) The percentage increase in median remuneration of the employees is 18.38%

d) The number of permanent employees in the rolls of the Company is 5,468

e) The average increase in the salaries of managerial personnel during the year was 3.85% and the average decrease in the salaries of employees other than managerial personnel was 6.60%. The increase in the remuneration of managerial personnel is in correlation to their individual performance and to the performance of the Company.

f) 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.

- g) During the year, there were no employees whose remuneration was higher than that of the highest paid director.
- h) It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.
- i) Information as per rule 5(2) of the Companies (Appointment and Remuneration) Rules, 2014:

The Statement containing names of top ten employees in terms of remuneration drawn and particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is provided in a separate Annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure in terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

18. INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to the applicable provisions of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Government of India, after the completion of seven years. Further, according to the Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. The Company has not transferred any unclaimed and unpaid dividend or shares to IEPF during the year under review as the Company had not declared any dividend in the financial year 2010-2011.

19. INSURANCE

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

In line with the Listing Regulations, the Company has undertaken Directors & Officers Liability Insurance and the coverage extends to all Directors and officers of the Company and its subsidiaries. The policy is in subsistence.

20. POLICIES

a) 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 behavior.

In its endeavor 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 Listing Regulations and the same is also available in the Company's website at <http://www.himatsingka.com/corporate-governance.html>.

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 behavior, 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.

b) 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.

c) Nomination and Remuneration Policy

The Company has formed a Nomination and Remuneration Committee as required under Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations. The Committee has formulated a policy as required under Section 178(3) of Companies Act, 2013 and Regulation 19 read with Schedule II to the Listing Regulations, 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 and their performance evaluation. Pursuant to the proviso of sub-section (4) of Section 178 of the Companies Act, 2013, the aforesaid policy is available on the Company's website at <http://www.himatsingka.com/corporate-governance.html>.

d) Dividend Distribution Policy

The Board of Directors of the Company have adopted a Dividend Distribution Policy as required under Regulation 43A of Listing Regulations. The policy is attached as **Annexure-7**.

e) Policy for determining material subsidiaries

As required under Regulation 24 of Listing Regulations, the Company has adopted 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>.

f) Policy on Related Party Transactions:

The Company has also formulated a policy on dealing with Related Party Transactions as required under Regulation 23 of Listing Regulations. The same is available in the Company's website at <http://www.himatsingka.com/corporate-governance.html>.

21. 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 Corporate Governance Report along with the Auditors Certificate on compliance with the mandatory recommendations on corporate governance is available elsewhere in the Annual Report as a separate section.

22. MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

In terms of Regulation 34 of Listing Regulations, the Management Discussion and Analysis Report (MDA) forms part of the Annual Report. The details of operating performance, state of affairs and key changes in the operating environment have been spelt out in the MDA.

23. BUSINESS RESPONSIBILITY REPORTING

As per the market capitalization based on March 31, 2019, the Company is outside the purview of top 500 companies. However, as a matter of good governance and for maintaining continuity, 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 9, 2019

D.K.Himatsingka
(Executive Chairman)

ANNEXURES TO THE BOARD'S REPORT

Annexure – 1 Statement regarding subsidiary companies as of March 31, 2019

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

Part "A" Subsidiaries

(₹ in Lacs)

Sl. No.	Name of the subsidiary	T&O	HWPL	HHNA	HIMA	HEL
1	Capital	56.46	1,750.00	57,709.07	51,896.46	8,806.70
2	Reserves	(604.14)	365.84	(2,294.99)	(3,109.86)	(460.23)
3	Total Assets	180.08	2,412.63	100,509.34	139,210.62	8,401.69
4	Total Liabilities ^	727.75	297.79	45,095.26	90,424.03	55.22
5	Investments*	-	-	650.22	19.75	-
6	Turnover	474.32	176.32	25,180.12	216,680.60	810.20
7	Profit / (Loss) Before Tax	(115.21)	166.19	(2,891.59)	810.44	(475.27)
8	Provision for Taxation	-	1.81	(796.97)	669.74	7.42
9	Profit / (Loss) After Tax	(115.21)	164.38	(2,094.62)	140.69	(482.69)
10	Proposed Dividend	-	-	-	-	-
11	Closing exchange rate	AED/18.821	₹ /1.00	USD/69.1375	USD/69.1375	GBP/90.328
12	Average exchange rate	AED/19.18	₹ /1.00	USD/70.42	USD/70.42	GBP/91.74

T&O = Twill & Oxford LLC, HWPL = Himatsingka Wovens Private Limited, HHNA = Himatsingka Holdings NA Inc.,

HIMA = Himatsingka America Inc., HEL = Himatsingka Europe Ltd.,

^ excluding Capital and reserves and including current liabilities and provisions.

*Other than in subsidiaries

All subsidiaries above have their reporting period as March 31, 2019.

Part "B" Associate

(₹ in Lacs)

Sl. No.	Name of the Associate	Latest Audited Balance sheet	Shares of Associate/held by the Company on the Year ended			Description of how there is significant influence	Reason why the associate is not consolidated	Net worth attributable to Shareholding as per latest audited balance sheet	Profit/Loss for the Year	
			No.	Amount of Investment in associates	Extent of Holding %				Considered in consolidation	Not considered in consolidation
1	Himatsingka Energy Pvt. Ltd.	31.03.2019	2,600	0.26	26%	N.A	N.A	(7.58)	(0.533)	(1.517)

For and on behalf of the Board of Directors

D. K. Himatsingka
(Executive Chairman)

Shrikant Himatsingka
(Managing Director & CEO)

K. P. Rangaraj
(Chief Financial Officer)

Ashok Sharma
(Company Secretary)

Place: Bengaluru
Date: August 9, 2019

Annual Report on Corporate Social Responsibility Activities

Annexure – 2

- 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 adopted a CSR policy and the same is available at its website at www.himatsingka.com.
- The Composition of the CSR Committee is as below:

Sl. No.	Name of the Director	Position
1	Dr. K.R.S. Murthy	Chairman
2	Mr. D.K. Himatsingka	Member
3	Mr. Shrikant Himatsingka	Member
4	Mrs. Sangeeta Kulkarni	Member

- Average net profits of the Company for the last three financial years is ₹ 25,063 lakhs.
- The prescribed CSR expenditure for the year is ₹ 501.24 lakhs taken at 2% of the abovementioned average net profits.
- Details of CSR spent during the financial year 2018 -19

Total amount to be spent for the financial year	₹ 501.24 lacs
Amount unspent at the end of the year	₹ 282.67 lacs

Manner in which the amount was spent for the financial year as detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sectors 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 (₹)	Manner of spending
1	Training to Promote Olympic Sports	Clause vii of Schedule VII	Bangalore, India	3,00,000	3,00,000	3,00,000	Direct
2	Donation for Literature Festivals	Clause v of Schedule VII	Bangalore, India	2,50,000	2,50,000	2,50,000	Direct
3	Providing lunch to school students	Clause i of Schedule VII	Karnataka, India	8,400	8,400	8,400	Direct
4	Imparting skills training	Clause ii of Schedule VII	Karnataka, India	11,441	11,441	11,441	Direct
5	Transfer to Foundation for undertaking CSR	Rule 4(2) of CSR Rules	Anywhere in India	2,00,00,000	2,00,00,000	2,00,00,000	Transfer to Himatsingka Foundation
6	CSR Administrative Expenses	Rule 4 of CSR Rules	Karnataka, India	12,87,996	12,87,996	12,87,996	Direct
Total				2,18,57,837	2,18,57,837	2,18,57,837	

- The remaining amount has not been spent. The same has been explained in the Boards' Report.
- The implementation and monitoring of CSR Activities are in compliance with the CSR objectives and policy of the Company.

Dr. K.R.S. Murthy
(Chairman, CSR Committee)

Shrikant Himatsingka
(Managing Director & CEO)

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended 31st March 2019

[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 – 560001

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, 2019, 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, 2019 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, 2015;
 - 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: 25 May, 2019

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 – 560001.

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: 25 May, 2019

Vivek Bhat
Practicing Company Secretary
CP 8426

Annexure – 4

SECRETARIAL COMPLIANCE REPORT of M/s Himatsingka Seide Limited for the year ended 31st March, 2019

I, Vivek Bhat, Company Secretary, have examined:

- a) all the documents and records made available to me and explanation provided by M/s Himatsingka Seide Limited (“the Company”),
- b) the filings/ submissions made by the Company to the stock exchanges,
- c) website of the Company,
- d) other relevant filings required to be made under other SEBI regulations which has been relied upon to make this certification, for the year ended 31st March, 2019 (“Review Period”) in respect of compliance with the provisions of :
 - a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
 - b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013;
- h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- i) (Other regulations as applicable) and circulars/ guidelines issued thereunder; and based on the above examination, I, hereby report that, during the Review Period:
 - a) The Company has complied with the provisions of the above Regulations and circulars / guidelines issued thereunder.
 - b) The Company has maintained proper records under the provisions of the above Regulations and circulars / guidelines issued thereunder in so far as it appears from my examination of those records.
 - c) There were no actions taken against the Company / its promoters / directors / material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts / Regulations and circulars / guidelines issued thereunder.
 - d) The Company was not required to take any action against any previous report as this is the first requirement of submission to be made by the Company.

Place: Bengaluru
Date: 25 May, 2019

Vivek Bhat
Practicing Company Secretary
CP 8426

Annexure – 5

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

AOC-2

Sl. No.	Name of the Related Party	Nature of relationship	Nature of contract / arrangement / transaction	Salient terms	₹ Lacs
1	HHNA INC [^]	WoS [^]	Sale of goods (net)	Based on Transfer Pricing guidelines	25,076.94
			Interest income	Based on Transfer Pricing guidelines	2,026.65
			Expenses incurred on behalf of	Based on Transfer Pricing guidelines	144.12
			Reimbursement of Expenses	Based on Transfer Pricing guidelines	-
			Investment in equity instruments	As per valuation report	24,953.02
2	HIMA INC [^]	WoS [^]	Sale of goods (net)	Based on Transfer Pricing guidelines	102,639.47
			Reimbursement of Expenses	Based on Transfer Pricing guidelines	102.55
			Purchase of Goods	Based on Transfer Pricing guidelines	-
			Guarantees given	As per agreement	22,137.39

[^] HHNA INC = Himatsingka Holdings North America;
HIMA INC = Himatsingka America Inc;
WoS = Wholly Owned Subsidiary

For and on behalf of the Board

Place: Bengaluru
Date: August 9, 2019

D. K. Himatsingka
(Executive Chairman)

Annexure – 6

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A) Conservation of Energy:

a) The Company undertook the following steps for conservation of energy / utilizing alternate source of energy:

- Upgraded hot water supply line and increased re-usage of hot water
- Implemented VDR temperature control system
- Improved existing condensate process to eliminate avoidable steam consumption
- Upgraded current Zero Liquid Discharge (ZLD) water management facilities to further enhance performance parameters.
- Installed high efficiency filtration system to achieve consistent and highest recovery of water
- Reduced auxiliary power consumption in generation of captive power & steam
- Embraced new technology and modified existing processes to optimize power consumption through:
 - » Timer installed for intermittent operation
 - » Operating pressure of compressor reduced to 7.1 from 7.3
 - » Waste conveyance fan was removed in Omega alp and connected to comber WRS main suction
 - » Suction fan was stopped during energy saving mode in Linkconer
- CFL lights were replaced with LED lights in captive power plant
- Investment incurred on the above measure amounted to approximately ₹16.79 Crores as below.

Particulars	Amount (₹)
LED replacement	85,752
Organic Capex relating to energy conservation	18,61,764
Latest technology Effluent Treatment Plant	16,59,38,323
Total	16,78,85,839

B) Technology Absorption:

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

- The Company is continuously embracing new technology platforms to manufacture products that epitomize lean resource consumption and drive sustainability.
- The Company's efforts include using state of the art plant and machinery that drive automation and digitization.
- Construction and operation of inclusive infrastructure that maximize sustainability.
- Installed latest micro bio reactor technology plant.
- Developed new fire-retardant product ranges

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

- Benefits from the efforts above include cost rationalization, enhancement of productivity including operating efficiencies and optimal resource utilization.
- Technology absorption efforts also pave the way for creating unique products that help the Company maintain sustainable competitive advantages and position it to be a preferred partner.
- Zero liquid discharge from the plant

c) Information regarding imported technology:

Not applicable

d) Expenditure on R&D

- For the year 2018-19, the Company incurred ₹ 735.83 lacs towards recurring expenditure on R&D. The total R&D expenditure as a percentage of turnover is 0.3 %.

C) Foreign Exchange Earnings and Outgo

Particulars	₹ lacs
Earnings :	
Export (FOB Value)	153,939.39
Interest	2,033.98
Outgo :	
Import of raw materials and other inputs	30,109.35
Other expenses	1,309.75
Net foreign exchange earnings from operations	124,554.27
Import of capital goods	19,768.48

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 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 Obligations 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

A) Internal Factors

- 1) Business Forecast (near to medium term)
- 2) Upcoming Projects
- 3) Expansion Plans
- 4) Technology Upgradation
- 5) Merger and acquisitions including acquisition of brands/ businesses
- 6) Contingency Funds
- 7) Liquidity Positions
- 8) Accumulated Reserves
- 9) Capital expenditure requirements of the Company
- 10) Investment in Technology
- 11) Earning stability

B) External Factors

- 1) Economy in which company is operating
- 2) Statutory requirements, legal requirements, regulatory conditions or restrictions laid down in applicable laws
- 3) Capital Markets
- 4) Investor expectations
- 5) Prevailing taxation structure

Dividend will generally be declared once a year, after the approval of the Audited Financial Statements and shall be subject to approval/ confirmation of shareholders at the Annual General Meeting (AGM). In certain years, the Board may consider declaring interim dividend/ special dividend for its shareholders.

Considering the above factors, the Company would endeavour to declare dividend (including interim dividend or any special dividend or a payout in the form of a one-time/special dividend) resulting in a pay-out ratio in the range of 20% to 30% of the annual standalone Profits after Tax (PAT) of the Company.

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.

Corporate Governance Report

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

1. Company’s Governance Philosophy

Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices that ensure the Company’s adherence to fair practices with a view to meet the obligations to various stakeholders.

Himatsingka is committed to set the highest standards of Corporate Governance in order to create stakeholder value. We believe Corporate Governance is integral to managing and monitoring a corporation with the highest degree of responsibility. At its core, our governance practices endeavor to maximize integrity, transparency, ethical practices and accountability in the conduct of business. The Corporate Governance framework ensures that we make timely and accurate disclosures regarding the financial and operating performance, ownership and governance of the Company.

Your Company will continue to focus its resources and capabilities to ensure Corporate Governance practices are current, relevant and sustainable in order to safeguard the interest of stakeholders and strengthen the very foundation and principles on which the Company builds and expands businesses.

2. Board of Directors (Board)

i) Composition and meetings of Board

The Company has a balanced mix of Executive Directors and Non-Executive Independent Directors. As on March 31, 2019, the Board of Directors comprised of 7 (Seven) Directors, of which 4 (four) are Non-Executive Independent Directors including one Independent Woman Director, 2 (Two) are Promoter Executive Directors and 1 (One) is Non-Promoter Executive Director. The Chairman is an Executive Director and Promoter of the Company. The composition of the Board is in accordance with Regulation 17(1) of Listing Regulations.

The Non-Executive Directors are professionals with rich experience in manufacturing, 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 Listing Regulations, across all the listed 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, 2019.

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, number of Directorships and Committee Memberships held by them in other public companies, and also the No. of shares held by Directors 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 held by Directors
					Member	Chairman	
Mr. D.K. Himatsingka	P, EC	7/8	Yes	3	Nil	Nil	1,19,68,000
Mr. Shrikant Himatsingka	P, E	8/8	Yes	5	1	0	84,80,964
Mr. V. Vasudevan	E	7/8	Yes	Nil	Nil	Nil	--
Dr. K.R.S. Murthy	NE, I	8/8	Yes	3	1	0	1,000
Mr. Rajiv Khaitan	NE, I	8/8	Yes	6	2	1	4,200
Mr. Pradeep Bhargava**	NE, I	2/4	N.A.	4	2	1	--
Mrs. Sangeeta Kulkarni	NE, I	6/8	Yes	5	Nil	Nil	--

** Appointed w.e.f., September 22, 2018

Notes:

EC = Executive Chairman, E = Executive Director, I = Independent, NE = Non Executive, 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 Mr. Shrikant Himatsingka who is the son of Mr. D. K. Himatsingka.

During the year 2018-19, the Board of Directors met eight times on the following dates: April 17, 2018, May 25, 2018, August 9, 2018, September 22, 2018, November 5, 2018, November 26, 2018, February 6, 2019 and March 15, 2019. The time gap between two meetings did not exceed 120 days.

ii) Directorship in other Listed Companies

Mr. Pradeep Bhargava is a Non-Executive - Independent Director in Persistent Systems Limited and in Automotive Stampings & Assemblies Limited.

Mr. Rajiv Khaitan is Non-Executive - Independent Director in OnMobile Global Limited.

iii) Matrix- competence of the Board of Directors

Name of the Director	Textile Industry experience	Factory Operations and processes	Broad management perspective and experience	Interpretation of Financial Statements	Thorough Legal expertise involving corporate law, contracts	Risk Management
Mr. D.K. Himatsingka	✓	✓	✓	✓		✓
Mr. Shrikant Himatsingka	✓	✓	✓	✓	✓	✓
Mr. V. Vasudevan	✓	✓				✓
Mr. Rajiv Khaitan			✓	✓	✓	✓
Dr. K.R.S Murthy			✓	✓	✓	✓
Mrs. Sangeeta Kulkarni			✓	✓		✓
Mr. Pradeep Bhargava		✓	✓	✓	✓	✓

On the basis of the declarations received from each of the Independent Directors, the Board hereby confirms that the Independent Directors of the Company fulfills the conditions specified in the Listing Regulations and are independent of the management.

iv) Code of Conduct

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. The code is posted on the website of the Company at <https://himatsingka.com/corporate-governance.html>.

During the year, information as required under Schedule II part A of Regulation 17 of Listing Regulations has been placed to the Board for its consideration.

v) 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 are 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 <https://himatsingka.com/corporate-governance.html>.

vi) Re-appointment of Directors

In terms of Section 152 of the Companies Act 2013, Mr. D.K. Himatsingka, Executive Chairman, (DIN: 00139516) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for appointment. The Nomination & Remuneration Committee has recommended for re-appointment of Mr. D.K. Himatsingka, Executive Chairman to the Board of Directors of the Company and the same shall be taken up at the ensuing Annual General Meeting for approval of the shareholders.

3. Committees of Board

i) Audit Committee

The Audit Committee as at March 31, 2019 comprised of Mr. Rajiv Khaitan, Dr. K.R.S. Murthy, Mr. Pradeep Bhargava, Independent Directors and Mr. Shrikant Himatsingka, Managing Director & CEO. Mr. Rajiv Khaitan, is the Chairman of the Committee.

During the year, Mrs. Sangeeta Kulkarni stepped down as a member and Mr. Pradeep Bhargava, Independent Director was inducted as a member of the Committee w.e.f. February 6, 2019.

The constitution of the Committee is in conformation with the requirements under Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

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 Audit Committee include the following:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditors' 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 auditors' report thereon before submission to the Board for approval, with particular reference to:
 - » 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;
 - » Changes, if any, in accounting policies and practices and reasons for the same;
 - » Major accounting entries involving estimates based on the exercise of judgment by management;
 - » Significant adjustments made in the financial statements arising out of audit findings;
 - » Compliance with listing and other legal requirements relating to financial statements;
 - » Disclosure of any related party transactions;
 - » Modified opinion(s) 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;

Attendance of the Directors at the Audit Committee Meetings held:

During the year 2018-19, the Audit Committee met seven times on the following dates: April 17, 2018, May 25, 2018, August 9, 2018, September 22, 2018, November 5, 2018, November 26, 2018 & February 6, 2019. The minutes of the Audit Committee meetings are placed before the Board of Directors in the subsequent Board Meeting. The Chairman of the Committee was present in all the seven meetings held. The attendance of the members for the year 2018-19 is as under:

Name of Director	Position	No. of meetings attended/ held
Mr. Rajiv Khaitan	Chairman	7/7
Dr. K.R.S. Murthy	Member	7/7
Mr. Shrikant Himatsingka	Member	7/7
Mr. Pradeep Bhargava*#	Member	-
Mrs. Sangeeta Kulkarni ##	Member	5/7

*No Audit Committee Meeting was held after February 6, 2019 till end of Financial year.

Member w.e.f., February 6, 2019; ## Member up to February 6, 2019

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.

ii) Nomination and Remuneration Committee

Nomination and Remuneration Committee as on March 31, 2019 comprised of Mr. Rajiv Khaitan, Dr. K.R.S. Murthy, Mrs. Sangeeta Kulkarni and Mr. Pradeep Bhargava, Independent Directors. Mr. Rajiv Khaitan, is the Chairman of the Committee. Mr. Pradeep Bhargava, Independent Director was inducted as a member of the Committee w.e.f. February 6, 2019.

The constitution of the Committee is in conformation with the requirements under Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

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 Listing Regulations, which includes performance evaluation criteria for Independent Directors and the Board and senior Management. The minutes of the Nomination and Remuneration Committee meetings are placed before the Board of Directors in the subsequent Board Meeting. The Chairman of the Committee was present in all the five meetings held.

Attendance of the Directors at the Nomination and Remuneration Committee Meetings held:

During the year 2018-19, the Committee met five times on May 25, 2018, August 9, 2018, September 22, 2018, November 5, 2018 & February 6, 2019. The attendance of the members for the year 2018-19 is as under:

Name of Director	Position	No. of Meetings attended/ held
Mr. Rajiv Khaitan	Chairman	5/5
Dr. K.R.S. Murthy	Member	5/5
Mr. Pradeep Bhargava*#	Member	-
Mrs. Sangeeta Kulkarni	Member	3/5

*No Nomination and Remuneration Committee Meeting was held after February 6, 2019 till end of Financial year.

Member w.e.f. February 6, 2019

Mr. Rajiv Khaitan, Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting. The terms of reference of the Committee is provided in the Nomination and Remuneration Policy and the same is available on the Company's website at <http://www.himatsingka.com/corporate-governance.html>

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 2018-19

(₹ in Lakhs)

Name	Sitting fees	Salaries and perquisites	Profit linked Commission	Total
Mr. D.K. Himatsingka	Nil	194.42	650.00	844.42
Mr. Shrikant Himatsingka	Nil	191.34	650.00	841.34
Mr. V. Vasudevan	Nil	156.94	57.04	213.98
Mr. Rajiv Khaitan [^]	3.10	Nil	20.00	23.10
Dr. K.R.S. Murthy	3.20	Nil	18.00	21.20
Mrs. Sangeeta Kulkarni	2.40	Nil	18.00	20.40
Mr. Pradeep Bhargava [*]	0.60	Nil	9.00	9.60

[^]Paid to Khaitan and Co. LLP

^{*} Appointed w.e.f., September 22, 2018

The Contract tenures of the Executive Directors are as follows:

Sl. No.	Name	Tenure
1.	Mr. D.K. Himatsingka	From April 1, 2019 to March 31, 2024
2.	Mr. Shrikant Himatsingka	From June 3, 2018 to June 2, 2023
3.	Mr. V. Vasudevan	From May 21, 2016 to May 20, 2021

The following represent the details of transactions entered by the Company where the non-executive Directors are interested. The same does not exceed the threshold limits enunciated in Section 149 of the Companies Act 2013.

(₹ in Lakhs)

Name of the Director	Purpose	Amount
Mr. Rajiv Khaitan	Professional fees paid to M/s. Khaitan & Co. LLP	3.29

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

Criteria for making payments to Non-Executive Directors:

The shareholders of the Company at the AGM dated September 22, 2018, have approved for payment of Commission on the net profits of the Company not exceeding 1% per annum computed in accordance with Section 197 of the Companies Act, 2013 for a period of five years till March 31, 2024.

The Board at its meeting held on September 22, 2018, approved for enhancement of sitting fees payable to Non-Executive Directors for attendance at each meeting of the Board, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Independent Directors' meeting from ₹ 10,000/- per meeting to ₹ 20,000/- per meeting.

In addition, the Company also reimburses out-of-pocket expenses to Directors for attending meetings.

iii) Stakeholder's Relationship Committee

The Stakeholders' Relationship Committee as on March 31, 2019, comprises of Dr. K.R.S. Murthy, Mr. Rajiv Khaitan, Independent Directors and Mr. D.K. Himatsingka, Executive Chairman. Dr. K.R.S. Murthy is the Chairman of the Committee.

The constitution of the Committee is in conformation with the requirements under Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The Committee caters redressing the complaints of shareholder and investors like transfer of shares, non-receipt of annual reports, non-receipt of declared dividend and related matters etc.

Attendance of the Directors at the Stakeholder's Relationship Committee Meeting held:

During the year 2018-19, the Committee met four times on May 25, 2018, August 9, 2018, November 5, 2018 and February 6, 2019. The attendance of the members for the year 2018-19 is as under:

Name of the Director	Position	No. of meetings attended / held
Dr. K.R.S. Murthy	Chairman	4/4
Mr. Rajiv Khaitan	Member	4/4
Mr. D.K. Himatsingka	Member	4/4

Dr. K.R.S. Murthy, Chairman of the Stakeholder's Relationship Committee was present at the last Annual General Meeting and he was present in all the four committee meetings held during the year. The minutes of the Stakeholders Relationship Committee meetings are placed before the Board of Directors in the subsequent Board meeting.

Complaints received from Investors during the year

Nature of Complaints	Received	Cleared
Non-receipt of Annual Report	73	73
Non-receipt of dividend warrants	88	88
Non-receipt of securities	16	16
Non-receipt of securities after transfer	6	6
TOTAL	183	183

The Company attended to most of the investors' grievances / correspondence within seven days from the date of receipt of the same during the year 2018-19 and there were no complaints remaining unresolved at the end of the year.

iv) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee as on March 31, 2019, consists of Dr. K.R.S. Murthy, Mrs. Sangeeta Kulkarni, Independent Directors, Mr. D. K. Himatsingka, Executive Chairman and Mr. Shrikant Himatsingka, Managing Director and CEO. Dr. K.R.S. Murthy is the Chairman of the Committee.

The constitution of the Committee is in conformation with the requirements under Section 135 of the Companies Act, 2013.

Attendance of the Directors at the Corporate Social Responsibility Committee Meeting held:

During the year one meeting of the committee was held on August 9, 2018. The minutes of the Corporate Social Responsibility Committee meetings placed before the Board of Directors in the subsequent Board meeting. The Chairman of the Committee was present in the meeting. The attendance of the members for the year 2018-19 is as under:

Name of the Director	Position	No. of meetings attended / held
Dr. K.R.S. Murthy	Chairman	1/1
Mr. D.K. Himatsingka	Member	1/1
Mr. Shrikant Himatsingka	Member	1/1
Mrs. Sangeeta Kulkarni	Member	0/1

The minutes of the Corporate Social Responsibility Committee meetings are placed before the Board of Directors in the subsequent Board meeting.

v) Risk Management Committee

The Board has constituted a Risk Management Committee whose prime responsibility is to implement and monitor the risk management plans and policy of the Company. The Committee as on March 31, 2019, comprises of Dr. K.R.S. Murthy, Independent Director, Mr. Shrikant Himatsingka, Managing Director & CEO and Mr. V. Vasudevan, Executive Director. Dr. K.R.S. Murthy is the Chairman of the Committee.

Attendance of the Directors at the Risk Management Committee Meeting held:

During the year one meeting of the Committee was held on August 9, 2018. The attendance of the members for the year 2018-19 is as under:

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

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

vi) Share Transfer Committee

The Company has a Share Transfer Committee in place which addresses various matters relating to share transfer, share transmission, issue of duplicate share certificates, approval of split and consolidation requests, dematerialization and re-materialisation of shares and other matters relating to transfer and registration of shares.

As on March 31, 2019, Mr. D.K. Himatsingka, Executive Chairman, Mr. Shrikant Himatsingka, Managing Director & CEO and Mr. V. Vasudevan, Executive Director are the members of the Committee.

Attendance of the Directors at the Share Transfer Committee Meetings held:

During the year 2018-19, the Committee met seven times on May 16, 2018, July 18, 2018, October 4, 2018, October 26, 2018, February 11, 2019, February 27, 2019 and March 30, 2019. The attendance of the members for the year 2018-19 is as under:

Name of the Director	Position	No. of meetings attended / held
Mr. D.K. Himatsingka	Chairman	5/7
Mr. Shrikant Himatsingka	Member	7/7
Mr. V. Vasudevan	Member	4/7

Share Transfer System

Share transfers are registered and returned within a period of 10/30 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 Listing Regulations and files a copy of the certificate with the Stock Exchanges.

An analysis of the Share transfers received, time taken and no of shares involved are spelt out below:

Transfer period in days	2018-2019	
	No. of shares	Percentage
1 – 10	800	24.40%
11 – 20	1678	51.20%
21 – 30	800	24.40%
Total	3278	100.00

vii) Finance and Investment Committee:

The Finance and Investment Committee of the Board comprises of Mr. D.K. Himatsingka, Executive Chairman, Mr. Shrikant Himatsingka, Managing Director & CEO and Mr. Rajiv Khaitan, Independent Director. Mr. D.K. Himatsingka is the Chairman of the Committee.

The minutes of Finance and Investment Committee meetings are placed before the Board of Directors in the subsequent Board meeting. The committee meets at regular intervals to review and approve matters related to investment decisions and borrowings within the limits delegated by the Board.

Compliance Officer

Mr. Ashok Sharma, Company Secretary and Compliance Officer, acts as the Secretary to all meetings of the Committees of the Board.

4. General Body Meetings

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

Date	Year	Time	Venue	No. of special Resolutions passed
September 22, 2018	2017-18	3.00 p.m.	The LaLiT Ashok Kumara Krupa Road, High Grounds, Bangalore – 560 001	5
September 23, 2017	2016-17	2.00 p.m.	The LaLiT Ashok Kumara Krupa Road, High Grounds, Bangalore – 560 001	1
September 17, 2016	2015-16	2.00 p.m.	The LaLiT Ashok Kumara Krupa Road, High Grounds, Bangalore – 560 001	Nil

Postal Ballot

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

5. 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 ensuing 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 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 as the Designated exclusive email-id, for redressal of investor grievances.

6. 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 the designated persons/insiders to trade in shares of the Company while in possession of unpublished price sensitive information in relation to the Company. The Company also has adopted a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and the same is available at the Company's website at <https://himatsingka.com/corporate-governance.html>

7. CEO/CFO Certification

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) provide 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 Listing Regulations.

8. 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.

9. Compliance Certificate by Auditors

- The certificate regarding compliance of the conditions of corporate governance obtained from our statutory auditors M/s. BSR & Co., LLP as stipulated under Schedule V(E) of the Listing Regulations which is annexed here with is given elsewhere in this Annual Report.
- Certificate from Mr. Vivek Bhat, Practicing Company Secretary affirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is attached to this report.

10. Total Fees paid to statutory auditors by the Company and its subsidiaries

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is enumerated below:

(₹ in Lakhs)

Sl.No.	Name of the Company	Nature of Services	Amount paid
1.	Himatsingka Seide Limited	Statutory Audit Fees	58.00
2.	Himatsingka Seide Limited	Other Services	22.00
3.	Himatsingka Wovens Private Limited	Statutory Audit Fees	2.50
4.	Himatsingka Wovens Private Limited	Other Services	1.80
5.	Himatsingka America Inc.	Statutory Audit Fees	15.00
6.	Himatsingka America Inc.	Other Services	10.00
7.	Himatsingka Holdings NA Inc.	Statutory Audit Fees	2.00
Total			111.30

11. Compliance Officer

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

Mr. Ashok Sharma – Company Secretary

Contact details: **T:** +91 80 22378000; **F:** +91 80 4147 9384; **E:** investors@himatsingka.com

12. Disclosures

i) Subsidiary Companies

- The Company has two Material Subsidiaries as per the definition of “material subsidiary as defined under the Listing Regulations namely Himatsingka Holdings NA Inc. and Himatsingka America Inc. Both the entities are based in United States of America.
- The Company has appointed one Independent Director each in the Board of the above mentioned Material Subsidiaries.
- The Audit Committee of the Company reviews the financial statements and in particular the investments made by unlisted subsidiaries of the Company.
- 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.

ii) 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 2018-19 that are prejudicial to the interest of the Company.

iii) 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 2018-19.

iv) Whistle Blower Policy

In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations the Company has framed a Vigil Mechanism/Whistle Blower Policy and the same has also been placed in the website of the Company. The Company affirms that no personnel have been denied access to the Audit Committee. Vigil Mechanism Policy is available on the website of the Company – <https://himatsingka.com/corporate-governance.html>.

No grievance has been reported to the Audit Committee during the year.

v) Sexual Harassment of Women at Workplace

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.

vi) 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.

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

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

- ix) All the mandatory requirements have been duly complied with.
- x) With regard to adoption of non-mandatory requirements as specified in Part E of Schedule II, 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.
- xi) **Statutory Compliance, Penalties and Strictures**
The Company has 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.
- xii) 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.html>

13. General Corporate and Shareholder Information:

Date of Incorporation	January 23, 1985
Registered Address	10/24, Kumara Krupa Road, High Grounds, Bengaluru-560 001
Corporate Identification Number (CIN)	L17112KA1985PLC006647
Listing on Stock Exchanges	BSE Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400 001
	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	BSE : 514043 NSE : HIMATSEIDE
Listing Fees	Paid to BSE and NSE for 2019-20
Custodial Fees	Central Depository Services (India) Ltd. paid for the year 2019-20 National Securities Depository Limited one time fees paid. Demat ISIN: INE049A01027
Annual General Meeting	Tuesday, September 24, 2019 at 4.30 pm at The LaLit Ashok Bangalore.
Financial year	1st April to 31st March
Financial Calendar	Board Meetings for approval of financial results and annual accounts: Q1 2019-20 : July- August 14, 2019 Q2 2019-20 : October-November 14, 2019 Q3 2019-20 : January- February 14, 2020 Q4 2019-20: April –May 30, 2020
Date of Book Closure	Tuesday, September 17, 2019 to Tuesday, September 24, 2019 (Both days inclusive)
Stock Split	1 equity share of ₹ 10/- each split into 2 equity shares of ₹ 5/- each in October 2005
Bonus History	Year 1994 - 1:2 Year 1999 - 1:1 Year 2005 - 1:1
Dividend payment date	On or before October 23, 2019
Share Registrar and Transfer Agents	Karvy Fintech Private Limited (Formerly Karvy Computershare Private Limited) Karvy Selenium Tower B, Plot No. 31 32, KARVY Selenium, Financial District Nanakramguda, Gachibowli, Hyderabad, Telangana, 500032, T: +91 40 6716 1559; F: +91 40 23001153; E: shobha.anand@karvy.com
Investors' correspondence may be addressed to	Mr. Ashok Sharma, Company Secretary Himatsingka Seide Limited 10/24, Kumara Krupa Road, High Grounds Bengaluru-560 001. T: +91 80 2237 8000; F: +91 80 4147 9384; E: investors@himatsingka.com

14. 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
2012	Final dividend	0.50	August 25, 2012	September 27, 2019
2013	Final dividend	1.00	August 12, 2013	September 16, 2020
2014	Final dividend	1.50	September 23, 2014	October 23, 2021
2015	Final dividend	2.00	September 15, 2015	October 20, 2022
2016	Interim dividend	1.00	March 11, 2016	April 16, 2023
2016	Final dividend	1.50	September 17, 2016	October 23, 2023
2017	Final dividend	2.50	September 23, 2017	October 25, 2024
2018	Final dividend	2.50	September 22, 2018	October 27, 2025

Members who have till date not encashed their dividend warrants are requested to write to the Company/Share Transfer Agent to claim the same, to avoid transfer of dividend to IEPF. Members are advised that claims shall not lie against the said fund or the Company for the amounts of dividend so transferred to the said Fund.

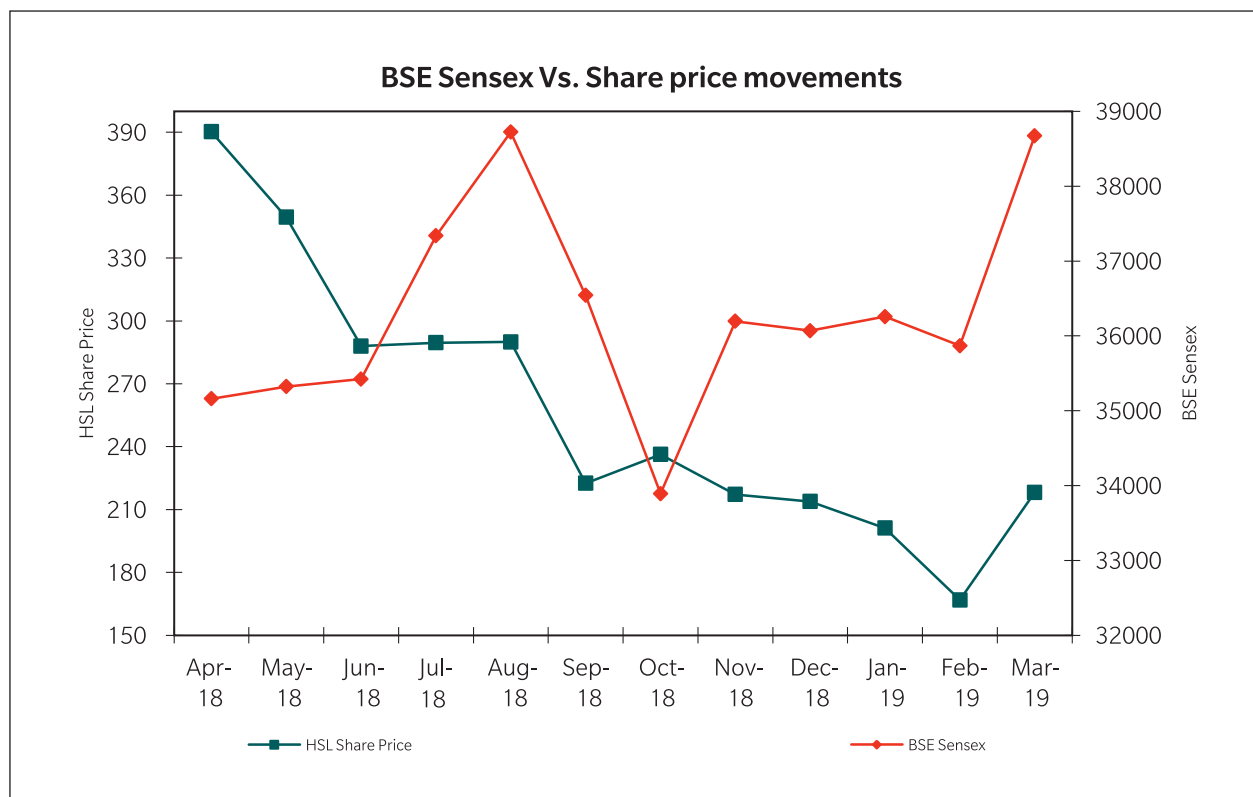
15. Shares Related

i) 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-18	400.00	344.45	158,738	400.00	343.30	1,962,884
May-18	390.75	337.60	190,429	392.00	340.00	975,124
Jun-18	358.00	272.00	115,603	358.55	277.65	919,666
Jul-18	295.25	256.75	53,966	295.10	256.00	722,685
Aug-18	320.05	274.00	498,281	321.00	274.00	1,533,134
Sep-18	299.00	212.70	124,451	295.35	212.05	1,550,621
Oct-18	257.90	213.00	128,505	265.15	211.90	923,780
Nov-18	281.00	212.10	632,991	258.45	212.75	2,053,066
Dec-18	226.00	200.00	117,724	225.90	204.00	2,072,115
Jan-19	221.55	200.00	91,864	221.55	200.00	1,199,083
Feb-19	204.00	161.25	72,439	204.50	162.05	2,998,219
Mar-19	231.60	170.00	596,138	232.00	166.95	5,347,582
Total			2,781,129	Total		22,257,959

ii) Share Price Movement



iii) Distribution of shareholding as on March 31, 2019

No. of equity shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 5000	31,466	97.87	12,602,365	12.80
5001 - 10000	330	1.03	2,370,785	2.41
10001 - 20000	180	0.56	2,544,427	2.58
20001 - 30000	53	0.16	1,298,607	1.32
30001 - 40000	16	0.05	558,850	0.57
40001 - 50000	19	0.06	854,944	0.87
50001 - 100000	30	0.09	2,139,274	2.17
100001 and above	57	0.18	76,087,908	77.28
Total	32,151	100.00	98,457,160	100.00

iv) Shareholding Pattern as on March 31, 2019

Particulars	Physical Holding	Electronic Holding	Total Holdings	%
Promoters	0	46,834,592	46,834,592	47.57
Banks	2,000	23,288	25,288	0.03
Trusts	0	6,186	6,186	0.01
Mutual Fund	0	13,490,306	13,490,306	13.70
FII	400	5,837,455	5,837,855	5.93
Non-Resident Indians	130,860	1,653,377	1,784,237	1.81
Indian Corporate Bodies	6,900	3,835,980	3,842,880	3.90
Individuals	588,617	25,023,626	25,612,243	26.01
Others	0	1,023,573	1,023,573	1.04
Total	728,777	97,728,383	98,457,160	100.00
%	0.74	99.26	100.00	

v) Dematerialization of shares and liquidity

The equity shares of the Company are available for dematerialization (Demat) 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 March 21, 2000.

As on March 31, 2019, 99.26% of the Company's share capital is dematerialized and the rest is in Physical form. The equity shares of the Company were regularly traded on the National Stock Exchange and Bombay Stock Exchange.

Shares held in Demat and Physical mode as on March 31, 2019:

Category	Number of		% to total equity
	Shareholders	Shares	
Demat			
NSDL	22,546	92,661,064	94.11
CDSL	9,171	5,067,319	5.15
Total	31,717	97,728,383	99.26
Physical	434	728,777	0.74
Grand Total	32,151	98,457,160	100.00

16. Plant Locations

Plant Location	Products Category
Doddaballapur, Karnataka, India	Drapery & Upholstery
Hassan, Karnataka, India	Sheeting, Spinning and Terry Towels

17. 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, Board'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).

18. Commodity Price Risk / Foreign Exchange Risk and Hedging activity

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

19. Other information to shareholders

- Equity shares of the Company are under compulsory demat trading by all investors, with effect from March 21, 2000. Considering the advantages of scripless trading, shareholders are requested in their own interest to consider de-materialisation of their shareholding so as to avoid inconvenience in future.
- Shareholders / Beneficial Owners are requested to quote their Registered Folio No./DP & Client ID Nos. as the case may be, in all correspondence with the RTA / Company. Company has also designated an exclusive E-mail ID: investors@himatsingka.com for effective investors' services where they can complain / raise query and request for speedy and prompt redressal.
- Shareholders holding shares in physical form are requested to notify to the RTA / Company, change in their address / Pin Code number with proof of address and Bank Account details promptly by written request under the signatures of sole / first joint holder. Shareholders may Note that for transfer of shares held in physical form, as per circular issued by SEBI, the transferee is required to furnish copy of their PAN card to the Company / RTAs for registration of transfer of shares.
- Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, bank details, nomination, power of attorney, etc., directly to their Depository Participants only.
- Non-resident members are requested to immediately notify the following to the Company in respect of shares held in physical form and to their Depository Participants in respect of shares held in dematerialized form:
 - Indian address for sending all communications, if not provided so far;
 - Change in their residential status on return to India for permanent settlement;
 - Particulars of the Bank Account maintained with a bank in India, if not furnished earlier; and
 - E-mail ID and Fax No.(s), if any
- In case of loss / misplacement of shares, investors should immediately lodge FIR / Complaint with the Police and inform to the Company along with original or certified copy of FIR/ Acknowledged copy of the Police complaint.

- For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.
- Shareholders are requested to keep record of their specimen signature before lodgement of shares with the Company to obviate the possibility of difference in signature at a later date.
- Shareholders of the Company, who have multiple accounts in identical 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.

20. Mandatory/Non Mandatory Requirements

The Company has complied with all the mandatory requirements Schedule V of Regulation 34(3) of Listing Regulations relating to Corporate Governance. With regard to the non-mandatory requirements the Company has an 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 Listing Regulations, 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, 2019.

Place: Bengaluru
Date: August 9, 2019

D.K. Himatsingka
Executive Chairman

Shrikant Himatsingka
Managing Director & CEO

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(As per clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations).

To
The Members,
M/s Himatsingka Seide Limited
10/24, Kumara Krupa Road
High Grounds, Bangalore – 560001

As required by item 10(i) of Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, based on the declaration given by the directors and information provided by the Company, its officers, agents and authorized representatives and information which is available in the Ministry of Corporate Affairs online portal, I certify that none of the directors on the board of M/s Himatsingka Seide Limited have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

Place: Bengaluru
Date: May 25, 2019

Vivek Bhat
Practicing Company Secretary
CP 8426

Independent Auditors' certificate on Compliance of Corporate Governance Report

To the Members of Himatsingka Seide Limited

This certificate is issued in accordance with the terms of our engagement letter dated 18 October 2018.

Himatsingka Seide Limited ('the Company') requires Independent Auditors' Certificate on Corporate Governance as stipulated in Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1 April 2018 to 31 March 2019.

Managements' Responsibility

The preparation of the Corporate Governance Report is the responsibility of the management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is responsible for ensuring that the Company complies with the requirements as stipulated in Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V of the Listing Regulations for the period 1 April 2018 to 31 March 2019. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the report and applying an appropriate basis of preparation.

Auditors' Responsibility

Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance as to whether the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the period 1 April 2018 to 31 March 2019.

We have examined the compliance of conditions of Corporate Governance by the Company for the period 1 April 2018 to 31 March 2019 as per Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, Guidance note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("the ICAI") and 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. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

In our opinion and to the best of information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

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

Restriction on use

This certificate is issued solely for the purpose of complying with Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1 April 2018 to 31 March 2019 and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

for **BSR & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership number: 205385

ICAI UDIN: 19205385AAAAAQ7071

Place: Bengaluru

Date: August 9, 2019

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	2018- 19
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	131– Spinning, weaving and finishing of textiles 139 – Manufacture of other textiles
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	1. Made-up Bedding Products 2. Drapery & Upholstery Fabrics 3. Towels 4. Cotton Yarn
9.	Total number of locations where business activity is undertaken by the Company Number of International Locations (Provide details of major 5) b) Number of National Locations	a) International Locations: 1. New York, USA 2. Spartanburg, USA 3. London, United Kingdom 4. Milan, Italy b) National Locations 1. Bengaluru, Karnataka 2. Hassan, Karnataka
10.	Markets served by the Company Local/State/National/International	North America, Europe, Middle East, Asia and India.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (₹)	₹ 49.22 Crores
2.	Total Turnover (₹)	₹1813.02 Crores
3.	Profit after Tax (₹)	₹ 236.03 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) a) In ₹ b) As percentage of Profit after Tax (%)	₹ 2.18 Crores 43.61% (Average PAT for three preceding years)
5.	List of activities in which expenditure in 4 above has been incurred	Refer CSR Report as per Annexure 2 to the Board Report.

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)	5
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	+91 80 22378000
5.	e-mail ID	corporate@himatsingka.com

2. Principle-wise BR Policy:

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

a) Details of compliance:

No.	Questions	P 1	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	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	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 Requirement) Regulations, 2015.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board of Directors?	Y	Y	Y	Y	Y	Y	Y	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: http://himatsingka.com/Investorrelations/Corporategovernance/policies								
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 1 against any principle, is "No", please explain why

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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: BUSINESS SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY.

No.	Particulars	Company Information
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 the 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 2018-19, we have not received any complaints.

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

No.	Particulars	Company Information
1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.	<ol style="list-style-type: none"> 1. Made-up Bedding Products 2. Drapery & Upholstery Fabrics 3. Towels 4. Cotton Yarn
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 area 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: BUSINESS 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.

No.	Particulars	Company Information			
1.	Total number of Permanent employees	5,468			
2.	Total number of employees hired on temporary / contractual / casual basis.	2,664			
3.	The number of permanent women employees	2,772			
4.	Number of permanent employees with disabilities	6			
5.	Employee association that is recognized by management	HSL Employees Union			
6.	Percentage of permanent employees who are members of this recognized association	Approximately 6.71% of permanent employees are members of recognized employee association.			
7.	Number of complaints received relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year	No.	Category	Filled	Resolved
		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	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.			
		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.			

PRINCIPLE 4: BUSINESS 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.

No.	Particulars	Company Information
1.	Has the company mapped its internal and external stakeholders? Yes / No	The Company has several internal and external stakeholders. They are majorly classified as follows: a) Business Stakeholders • Employees • Client Groups • Vendors and Suppliers • Partners • Local communities b) Financial Stakeholders • Bankers • Shareholders • Investors c) Statutory Stakeholders • Central and State Government authorities • Regulatory bodies
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.	Yes, special initiatives have been taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. 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.

PRINCIPLE 5: BUSINESS SHOULD RESPECT AND PROMOTE HUMAN RIGHTS.

No.	Particulars	Company Information
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 2018-19.

PRINCIPLE 6: BUSINESS 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.

No.	Particulars	Company Information
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: BUSINESS, 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.

No.	Particulars	Company Information
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 Silk Export Promotion Council c) FKCCI – Federation of Karnataka Chamber of Commerce and Industry d) FIEO – Federation of Indian Export Organisations e) CII – Confederation of Indian Industry f) SRTEPC – Synthetic & Rayon Textiles Export promotion Council g) BCIC – Bangalore Chamber of Industry and Commerce
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (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 : BUSINESS SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT.

No.	Particulars	Company Information
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) Promotion of Olympic sports b) Promoting literature c) Imparting skills training d) The details of CSR initiatives can be accessed in the Company's CSR report in Annexure-2
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. The Company during the year has contributed ₹ 2 crores to Himatsingka Foundation for spending towards CSR Activities.
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 ₹ and the details of the projects undertaken.	The Company has spent ₹ 2.18 Crores during the financial year 2018-19 on CSR Activities. The details of CSR initiatives can be accessed in the Company's CSR report in Annexure-2
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: BUSINESS SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

No.	Particulars	Company Information
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 Auditors' Report

To the Members of Himatsingka Seide Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Himatsingka Seide Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31 March 2019, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

See note 2.1 and 20 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable when the goods are delivered and title has passed, the Company has transferred to the buyer the significant risks and rewards of ownership of the goods and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.</p> <p>We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. This result in a risk that revenues may be overstated or recognised before control has been transferred.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, amongst other procedures, to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none">1. We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.2. We evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions.3. We performed substantive testing for the revenue transactions using statistical sampling and tested the underlying documents supporting the sales.4. We carried out analytical procedures on revenue recognised during the year to identify unusual variances.5. We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period.6. We tested manual journal entries posted to revenue to identify unusual items.

Independent Auditors' Report (continued)

Carrying value of investments and loans given to subsidiaries

See note 2.14, 4A and 5 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company has made significant investments in subsidiaries which are recorded at cost less impairment. The investments to subsidiaries are required to be tested for impairment at least on an annual basis. The carrying value of investments is dependent on achieving sufficient level of future net cash flows.</p> <p>Further, the Company has advanced loans to its subsidiaries. The loans are carried at cost less provision for impairment.</p> <p>The Management is required to make significant judgement with respect to the provision required based on the information available with the Management.</p> <p>We have identified impairment of investments and loans to subsidiaries as a key audit matter because of their significance in the standalone financial statements and significant judgements in assessing the future performance and recoverability of respective investments/loans.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, amongst other procedures, to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none">1. We tested the design of key controls and operating effectiveness of the relevant key controls around the review of the assessment of impairment of investments in subsidiaries and loans to subsidiaries.2. We tested the underlying assumptions used by the Management for their assessment of the carrying value of the investments.3. We involved valuation specialists who tested Management's assumptions with respect to the weighted average cost of capital and other key assumptions used for assessment of the carrying value of the subsidiaries.4. We performed sensitivity analysis by considering a reasonably possible change in key management assumptions.5. We tested the management assessment of the provision required if any, for loans to its subsidiaries and investment in its subsidiaries.

Recognition for government grants and assessment of recoverability

See note 2.5, 6 and 8 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company is eligible for government grants under various schemes issued by State and the Central government. Each of these schemes requires fulfilment of conditions by the Company to be eligible to receive grant. The Company also needs to assess the recoverability of these grants at each balance sheet.</p> <p>Recognition of grants (including its classification as capital or revenue grant) require a reasonable assurance that the Company will be in compliance with the conditions specified in the relevant schemes and the grants will be received. The assessment of fulfilment of relevant conditions specified in the grant at the time of recognition involves significant management judgement and assumptions.</p> <p>Further, the Company needs to assess at each balance sheet the recoverability of the grant.</p> <p>We have identified the recognition (including its classification as capital or revenue grant) of grant and its recoverability as a key audit matter because of the complexities in establishing the eligibility conditions of the grant and judgement involved towards the assessment of its recoverability.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, amongst other procedures, to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none">1. We assessed the appropriateness of the government grant accounting policies by comparing with the applicable accounting standards.2. We evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to recognition of grant (including its classification as capital and revenue grant) and assessment of recoverability of government grants.3. We performed substantive procedures on the government grants recognised during the year by testing the underlying documents and whether the recognition of grants is in accordance with the relevant incentive scheme including its classification as revenue or capital grant.4. We have evaluated the assessment performed by the management towards its recoverability of respective grant (including grants recorded in earlier years and outstanding at the beginning of the year).

Independent Auditors' Report (continued)

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/(loss) and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditors' Report (continued)

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 28 to the standalone 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv) The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

Independent Auditors' Report (continued)

C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration Number. 101248W/W-100022

Supreet Sachdev

Partner

Membership No. 205385

Place: Bengaluru

Date: 28 May 2019

Annexure - A to the Independent Auditors' Report

With reference to the Annexure A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the Members of Himatsingka Seide Limited ('the Company') on the standalone financial statements for the year ended 31 March 2019, we report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.
- c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company which includes the share of undivided land jointly held with other entities. However, an advance of ₹1,540 lakhs which has been paid towards two immovable properties is not in the name of the Company as the registration is pending as at the balance sheet date.

In respect of immovable properties taken on finance lease and disclosed as property, plant and equipment in the standalone 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 ₹ 2.92 lakhs where the lease-cum-sale deed had been entered into by the Company and the sale has not been registered upon completion of the lease period. The Company has initiated procedures for executing the sale in its favour.

- ii) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material.
- iii) a) According to the information and explanations given to us, the Company has not granted any loans secured or unsecured to the companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act during the current year. Thus, the paragraph 3(iii)(a) of the Order is not applicable to the Company.
- b) According to the information and explanations given to us loans granted in earlier years are re-payable on demand. We are informed that the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent.
- c) There are no amounts of loans granted to companies, firms, limited liability partnerships or other parties listed in the register maintained under Section 189 of the Act which are overdue for more than ninety days.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made, guarantees and security given.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under Section 148 of the Act in respect of products manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income tax, duty of Customs, Goods and Services Tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delays in few cases. As explained to us, the Company did not have any dues on account of Sales-tax, Service-tax, Duty of excise and Value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employee's State Insurance, Income tax, duty of Customs, Goods and Services Tax, cess and any other material statutory dues were in arrears, as at 31 March 2019, for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of Sales-tax, Service-tax, Duty of excise and Value added tax.

Annexure - A to the Independent Auditors' Report (continued)

- b) According to the information and explanations given to us, there are no dues which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of the Dues	Amount (in ₹)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income Tax	64,887,270	AY 2006-07, 2009-10 and 2013-14	Income Tax Appellate Tribunal, Kolkata
Income-tax Act, 1961	Income Tax	23,358,818	AY 2010-11 and 2014-15	Commissioner of Income Tax (Appeals), Kolkata
Central Excise Act, 1944	Excise Duty and penalty	64,831,131 (858,689)*	FY 2003-04 to 2009-10, 2012-13 and 2015-16	Central Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty and penalty	9,790,232 (367,134)*	FY 2013-14 and 2014-15	Commissioner of Central Excise (Appeals)

*represents payments made under protest

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company does not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.
- ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- x) According to the information and explanations given to us, no material fraud on the Company by its officers or employees or fraud by the Company has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- xvi) According to the information and explanation given to us and in our opinion the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration Number. 101248W/W-100022

Supreet Sachdev

Partner

Membership No. 205385

Place: Bengaluru

Date: 28 May 2019

Annexure - B to the Independent Auditors' report

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Himatsingka Seide Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to standalone financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to standalone financial statements were established and maintained and whether 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, 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 Auditors' judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to standalone financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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.

Annexure - B to the Independent Auditors' Report (continued)

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration Number. 101248W/W-100022

Supreet Sachdev

Partner

Membership No. 205385

Place: Bengaluru

Date: 28 May 2019

Standalone Balance Sheet

Himatsingka Seide Limited | As at 31 March 2019

(₹ Lacs)

	Note	As at 31 March 2019	As at 31 March 2018 Re-presented*
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	170,387.60	171,768.47
Capital work-in-progress		63,358.05	2,804.03
Intangible assets	3.2	1,790.25	1,771.00
Financial assets			
i) Investments	4A	48,354.41	30,565.37
ii) Loans	5	23,752.23	22,385.51
iii) Other financial assets	6	1,077.71	1,595.51
Deferred tax assets, (net)	7B	-	742.82
Income tax assets, (net)	7A	1,045.14	888.28
Other non-current assets	8	4,910.07	5,450.02
Total non-current assets		314,675.46	237,971.01
Current assets			
Inventories	9	38,904.08	32,024.01
Financial assets			
i) Investments	4B	11,672.20	11,893.12
ii) Trade receivables	10	45,168.49	38,172.16
iii) Cash and cash equivalents	11	14,978.21	7,520.39
iv) Bank balances other than cash and cash equivalents above	11	8,407.60	2,485.00
v) Loans	5	65.03	108.51
vi) Other financial assets	6	16,837.52	19,759.31
Other current assets	8	9,439.61	16,297.52
Total current assets		145,472.74	128,260.02
Total Assets		460,148.20	366,231.03
EQUITY AND LIABILITIES			
Equity			
Share capital	12	4,922.86	4,922.86
Other equity	13	139,573.40	117,059.26
Total equity		144,496.26	121,982.12
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Non-current borrowings	14	149,159.25	115,573.29
Non-current provisions	15	1,865.18	1,571.02
Deferred tax liabilities, (net)	7B	4,036.18	-
Other non-current liabilities	16	28,514.59	22,724.72
Total non-current liabilities		183,575.20	139,869.03
Current liabilities			
Financial liabilities			
i) Current borrowings	17	71,927.91	64,172.01
ii) Trade payables			
a) total outstanding dues of micro enterprises and small enterprises;	18	1,730.43	550.00
b) total outstanding dues of creditors other than micro enterprises and small enterprises	18	28,726.01	19,278.49
iii) Other financial liabilities	19	22,635.52	14,263.41
Current provisions	15	211.13	152.98
Current tax liabilities, (net)	7A	4,571.20	3,000.56
Other current liabilities	16	2,274.54	2,962.43
Total current liabilities		132,076.74	104,379.88
Total liabilities		315,651.94	244,248.91
Total Equity and Liabilities		460,148.20	366,231.03
Significant accounting policies	2		

* Refer note 38

The notes referred to above form an integral part of the Standalone annual financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership number: 205385

for and on behalf of the Board of Directors of
Himatsingka Seide Limited

D.K. Himatsingka

Executive Chairman

DIN: 00139516

K.P. Rangaraj

Chief Financial Officer

Shrikant Himatsingka

Managing Director & CEO

DIN: 00122103

Ashok Sharma

Company Secretary

Place: Bengaluru

Date: 28 May 2019

Place: Bengaluru

Date: 28 May 2019

Standalone Statement of Profit and Loss

Himatsingka Seide Limited | For the year ended 31 March 2019

(₹ Lacs)

Particulars	Note	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018 Re-presented*
Income			
Revenue from operations	20	174,526.14	161,664.52
Other income	21	6,776.14	3,670.11
Total income		181,302.28	165,334.63
Expenses			
Cost of materials consumed	22	73,041.40	76,910.81
Purchases of stock-in-trade	22	8,672.47	11,418.45
Changes in inventory of finished goods, work-in-progress and stock-in-trade	22	(5,941.64)	(1,516.42)
Employee benefit expense	23	17,862.89	14,128.10
Finance costs	24	11,135.92	7,110.90
Depreciation and amortisation expense	25	8,543.93	5,635.14
Other expenses	26	33,018.65	22,491.14
Total expenses		146,333.62	136,178.12
Profit before exceptional items and tax		34,968.66	29,156.51
Exceptional items			
Provision towards impairment of investment and dues from subsidiary	39	-	274.88
Profit before tax		34,968.66	28,881.63
Tax expenses			
Current tax	32	7,628.00	6,368.00
Deferred tax	32	3,736.95	1,015.51
Income tax expense		11,364.95	7,383.51
Profit for the year		23,603.71	21,498.12
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		(41.15)	37.54
Income tax relating to items that will not be reclassified to profit or loss		16.44	(12.99)
B. Items that may be reclassified to profit or loss			
Net change in fair value of hedging instruments in a cash flow hedge		2,976.39	(4,079.09)
Income tax relating to items that may be reclassified to profit or loss		(1,058.49)	1,428.07
Other comprehensive income for the year, net of income tax		1,893.19	(2,626.47)
Total comprehensive income for the year		25,496.90	18,871.65
Earnings per equity share (face value of ₹ 5 each)			
Basic and diluted (in ₹)	33	23.97	21.83
Significant accounting policies	2		

* Refer note 38

The notes referred above form an integral part of standalone annual financial statements.

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership number: 205385

Place: Bengaluru

Date: 28 May 2019

for and on behalf of the Board of Directors of

Himatsingka Seide Limited

D.K. Himatsingka

Executive Chairman

DIN: 00139516

K.P. Rangaraj

Chief Financial Officer

Place: Bengaluru

Date: 28 May 2019

Shrikant Himatsingka

Managing Director & CEO

DIN: 00122103

Ashok Sharma

Company Secretary

Standalone Statement of Changes in Equity

Himatsingka Seide Limited | For the year ended 31 March 2019

Particulars	(₹Lacs)
A. Equity share capital	
Balance as at 01 April 2017	4,922.86
Changes in equity share capital during the year	-
Balance as at 31 March 2018	4,922.86
Changes in equity share capital during the year	-
Balance as at 31 March 2019	4,922.86

B. Other Equity (₹ Lacs)

Particulars	Note	Reserves and surplus (Refer Note 13)					Other comprehensive income		
		Capital reserve	Securities premium	General reserve	Debenture redemption reserve	Retained earnings	Effective portion of cash Flow hedge	Remeasurement of net defined benefit liability or asset	Total other equity
Balance as at 1 April 2017		620.88	27,675.71	16,870.17	400.00	53,322.54	3,091.80	(232.20)	1,01,748.90
Profit for the year		-	-	-	-	21,498.12	-	-	21,498.12
Effect on account of de-merger (Refer note 38)		(603.84)	-	-	-	-	-	-	(603.84)
Other comprehensive income for the year, net of income tax		-	-	-	-	-	(2,651.02)	24.55	(2,626.47)
Payment of dividends, including dividend distribution tax		-	-	-	-	(2,957.45)	-	-	(2,957.45)
Transfer to general reserve		-	-	400.00	(400.00)	-	-	-	-
Balance as at 31 March 2018		17.04	27,675.71	17,270.17	-	71,863.21	440.78	(207.65)	1,17,059.26
Balance as at 1 April 2018		17.04	27,675.71	17,270.17	-	71,863.21	440.78	(207.65)	1,17,059.26
Profit for the year		-	-	-	-	23,603.71	-	-	23,603.71
Effect on account of de-merger (Refer note 38)		-	-	-	-	(10.00)	-	-	(10.00)
Other comprehensive income for the year, net of income tax		-	-	-	-	-	1,917.90	(24.71)	1,893.19
Payment of dividends, including dividend distribution tax		-	-	-	-	(2,972.76)	-	-	(2,972.76)
Transfer to general reserve		-	-	-	-	-	-	-	-
Balance as at 31 March 2019		17.04	27,675.71	17,270.17	-	92,484.16	2,358.68	(232.36)	1,39,573.40
Significant accounting policies	2								

The notes referred above form an integral part of standalone annual financial statements.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership number: 205385

Place: Bengaluru
Date: 28 May 2019

for and on behalf of the Board of Directors of
Himatsingka Seide Limited

D.K. Himatsingka
Executive Chairman
DIN: 00139516

K.P. Rangaraj
Chief Financial Officer

Place: Bengaluru
Date: 28 May 2019

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

Ashok Sharma
Company Secretary

Standalone Statement of Cash Flows

Himatsingka Seide Limited | For the year ended 31 March 2019

(₹ Lacs)

Statement of Cash Flows for the year ended	Note	31 March 2019	31 March 2018 Re-presented*
Cash flows from operating activities			
Profit for the year		23,603.71	21,498.12
Adjustments for:			
Finance costs	24	10,588.94	7,057.01
Provision for diminution in value of investment		-	274.88
Profit on redemption of preference shares		-	(71.52)
Interest income	21a	(2,494.60)	(2,053.71)
Net gain on sale of investments in mutual funds	21c	(693.76)	(261.47)
Gain on current investments carried at fair value through profit or loss	21c	(189.01)	(655.96)
Loss allowance on financial assets, net	26	16.49	35.00
Net loss/(gain) on disposal of property, plant and equipment	26	52.11	52.27
Profit on disposal of subsidiary	21b	(955.10)	-
Amortized value of employee loans and security deposits		43.18	59.57
Income on financial guarantee contracts	21b	(257.55)	(166.66)
Depreciation and amortisation expense	25	8,543.93	5,635.14
Ineffective portion of hedging instrument		(146.48)	102.27
Net foreign exchange gain/(loss) on non operating activities		(189.74)	165.46
Rental income from operating lease	21b	(7.78)	(15.23)
Income tax expense	32	11,364.95	7,383.51
Operating cash flows before working capital changes		49,279.29	39,038.68
Changes in operating assets and liabilities			
(Increase) in trade and other receivables		(7,012.82)	(5,908.88)
(Increase)/Decrease in inventories		(7,356.79)	(4,758.84)
(Increase)/Decrease in other assets		13,365.46	(21,742.44)
Increase in trade and other payables		10,627.95	6,045.22
Increase in provisions		311.16	212.86
Increase/(Decrease) in other liabilities		1,102.65	265.04
Cash generated from operations		60,316.90	13,151.64
Income taxes paid, net of refund		(6,432.02)	(4,818.06)
Net cash (used in)/generated from operating activities		53,884.88	8,333.58
Cash flows from investing activities			
Payments to acquire investments		(30,460.00)	(30,214.56)
Proceeds on sale of investments		31,563.44	19,238.87
Interest received		326.76	494.19
Proceeds from redemption of preference shares		-	198.51
Profit on redemption of preference shares		-	71.52
Acquisition of property, plant and equipment and intangible assets		(54,300.58)	(59,735.69)
Proceeds from sale of property, plant and equipment		2.40	196.42
Income from investment property		7.78	43.37
Investment subsidiaries		(25,580.08)	(351.63)
Investment in fixed deposits		(13,396.02)	(4,556.61)
Proceeds from fixed deposits maturity		7,928.26	14,036.38
Loans to subsidiaries		-	(111.91)
Net cash inflow on disposal of subsidiary		9,003.80	-
Net cash used in investing activities		(74,904.24)	(60,691.14)

(₹ Lacs)

Statement of Cash Flows for the year ended	Note	31 March 2019	31 March 2018 Re-presented*
Cash flows from financing activities			
Proceeds from current borrowings		7,755.54	20,996.88
Proceeds from non-current borrowings		43,403.25	67,186.47
Repayment of non-current borrowings		(8,097.00)	(16,370.66)
Dividends paid on equity shares		(2,972.76)	(2,957.46)
Proceeds from government subsidy		5,164.22	640.67
Interest paid		(16,776.07)	(12,745.60)
Net cash generated from financing activities (C)		28,477.18	56,750.30
Net increase/(decrease) in cash and cash equivalents		7,457.82	4,392.74
Cash and cash equivalents at the beginning of the year	11	7,520.39	3,127.66
Cash and cash equivalents at the end of the year**	11	14,978.21	7,520.40
* Refer note 38			
**Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.			
Components of cash and cash equivalents (refer note 11)			
Cash and cash equivalents			
Cash in hand		11.11	13.37
Balance with banks			
- in current accounts		11,467.10	7,507.03
- in deposit accounts (with original maturity of less than 3 months)		3,500.00	-
Cash and cash equivalents in balance sheet		14,978.21	7,520.40

Reconciliation between opening and closing balance sheet for liabilities arising from financing activities

	Opening balance 01 April 2018	Cash flows	Non-cash movement	Closing balance 31 March 2019
Borrowings (including current maturities)	124,449.53	35,306.25	1,624.84	161,380.62
Short - term borrowings	64,172.01	7,755.90	-	71,927.91
Interest accrued but not due	485.72	61.58	-	547.30
Total liabilities from financing activities	189,107.26	43,123.73	1,624.84	233,855.83

The notes referred above form an integral part of standalone annual financial statements.

As per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership number: 205385

Place: Bengaluru
Date: 28 May 2019

for and on behalf of the Board of Directors of
Himatsingka Seide Limited

D.K. Himatsingka
Executive Chairman
DIN: 00139516

K.P. Rangaraj
Chief Financial Officer

Place: Bengaluru
Date: 28 May 2019

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

Ashok Sharma
Company Secretary

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Reporting entity

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 and associate across the globe, covering the United States of America, Italy, United Kingdom, Singapore and Dubai which are into distribution of home textile products. The Company along with its subsidiaries represents a vertically integrated home textile group.

The Company's standalone annual financial statements were approved by the Company's Board of Directors on 28 May 2019.

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

1. Significant accounting policies

1.1 Statement of Compliance

These Standalone annual financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") specified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules (as amended from time to time) and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

1.2 Functional and presentation currency

These standalone financial statements are presented in India Rupees (₹), which is also the Company's functional currency. All amounts have been presented in rupees in lakhs and rounded off upto two decimals.

1.3 Basis of Preparation

The standalone annual financial statements have been prepared on the historical cost convention and on an accrual basis of accounting 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.

The Company has consistently applied the following accounting policies to all the periods presented in the Consolidated annual financial statements, except for the adoption of Ind AS 115 (Revenue from contracts with customers), which was adopted with effect from 1 April 2018.

1.4 Use of estimates, assumption and judgements

The preparation of the standalone annual financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent liabilities and assets on the date of the Standalone annual financial statements and the reported amount of revenue and expenses for the year reported. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors that are believed to be reasonable under the circumstance. Revisions to accounting estimates are recognised in the year in which the estimates are revised, and future periods are affected.

Assumptions, judgements and estimation

Information about assumptions, judgements and estimations that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is summarized below:

- note 3 - useful life of property, plant and equipment and intangible assets;
- note 4, 5, 6, 10, 34 - impairment of financial assets
- note 7, 32 - recognition of deferred tax assets; availability of future taxable profits against which deferred tax can be used;
- note 15 - measurement of defined benefit obligation: key actuarial assumptions;
- note 28 - recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.

The Company has consistently applied the following accounting policies to all the periods presented in the Standalone annual financial statements, except for the adoption of Ind AS 115 (Revenue from contracts with customers), which was adopted with effect from 1 April 2018.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

1.5 Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- note 34: financial instruments.

2. Significant accounting policies

2.1 Revenue Recognition

Revenue is recognised upon transfer of control of promised goods or services to customer in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

The Company derives its revenue from sale of products.

Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Ind AS 115 replaces Ind AS 18 Revenue, Ind AS 11 Construction Contracts and related interpretations. The Company has adopted Ind AS 115 using the cumulative effect method (without the practical expedient), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Under this transition method, the standard is applied retrospectively only to contracts that are not completed as at the date of initial application, and the comparative information is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact on the financial statements of the Company.

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax, etc. For certain contracts that permits the customer to return an item, revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Revenue from sale of products is recognised at the point in time when control is transferred to customer.

Income from government incentives are recognized in the statement of profit and loss account when the right to receive credit as per the terms of the entitlement is established in respect of exports made (also refer note 2.5 below).

Use of significant judgements in revenue recognition:

- a) The Company's contracts with customers could include promises to transfer multiple goods to a customer. The Company assesses the goods promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct good from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

- c) The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Policy applicable before 1 April 2018:

Refer note 2 "Significant Accounting Policies" in the Company's standalone annual financial statements as at and for the year ended 31 March 2018 for the accounting policies that were in effect for revenues recognized prior to 1 April 2018.

Interest income is recognised as it accrues in the statement of profit and loss using effective interest rate method.

2.2 Other Income

Other income comprises interest income on deposits, dividend income and gain/ (losses) on disposal of financial assets and non-financial assets. Interest income is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

Dividend Income from investments is recognised when the shareholder's right to receive payment has been established.

2.3 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to lower of their fair value and the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases in which a significant portion of risk and rewards of ownership are not transferred to the company as lessee are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line over period of lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.4 Borrowings and borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

2.5 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is treated as deferred income and recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

2.6 Employee benefits

a) Defined benefit plans

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains or losses are recognized in other comprehensive income. Further, the statement of profit and loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on plan assets above or below the discount rate is recognized as part of rereasurement of net defined liability or asset through other comprehensive income.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

The Company's gratuity scheme is administered through a third party trust and the provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of the funds.

b) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g. short term performance incentive, if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the amount of obligation can be estimated reliably.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in the statement of profit and loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

c) Compensated absences

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accumulating compensated absence and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the Projected Unit method as at the reporting date. Actuarial gains / losses are immediately taken to the Standalone statement of profit and loss and other comprehensive income.

d) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee Provident Fund to Government administered Provident Fund Scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

2.7 Taxation

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements except for the cases mentioned below.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the reporting date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss at the time of the transaction.
- temporary investments related to investment in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be realised. Deferred tax assets, unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Minimum alternative tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Ind AS 12 defines deferred tax to include carry forward of unused tax credits that are carried forward by the entity for a specified period of time. Accordingly, MAT credit entitlement is grouped with deferred tax assets (net) in the balance sheet.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

2.8 Property, plant and equipment

a) Recognition and measurement:

Items of property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are measured at cost less accumulated depreciation (which includes capitalised borrowing costs, if any) and accumulated impairment losses, if any.

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.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing an asset to working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

Assets in the course of construction are capitalised as capital work-in-progress. 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 are adjusted with cost of capitalization.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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.

Advance paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date classified as capital advances under other non-current assets and the cost of the assets not put to use before such date are disclosed under Capital work in progress.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

b) Depreciation:

Depreciation is provided on a Straight Line Method ('SLM') over the estimated useful lives of the property, plant and equipment as estimated by the Management and is generally recognised in the Statement of profit and loss.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

The Company has estimated the useful lives for property, plant and equipment as follows:

Class of assets	Years
Buildings	30-60 years
Plant and machinery	8 - 25 years
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

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

The Management believes that the useful lives as given best represent the period over which the management expects to use these assets based on an internal assessment and technical evaluation where necessary. Hence, the useful lives for some of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / losses.

2.9 Intangible Assets

a) Recognition and measurement

Acquired intangible assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss.

Internally generated intangible assets

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the standalone statement of profit and loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company.

b) Subsequent measurement

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including on internally generated software is recognized in profit and loss as and when incurred.

c) Amortisation

The Company amortizes intangible assets with a finite useful life using the straight-line method.

The estimated useful lives of intangibles are as follows:

Class of assets	Useful life
Computer Software	10 years
Design costs	4 years
Technical know-how	10 years

The residual values, useful lives and method of amortisation of intangible assets are reviewed at each financial year end and adjusted if appropriate.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

d) 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.

2.10 Impairment of non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash generating unit (CGU) to which the asset belongs.

If such assets/ CGU are considered to be impaired, the impairment to be recognised in the Statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset/ CGU is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.11 Inventories

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

Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost is used. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparison of cost and net realizable value is made on an item-by-item basis.

The method of determination of cost is as follows:

- Raw materials – on a weighted average cost basis
- Stores and spares – on a weighted average cost basis
- Work-in-progress – includes costs of conversion
- Finished goods – includes costs of conversion
- Traded goods – at purchase cost
- Goods in transit – at purchase cost

The net realizable value of work-in-progress is determined with reference to the net realizable value of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value. Fixed production overheads are allocated on the basis of normal capacity of production facilities. The provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

2.12 Foreign Currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into relevant functional currency at exchange rates in effect at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are generally recognized in the statement of profit and loss, except exchange differences arising from the translation of the following items which are recognized in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

2.13 Provisions

General

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the reporting date) at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of discount is recognised as finance cost. Expected future operating losses are not provided for.

2.14 Investment in subsidiaries

Investment in subsidiaries are shown at cost less impairment. 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.

2.15 Financial Instruments

a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets.

b) Classification and subsequent measurement

i) Financial assets

On initial recognition, a financial asset is classified and measured at

- amortised cost;
- fair value through other comprehensive income (FVOCI) - debt investment;
- fair value through other comprehensive income (FVOCI) - equity investment; or
- fair value through profit and loss (FVTPL)

Financial assets are not classified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as 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 assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company irrevocably elects to present subsequent changes in the investment's fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-to-investment basis.

All financial assets not classified as amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in the Statement of profit and loss.
Financial assets at amortized cost	These assets are subsequently measured at amortised cost using the effective interest method reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of profit and loss. Any gain or loss on derecognition is recognised in the Statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to the Statement of profit and loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Company determines whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Company applies expected credit loss (“ECL”) model for measurement and recognition of impairment loss. The Company follows ‘simplified approach’ for recognition of impairment loss allowance on financial assets, trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12 month ECL.

Derecognition of financial assets

A financial asset is derecognised only when:

- the Company has transferred the rights to receive cash flows from the financial asset; or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

ii) Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities at fair value through profit or loss include and financial liabilities designated upon initial recognition as at fair value through profit or loss and financial liabilities held for trading. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss."

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of profit and loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.16 Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency risk exposure.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in the statement of profit and loss.

The Company designates their derivatives as hedge instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivatives is recognized in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of profit and loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in other equity is included directly in the initial cost of the non-financial item when it is recognized. For all other hedged forecast transactions, the amount accumulated in other equity is reclassified to the statement of profit and loss in the same period or periods during which the hedged expected future cash flows affect the statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of profit and loss in the same period or periods as the hedged expected future cash flows affect the statement of profit and loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to the statement of profit and loss.

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains, net within results from operating activities.

2.17 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to owners of the Company for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that is dilutive and which either reduces earnings per share or increase loss per share are included.

2.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of cash flow statement, cash and cash equivalent includes cash in hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts that are repayable on demand and are considered part of the cash management system.

2.19 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.20 Contingent liability

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.21 Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

2.22 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from April 1, 2019:

Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

The Company has completed an initial qualitative assessment of the potential impact of the adoption of Ind AS 116 on accounting policies followed in its standalone annual financial statements. The quantitative impact of adoption of Ind AS 116 on the retained earnings in standalone annual financial statements in the period of initial application is not expected to be material.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendment clarifies that when determining past service cost, or a gain or loss on settlement due to plan amendment, curtailment or settlement, an entity shall remeasure the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions, including current market interest rates and other current market prices, reflecting:

- a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and
- b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

Further, if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect any significant impact of this amendment on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 3.1: Property, plant and equipment

Tangible assets

Particulars	Freehold Land (refer note 3.1.1)	Buildings	Plant and Machinery	Furniture and Fixtures	Leasehold Improvements	Office Equipment	Vehicles	Books & Catalogues	Total
Cost:									
Balance as at 1 April 2017	16,450.09	17,597.24	86,348.37	759.95	120.16	1,637.86	140.28	544.01	123,597.96
Effect on account of de-merger (Refer note 38)	-	-	165.80	185.12	583.48	164.68	-	-	1,099.08
Additions	5,366.59	25,412.79	66,343.29	1,300.10	26.74	541.64	23.37	-	99,014.52
Disposals	-	-	(461.05)	(32.93)	(93.97)	(151.04)	(25.53)	-	(764.52)
Balance as at 31 March 2018	21,816.68	43,010.03	152,396.41	2,212.24	636.41	2,193.14	138.12	544.01	222,947.04
Balance as at 1 April 2018	21,816.68	-	152,396.41	2,212.24	636.41	2,193.14	138.12	544.01	222,947.04
Additions	1,540.03	1,394.34	5,187.14	40.00	2.36	276.64	-	-	8,440.51
Disposals	-	-	(274.10)	(0.81)	-	(8.83)	-	-	(283.74)
Balance as at 31 March 2019	23,356.71	44,404.37	157,309.45	2,251.43	638.77	2,460.95	138.12	544.01	231,103.81
Accumulated depreciation:									
Balance as at 1 April 2017	-	(1,723.89)	(41,068.35)	(586.01)	(113.20)	(1,245.55)	(78.86)	(0.37)	(44,816.23)
Effect on account of de-merger (Refer note 38)	-	-	(80.97)	(109.46)	(259.84)	(121.73)	-	-	(572.00)
Depreciation expense	-	(1,013.85)	(4,688.72)	(76.50)	(81.53)	(280.49)	(18.06)	(97.38)	(6,256.53)
Eliminated on disposal of assets	-	-	342.31	25.70	64.30	8.35	25.53	-	466.19
Balance as at 31 March 2018	-	(2,737.74)	(45,495.73)	(746.27)	(390.27)	(1,639.42)	(71.39)	(97.75)	(51,178.57)
Balance as at 1 April 2018	-	-	(45,495.73)	(746.27)	(390.27)	(1,639.42)	(71.39)	(97.75)	(51,178.57)
Depreciation expense	-	(1,631.06)	(7,546.81)	(43.26)	(68.49)	(366.72)	(19.28)	(97.41)	(9,773.03)
Eliminated on disposal of assets	-	-	226.15	0.75	-	8.50	-	-	235.39
Balance as at 31 March 2019	-	(4,368.80)	(52,816.39)	(788.78)	(458.76)	(1,997.64)	(90.67)	(195.16)	(60,716.21)
Net carrying amount:									
As at 31 March 2019	23,356.71	40,035.57	104,493.06	1,462.65	180.01	463.31	47.45	348.85	170,387.60
As at 31 March 2018	21,816.68	40,272.29	106,900.68	1,465.97	246.14	553.72	66.73	446.26	171,768.47

Note 3.1.1

Freehold land includes ₹ 37.51 lacs (As at 31 March 2018 ₹ 37.51 lacs) 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 3.1.2

Certain property, plant and equipment are pledged against borrowings, the details relating to which have been described in Note 14.1 pertaining to borrowings.

Note 3.1.3

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 3.1.4

During the previous year, the Company completed the construction of integrated ultra fine count cotton yarn spinning facility and commenced the commercial production on 5 February 2018. Refer note 30 for details of expenses capitalised.



Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 3.2: Intangible assets

(₹ Lacs)

Particulars	Computer software	Design costs	Technical Know - how	Total
Cost:				
Balance as at 1 April 2017	1,645.69	330.42	324.22	2,300.33
Effect on account of de-merger(Refer note 38)	199.13	-	-	199.13
Additions	249.40	-	-	249.40
Balance as at 31 March 2018	2,094.22	330.42	324.22	2,748.86
Balance as at 1 April 2018	2,094.22	330.42	324.22	2,748.86
Additions	234.13	-	-	234.13
Balance as at 31 March 2019	2,328.35	330.42	324.22	2,982.99
Accumulated amortisation:				
Balance as at 1 April 2017	(551.24)	(100.38)	-	(651.62)
Effect of business combination	(141.07)	-	-	(141.07)
Amortisation expense	(102.56)	(50.19)	(32.42)	(185.17)
Balance as at 31 March 2018	(794.87)	(150.57)	(32.42)	(977.86)
Balance as at 1 April 2018	(794.87)	(150.57)	(32.42)	(977.86)
Amortisation expense	(132.27)	(50.19)	(32.42)	(214.88)
Balance as at 31 March 2019	(927.14)	(200.76)	(64.84)	(1,192.74)
Net carrying amount:				
As at 31 March 2019	1,401.21	129.66	259.38	1,790.25
As at 31 March 2018	1,299.35	179.85	291.80	1,771.00

Note 4: Investments

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
4A: Non-current investments		
Unquoted Investments		
Investment in equity instruments of group companies at cost		
Himatsingka Wovens Private Limited equity shares of ₹100 each fully paid up [No. of shares: 1,750,000 (As at 31 March 2018: 1,750,000)]	1,683.98	1,683.98
Himatsingka Holdings North America, Inc. equity shares of USD 10,000 each fully paid up [No. of shares: 8,290 (As at 31 March 2018: 4,742)]	46,632.82	21,345.61
Twill & Oxford LLC equity shares of AED 100 each fully paid up [No. of shares: 1,470 (As at 31 March 2018 1,470)]	37.35	37.35
Himatsingka Europe Limited (HEL) equity shares of GBP 1 each fully paid up and equity shares of Euro 1000 each fully paid up [No. of shares: Nil (As at 31 March 2018: Euro 10,705 and GBP 1)]	-	7,498.17
Himatsingka Energy Private Limited equity shares of ₹10 each fully paid up [No. of shares: 2,600 (As at 31 March 2018: 2,600)]	0.26	0.26
Himatsingka Singapore Pte Limited equity shares of SGD 1 each fully paid up [Number of shares: Nil (As at 31 March 2018: 60,34,917)]	-	274.88
Less: Provision towards impairment of investments(refer note 39)	-	(274.88)
Total	48,354.41	30,565.37
Aggregate value of unquoted investments	48,354.41	30,565.37
Aggregate amount of impairment in value of investments	-	-

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 4A.1:

During the current year, Investment in Himatsingka Europe Limited, a wholly owned subsidiary Company, was sold to Himatsingka Holdings NA Inc., USA, a wholly owned subsidiary at the fair value, as a part of reorganisation of EU operations. The difference in the carrying value and the fair value was taken to the statement of profit and loss, included in Note 21.

Note 4A.2:

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:

Particulars	As at 31 March 2019	As at 31 March 2018
Deemed Equity		
Himatsingka Holdings North America, Inc.	820.77	486.69
Himatsingka Europe Limited	-	76.53
Total	840.63	583.08

Note 4A.3:

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

4B: Current investments

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Investments in mutual funds (Quoted)		
Kotak money market scheme - (growth) - direct (No of units: 56,983.86 (As at 31 March 2018: Nil))	1,758.84	-
Franklin India ultra short bond fund super institutional plan direct - growth (No of units: 4,975,490.54 (As at 31 March 2018: 7,584,676.85))	1,312.72	1,831.01
Aditya birla sun life money manager fund - growth - direct plan (No of units: 400,876.80 (As at 31 March 2018: Nil))	1,008.63	-
UTI money market fund -direct growth plan (No of units: 47,724.13 (As at 31 March 2018: Nil))	1,008.20	-
Reliance ultra short duration fund- direct plan- growth option (No of units: 32,957.90 (As at 31 March 2018: Nil))	1,006.74	-
Invesco India money market fund - direct Plan - growth (No of units: 46,401.19 (As at 31 March 2018: Nil))	1,006.58	-
UTI - ultra short term fund - direct Plan (No of units: 24,087.52 (As at 31 March 2018: Nil))	756.03	-
Franklin India liquid fund - super institutional - direct - growth (No of units: 26,982.26 (As at 31 March 2018: Nil))	755.11	-
Sundaram low duration fund - direct plan - growth option (No of units: 4,856,786.80 (As at 31 March 2018: Nil))	1,277.98	-
SBI savings fund direct plan growth (No of units: 2,180,119.01 (As at 31 March 2018: 4,385,085.54))	654.89	1,218.81
HDFC liquid fund -direct plan - growth option (No of units: 13,698.49 (As at 31 March 2018: Nil))	503.61	-
Kotak equity arbitrage fund -fortnightly - direct (No of units: 1,062,911.61 (As at 31 March 2018: Nil))	250.20	-
Axis liquid fund - direct plan - growth option (No of units: 10,596.59 (As at 31 March 2018: Nil))	219.72	-
Reliance liquid fund - direct plan growth plan - growth option (No of units: 3,352.80 (As at 31 March 2018: Nil))	152.95	-
UTI banking & PSU debt fund direct plan growth (No of units: Nil (As at 31 March 2018: 1,943,788.59))	-	277.73
DHFL pramerica low duration fund - direct plan - growth (No of units: Nil (As at 31 March 2018: 8,634,683.80))	-	2,109.45
Baroda pioneer treasury advantage fund - Plan B growth (No of units: Nil (As at 31 March 2018: 106,957.11))	-	2,211.57
HDFC short term opportunities fund - direct plan growth option (No of units: Nil (As at 31 March 2018: 13,802,317.68))	-	2,667.08
Reliance medium term fund direct growth plan (No of units: Nil (As at 31 March 2018: 4,240,246.72))	-	1,577.47
Total	11,672.20	11,893.12
Aggregate carrying amount of quoted investments	11,672.20	11,893.12

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 5: Loans

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Unsecured, considered good		
Loans to related parties (refer note 35)	23,661.33	22,245.33
Loans to employees	90.90	140.18
Total	23,752.23	22,385.51
Current		
Unsecured, considered good		
Loans to employees	65.03	108.51
Total	65.03	108.51

Note 5.1:

The loans to related parties represent inter-corporate loans 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 37.

Note 6: Other financial assets

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Unsecured, considered good		
Security deposits	1,071.19	1,134.15
Bank deposits (due to mature after 12 months from the reporting date)	6.52	461.36
Total	1,077.71	1,595.51
Current		
a) Unsecured, considered good		
Security deposits	251.28	132.39
Interest subsidy receivable	2,664.13	2,064.69
Subsidy receivable under various government schemes	4,320.69	13,375.67
Interest receivable (refer note 6.1 below)	5,440.74	3,153.43
Receivable from related party	267.14	17.61
b) Derivative assets	3,893.54	1,015.52
Total	16,837.52	19,759.31

Note 6.1: Includes interest due from subsidiaries

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Himatsingka Holdings North America, Inc.	5,143.29	2,951.44
Twill & Oxford LLC	10.76	3.31
Total	5,154.05	2,954.75

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 7: Tax assets and liabilities

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Note 7A: Income tax assets and liabilities		
Non-current Income Tax Assets		
Income tax payments made against returns filed / demands received for earlier years	20,622.53	13,855.43
Less: Provisions made in prior years	(19,577.39)	(12,967.15)
Tax refund receivable (net)	1,045.14	888.28
Current tax liabilities		
Income tax payable	8,492.71	7,267.00
Less: Advance tax and taxes deducted at source	(3,921.51)	(4,266.44)
Tax payable (net)	4,571.20	3,000.56

Note 7B: Deferred tax liabilities (net)*

The following is the analysis of the net deferred tax asset/(liability) position as presented in the financial statements

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax liabilities		
Property, plant and equipments and intangible assets	18,389.77	14,558.70
Fair value impact on investment in subsidiaries	43.60	151.33
Cash flow hedge	1,266.72	208.23
Total deferred tax liabilities (A)	19,700.09	14,918.26
Deferred tax assets		
Provision for gratuity and compensated absences	731.21	825.09
MAT credit entitlement	14,767.35	13,925.59
Others	165.35	910.40
Total deferred tax assets (B)	15,663.91	15,661.08
Net deferred tax liability / (asset) (A - B)	4,036.18	(742.82)

*refer note 32

Note 8: Other assets

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Capital advances	2,337.49	5,393.29
Prepayments	2,490.25	-
Deferred employee benefit	59.24	7.45
Deferred rent	23.09	49.28
Total	4,910.07	5,450.02
Current		
Advances to suppliers		
- Others	209.80	1,249.51
- Related parties (refer note 35)	157.61	-
Balances with government authorities (other than income taxes)	3,301.50	9,110.56
Prepayments	1,711.91	564.50
Deferred employee benefit	22.78	2.89
Deferred rent	39.49	18.20
Subsidy receivable under various government schemes	3,983.51	5,244.31
Others	13.01	107.55
Total	9,439.61	16,297.52

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 9: Inventories (valued at lower of cost and net realizable value)

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials	8,225.04	7,971.97
Work-in-progress	18,201.71	12,037.62
Finished goods	9,431.53	6,507.31
Traded goods	576.06	3,722.73
Stores and spares	2,469.74	1,784.38
Total	38,904.08	32,024.01
Included above, goods-in-transit:		
Raw materials	2,510.03	3,211.66
Finished goods	1,113.72	575.75
Traded goods	576.06	934.74
Total	4,199.81	4,722.15

Note 10: Trade receivables

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	45,168.49	38,172.16
Credit impaired	45.00	35.00
	45,213.49	38,207.16
Less: Allowance for doubtful debts	(45.00)	(35.00)
Net trade receivables	45,168.49	38,172.16

All trade receivables are 'current'.

Note 10.1: Transfer of financial assets

During the year, the Company discounted trade receivables with an aggregate carrying amount of ₹ 97,364.06 lacs with a bank for cash proceeds of ₹ 90,367.73 lacs. 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 ₹ 32,367.96 lacs and the carrying amount of the associated liability is ₹ 32,310.09 lacs. (refer note No. 17)

Note 10.2: Details of Trade Receivables

Of the above, trade receivables from related parties are as below:

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables from related parties (refer note 35)	39,296.09	28,654.89
Loss allowance	-	-
Total	39,296.09	28,654.89

The Company's exposure to credit and currency risks related to trade receivables are disclosed in note 34.

Note 10.3: Expected credit loss assessment for trade receivables as at 31 March 2019 and 31 March 2018 are as follows:

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables as at 31 March 2019 amounting to ₹ 45,168.49 lacs (31 March 2018: ₹ 38,172.16 lacs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows -

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance as at beginning of the year	(35.00)	(293.92)
Net measurement of loss allowance	(10.00)	258.92
Balance as at end of the year	(45.00)	(35.00)

There is no significant movement in the impairment loss allowance during 2018-19.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 11: Cash and bank balances

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents consists of		
Cash in hand	11.11	13.37
Balance with banks in current accounts and deposits		
- in current accounts	11,467.10	7,507.02
- in deposit accounts (with original maturity of less than 3 months)	3,500.00	-
Cash and cash equivalents as per Ind AS 7 Cash flow statement	14,978.21	7,520.39
Other bank balances consists of		
Other bank balances (refer note 11.1)	67.64	46.37
In deposit account (more than 3 months but less than 12 months) (Refer note 11.2)	8,339.96	2,438.63
	8,407.60	2,485.00
Total	23,385.81	10,005.39

Note 11.1: Other bank balances represent earmarked balances in respect of unpaid dividends and dividend payable.

Note 11.2: The deposits maintained by the Company with bank comprise of time deposits, which can be withdrawn by the Company at any point without any prior notice or penalty on the principal.

Note 12: Equity share capital

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised		
134,000,000 equity shares (31 March 2018: 134,000,000 equity shares) of par value of ₹ 5 each	6,700.00	6,700.00
Issued		
98,496,160 equity shares (31 March 2018: 98,496,160 equity shares) of par value of ₹ 5 each	4,924.81	4,924.81
Subscribed and fully paid-up		
98,457,160 equity shares (31 March 2018: 98,457,160 equity shares) of par value of ₹ 5 each	4,922.86	4,922.86
	4,922.86	4,922.86

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount (₹ in lacs)	Number of shares	Amount (₹ in lacs)
At the commencement of the year	98,457,160	4,922.86	98,457,160	4,922.86
At the end of the year	98,457,160	4,922.86	98,457,160	4,922.86

Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Details of shareholders holding more than 5% of equity shares in the Company

Particulars	31 March 2019		31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 5 each				
D K Himatsingka	11,968,000	12%	11,968,000	12%
Shrikant Himatsingka	8,480,964	9%	8,480,964	9%
Bihar Mercantile Union Limited	7,926,000	8%	7,926,000	8%
Rajshree Himatsingka	5,897,260	6%	5,897,260	6%

Note 13: Other equity

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital reserve (refer note (i) below)	17.04	17.04
Securities premium account (refer note (ii) below)	27,675.71	27,675.71
General reserve (refer note (iii) below)	17,270.17	17,270.17
Retained earnings (refer note (iv) below)	92,484.16	71,863.21
Reserves and surplus	137,447.08	116,826.13
Cash flow hedge reserve (refer note (v) below)	2,358.68	440.78
Remeasurement of net defined benefit liability or asset	(232.36)	(207.65)
Other comprehensive income	2,126.32	233.13
Total	139,573.40	117,059.26

Notes:

- i) Any profit or loss on purchase, sale, issue or cancellation of the company's own equity instruments is transferred to capital reserves, (also refer Note 38). The same will be utilized for the purpose as permitted by the Companies Act, 2013.
- ii) amounts received on issue of shares in excess of the par value has been classified as securities premium. The reserve can be utilized in accordance with the provisions of section 52 of the Companies Act, 2013.
- iii) This represents appropriation of profit by the Company. General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.
- iv) Retained earnings comprises of the Company's undistributed earnings after taxes. The amount can be distributed by the Company as dividends to its equity shareholders.
- v) The cash flow hedging reserve represent the cumulative effective portion of gains or losses (net of taxes, if any) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Debenture redemption reserve		
Opening balance	-	400.00
Add / (Less): Transferred to general reserve	-	(400.00)
Total	-	-
General reserve		
Opening balance	17,270.17	16,870.17
Add: Transferred from debenture redemption reserve	-	400.00
Total	17,270.17	17,270.17
Retained earnings		
Opening balance	71,863.21	53,322.54
Add: Profit for the year	23,603.71	21,498.12
Less: Payment of dividends, including dividend distribution tax	(2,972.76)	(2,957.45)
Total	92,494.16	71,863.21
Effective portion of cash flow hedge		
Opening balance	440.39	3,091.80
Gain/(loss) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges	(334.91)	4,728.09
Cumulative (gain)/loss arising on changes in fair value of designated portion of hedging instruments reclassified to profit or loss	3,311.69	(8,807.57)
Income tax related to net gains recognised in other comprehensive income	(1,058.49)	1,428.07
Total	2,358.68	440.39
Remeasurement of net defined benefit liability or asset		
Opening Balance	(207.65)	(232.20)
Other comprehensive income for the year, net of income tax	(24.71)	24.55
Total	(232.36)	(207.65)

Note 14: Non current borrowings

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured loans: (refer note 14.1)		
Term loans		
From banks	93,608.54	57,156.09
From financial institution	55,550.71	58,417.20
Total	149,159.25	115,573.29

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019
Note 14.1: Details of non-current borrowings and current maturities of non-current borrowings

(₹ Lacs)

Particulars	As at 31 March 2019		As at 31 March 2018		Nature of security	Repayment/ redemption / other terms
	Non-Current	Current	Non-Current	Current		
i) Term loans from bank (Secured)						
Loan 1	5,253.55	3,562.50	8,741.07	4,453.13	First paripassu charge of certain immovable fixed assets.	20 substantially equal quarterly installments commencing on 31 December 2016. The outstanding term as of 31 March 2019 was 11 installments.
Loan 2	16,118.30	912.82	17,231.87	304.27	First paripassu charge on entire moveable and immovable fixed assets of the Hassan 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 31 March 2019 was 37 installments.
Loan 3	8,928.46	-	8,367.79	-	First paripassu charge on Midford garden property & Vittal Mallya road property.	In 3 yearly installments after initial moratorium of 4 years (yearly % of repayment 25%, 35% & 40%) The outstanding term as of 31 March 2019 was 3 installments.
Loan 4	34,346.94	1,014.00	3,639.09	-	First paripassu charge on entire moveable and immovable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 39 structured quarterly installments commencing from 31 December 2020 The outstanding term as of 31 March 2019 was 39 installments.
Loan 5	5,470.33	2,000.00	5,941.03	500.00	First paripassu charge on entire moveable and immovable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 16 structured quarterly installments commencing from 31 March 2019. The outstanding term as of 31 March 2019 was 15 installments.
Loan 6	14,102.24	-	13,235.24	-	First paripassu charge on entire moveable and immovable fixed assets of the Hassan plot no.1 and Doddaballapur plant including proposed project assets present and future.	In 3 yearly installments after initial moratorium of 4 years (yearly % of repayment 25%, 35% & 40%) The outstanding term as of 31 March 2019 was 3 installments.
Loan 7	9,388.72	500.00	-	-	Subservient charge on all present and future moveable fixed assets.	28 quarterly structured installments payable at the end of each quarter starting from 3 months from date of 1st disbursement. The outstanding term as of 31 March 2019 was 28 installments.
Total	93,608.54	7,989.32	57,156.09	5,257.40		

The rate of interest on the above term loans is in the range of 5.34% to 11.55% (Previous Year: 4.80% to 9.95%).

Interest on these term loans is eligible for government subsidies.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

ii) Term loan from financial institution (Secured)

Particulars	As at 31 March 2019		As at 31 March 2018		Nature of security	Repayment/ redemption / other terms
	Non-Current	Current	Non-Current	Current		
Loan 1	92.67	375.80	469.35	375.80	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 31 March 2019 was 5 installments.
Loan 2	926.97	250.00	1,174.10	250.00	First paripassu 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 31 March 2019 was 19 installments.
Loan 3	1,567.75	357.14	1,918.58	357.14	First paripassu 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 31 March 2019 was 23 installments.
Loan 4	15,557.50	923.08	16,462.74	923.08	First paripassu 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 31 March 2019 was 33 installments .
Loan 5	30,452.08	2,141.03	31,330.33	1,712.82	First paripassu charge on entire moveable and immovable fixed assets of the Hassan 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 31 March 2019 was 38 installments.
Loan 6	6,953.74	185.01	7,062.10	-	First paripassu charge on entire moveable and immovable fixed assets of the Hassan 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 31 March 2019 was 40 installments.
Total	55,550.71	4,232.05	58,417.20	3,618.84		

The rate of interest on the above term loans is in the range of 9.75% to 11.10% (Previous year 9.95% to 11.05%).

Interest on these term loans is eligible for government subsidies.



Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 15: Provisions

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Provision for gratuity (Refer Note 15.1)	1,465.75	1,222.03
Provision for compensated absences	399.43	348.99
Total	1,865.18	1,571.02
Current		
Provision for compensated absences	186.52	152.98
Provision for gratuity (Refer Note 15.1)	24.61	-
Total	211.13	152.98

Note 15.1: Employee benefit

The Company operates the following post-employment defined benefit plan.

Defined benefit plan

The Company operates post-employment defined benefit plan that provide gratuity, governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof in excess of six months. The gratuity plan is a funded plan.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

A) Funding

The Company's gratuity scheme for employees is administered through third party trust. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in (E). Employees do not contribute to the plan.

The Company expects to pay ₹ 1,693.79 lacs in contributions to its defined benefit plans in 2019-20.

B) Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/ assets and its components:

Reconciliation of present value of defined benefit obligation

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Obligation at the beginning of the year	1,732.66	1,629.16
Effect on account of de-merger(Refer note 38)	-	15.66
Interest cost	125.53	110.12
Current service cost	164.38	152.82
Benefits paid	(123.74)	(142.54)
Actuarial (gains)/losses on obligations recognised in other comprehensive income (OCI)		-
- Changes in financial assumptions	59.36	(61.39)
- Experience adjustments	(24.74)	28.83
Obligation at the end of the year	1,933.45	1,732.66
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	510.62	601.65
Effect on account of de-merger(Refer note 38)	-	1.55
Interest income on plan assets	36.99	40.39
Contributions	26.00	4.59
Benefits paid	(123.73)	(142.55)
Return on plan assets, excluding interest income recognised in OCI	(7.01)	4.99
Plan assets at the end of the year, at fair value	442.87	510.62
Net defined benefit liability	1,490.58	1,222.04

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

C) i) Expense recognised in the Statement of profit or loss

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	164.38	152.82
Interest cost	125.53	110.12
Interest income	(36.99)	(40.39)
Net gratuity cost	252.92	222.55

ii) Remeasurement recognised in other comprehensive income

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Actuarial (gain)/ loss on defined benefit obligation	34.62	(32.56)
Return on plan assets, excluding interest income	7.01	(4.99)
Total (gain)/loss recognised in other comprehensive income	41.63	(37.55)

D) Plan assets

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Insurance fund	442.87	510.62
Total	442.87	510.62

E) Defined benefit obligation

i) Actuarial assumptions

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Discount rate	6.75%	7.25%
Future salary growth	6.00%	6.00%
Mortality [IALM 06-08]	100.00%	100.00%
Attrition rate	2 - 40%	2 - 40%
Weighted average duration of defined benefit obligation (in years)	6	6
Retirement age (in years)	58	58

Notes:

- i) The discount rate is based on the prevailing market yield on high quality corporate bonds as at the balance sheet date for the estimated term of obligations.
- ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.
- iii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

ii) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected defined benefit obligation by amounts shown below:

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Projected Benefit Obligation on Current Assumptions (Gross)	1,933.45	1,732.65
Impact of change in discount rate by +1%	1,812.91	1,630.15
Impact of change in discount rate by -1%	2,058.66	1,848.07
Impact of change in salary growth rate by +1%	2,058.34	1,848.29
Impact of change in salary growth rate by -1%	1,811.09	1,628.12
Impact of change in attrition rate by +50%	1,885.02	1,708.36
Impact of change in attrition rate by -50%	2,005.46	1,774.57
Impact of change in mortality rate by +10%	1,932.94	1,735.77
Impact of change in mortality rate by -10%	1,924.09	1,729.51

Defined contribution plans:

The Company's contribution to Provident Fund aggregating to ₹ 585.83 lacs (31 March 2018: ₹ 465.28 lacs) and contribution to superannuation fund aggregating to ₹ 13.53 lacs (31 March 2018: ₹ 11.86 lacs) has been recognised in the statement of profit and loss under the head employee benefit expense.

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Provident fund	585.83	465.28
Superannuation fund	13.53	11.86

Note 16: Other liabilities

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Deferred income arising from government grant (refer note 16.1 below)	28,514.59	22,724.72
Total	28,514.59	22,724.72
Current		
Deferred income arising from government grant (refer note 16.1 below)	1,470.67	2,226.10
Advances received from customers	465.20	365.84
Statutory liabilities	338.67	356.90
Advance from related parties (refer note 35)	-	8.95
Other payable	-	4.64
Total	2,274.54	2,962.43

Note 16.1: Deferred income 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.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 17: Current borrowings

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured borrowings		
Loans repayable on demand		
From banks (refer note 17.1 and 17.2 below)	34,050.70	45,314.45
Bill discounting (refer note 10.1)	32,310.09	18,857.56
Unsecured borrowings		
Loans repayable on demand		
From banks (refer note 17.1 and 17.2 below)	5,567.12	-
Total	71,927.91	64,172.01

Note 17.1: The weighted average effective interest rate on the bank loans is 5.76 % per annum (5.51% as at 31 March 2018)

Note 17.2: Working capital limits are secured against present and future inventory and trade receivables on pari-passu basis. Information about the Company's exposure to interest rate, currency and liquidity risk are disclosed in note 34.

Note 18: Trade payables

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables (refer note 18.1 and 35)	30,456.44	19,828.49
Total	30,456.44	19,828.49

All trade payables are current.

The Company's exposure to currency and liquidity risk are disclosed in note 34.

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	1,730.43	550.00
ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	551.27	686.31
iv) The amount of interest due and payable for the year	69.52	21.74
v) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.33	1.27
vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Note 19: Other financial liabilities

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of non-current borrowing (refer note 14.1)	12,221.37	8,876.24
Interest accrued but not due on borrowings	547.30	485.72
Capital creditors	7,562.17	2,326.33
Retention money	-	1,067.52
Employee related liabilities	2,065.04	1,026.76
Derivative liability	172.04	415.93
Dividend payable	67.60	64.91
Total	22,635.52	14,263.41

The Company's exposure to currency and liquidity risk are disclosed in note 34.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 20: Revenue from operations

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from sale of goods	160,058.40	148,038.95
Other operating revenues (refer note 20.1 below)	14,467.74	13,625.57
Total revenue from operations	174,526.14	161,664.52

Note 20.1: Other operating revenue comprises:

Sale of waste and scrap	3,258.80	1,382.96
Income under government incentive schemes	11,155.56	12,192.86
Miscellaneous income	53.38	49.75
Total	14,467.74	13,625.57

Note 21: Other income

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Interest income		
Interest from bank deposits	357.59	61.07
Interest on inter company deposits (refer note 35)	2,033.98	1,931.79
Interest on electricity deposits	59.09	3.75
Interest income earned on financial assets that are not designated as at fair value through profit or loss (refer note 21.1)	43.94	57.42
	2,494.60	2,054.03
b) Other non-operating income (net of expenses directly attributable to such income)		
Profit on disposal of subsidiary (refer note 4A.1)	955.10	-
Income on financial guarantee contracts (refer note 4A.2)	257.55	166.66
Operating lease rental income	7.78	15.23
Miscellaneous income	15.77	31.47
	1,236.20	213.36
c) Other gains and losses		
Profit on sale of current investments	693.76	261.47
Profit on redemption of preference shares	-	71.52
Gain on current investments carried at fair value through profit or loss	189.01	655.96
Net foreign exchange gains	2,162.57	413.77
	3,045.34	1,402.72
Total	6,776.14	3,670.11

Note 21.1: 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.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 22: Cost of materials consumed and purchases of stock in trade

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Raw material & packing material consumed (refer note 22.1 below)	73,041.40	76,910.81
b) Purchase of stock-in-trade	8,672.47	11,418.45
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening stock:		
- Work in progress	12,037.62	14,209.71
- Finished goods	9,205.70	6,541.53
- Traded goods	1,024.34	-
Closing stock:		
- Work in progress	18,201.71	12,037.62
- Finished goods	9,431.53	9,205.70
- Traded goods	576.06	1,024.34
Net (increase) / decrease in inventories of finished goods, work-in-progress and stock-in-trade	(5,941.64)	(1,516.42)

Note 22.1: Refer note 30(ii) for details of raw materials & packing materials consumed and capitalised for trial production.

Note 23: Employee benefits expense

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	14,877.25	11,482.83
Contribution to provident and other funds (refer note 15.1)	606.66	541.17
Gratuity expenses	252.92	222.56
Expenses related to compensated absence	189.54	169.48
Workmen and staff welfare expenses	1,936.52	1,712.06
Total	17,862.89	14,128.10

Note 23.1: Refer note 30 for details of employee benefit expenses capitalised.

Note 24: Finance cost

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on:		
a) On financial liability at amortised cost		
Interest on term loan [net of subsidy ₹ 4,828.45 lacs (previous year: ₹ 2,657.00 lacs)] (refer note 14.1)	6,092.19	3,562.14
Interest on non-convertible debentures (refer note 14.1)	-	18.50
Interest on working capital loans (refer note 17.1)	3,917.74	2,887.19
b) Interest on payment of income tax	220.00	245.00
c) Other borrowing costs	359.01	344.18
Exchange differences regarded as an adjustment to borrowing costs	546.98	53.89
Total	11,135.92	7,110.90

Note 24.1: Refer note 30 for details of capitalisation of borrowing costs attributable to the acquisition or construction of qualifying assets.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 25: Depreciation and Amortisation Expense

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property , plant and equipment (refer note 3.1)	9,773.03	6,256.52
Amortization of intangible assets (refer note 3.2)	214.88	185.17
Less: Amortization of deferred income on government grants (refer note 16.1)	(1,443.98)	(806.55)
Total	8,543.93	5,635.14

Note 26: Other expenses

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Consumption of stores and spare parts	1,608.67	1,257.02
Power and fuel	11,803.32	6,485.48
Job work charges	1,503.24	420.74
Manufacturing expenses- others	486.33	607.93
Rent (refer note 29)	1,222.34	1,082.78
Travelling and conveyance expenses	1,737.06	1,357.28
Communication expenses	225.94	212.35
Printing and stationery	51.34	115.58
Insurance	321.07	234.21
Repairs and maintenance		
i) plant and machinery	505.20	415.89
ii) buildings	169.40	188.88
iii) others	290.81	248.25
Rates and taxes	147.52	138.67
Professional and consultancy charges (refer note 26.2 below)	1,184.98	1,110.95
Bank charges	112.47	135.95
Expenditure on corporate social responsibility (CSR) (refer note 26.3 below)	205.72	61.83
Contribution and donation	11.73	3.37
Advertisement and publicity	784.97	552.57
Selling and distribution		
i) Commission on sales	42.55	103.16
ii) Selling expenses	168.01	274.02
iii) Freight outward, net of reimbursement	4,016.06	2,379.71
Loss allowance on financial assets, net	16.49	35.00
Loss on sale of property, plant and equipment, net	52.11	52.27
Royalty	60.91	34.09
Security charges	484.44	472.34
Contract labour charges	5,470.18	4,133.79
Other expenses	335.79	377.03
Total	33,018.65	22,491.14

Note 26.1: Refer note 30 for details of other expenses capitalised

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 26.2: Payments to auditors

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
For audit	65.50	55.64
For tax audit matters	3.00	4.50
For other services	5.50	23.25
For reimbursement of expenses	5.00	0.49
Total	79.00	83.88

Note 26.3: Corporate Social Responsibility

The Company has spent ₹ 218.58 lacs (2017-18: ₹ 61.83 lacs) towards various schemes of Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013. The details are:

- Gross amount required to be spent by the Company during the year: ₹ 501.24 lacs (2017-18: ₹ 356.57 lacs)
- Amount spent during the year on:

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
i) Construction/acquisition of any asset	-	-
ii) For purposes other than (i) above	218.58	61.83
Total	218.58	61.83

Note 27: Commitments

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	6,220.56	15,108.19
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 ₹		
Export Promotion Capital Goods (EPCG) Scheme	54,898.97	44,195.66

Note 28: Contingent liabilities

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
a) Claims against Company not acknowledged as debt		
Taxation Matters (refer note 28.1)		
- Income tax matters (refer note 28.2)	65.30	492.77
- Custom, Service tax and Excise duty related matter (excludes penalties, if any) (refer note 28.3)	746.21	746.21
- Others (relating to miscellaneous claims and bonus)	214.21	214.21
	1,025.72	1,453.19
b) Corporate guarantee given towards credit facilities on behalf of subsidiaries		
- Financial institutions	33,877.38	13,000.00
- Banks	6,927.14	7,196.23
- Others	443.07	13,416.55
	41,247.59	33,612.78
Total	42,273.31	35,065.97



Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

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. The Company doesn't expect any reimbursements in respect of the above contingent liabilities.

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. The Company does not expect any reimbursements in respect of the above contingent liabilities.

Note 28.3: These claims relate to demands arising from difference pertaining to transfer price assessed in terms of Customs Valuation Rules, 1988.

Note 28.4: Provident Fund:

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only for the month of March 2019. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

Note 29: Operating leases

a) As Lessee:

The Company has taken office premises, accommodations and vehicles under operating lease (cancellable lease). Such leases are generally with the option of renewal against increased rent and premature termination. Lease payments are renegotiated at the time of renewal.

Lease rental expense under cancellable operating leases during the year was ₹ 901.40 lacs (previous year: ₹ 780.69 lacs).

The Company is obligated under non-cancelable operating leases for land, building and plant and machinery. Lease rental expense under non-cancellable operating leases during the year was ₹ 320.94 lacs (previous year: ₹ 302.09 lacs).

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

Particulars	(₹ Lacs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Payable within 1 year	239.36	278.59
Payable between 1-5 years	336.74	423.82
Payable later than 5 years	-	-

Note 30: Expenses capitalised

During the current year, the Company capitalized certain expenses incurred towards construction of Terry Towel facility which is currently under progress.

During the previous year, the Company completed the construction of integrated ultra fine count cotton yarn spinning facility and commenced the commercial production on 5 February 2018.

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.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Details of Borrowing costs capitalised		
Borrowing costs capitalised during the year	936.49	3,319.25
Total Borrowing cost capitalised	936.49	3,319.25
b) Details of expenses capitalised		
Raw material and packing material consumed	1,172.85	4,597.31
Employee benefit expenses	726.93	1,300.90
Other expenses	507.88	2,496.36
	2,407.66	8,394.57
Total	3,344.15	11,713.82

Note 31: Segment Reporting

The Managing Director and Chief Executive Officer 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 by the products portfolio and segment information has been presented accordingly.

The geographical information analyses the Company's revenue from external customer and non-current assets of its single reportable segment by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customer and segment assets which have been based on the geographical location of the assets.

a) Geographical revenues are segregated based on the location of the customers who are invoiced or in relation to which the revenue is otherwise recognised:

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
North America	134,931.45	127,441.31
India and Asia Pacific	20,522.76	15,255.91
Europe, Middle East and Africa	4,581.07	5,195.25
Rest of the world	23.12	146.48
Total	160,058.40	148,038.95

Revenue from major customers

Customers contributing 10% or more of Company's revenue (2 customers amounting to ₹127,716.40 Lacs in 2018-19 and 2 customers amounting to ₹ 117,310.29 in 2017-18).

b) All non-current assets other than financial instruments, deferred tax assets of the Company are located in India.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 32: Income Taxes

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax:		
In respect of the current year	7,628.00	6,968.37
Adjustments in respect of prior years	-	(600.37)
	7,628.00	6,368.00
Deferred Tax		
In respect of the current year	3,736.95	1,015.51
	3,736.95	1,015.51
Income tax expense reported in the Statement of profit and loss	11,364.95	7,383.51

Income Tax recognised in Other Comprehensive Income

Deferred tax:

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Remeasurements of the defined benefit liabilities / (asset)	(16.44)	12.99
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	1,058.49	(1,428.07)
Income tax charged to other comprehensive income	1,042.05	(1,415.08)

Reconciliation of effective tax rate

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Accounting profit before income tax	34,968.66	28,881.63
Enacted income tax rate in India	34.94%	34.61%
Tax using the Company's domestic tax rate 34.944% (31 March 2018: 34.608%)	12,219.45	9,995.35
Effects of tax concessions	(1,009.15)	(579.92)
Effects of non - deductible expenses for tax purposes	198.25	(60.52)
Effects of movement in valuation allowance for deferred tax assets	-	(1,205.84)
Effects due to differential tax rates on capital gains	(43.60)	(165.19)
Total income tax expense recognised in the statement of profit and loss	11,364.95	7,983.88
Adjustments recognised in the current year in relation to current tax of prior years	-	(600.37)
Total income tax expense recognised in the statement of profit and loss	11,364.95	7,383.51
Effective tax rate	32.50%	25.56%

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Deferred tax

Deferred tax relates to the following:

Particulars	(₹ Lacs)							
	As at 31 March 2017	Acquired through business combination	Recognised in profit or loss during 2017 -18	Recognised in OCI during 2017-18	As at 31 March 2018	Recognised in profit or loss during 2018 -19	Recognised in OCI during 2018 -19	As at 31 March 2019
Deferred tax assets / (liabilities)								
Property, Plant and Equipment (including land)	(10,906.00)	64.37	(3,717.07)	-	(14,558.70)	(3,831.07)	-	(18,389.77)
Cash flow hedge	(1,636.30)	-	-	1,428.07	(208.23)	-	(1,058.49)	(1,266.72)
Investments at fair value through profit or loss	-	-	(151.33)	-	(151.33)	107.73	-	(43.60)
Defined benefit obligations	280.43	5.66	154.56	(12.99)	427.66	82.36	16.44	526.46
Unpaid employee benefits	345.36	2.04	50.03	-	397.43	(192.68)	-	204.75
Tax benefits	-	-	31.63	-	31.63	133.72	-	165.35
Unadjusted tax losses, including unabsorbed depreciation	33.53	92.50	752.74	-	878.77	(878.77)	-	-
Other disallowances	297.37	-	(297.37)	-	-	-	-	-
Minimum Alternate Tax Credit	11,764.29	-	2,161.30	-	13,925.59	841.76	-	14,767.35
Deferred tax assets / (liabilities)	178.68	164.57	(1,015.51)	1,415.08	742.82	(3,736.95)	(1,042.05)	(4,036.18)



Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 33: Earnings per share

(₹ Lacs except per share data)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net profit for the year attributable to equity shareholders	23,603.71	21,498.12

Reconciliation of basic and diluted shares used in computing earnings per share:

Particulars	As at 31 March 2019	As at 31 March 2018
Number of equity shares outstanding at the beginning of the year	98,457,160	98,457,160
Add: Weighted average number for equity shares issued during the year	-	-
Weighted average number of equity shares outstanding during the year	98,457,160	98,457,160

Earnings per share

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Basic	23.97	21.83
Diluted	23.97	21.83

34.1: Categories of financial instruments:

Accounting classification and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities including their levels in fair value hierarchy:

Fair value hierarchy

The section explains the judgement and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value.
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

(₹ Lacs)

Particulars	Carrying amount 31 March 2019	Fair value		
		Level 1	Level 2	Level 3
Measured at amortised cost				
Cash and cash equivalents	14,978.21	-	-	-
Other bank balances	8,407.60	-	-	-
Trade receivables	45,168.49	-	-	-
Loans	23,817.26	-	-	-
Other financial assets	14,021.69	-	-	-
Measured at FVTOCI				
Other financial assets	3,893.54	-	3,893.54	-
Measured at FVTPL				
Current investments	11,672.20	11,672.20	-	-
Total	121,958.99	11,672.20	3,893.54	-
Financial liabilities:				
Measured at amortised cost				
Borrowings	233,308.53	-	-	-
Trade payables	30,456.44	-	-	-
Other financial liabilities*	10,242.11	-	-	-
Measured at FVTOCI				
Other financial liabilities	172.04	-	172.04	-
Total	274,179.12	-	172.04	-

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

(₹ Lacs)

Particulars	Carrying amount 31 March 2018	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	7,520.39	-	-	-
Other bank balances	2,485.00	-	-	-
Trade receivables	38,172.16	-	-	-
Loans	22,494.02	-	-	-
Other financial assets	20,339.30	-	-	-
Measured at FVTOCI				
Other financial assets	956.59	-	956.59	-
Measured at FVTPL				
Current investments	11,893.12	11,893.12	-	-
Other financial assets	58.93	-	58.93	-
Total	103,919.51	11,893.12	1,015.52	-
Financial liabilities:				
Measured at amortised cost				
Borrowings	188,621.54	-	-	-
Trade payables	19,828.49	-	-	-
Other financial liabilities*	4,971.24	-	-	-
Measured at FVTOCI				
Other financial liabilities	415.93	-	415.93	-
Total	213,837.20	-	415.93	-

* Current maturities of long term borrowings aggregating ₹ 12,221.36 lacs and ₹ 8,876.24 lacs as at 31 March 2019 and 31 March 2018 respectively, form part of Borrowings (current and non-current).

Investment in equity shares of subsidiaries are not appearing as financial asset in the table above being investment in subsidiaries accounted under Ind AS 27, Separate Financial Statements which is scoped out under Ind AS 109.

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference securities, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unquoted equity securities.

Fair valuation method

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 values:

Financial assets:

The Company has not disclosed the fair values for loans, trade receivables, cash and cash equivalents including other bank balances and other financial assets because their carrying amounts are a reasonable approximation of their fair value.

Current Investments: Fair value of quoted mutual funds units is based on quoted market price at the reporting date.

Financial liabilities:

Borrowings: It includes loans taken from banks and financial institution, cash credit and bill discounting facilities. Borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on loans is reset on a monthly / quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Trade payables and other financial liabilities: Fair values of trade payables and other financial liabilities are measured at carrying value, as most of them are settled within a short period and so their fair values are assumed almost equal to the carrying values.

Note 34.2: Financial risk management:

The Company's activities expose to financial risks: credit risk, liquidity risk and market risk.

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 Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal auditor. Internal Audit function includes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i) Credit risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Bank deposits includes an amount of ₹ 11,846.48 lacs held with a bank having high quality credit rating which is individually in excess of 10% or more of the Company's total bank deposits for the year ended 31 March 2019. None of the other financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 121,948.33 lacs and ₹ 103,906.71 lacs as at 31 March 2019, and 31 March 2018, respectively, being the total of the carrying amount of balances with banks, bank deposits, current investments, trade receivables and other financial assets excluding cash in hand and equity investments.

Geographic concentration of credit risk

Geographic concentration of trade receivables (gross and net of allowances) is as follows:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Gross %	Net %	Gross %	Net %
North America	96%	96%	92%	92%
India and Asia Pacific	1%	1%	5%	5%
Europe, Middle East & Africa	3%	3%	3%	3%

Geographical concentration of trade receivables is allocated based on the location of the customers.

ii) 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.

Management monitors rolling forecast of the Company's liquidity position and cash and bank balances on the basis of expected cash flows. This is generally carried out by the Management of the Company in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

A) Financing arrangement

The Company maintains the following line of credit:

- Terms loans taken from banks aggregating to ₹101,598.03 lacs (31 March 2018: 62,413.49 lacs) repayable in various quarterly and yearly installments with interest rate ranging from 5.34% to 11.55% per annum. Term Loan from financial institutions aggregating to ₹ 59,782.74 lacs (31 March 2018: 62,036.04 lacs) with interest rate ranging from 9.75% - 11.10% per annum. These are secured by first pari passu charge on the entire movable and immovable fixed assets of the Company, present and future.
- Working capital loans from banks carry an effective interest rate of 5.76% per annum., computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Company and second pari passu charge on the movable (other than those exclusively charged) and immovable fixed assets of the Company.
- The Company has taken receivable bill discounting facility from banks which are payable within 120 days from date of bill discounted.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2019

(₹ Lacs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Financial liabilities:					
Borrowings*	233,308.53	233,308.53	84,149.28	76,914.40	72,244.85
Trade payables	30,456.44	30,456.44	30,456.44	-	-
Other financial liabilities#	10,414.15	10,414.15	10,414.15	-	-

As at 31 March 2018

(₹ Lacs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Financial liabilities:					
Borrowings*	188,621.54	188,621.54	73,048.25	74,096.93	41,476.36
Trade payables	19,828.49	19,828.49	19,828.49	-	-
Other financial liabilities#	5,387.61	5,387.17	5,387.17	-	-

* Includes current maturities of long term borrowings (refer note 19) and current borrowings (refer note 17)

Excludes current maturities of long term borrowings (refer note 19)

As disclosed in note 14, the Company has secured bank loan that contains loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

iii) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Foreign currency risk:

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Company. The functional currency of the Company is ₹. The currencies in which these transactions are primarily denominated are USD, GBP etc.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Management monitors the movement in foreign currency and the Company's exposure in each of the foreign currency. Based on the analysis and study of movement in foreign currency, the Company decides to exchange its foreign currency. A significant portion of the Company's revenues are in 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 foreign currencies, the Company's revenues measured in Indian rupees may decrease. The exchange rate between the Indian rupee and 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 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.

Note 34.2: Financial risk management (continued)

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Sell Contracts:

Currency	As at March 31, 2019		As at March 31, 2018			
	in Foreign Currency in (million)	₹ Lacs	Fair Value (₹ Lacs)	in Foreign Currency in (million)	₹ Lacs	Fair Value (₹ Lacs)
In USD	150.02	1,06,471.29	1,05,727.23	124.44	83,088.83	83,855.41
IN EURO	2.38	2,045.63	1,903.67	3.47	2,797.90	2,705.41
In GBP	2.26	2,181.52	2,097.54	2.74	2,466.82	2,335.47
Total		1,10,698.44	1,09,728.44		88,353.55	88,896.29

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Buy Contracts:

Currency	As at March 31, 2019		As at March 31, 2018			
	in Foreign Currency in (million)	₹ Lacs	Fair Value (₹ Lacs)	in Foreign Currency in (million)	₹ Lacs	Fair Value (₹ Lacs)
IN EURO	1.78	1,493.55	1,391.04	1.97	1,666.31	1,671.53
In JPY	15.55	105.55	98.97	311.75	1,979.16	1,980.18
In CHF	-	-	-	5.90	4,277.73	4,276.40
In USD	-	-	-	19.69	12,838.96	12,892.98
Total		1,599.10	1,490.01		20,762.16	20,821.09

The foreign exchange forward contracts mature within 12 months. The table below analyzes the derivative financial instruments sell contracts into relevant maturity groupings based on the remaining period as on the balance sheet date:

(₹ Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Less than 1 month	8,737.22	8,974.29
1 to 3 months	19,644.79	19,131.53
3 to 6 months	30,795.89	28,290.39
6 to 12 months	51,520.54	31,957.34
Total	110,698.44	88,353.55

The foreign exchange forward contracts maturity. The table below analyzes the derivative financial instruments buy contracts into relevant maturity groupings based on the remaining period as on the balance sheet date:

(₹ Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Less than 1 month	1,375.10	41.30
1 to 3 months	224.00	12,797.66
3 to 6 months	-	2,191.22
6 to 12 months	-	5,609.50
More than 12 months	-	122.48
Total	1,599.10	20,762.16

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to management is as follows:

Particulars	Currency	As at 31 March 2019		As at 31 March 2018	
		Amount in foreign currency in lacs	Amount in ₹ Lacs	Amount in foreign currency in lacs	Amount in ₹ Lacs
Cash and cash equivalents	USD	0.37	25.70	0.27	17.68
Trade receivables	USD	627.25	43,366.27	540.60	35,139.07
	EUR	9.62	746.61	10.95	883.24
	GBP	4.42	399.35	3.68	339.69
	AED	0.18	3.36	0.20	3.14
Non-current loans	USD	341.00	23,576.16	341.00	22,165.26
	AED	4.52	85.17	4.52	80.07
Other financial assets	USD	74.39	5,143.29	45.41	2,951.44
	AED	0.57	10.76	0.19	3.31
Borrowings	USD	333.11	23,030.70	332.36	21,603.09
Trade payables	USD	59.63	4,122.41	96.20	6,252.71
	EUR	0.74	57.46	7.72	622.67
	GBP	0.03	2.69	8.01	739.28
	AED	-	-	0.01	1.90
Other financial liabilities	USD	0.73	50.74	2.34	152.30
	EUR	2.88	223.58	0.03	2.26
	GBP	-	-	0.05	4.30

The following significant exchange rates have been applied

Currency	Year end spot rate	
	31 March 2019	31 March 2018
USD/INR	69.14	65.00
EUR/INR	77.62	80.63
GBP/INR	90.33	92.26
AED/INR	18.82	17.70

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO and GBP against ₹ at 31 March 2019 and 31 March 2018 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

(₹ Lacs)

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
USD (1% movement)	449.08	(449.08)	294.17	(294.17)
EURO (1% movement)	4.66	(4.66)	3.05	(3.05)
GBP (1% movement)	3.97	(3.97)	2.60	(2.60)
AED (1% movement)	0.89	(0.89)	0.58	(0.58)
31 March 2018				
USD (1% movement)	322.65	(322.65)	210.99	(210.99)
EURO (1% movement)	2.58	(2.58)	1.69	(1.69)
GBP (1% movement)	(3.95)	3.95	(2.59)	2.59
AED (1% movement)	0.87	(0.87)	0.57	(0.57)

Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Company's investments are primarily in short-term investments, which do not expose it to significant interest rate risk. The Company's borrowings comprises of term loan, working capital loan and bill discounting which carries variable rate of interest, which expose it to interest rate risk.

a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Variable rate borrowings	233,308.53	188,621.54
Total	233,308.53	188,621.54

b) Sensitivity

(₹ Lacs)

Particulars	Profit and loss		Equity, net of tax	
	25 basis points Increase	25 basis points Decrease	25 basis points Increase	25 basis points Decrease
31 March 2019				
Variable rate borrowings	527.41	(527.41)	343.11	(343.11)
31 March 2018				
Variable rate borrowings	381.50	(381.50)	249.47	(249.47)

Note 34.3: Capital management

The Company's policy is to maintain a stable and strong capital base structure with a focus on total equity so as to uphold investor, creditor and market confidence and to sustain future development and growth of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value and safeguard its ability to continue as a going concern.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For the purpose of Company's capital management, adjusted net debt is defined as aggregate on non-current borrowing, current borrowing and current maturities of long-term borrowings less cash and cash equivalents, deposits and current investments and total equity includes issued capital and all other equity reserves.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

The Company's adjusted net debt equity ratio were as follows:

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Borrowings (current and non-current)	233,308.53	188,621.54
Less: cash and cash equivalents including deposits and current investments	(35,064.53)	(22,359.87)
Adjusted net debt	198,244.00	166,261.67
Total equity	144,496.26	121,982.12
Net debt to equity ratio	1.37	1.36

Note 35: Related party disclosures

Note 35.1: Name of related parties and description of relationship

Description of relationship	Names of the related parties
Subsidiaries (including step subsidiaries)	Himatsingka Wovens Private Limited Himatsingka Holdings North America, Inc. (formerly known as Himatsingka America, Inc.) Himatsingka America, Inc. (Merged entity of DWI Holdings, Inc. and Divatex Home Fashions, Inc.) Himatsingka Singapore Pte. Ltd. Himatsingka Europe Limited Giuseppe Bellora S.r.l. (Merged entity with Himatsingka America, Inc. in the current year) Twill & Oxford LLC
Associate	Himatsingka Energy Private Limited
Key management personnel	D.K. Himatsingka – Executive Chairman Shrikant Himatsingka – Managing Director & CEO V. Vasudevan – Executive Director Sangeeta Kulkarni – Independent Director Rajiv Khaitan – Independent Director Dr. K.R.S. Murthy – Independent Director Berjis M. Desai – Independent Director (upto 23 May 2017) Aditya Himatsingka – Executive Director (upto 23 May 2017) Pradeep Bhargava – Independent Director (w.e.f. 22 September 2018) K.P. Rangaraj – Chief Financial Officer (w.e.f. 2 August 2017) Ashutosh Halbe – Interim Chief Financial Officer (From 5 July 2017 to 2 August 2017) Ashok Sharma – Company Secretary
Entities over which key management personnel or relatives of such personnel are able to exercise significant influence	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 the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 35.2: Related party transactions during the year

(₹ Lacs)

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of products	Himatsingka Holdings North America, Inc.	25,076.94	55,052.94
	Himatsingka America, Inc.	102,639.47	62,257.35
	Giuseppe Bellora S.r.l.	424.06	559.39
	Twill & Oxford LLC	251.93	306.59
Interest income	Himatsingka Holdings North America, Inc.	2,026.65	1,878.54
	Twill & Oxford LLC	7.33	3.26
	Himatsingka Singapore Pte. Limited	-	49.97
Rental income	Himatsingka Wovens Private Limited	-	28.14
Rental expenses	Himatsingka Wovens Private Limited	75.00	-
Recovery of expenses	Himatsingka Holdings North America, Inc.	144.12	184.92
	Himatsingka Europe Limited	-	10.36
	Twill and oxford	-	1.44
Reimbursement of expenses	Himatsingka Holdings North America, Inc.	-	91.07
	Himatsingka America, Inc.	102.55	-
	Himatsingka Europe Limited	10.36	-
	Giuseppe Bellora S.r.l.	101.47	-
Purchase of Goods	Himatsingka America, Inc.	-	934.74
Purchase of Services	Himatsingka Europe Limited	663.52	455.81
Professional fees	Jacaranda Design LLC	138.68	77.50
	Khaitan & Co LLP	3.29	37.00
Purchase of fixed asset	Twill & Oxford LLC	-	2.33
Inter corporate loans given during the year	Himatsingka Wovens Private Limited	-	605.56
	Twill & Oxford LLC	-	79.53
Inter corporate loans recovered during the year	Himatsingka Holdings North America, Inc.	-	717.33
Investment made during the year	Himatsingka Europe Limited	627.06	7,420.58
	Himatsingka Energy Private Limited	-	0.26
	Himatsingka Holdings North America, Inc.	24,953.02	-
Sale of investment during the year	Himatsingka Europe Limited	8,048.70	-
Guarantees given on behalf of subsidiaries	Himatsingka America, Inc.	22,137.39	13,000.00

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 35.3: Balance receivable from and payable to related parties as at the balance sheet date:

(₹ Lacs)

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
Trade receivables	Himatsingka Holdings North America, Inc.	1,865.55	14,268.50
	Himatsingka America, Inc.	36,952.86	13,611.22
	Giuseppe Bellora S.r.l.	-	418.25
	Twill & Oxford LLC	477.68	356.92
Advances	Himatsingka America, Inc.	154.83	-
	Twill & Oxford LLC	2.78	-
Other receivables	Himatsingka Holdings North America, Inc.	157.96	333.74
	Himatsingka America, Inc.	109.17	198.88
	Himatsingka Europe Limited	-	35.86
Inter corporate loans receivable	Himatsingka Holdings North America, Inc.	23,576.16	22,165.26
	Twill & Oxford LLC	85.17	80.07
Interest receivable	Himatsingka Holdings North America, Inc.	5,143.29	2,951.44
	Twill & Oxford LLC	10.76	3.31
Trade payables	Himatsingka Holdings North America, Inc.	-	91.07
	Himatsingka America, Inc.	600.15	1,567.20
	Twill & Oxford LLC	2.49	2.78
	Himatsingka Wovens Private Limited	75.00	-
Customer advance	Himatsingka America, Inc.	1.30	-
Corporate guarantee	Himatsingka Holdings North America, Inc.	18,667.13	13,208.28
	Himatsingka America, Inc.	22,580.46	13,208.28
	Giuseppe Bellora S.r.l.	-	7,196.23

Note 35.4: Compensation of key managerial personnel*

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Short term employee benefits	1,899.74	1,863.99
Receiving of services	36.00	55.53
Others	9.72	10.80
Dividend Paid	511.22	511.22
Total	2,456.68	2,441.54

*Managerial remuneration does not include cost of employee benefits such as gratuity and compensated absences since, provision for these are based on an actuarial valuation carried out for the Company as a whole.

Terms and conditions

All transactions with these related parties are at arm's length basis and none of the balances are secured.

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 36: Details of non-current investments purchased and sold during the year under Section 186(4) of the Act:

Investments in equity instruments

(₹ Lacs)

a) Subsidiaries	Face value per unit	As at 1 April 2018	Purchased during the year#	Sold during the year#	Adjustment on account of corporate guarantee	As at 31 March 2019
Himatsingka Wovens Private Limited	₹ 100	1,683.98	-	-	-	1,683.98
		(1,750,000)*				(1,750,000)*
Himatsingka Holdings North America, Inc.	USD 10,000	21,345.72	24,953.02	-	334.08	46,632.82
		(4,742)*	(3,548)*			(8,290)*
Twill & Oxford LLC	AED 100	37.35	-	-	-	37.35
		(1,470)*				(1,470)*
Himatsingka Europe Limited	EURO 1,000	7,498.17	627.06	8,048.70	(76.53)	0.00
		(10,705)*		(10,705)*		-
	GBP 1	0.00	-	0.00	-	-
		(1)*		(1)*		-
Himatsingka Energy Private Limited	₹ 10	0.26	-	-	-	0.26
		(2,600)*				(2,600)*

* The amounts in parenthesis represents number of shares

Refer note 35

Details of Non-current investments purchased and sold during the previous year under Section 186(4) of the Act:

Investments in equity instruments

(₹ Lacs)

a) Subsidiaries	Face value per unit	As at 1 April 2017	Purchased during the year#	Sold during the year#	Adjustment on account of corporate guarantee	As at 31 March 2018
Himatsingka Wovens Private Limited	₹ 100	1,683.69	-	-	0.29	1,683.98
		(1,750,000)*				(1,750,000)*
Himatsingka Holdings North America, Inc.	USD 10,000	21,209.73	-	-	135.99	21,345.72
		(4,742)*				(4,742)*
Twill & Oxford LLC	AED 100	37.35	-	-	-	37.35
		(1,470)*				(1,470)*
Himatsingka Europe Limited	EURO 1,000	47.21	7,420.58	-	30.38	7,498.17
		(10,705)*				(10,705)*
	GBP 1	0.00	-	-	-	0.00
		(1)*				(1)*
Himatsingka Energy Private Limited	₹ 10	-	0.26	-	-	0.26
		(nil)*				(2,600)*

* The amounts in parenthesis represents number of shares

Refer note 35

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 37: Details of loans given during the year under Section 186(4) of the Act

The Company has not granted any loans to any person or body corporate and hence no disclosure is required under Sec 186(4) in the financial year 2018-19.

Details of loans given during the previous year under Section 186(4) of the Act:

(₹ Lacs)

Name of borrower	Rate of Interest	Nature of relationship	As at 1 April 2017	Given during the year #	Repayment during the year #	Forex restatement	As at 31 March 2018
Unsecured							
Himatsingka Holdings North America, Inc.	8.50%	Subsidiary	22,812.41	-	717.33	70.18	22,165.26
Twill & Oxford LLC	8.50%	Subsidiary	-	79.53	-	0.54	80.07

The loans have been given to these subsidiaries in the normal course of business for their operations.

Refer note 35

Note 38: Scheme of arrangement

The Board of Directors of the Company vide their meeting dated 25 May 2018 had approved the Scheme of arrangement (“the Scheme”) between Himatsingka Wovens Private Limited (“HWPL”), Himatsingka Seide Limited and their respective shareholders in which retail business of HWPL will be de-merged into the Company (“de-merger”). The appointed date of the Scheme is 30 March 2018. The Scheme was approved by Shareholders in their Annual General Meeting held on 22 September 2018 and filed with the Regional Director (‘RD’) for approval. The RD accorded his approval to the Scheme on 27 March 2019 and the Company filed the Scheme with Registrar of Companies (‘ROC’) on 29 March 2019. i.e, the date on which Scheme became effective.

Accounting treatment:

In accordance with requirements of the Scheme, the above mentioned de-merger has been accounted under the ‘Pooling of Interests Method’ as per Appendix C to Ind AS 103 on Business Combination of entities under common control. As per the guidance under Appendix C to Ind AS 103 the financial statements in respect of prior periods are restated as if the merger had occurred from the beginning of the preceding previous period irrespective of the actual date of the combination. Accordingly, the results of the retail business of HWPL is merged with effect from 1 April 2017. As per the scheme, the stamp duty is debited to free reserves.

Note 38: Scheme of arrangement (continued)

The details of the assets and liabilities as on 1 April 2017

SI no.	Particulars	Amount (₹ Lacs)
1.	Consideration for arrangement	(4,393.14)
2.	Net assets acquired	3,789.30
3.	Capital reserve (1-2)	(603.84)

However, had the accounting for the de-merger been given effect from the appointed date i.e. 30 March 2018, the impact on capital reserve would have been as below:

SI no.	Particulars	Amount (₹ Lacs)
1.	Total liabilities	(5,461.23)
2.	Total assets	5,765.73
3.	Capital reserve (1-2)	304.50

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

A table showing the effect of restatement is given below:

(₹ Lacs)

Balance sheet (extract)	31 March 2018 (as previously reported)	Effect of restatement	31 March 2018 (Re-presented)
ASSETS			
Non-current assets			
Property, plant and equipment	171,406.51	361.96	171,768.47
Capital work-in-progress	2,804.03	-	2,804.03
Intangible assets	1,723.23	47.77	1,771.00
Financial assets			
i) Investments	30,565.48	(0.11)	30,565.37
ii) Loans	23,783.47	(1,397.96)	22,385.51
iii) Other financial assets	1,437.89	157.62	1,595.51
Deferred tax assets, (net)	-	742.82	742.82
Income tax assets, (net)	836.56	51.72	888.28
Other non-current assets	5,213.18	236.84	5,450.02
Total non-current assets	237,770.35	200.66	237,971.01
Inventories	29,199.27	2,824.74	32,024.01
Financial assets			
i) Investments	11,893.12	-	11,893.12
ii) Trade receivables	40,938.77	(2,766.61)	38,172.16
iii) Cash and cash equivalents	7,434.56	85.83	7,520.39
iv) Bank balances other than cash and cash equivalents above	2,485.00	0.00	2,485.00
v) Loans	107.91	0.60	108.51
vi) Other financial assets	20,291.14	(531.83)	19,759.31
Other current assets	16,340.99	(43.47)	16,297.52
Total current assets	128,690.76	(430.74)	128,260.02
Total Assets	366,461.11	(230.08)	366,231.03
EQUITY AND LIABILITIES			
Equity			
Share capital	4,922.86	-	4,922.86
Other equity			
Free Reserves	116,149.37	892.85	117,042.22
Capital Reserves	620.88	(603.84)	17.04
Total equity	121,693.11	289.01	121,982.12
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Non-current borrowings	115,573.29	-	115,573.29
Non-current provisions	1,546.37	24.65	1,571.02
Deferred tax liabilities, (net)	793.44	(793.44)	-
Other non-current liabilities	22,724.72	-	22,724.72
Total non-current liabilities	140,637.82	(768.79)	139,869.03
Current liabilities			
Financial liabilities			
i) Current borrowings	64,172.37	(0.36)	64,172.01
ii) Trade payables			
a) total outstanding dues of micro enterprises and small enterprises;	-	550.00	550.00
b) total outstanding dues of creditors other than micro enterprises and small enterprises	19,637.61	(359.12)	19,278.49
iii) Other financial liabilities	14,263.85	(0.44)	14,263.41
Current provisions	150.69	2.29	152.98
Current tax liabilities, (net)	3,000.56	-	3,000.56
Other current liabilities	2,905.10	57.33	2,962.43
Total current liabilities	104,130.18	249.70	104,379.88
Total liabilities	244,768.00	(519.09)	244,248.91
Total Equity and Liabilities	366,461.11	(230.08)	366,231.03

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

(₹ Lacs)

Statement of Profit or Loss (extract)	31 March 2018 (as previously reported)	Effect of restatement	31 March 2018 (Re-presented)
Income			
Revenue from operations	160,802.52	862.00	161,664.52
Other income	3,551.39	118.72	3,670.11
Total income	164,353.91	980.72	165,334.63
Expenses			
Cost of materials consumed	78,913.68	(2,002.87)	76,910.81
Purchases of stock-in-trade	9,289.80	2,128.65	11,418.45
Changes in inventory of finished goods, work-in-progress and stock-in-trade	(1,095.49)	(420.93)	(1,516.42)
Employee benefit expense	13,765.32	362.78	14,128.10
Finance costs	7,104.97	5.93	7,110.90
Depreciation and amortisation expense	5,529.01	106.13	5,635.14
Other expenses	21,486.48	1,004.66	22,491.14
Total expenses	134,993.78	1,184.34	136,178.12
Profit before exceptional items and tax	29,360.13	(203.62)	29,156.51
Exceptional items			
Provision towards impairment of investment and dues from subsidiary	-	274.88	274.88
Profit before tax	29,360.13	(478.50)	28,881.63
Tax expenses			
Current tax	6,368.00	-	6,368.00
Deferred tax	2,386.95	(1,371.44)	1,015.51
Income tax expense	8,754.95	(1,371.44)	7,383.51
Profit for the year	20,605.18	892.94	21,498.12
Other comprehensive income			
A) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)	38.27	(0.73)	37.54
Income tax relating to items that will not be reclassified to profit or loss	(13.24)	0.25	(12.99)
B) Items that may be reclassified to profit or loss			
Net change in fair value of hedging instruments in a cash flow hedge	(4,079.48)	0.39	(4,079.09)
Income tax relating to items that may be reclassified to profit or loss	1,428.07	-	1,428.07
Other comprehensive income for the year, net of income tax	(2,626.38)	(0.09)	(2,626.47)
Total comprehensive income for the year	17,978.80	892.85	18,871.65
Earnings per equity share (face value of ₹ 5 each)			
Basic and diluted (in ₹)	20.93	0.91	21.83

Notes to the Standalone Annual Financial Statements for the year ended 31 March 2019

Note 39: Exceptional items

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Provision for other than temporary diminution in investment in Equity shares	-	274.88

Note 39.1: Himatsingka Singapore Pte Limited, the wholly owned subsidiary of the Company, is under liquidation. The dissolution of the subsidiary was authorised at a meeting of shareholders and approved by appropriate authority on 23 March, 2017. The company has created provision against investment and dues from the subsidiary and recognised as an exceptional item in the statement of profit and loss. The Company obtained necessary approvals for liquidation and liquidated the company.

Note 40: During the year, the Company has reorganized its entities outside India to create seamless international distribution arm and consolidate distribution operation across North America and the European region (EU operations) with a strong brand portfolio and to achieve clear segregation between distribution and manufacturing segments. As a result of the reorganization, the Company has entered into a Share Purchase Agreement ("SPA") dated 17 March 2019 with Himatsingka Holdings NA Inc., USA, a wholly owned subsidiary, and sold 100% stake in Himatsingka Europe Limited, another wholly owned subsidiary of the Company, at a consideration ₹ 9,003 lacs (carrying value ₹ 8,049 lacs) and has recorded a profit of ₹ 954 lacs in the statement of profit and loss.

Note 41: There is no amount due and outstanding as at Balance sheet date to be credited to the Investor Education and Protection Fund.

Note 42: Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

Note 43: The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2019.

Note 44: Events after reporting period

On 28 May 2019, the board of directors recommended a final dividend of ₹ 5.00 per equity share (total dividend of ₹ 4,922.86 lacs (excluding dividend distribution tax)) be paid to the shareholders for financial year 2018-2019, which need to be approved by shareholders at the Annual General Meeting.

Note 45: Approval of Financial Statements

The financial statements were approved by the board of directors on 28 May 2019.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors of
Himatsingka Seide Limited

Supreet Sachdev
Partner
Membership number: 205385

D.K. Himatsingka
Executive Chairman
DIN: 00139516

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

K.P. Rangaraj
Chief Financial Officer

Ashok Sharma
Company Secretary

Place: Bengaluru
Date: 28 May 2019

Place: Bengaluru
Date: 28 May 2019

Independent Auditors' Report

To the Members of Himatsingka Seide Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Himatsingka Seide Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associate, which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 and on the other financial information of the subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 and its associate, as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

See note 2.5 and 22 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable when the goods are delivered and title has passed, the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.</p> <p>We identified revenue recognition as a key audit matter because the Group and its external stakeholders focus on revenue as a key performance indicator. This results in a risk that revenues may be overstated or recognised before control has been transferred.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, amongst other procedures, to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none">1. We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.2. We evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions.3. We performed substantive testing for the revenue transactions using statistical sampling and tested the underlying documents supporting the sales.4. We carried out analytical procedures on revenue recognised during the year to identify unusual variances.5. We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period.6. We tested manual journal entries posted to revenue to identify unusual items.

Independent Auditors' Report (continued)

Impairment of goodwill

See note 2.3, 2.14 and 4 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>Goodwill is a significant item on the balance sheet and management performs impairment testing for goodwill annually.</p> <p>In performing such impairment assessments, management compared the carrying value of each of the identifiable cash generating units ("CGUs") to which goodwill had been allocated with their respective 'value in use' computed based on discounted cash flow method, to determine if any impairment loss should be recognized.</p> <p>The discounted cash flow method involves estimating future cash flows, growth rates and discount rates which require significant management judgement.</p> <p>Refer Note 4 to the consolidated financial statements.</p>	<p>Our audit procedures on testing for goodwill impairment includes the following:</p> <ol style="list-style-type: none"> 1. Evaluated the design and implementation of the processes and internal controls relating to impairment of non-financial assets including, goodwill; 2. Evaluated management's identification of CGU's, the carrying value of each CGU and the methodology followed by management for the impairment assessment in compliance with the prevailing accounting standards; 3. Evaluated appropriateness of key assumptions included in the cash flow forecasts used in computing recoverable amount of each CGU, such as, growth rates, profitability, discount rates, etc, with reference to our understanding of their business and historical trends; 4. Engaged internal valuation specialists to evaluate the appropriateness of methodology used to compute the recoverable amount of the CGU and the key underlying assumptions; 5. Evaluated the appropriateness of the disclosure in the financial statements and assessed the completeness and mathematical accuracy.

Recognition for Government grants and assessment of recoverability

See note 2.9, 7 and 9 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Group is eligible for government grants under various schemes issued by State and the Central government. Each of these schemes requires fulfilment of conditions by the Group to be eligible to receive grant. The Group also needs to assess the recoverability of these grants at each balance sheet.</p> <p>Recognition of grants (including its classification as capital or revenue grant) require a reasonable assurance that the Group will be in compliance with the conditions specified in the relevant schemes and the grants will be received. The assessment of fulfilment of relevant conditions specified in the grant at the time of recognition involves significant management judgement and assumptions.</p> <p>Further, the Group needs to assess at each balance sheet the recoverability of the grant.</p> <p>We have identified the recognition (including its classification as capital or revenue grant) of grant and its recoverability as a key audit matters because of the complexities in establishing the eligibility conditions of the grant and judgement involved towards the assessment of its recoverability.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, amongst other procedures, to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none"> 1. We assessed the appropriateness of the government grant accounting policies by comparing with the applicable accounting standards. 2. We evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to recognition of grant (including its classification as capital and revenue grant) and assessment of recoverability of government grants. 3. We performed substantive procedures on the government grants recognised during the year by testing the underlying documents and whether the recognition of grants is in accordance with the relevant incentive scheme including its classification as revenue or capital grant. 4. We have evaluated the assessment performed by the management towards its recoverability of respective grant (including grants recorded in earlier years and outstanding at the beginning of the year).

Independent Auditors' Report (continued)

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/(loss) and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of each company.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group (company and subsidiaries) as well as associate to cease to continue as a going concern.

Independent Auditors' Report (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- a) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements/financial information reflect total assets of ₹ 9,117 lakhs as at 31 March 2019, total revenues (including other income) of ₹ 1,276 lakhs and net cash out flows amounting to ₹ 21 lakhs for the year ended on that date, as considered in the consolidated financial statements. These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries.

The Company's management has converted the financial statements and other financial information of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion on consolidated 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 of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us..

- b) The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of ₹ Nil for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of one associate, whose financial statements/financial information have not been audited by us or by other auditors. These unaudited financial statements/financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion on the consolidated financial statements, 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 the other auditors and the financial statements/financial information certified by the Management.

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors and unaudited financial statements of an associate as certified by the management, as noted in the 'Other Matters' paragraph, 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 financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books 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 statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019, taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company incorporated in India and certification obtained by management of associate company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 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 with reference to financial statements of the Holding Company, its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and unaudited financial statements of an associate as certified by the management, as noted in the 'Other Matters' paragraph:
- i) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 30 to the consolidated financial statements.
 - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.
 - iii) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India, there were no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31 March 2019.
 - iv) The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2019.
- C) With respect to the matter to be included in the Auditors' report under Section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Holding Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us. The requirement of section 197 of the Act is not applicable to the subsidiary company incorporated in India.

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number. 101248W/W-100022

Supreet Sachdev

Partner

Membership No. 205385

Place: Bengaluru

Date: 28 May 2019

Annexure A to the Independent Auditors' Report

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Himatsingka Seide Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary company, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated 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 with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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.

Annexure A to the Independent Auditors' Report (continued)

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for B S R & Co. LLP

Chartered Accountants

Firm's Registration Number. 101248W/W-100022

Supreet Sachdev

Partner

Membership No. 205385

Place: Bengaluru

Date: 28 May 2019

Consolidated Balance Sheet

Himatsingka Seide Limited | As at 31 March, 2019

(₹ Lacs)

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	182,989.00	183,043.72
Capital work-in-progress		63,395.00	3,221.00
Investment property	3.2	836.04	888.95
Goodwill	4	44,243.01	35,103.69
Other intangible assets	3.3	10,092.12	4,504.52
Financial assets			
a) Investments	5	670.01	670.56
b) Loans	6	90.90	140.49
c) Other financial assets	7	1,617.09	2,066.49
Deferred tax assets, (net)	8.2	1,977.00	3,141.76
Income tax assets, (net)	8.1	1,045.14	888.28
Other assets	9	12,216.69	12,172.49
Total non-current assets		319,172.00	245,841.95
Current assets			
Inventories	10	117,596.57	99,026.94
Financial assets			
a) Investments	5	11,672.20	11,893.12
b) Trade receivables	11	16,628.49	9,909.52
c) Cash and cash equivalents	12	16,709.84	10,988.28
d) Bank balances other than cash and cash equivalents above	12	8,407.60	2,483.68
e) Loans	6	76.90	125.91
f) Other financial assets	7	11,538.99	16,790.70
Other assets	9	14,687.35	20,681.06
Assets held for sale	13	4,000.67	4,156.24
Total current assets		201,318.61	176,055.45
Total Assets		520,490.61	421,897.40
EQUITY AND LIABILITIES			
Equity share capital	14	4,922.86	4,922.86
Other equity	15	137,182.89	117,830.41
Total equity		142,105.75	122,753.27
Liabilities			
Non current liabilities			
Financial liabilities			
a) Non-current borrowings	16	167,774.52	121,652.34
Non-current provisions	17	1,962.39	1,652.76
Deferred tax liabilities, (net)	8.2	3,740.01	793.44
Other non-current liabilities	18	28,515.00	22,722.80
Total non-current liabilities		201,991.92	146,821.34
Current Liabilities			
Financial Liabilities			
a) Current borrowings	19	97,834.96	94,302.22
b) Trade payables			
i) total outstanding dues of micro enterprises and small enterprises; and		1,730.43	550.22
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	20	42,512.87	34,566.50
c) Other current financial liabilities	21	23,784.17	14,561.53
Current provisions	17	248.74	164.21
Current tax liabilities, (net)	8.1	4,935.84	3,025.45
Other current liabilities	18	5,345.93	5,152.66
Total current liabilities		176,392.94	152,322.79
Total liabilities		378,384.86	299,144.13
Total Equity and Liabilities		520,490.61	421,897.40
Significant accounting policies	2		

The notes referred to above form an integral part of the Consolidated annual financial statements

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership number: 205385

Place: Bengaluru

Date: 28 May 2019

for and on behalf of the Board of Directors of

Himatsingka Seide Limited

D.K. Himatsingka

Executive Chairman

DIN: 00139516

K.P. Rangaraj

Chief Financial Officer

Place: Bengaluru

Date: 28 May 2019

Shrikant Himatsingka

Managing Director & CEO

DIN: 00122103

Ashok Sharma

Company Secretary

Consolidated Statement of Profit and Loss

Himatsingka Seide Limited | For the year ended 31 March, 2019

(₹ Lacs)

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	22	261,764.91	224,905.95
Other income	23	3,661.37	1,762.99
Total income		265,426.28	226,668.94
Expenses			
Cost of materials consumed	24	79,001.26	78,826.04
Purchases of stock-in-trade	24	68,539.59	58,117.24
Changes in stock of finished goods, work-in-progress and stock-in-trade	24	(18,578.00)	(18,378.20)
Employee benefit expense	25	25,685.85	20,911.89
Finance costs	26	16,312.49	10,379.72
Depreciation and amortisation expense	27	10,876.82	7,194.84
Other expenses	28	52,784.48	40,569.30
Total expenses		234,622.49	197,620.83
Profit before share of loss of equity accounted investee and tax		30,803.79	29,048.11
Less: Share of loss of equity accounted investee (net of income tax)		-	0.26
Profit before tax		30,803.79	29,047.85
Tax expenses			
Current tax	34	7,654.40	6,387.39
Deferred tax	34	3,465.89	2,496.96
Income tax expense		11,120.29	8,884.35
Profit for the year		19,683.50	20,163.50
Other comprehensive income			
A) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		(41.63)	37.89
Income tax relating to items that will not be reclassified to profit or loss		16.45	(13.24)
B) Items that may be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations		743.17	1,446.40
Net change in fair value of hedging instruments in a cash flow hedge		2,975.87	(4,079.48)
Income tax relating to items that may be reclassified to profit or loss		(1,058.37)	1,428.47
Other comprehensive income for the year, net of income tax		2,635.49	(1,179.96)
Total comprehensive income for the year		22,318.99	18,983.54
Earnings per equity share (face value of ₹ 5 each)			
Basic and diluted (in ₹)	35	19.99	20.48
Significant accounting policies	2		

The notes referred to above form an integral part of the Consolidated annual financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership number: 205385

Place: Bengaluru

Date: 28 May 2019

for and on behalf of the Board of Directors of

Himatsingka Seide Limited

D.K. Himatsingka

Executive Chairman

DIN: 00139516

K.P. Rangaraj

Chief Financial Officer

Place: Bengaluru

Date: 28 May 2019

Shrikant Himatsingka

Managing Director & CEO

DIN: 00122103

Ashok Sharma

Company Secretary

Consolidated Statement of changes in equity for the year ended 31 March 2019

Particulars	₹ Lacs
A) Equity share capital	
Balance as at 1 April 2017	4,922.86
Changes in equity share capital during the year	-
Balance as at 31 March 2018	4,922.86
Changes in equity share capital during the year	-
Balance as at 31 March 2019	4,922.86

Particulars	Note	Reserves and surplus (Refer Note 15)						Other comprehensive income			Total Other Equity	
		Capital reserve on consolidation	Capital reserve	Securities premium reserve	General reserve	Legal reserve	Debt redemption reserve	Retained earnings	Effective portion of cash flow hedge	Foreign currency translation reserve		Remeasurement of net defined benefit liability or asset
Balance as at 1 April 2017		66.74	620.88	27,675.71	16,870.17	7.39	400.00	52,610.83	3,091.80	691.90	(232.20)	101,803.22
Profit for the year		-	-	-	-	-	-	20,163.50	-	-	-	20,163.50
Other comprehensive income for the year, net of Income tax		-	-	-	400.00	-	(400.00)	-	(2,651.01)	1,446.40	24.65	(1,179.96)
Payment of dividends, including dividend distribution tax		-	-	-	-	-	-	(2,957.46)	-	-	-	(2,957.46)
Foreign exchange differences		-	-	-	-	1.11	-	-	-	-	-	1.11
Balance as at 31 March 2018		66.74	620.88	27,675.71	17,270.17	8.50	-	69,816.87	440.79	2,138.30	(207.55)	117,830.41
Balance as at 1 April 2018		66.74	620.88	27,675.71	17,270.17	8.50	-	69,816.87	440.79	2,138.30	(207.55)	117,830.41
Profit for the year		-	-	-	-	-	-	19,683.50	-	-	-	19,683.50
Other comprehensive income for the year, net of Income tax		-	-	-	-	-	-	-	1,917.50	743.17	(25.18)	2,635.49
Payment of dividends, including dividend distribution tax		-	-	-	-	-	-	(2,967.38)	-	-	-	(2,967.38)
Foreign exchange differences		-	-	-	-	0.87	-	-	-	-	-	0.87
Balance as at 31 March 2019		66.74	620.88	27,675.71	17,270.17	9.37	-	86,532.99	2,358.29	2,881.47	(232.73)	137,182.89

2

The notes referred to above form an integral part of the Consolidated annual financial statements

As per our report of even date attached

for **BS R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership number: 205385

Place: Bengaluru
Date: 28 May 2019

D.K. Himatsingka
Executive Chairman
DIN: 00139516

Place: Bengaluru
Date: 28 May 2019

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

K. P. Rangaraj
Chief Financial Officer

Ashok Sharma
Company Secretary

Consolidated Statement of Cash Flows

Himatsingka Seide Limited | For the year ended 31 March, 2019

(₹ Lacs)

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from operating activities			
Profit for the year		19,683.50	20,163.50
Adjustments:			
Finance costs	26	15,765.51	10,325.83
Interest income	23.a	(460.62)	(126.34)
Net gain on sale of investments in mutual funds	23.c	(687.39)	(261.47)
Gain on current investments carried at fair value through profit or loss		(189.01)	(655.96)
Net loss/(gain) on disposal of property, plant and equipment		43.26	49.91
Loss allowance on financial assets, net	28	16.49	35.00
Amortized value of employee loans and security deposits		43.18	46.40
Depreciation and amortisation expense	27	10,876.82	7,194.84
Ineffective portion of hedging instrument		(146.48)	102.27
Net foreign exchange gain on non operating activities		(190.43)	221.43
Rental income from operating lease		(140.73)	(133.16)
Income tax expense	34	11,120.29	8,884.35
Operating cash flows before working capital changes		55,734.39	45,846.60
Changes in operating assets and liabilities			
(Increase) in trade and other receivables		(5,891.45)	(24,802.55)
(Increase) in inventories		(14,959.78)	(25,170.48)
(Increase)/Decrease in other assets		15,209.05	(9,961.12)
Increase/(Decrease) in trade and other payables		5,709.16	21,255.23
Increase in provisions		324.64	1,041.32
(Decrease) in other liabilities		(1,846.74)	(1,442.07)
Cash generated from operations		54,279.27	6,766.93
Income taxes paid, net of refund		(6,431.99)	(4,817.51)
Net cash generated from operating activities		47,847.28	1,949.42
Cash flows from investing activities			
Payments to acquire financial assets		(30,459.75)	(30,214.56)
Proceeds on sale of financial assets		31,563.44	19,238.87
Interest received		326.76	105.02
Acquisition of property, plant and equipment and intangible assets		(70,368.49)	(62,599.24)
Proceeds from sale of property, plant and equipment		2.40	245.55
Investment in fixed deposits		(13,396.02)	(4,556.61)
Proceeds from fixed deposits maturity		7,928.26	14,036.38
Investment in equity		-	(644.30)
Income from investment property		140.78	133.16
Net cash used in investing activities		(74,262.62)	(64,255.73)

Consolidated Statement of Cash Flows

Himatsingka Seide Limited | For the year ended 31 March, 2019

(₹ Lacs)

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from financing activities			
Proceeds from current borrowings		1,802.61	32,889.85
Proceeds from non-current borrowings		57,259.21	67,871.15
Repayment of non-current borrowings		(8,603.87)	(17,205.91)
Dividends paid on equity shares		(2,967.38)	(2,957.46)
Proceeds from government subsidy		6,425.78	640.67
Interest paid		(21,747.60)	(13,904.01)
Net cash generated by financing activities		32,168.75	67,334.29
Net increase / (decrease) in cash and cash equivalents		5,753.41	5,027.98
Cash and cash equivalents at the beginning of the year		10,988.28	5,937.93
Effects of exchange rate changes on cash and cash equivalents		(31.85)	22.37
Cash and cash equivalents at the end of the year (refer note 12)		16,709.84	10,988.28
**Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.			
Components of cash and cash equivalents (refer note 12)			
Cash and cash equivalents			
Cash in hand		29.03	52.02
Balance with banks			
– in current accounts		13,180.81	10,936.26
– in deposit accounts (with original maturity of less than 3 months)		3,500.00	-
Cash and cash equivalents in balance sheet		16,709.84	10,988.28
Significant accounting policies	2		

Reconciliation between opening and closing balance sheet for liabilities arising from financing activities

	Opening balance 01 April 2018	Cash flows	Non-cash movement	Closing balance 31 March 2019
Borrowings (including current maturities)	131,214.31	48,655.34	1,328.66	181,198.31
Short - term borrowings	94,302.22	1,802.61	1,730.13	97,834.96
Interest accrued but not due	211.70	207.47	-	419.17
Total liabilities from financing activities	225,728.23	50,665.42	3,058.79	279,452.44

The notes referred to above form an integral part of the Consolidated annual financial statements.

As per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership number: 205385

for and on behalf of the Board of Directors of
Himatsingka Seide Limited

D.K. Himatsingka
Executive Chairman
DIN: 00139516

K.P. Rangaraj
Chief Financial Officer

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

Ashok Sharma
Company Secretary

Place: Bengaluru
Date: 28 May 2019

Place: Bengaluru
Date: 28 May 2019

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Reporting Entity

Himatsingka Seide Limited (“the Company”) together with its subsidiaries (including step subsidiaries) collectively referred to as (“the Group”) is incorporated and domiciled in India. 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 bedding, drapery and upholstery products made of cotton, silk and blends. The Himatsingka Group (Himatsingka Seide Limited, its subsidiaries and associate, herein referred to as The Group) is a vertically integrated home textile group. The Group operates two manufacturing facilities in India and retail and distribution businesses across North America, Europe and Asia.

The Group’s consolidated Ind AS financial statements were approved by the Company’s Board of Directors on 28 May 2019.

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

Note 1: Significant Accounting Policies

1.1 Statement of Compliance

These consolidated annual financial statements have been prepared in accordance with Indian Accounting Standards (“Ind AS”) specified under Section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Indian Accounting Standard) Rules (as amended from time to time) and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

1.2 Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (₹), which is also the Group’s functional currency. All amounts have been presented in rupees in lakhs and rounded off upto two decimals.

1.3 Basis of preparation

The consolidated 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.

The Group has consistently applied the following accounting policies to all the periods presented in the Consolidated annual financial statements, except for the adoption of Ind AS 115 (Revenue from contracts with customers), which was adopted with effect from 1 April 2018.

1.4 Use of estimate, assumption and judgement

The preparation of consolidated annual financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities the disclosure of contingent liabilities and assets on the date of the Standalone annual financial statements and the reported amount of revenue and expenses for the year reported. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors that are believed to be reasonable under the circumstance. Revisions to accounting estimates are recognised in the year in which the estimates are revised, and future periods are affected.

Assumptions and estimation uncertainties

Information about assumptions, judgements and estimations that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is summarized below:

- note 3: useful life of property, plant and equipment and intangible assets;
- note 34: recognition of deferred tax asset: availability of future taxable profit against which tax losses carried forward can be used;
- note 17 and 25: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- note 17: measurement of defined benefit obligation: key actuarial assumptions;
- note 5, 6, 7, 11 and 36: impairment of financial assets

1.5 Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non-financial assets and liabilities.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- note 36: financial instruments.

Note 2: Significant Accounting Policies

2.1 Basis of consolidation

The Company consolidates all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.

Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

All inter-company transactions, balances and income and expenses are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

2.2 Business Combination

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers 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.

2.3 Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired ("net assets") exceeds the cost of business acquisition, the excess of net assets over cost of business acquisition is recognised immediately in capital reserve. Goodwill is measured at cost less accumulated impairment losses.

2.4 Subsidiaries

Subsidiaries are the entities controlled by the Group. The Consolidated Ind AS financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in Note 41. Control exists when the parent has power over an

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

investee, exposure or rights to, or has variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. The financial statement of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date control ceases.

The financial statements of the Group Companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group.

2.5 Revenue Recognition

Revenue is recognised upon transfer of control of promised goods or services to customer in an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

The Group derives its revenue from sale of products.

Effective 1 April 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Ind AS 115 replaces Ind AS 18 Revenue, Ind AS 11 Construction Contracts and related interpretations. The Group has adopted Ind AS 115 using the cumulative effect method (without the practical expedient), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Under this transition method, the standard is applied retrospectively only to contracts that are not completed as at the date of initial application, and the comparative information is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact on the financial statements of the Group.

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax, etc. For certain contracts that permits the customer to return an item, revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Revenue from sale of products is recognised at the point in time when control is transferred to customer.

Income from government incentives are recognized in the statement of profit and loss account when the right to receive credit as per the terms of the entitlement is established in respect of exports made (also refer note 2.9 below).

Use of significant judgements in revenue recognition:

- a) The Group's contracts with customers could include promises to transfer multiple goods to a customer. The Group assesses the goods promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct good from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.
- c) The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Policy applicable before 1 April 2018:

Refer note 2 "Significant Accounting Policies" in the Company's consolidated annual financial statements as at and for the year ended 31 March 2018 for the accounting policies that were in effect for revenues recognized prior to 1 April 2018.

Interest income is recognised as it accrues in the statement of profit and loss using effective interest rate method.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

2.6 Other Income

Other income comprises interest income on deposits, dividend income and gain/ (losses) on disposal of financial assets and non-financial assets. Interest income is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

Dividend Income from investments is recognised when the shareholder's right to receive payment has been established.

2.7 Leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to lower of their fair value and the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases in which a significant portion of risk and rewards of ownership are not transferred to the group as lessee are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit and loss on a straight line over period of lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.8 Borrowings and borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

2.9 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is treated as deferred income and recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

2.10 Employee benefits

a) Defined benefit plans

The Group's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains or losses are recognized in other comprehensive income. Further, the statement of profit and loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Re-measurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

The Group's gratuity scheme is administered through a third party trust and the provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Provision is made for the shortfall, if any, between the amounts required to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of the funds.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

b) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g. short term performance incentive, if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the amount of obligation can be estimated reliably.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in the statement of profit and loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

c) Compensated absences

The employees of the Group are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accumulating compensated absence and utilize it in future periods. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the Projected Unit method as at the reporting date. Actuarial gains / losses are immediately taken to the Standalone statement of profit and loss and other comprehensive income.

d) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group makes specified monthly contributions towards employee Provident Fund to Government administered Provident Fund Scheme which is a defined contribution plan. The Group's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

2.11 Taxation

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements except for the cases mentioned below.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the reporting date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss at the time of the transaction.
- temporary investments related to investment in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be realised. Deferred tax assets, unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Minimum alternative tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

income tax in future years. Ind AS 12 defines deferred tax to include carry forward of unused tax credits that are carried forward by the entity for a specified period of time. Accordingly, MAT credit entitlement is grouped with deferred tax assets (net) in the balance sheet.

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

2.12 Property, plant and equipment

a) Recognition and measurement:

Items of property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are measured at cost less accumulated depreciation (which includes capitalised borrowing costs, if any) and accumulated impairment losses, if any.

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.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing an asset to working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

Assets in the course of construction are capitalised as capital work-in-progress. 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 are adjusted with cost of capitalization.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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.

Advance paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date classified as capital advances under other non-current assets and the cost of the assets not put to use before such date are disclosed under Capital work in progress.

b) Depreciation:

Depreciation is provided on a Straight Line Method ('SLM') over the estimated useful lives of the property, plant and equipment as estimated by the Management and is generally recognised in the Statement of profit and loss.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

The Company has estimated the useful lives for property, plant and equipment as follows:

Class of assets	Years
Buildings	30 – 60 years
Plant and machinery	8 - 25 years
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

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

The Management believes that the useful lives as given best represent the period over which the management expects to use these assets based on an internal assessment and technical evaluation where necessary. Hence, the useful lives for some of these assets is different from the useful lives as prescribed under Part C of Schedule II of the Act.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / losses.

2.13 Goodwill and Other Intangible Assets

a) Goodwill

For measurement of goodwill that arises on a business combination (refer note 5). Subsequent measurement is at cost less any accumulated impairment losses.

b) Other Intangible Assets

i) Recognition and measurement

Acquired intangible assets

Intangible assets that are acquired by the Group are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss.

Internally generated intangible assets

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the consolidated statement of profit and loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if it is probable that the future economic benefits that are attributable to the assets will flow to the Group.

ii) Subsequent measurement

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including on internally generated software is recognized in profit and loss as and when incurred.

iii) Amortisation

The Company amortizes intangible assets with a finite useful life using the straight-line method.

The estimated useful lives of intangibles are as follows:

Class of asset	Useful life
Computer software	10 years
Design costs	4 years
Technical know-how	10 years
Brands and Licenses	3-5 years

The residual values, useful lives and method of amortisation of intangible assets are reviewed at each financial year end and adjusted if appropriate.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

iv) 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.

2.14 Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the consolidated statement of profit and loss and is not reversed in the subsequent period.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets/ CGU are considered to be impaired, the impairment to be recognised in the Statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset/ CGU is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.15 Inventories

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

Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost is used. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparison of cost and net realizable value is made on an item-by-item basis.

The method of determination of cost is as follows:

- Raw materials – on a weighted average cost basis
- Stores and spares – on a weighted average cost basis
- Work-in-progress – includes costs of conversion
- Finished goods – includes costs of conversion
- Traded goods – at purchase cost
- Goods in transit – at purchase cost

The net realizable value of work-in-progress is determined with reference to the net realizable value of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value. Fixed production overheads are allocated on the basis of normal capacity of production facilities. The provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

2.16 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into relevant functional currency at exchange rates in effect at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are generally recognized in the statement of profit and loss, except exchange differences arising from the translation of the following items which are recognized in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

2.17 Provisions

General

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the reporting date) at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of discount is recognised as finance cost. Expected future operating losses are not provided for.

2.18 Financial Instruments

a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets.

b) Classification and subsequent measurement

i) Financial assets

On initial recognition, a financial asset is classified and measured at

- amortised cost;
- fair value through other comprehensive income (FVOCI) - debt investment;
- fair value through other comprehensive income (FVOCI) - equity investment; or
- fair value through profit and loss (FVTPL)

Financial assets are not classified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as 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 assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company irrevocably elects to present subsequent changes in the investment's fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-to-investment basis.

All financial assets not classified as amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in the Statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of profit and loss. Any gain or loss on derecognition is recognised in the Statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Company determines whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on financial assets, trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12 month ECL.

Derecognition of financial assets

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset; or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

ii) Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities at fair value through profit or loss include and financial liabilities designated upon initial recognition as at fair value through profit or loss and financial liabilities held for trading. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss."

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of profit and loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.19 Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency risk exposure.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in the statement of profit and loss.

The Company designates their derivatives as hedge instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivatives is recognized in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of profit and loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in other equity is included directly in the initial cost of the non-financial item when it is recognized. For all other hedged forecast transactions, the amount accumulated in other equity is reclassified to the statement of profit and loss in the same period or periods during which the hedged expected future cash flows affect the statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instruments is sold, expires is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of profit and loss in the same period or periods as the hedged expected future cash flows affect the statement of profit and loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to the statement of profit and loss.

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains, net within results from operating activities.

2.20 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to owners of the Company for the year by the weighted average number of equity shares outstanding during reporting year.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that is dilutive and which either reduces earnings per share or increase loss per share are included.

2.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of cash flow statement, cash and cash equivalent includes cash in hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts that are repayable on demand and are considered part of the cash management system.

2.22 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before taxes for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

2.23 Contingent liability

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.24 Cash dividend to equity holders of the Company

The Group recognises a liability to make cash distributions to equity holders of the Group when the distribution is authorised, and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

2.25 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from April 1, 2019:

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

The Company has completed an initial qualitative assessment of the potential impact of the adoption of Ind AS 116 on accounting policies followed in its consolidated financial statements. The quantitative impact of adoption of Ind AS 116 on the retained earnings in consolidated financial statements in the period of initial application is not expected to be material.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 3.1: Property plant and equipment
Tangible Assets

(₹ Lacs)

Particulars	Freehold Land (Refer Note 3.1.1)	Buildings	Plant and Machinery	Furniture and Fixtures	Leasehold Improvements	Office Equipments	Vehicles	Books & Catalogues	Total
Cost:									
Balance as at 1 April 2017	18,251.80	20,081.45	87,941.71	4,480.85	3,153.78	4,327.59	170.86	544.01	138,952.05
Additions	5,366.59	25,425.82	67,621.81	3,950.33	67.49	549.25	24.30	-	103,005.59
Disposals	-	-	(461.05)	(32.93)	-	(6.63)	(25.53)	-	(526.15)
Other Adjustments (refer note 3.1.3)	-	396.58	201.16	179.96	51.71	184.02	5.01	-	1,018.44
Balance as at 31 March 2018	23,618.39	45,903.85	155,303.63	8,578.21	3,272.97	5,054.23	174.64	544.01	242,449.93
Balance as at 1 April 2018	23,618.39	45,903.85	155,303.63	8,578.21	3,272.97	5,054.23	174.64	544.01	242,449.93
Additions	1,540.03	1,394.34	5,505.82	1,354.89	321.46	849.17	-	-	10,965.71
Disposals	-	(137.43)	(274.10)	(0.81)	-	(8.83)	(0.22)	-	(283.96)
Other Adjustments (refer note 3.1.3)	-	-	(45.01)	257.44	149.48	42.98	2.30	-	269.76
Balance as at 31 March 2019	25,158.42	47,168.76	160,490.34	10,189.73	3,743.91	5,937.55	176.72	544.01	253,401.44
Accumulated depreciation:									
Balance as at 1 April 2017	-	(1,730.14)	(42,437.65)	(2,653.16)	(1,416.79)	(3,662.33)	(98.44)	(0.37)	(51,998.88)
Depreciation expense	-	(1,143.46)	(4,758.42)	(568.94)	(285.90)	(380.08)	(26.41)	(97.41)	(7,260.63)
Eliminated on disposal of assets	-	-	342.31	19.73	-	8.35	25.53	-	395.93
Other Adjustments (refer note 3.1.3)	-	(22.45)	(188.91)	(143.55)	(13.82)	(170.51)	(3.37)	-	(542.63)
Balance as at 31 March 2018	-	(2,896.06)	(47,042.68)	(3,345.92)	(1,716.51)	(4,204.58)	(102.69)	(97.78)	(59,406.21)
Balance as at 1 April 2018	-	(2,896.06)	(47,042.68)	(3,345.92)	(1,716.51)	(4,204.58)	(102.69)	(97.78)	(59,406.21)
Depreciation expense	-	(1,724.88)	(7,614.61)	(1,016.74)	(300.25)	(448.00)	(19.28)	(97.41)	(11,221.17)
Eliminated on disposal of assets	-	-	226.15	0.75	-	8.50	28.61	-	264.01
Other Adjustments (refer note 3.1.3)	-	41.47	43.22	(2.68)	(88.13)	(44.12)	1.17	-	(49.07)
Balance as at 31 March 2019	-	(4,579.47)	(54,387.92)	(4,364.59)	(2,104.90)	(4,688.20)	(92.19)	(195.19)	(70,412.44)
Net carrying amount:									
As at 31 March 2019	25,158.42	42,581.29	106,102.42	5,825.14	1,639.01	1,249.36	84.53	348.82	182,989.00
As at 31 March 2018	23,618.39	43,007.79	108,260.95	5,232.29	1,556.45	849.66	71.95	446.23	183,043.72

Note 3.1.1:

Freehold land includes ₹ 37.51 lacs (As at 31 March 2018 ₹. 37.51 lacs) (As at 01 April 2017 ₹. 37.51 lacs) 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 3.1.2:

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 3.1.3:

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

Note 3.1.4

During the previous year, the Group completed the construction of integrated ultra fine count cotton yarn spinning facility and commenced the commercial production on 5 February 2018. Refer note 32 for details of expenses capitalised.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note No. 3.2: Investment property

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Cost		
Balance at beginning of the year	943.32	836.92
Additions	-	-
Disposals	-	-
Property reclassified as held for sale	-	-
Effect of foreign currency exchange differences	(30.62)	106.40
Balance at end of the year	912.70	943.32
Accumulated depreciation and impairment		
Balance at beginning of the year	54.37	29.98
Depreciation expense	22.29	24.39
Property reclassified as held for sale	-	-
Effect of foreign currency exchange differences	-	-
Balance at end of the year	76.66	54.37
Net carrying value	836.04	888.95

Refer Note 31

Note 3.3: Other intangible assets

(₹ Lacs)

Particulars	Computer Software	Design Costs	Technical Know-How	Brands & Licenses	Total
Cost:					
Balance as at 1 April 2017	5,930.12	330.42	324.22	26,339.51	32,924.27
Additions	475.50	-	64.21	-	539.71
Disposals	(495.82)	-	-	-	(495.82)
Other Adjustments	85.64	-	(40.44)	-	45.20
Balance as at 31 March 2018	5,995.43	330.42	347.99	26,339.51	33,013.35
Balance as at 1 April 2018	5,995.43	330.42	347.99	26,339.51	33,013.35
Additions	896.84	-	-	5,593.17	6,490.01
Disposals	-	-	-	-	-
Other Adjustments	153.39	-	-	40.28	193.67
Balance as at 31 March 2019	7,045.66	330.42	347.99	31,972.96	39,697.03
Accumulated amortisation:					
Balance as at 1 April 2017	(1,370.96)	(100.38)	-	(26,209.20)	(27,680.54)
Amortisation expense	(898.99)	(168.06)	(32.42)	(28.88)	(1,128.35)
Disposals	324.45	-	-	-	324.45
Other Adjustments	(23.64)	(0.76)	-	-	(24.40)
Balance as at 31 March 2018	(1,969.13)	(269.20)	(32.42)	(26,238.08)	(28,508.84)
Balance as at 1 April 2018	(1,969.13)	(269.20)	(32.42)	(26,238.08)	(28,508.84)
Amortisation expense	(431.42)	(61.22)	(32.42)	(552.28)	(1,077.34)
Disposals	-	-	-	-	-
Other Adjustments	(54.74)	-	-	36.00	(18.74)
Balance as at 31 March 2019	(2,455.29)	(330.42)	(64.85)	(26,754.36)	(29,604.92)
Net carrying amount:					
Carrying value as at 31 March 2019	4,590.37	(0.00)	283.15	5,218.60	10,092.12
Carrying value as at 31 March 2018	4,026.30	61.22	315.57	101.43	4,504.52

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 4: Goodwill

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Cost		
Balance at beginning of year	35,103.69	34,141.58
Acquisition through business combination (Refer Note 38)	7,399.31	-
Effect of foreign currency exchange differences	1,740.01	962.11
Balance at end of year	44,243.01	35,103.69

Note 4.1: Allocation of goodwill to cash generating units:

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating unit (CGU) or group of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through group of CGU's.

The aggregate carrying amount of goodwill, net of exchange differences allocated to operating segments as follows:

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Bed-Linen (Manufacturing in India, sales and distribution in USA and Europe)	44,243.01	35,103.69
Total	44,243.01	35,103.69

The recoverable amount of a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of determining fair value of a CGU, 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.

As of 31 March 2019, the estimated recoverable amount of each of the CGU's exceeded its carrying amount, hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

Note 5: Investments

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Note 5.1: Non-current investments		
Unquoted		
Investments carried at fair value through profit and loss		
Investments in equity instruments	670.01	670.56
Total	670.01	670.56

Note 5.1A: Details of investments

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Investment in equity instruments		
Industria e Universita S.r.l. (No. of shares: 13,005,000) (As at 31 March 2018: 13,005,000)	19.79	20.56
Applied DNA Sciences, Inc. (No. of shares: 5,34,361) (As at 31 March 2018: 5,68,182)	650.22	650.00
Himatsingka Energy Private limited (No. of shares: 2,600) (As at 31 March 2018: 2,600)	-	0.26
	670.01	670.82
Share of loss of equity accounted investee restricted to investment	-	(0.26)
Total	670.01	670.56
Aggregate value of unquoted investments	670.01	670.56
Aggregate amount of impairment in value of investments	-	-

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 5.2: Current investments

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Investments in mutual funds (Quoted)		
Kotak money market scheme – (growth) – direct (No of units:56,983.86 (As at 31 March 2018: Nil))	1,758.84	-
Franklin India ultra short bond fund super institutional plan direct – growth (No of units: 4,975,490.54 (As at 31 March 2018: 7,584,676.85))	1,312.72	1,831.01
Aditya birla sun life money manager fund - growth - direct plan (No of units: 400,876.80 (As at 31 March 2018: Nil))	1,008.63	-
UTI money market fund -direct growth plan (No of units:47,724.13 (As at 31 March 2018: Nil))	1,008.20	-
Reliance ultra short duration fund – direct plan – growth option (No of units:32,957.90 (As at 31 March 2018: Nil))	1,006.74	-
Invesco India money market fund – direct Plan – growth (No of units: 46,401.19 (As at 31 March 2018: Nil))	1,006.58	-
UTI – ultra short term fund – direct Plan (No of units:24,087.52 (As at 31 March 2018: Nil))	756.03	-
Franklin India liquid fund - super institutional – direct – growth (No of units: 26,982.26 (As at 31 March 2018: Nil))	755.11	-
Sundaram low duration fund – direct plan – growth option (No of units:4,856,786.80 (As at 31 March 2018: Nil))	1,277.98	-
SBI savings fund direct plan growth (No of units: 2,180,119.01 (As at 31 March 2018: 4,385,085.54))	654.89	1,218.81
HDFC liquid fund – direct plan – growth option (No of units: 13,698.49 (As at 31 March 2018: Nil))	503.61	-
Kotak equity arbitrage fund – fortnightly – direct (No of units:1,062,911.61 (As at 31 March 2018: Nil))	250.20	-
Axis liquid fund – direct plan – growth option (No of units: 10,596.59 (As at 31 March 2018: Nil))	219.72	-
Reliance liquid fund - direct plan growth plan – growth option (No of units:3,352.80 (As at 31 March 2018: Nil))	152.95	-
UTI banking & PSU debt fund direct plan growth (No of units: Nil (As at 31 March 2018: 1,943,788.59))	-	277.73
DHFL pramerica low duration fund – direct plan – growth	-	2,109.45
Baroda pioneer treasury advantage fund – Plan B growth (No of units: Nil (As at 31 March 2018: 106,957.11))	-	2,211.57
HDFC short term opportunities fund - direct plan growth option (No of units: Nil (As at 31 March 2018: 13,802,317.68))	-	2,667.08
Reliance medium term fund direct growth plan (No of units: Nil (As at 31 March 2018: 4,240,246.72))	-	1,577.47
Total	11,672.20	11,893.12
Aggregate carrying amount of quoted investments	11,672.20	11,893.12

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 6: Loans

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Unsecured, considered good		
Loans to employees	90.90	140.49
Total	90.90	140.49
Current		
Unsecured, considered good		
Loans to employees	76.90	125.91
Total	76.90	125.91

Note 7: Other financial assets

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Unsecured, considered good		
Security deposits	1,610.57	1,609.80
Bank deposits (due to mature after 12 months from the reporting date)	6.52	456.69
Total	1,617.09	2,066.49
Current		
a) Financial assets at amortised cost		
Unsecured, considered good		
Security Deposits	267.83	136.44
Interest subsidy receivable	2,770.14	2,064.69
Subsidy receivable under various government schemes	4,320.79	13,375.59
Interest receivable	286.69	198.46
b) Derivative assets	3,893.54	1,015.52
Total	11,538.99	16,790.70

Note 8: Tax assets and liabilities

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Note 8.1: Income tax assets and liabilities		
Non-current income tax assets		
Income tax payments made against returns filed / demands received for earlier years	20,622.53	13,814.95
Less: Provisions made in prior years	(19,577.39)	(12,926.67)
Tax refund receivable (net)	1,045.14	888.28
Current tax liabilities		
Income tax payable	8,857.35	7,314.91
Less: Advance tax and taxes deducted at source	(3,921.51)	(4,289.46)
Tax payable (net)	4,935.84	3,025.45

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 8.2: Deferred tax asset (net)*

The following is the analysis of the net deferred tax asset/(liability) position as presented in the financial statements

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax liabilities		
Property, plant and equipments and intangible assets	20,367.23	16,025.83
Fair value impact on investments	43.60	151.33
Cash flow hedge	1,266.59	208.22
Foreign currency translation reserve	5.08	391.38
Goodwill	4,309.19	3,447.16
Total deferred tax liabilities (A)	25,991.69	20,223.93
Deferred tax assets		
Provision for gratuity and compensated absences	124.80	108.35
MAT credit entitlement	14,767.35	13,376.68
Unadjusted tax losses, including unabsorbed depreciation	3,683.04	4,131.13
Others	5,653.49	4,956.09
Total deferred tax assets (B)	24,228.69	22,572.25
Net deferred (asset) / liabilities (A - B)	1,763.01	(2,348.32)

*refer note 34

Note 9: Other Assets

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Capital advances	2,337.49	5,209.77
Prepayments	9,797.07	6,935.06
Deferred employee benefit	59.24	7.45
Deferred rent	23.09	20.21
Total	12,216.69	12,172.49
Current		
Advances to suppliers	290.02	1,431.64
Balances with government authorities (other than income taxes)	4,151.25	9,344.17
Prepayments	6,189.38	3,543.81
Deferred employee benefit	22.78	3.01
Deferred rent	39.49	47.46
Interest subsidy receivable	-	224.52
Subsidy receivable under various government schemes	3,994.34	5,654.54
Others	-	431.91
Total	14,687.35	20,681.06

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 10: Inventories (Valued at lower of cost and net realizable value)

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials	10,097.59	10,976.16
Work-in-progress	19,215.58	13,404.14
Finished goods	11,868.93	8,729.01
Traded goods	73,759.57	64,132.93
Stores and spares	2,654.90	1,784.70
Total	117,596.57	99,026.94
Included above, goods-in-transit:		
Raw materials	2,510.03	3,211.66
Finished goods	1,113.72	575.75
Traded goods	22,090.34	20,256.10
Total	25,714.09	24,043.51

Note 11: Trade receivables

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	16,628.49	9,909.52
Credit impaired	1,930.17	2,101.10
	18,558.66	12,010.62
Less: Allowance for doubtful debts	(1,930.17)	(2,101.10)
Net Trade receivables	16,628.49	9,909.52

All trade receivables are 'current'.

Note 11.1: 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 ₹ 561.98 Lacs and the carrying amount of the associated liability is ₹ 449.58 lacs. (Refer Note No. 19)

The Group's exposure to credit and currency risk and loss allowances related to trade receivables has been disclosed in Note 36

Note 11.2: Expected credit loss assessment for Trade Receivables as at 31 March 2019 and 31 March 2018 are as follows:

The Group establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables as at 31 March 2019 amounting to ₹ 16,628.49 lacs (31 March 2018: ₹ 9,909.52 lacs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance as at beginning of the year	(2,101.10)	(1,795.35)
Net measurement of loss allowance	(10.00)	(35.00)
Foreign exchange translation gain / (loss)	180.93	(270.75)
Balance at end of the year	(1,930.17)	(2,101.10)

There is no significant movement in the impairment loss allowance during 2018-19.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 12: Cash and Cash Equivalents

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash in hand	29.03	52.02
Balance with Banks in current accounts and deposits		
– in current accounts	13,180.81	10,936.26
– in deposit accounts (with original maturity of less than 3 months)	3,500.00	-
	16,709.84	10,988.28
Other bank balances (Refer Note 12.1)	67.64	46.37
In deposit account (more than 3 months but less than 12 months) (Refer Note 12.2)	8,339.96	2,437.31
	8,407.60	2,483.68
Total	25,117.44	13,471.96

Note 12.1: Other Bank Balances represent earmarked balances in respect of unpaid dividends and dividend payable.

Note 12.2: 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 13: Assets classified as held for sale

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Building (Refer note 13.1)	4,000.67	4,156.24
Total	4,000.67	4,156.24

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 31 March 2019 as 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

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised		
134,000,000 equity shares (31 March 2018: 134,000,000 equity shares) of par value of ₹ 5 each	6,700.00	6,700.00
Issued		
98,496,160 equity shares (31 March 2018: 98,496,160 equity shares) of par value of ₹ 5 each	4,924.81	4,924.81
Subscribed and fully paid-up		
98,457,160 equity shares (31 March 2018: 98,457,160 equity shares) of par value of ₹ 5 each	4,922.86	4,922.86
	4,922.86	4,922.86

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	31 March 2019		31 March 2018	
	Number of shares	Amount (₹ lacs)	Number of shares	Amount (₹ lacs)
At the commencement of the year	98,457,160	4,922.86	98,457,160	4,922.86
At the end of the year	98,457,160	4,922.86	98,457,160	4,922.86

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

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

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

Details of shareholders holding more than 5% of equity shares in the Company

Particulars	31 March 2019		31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 5 each				
D K Himatsingka	11,968,000	12%	11,968,000	12%
Shrikant Himatsingka	8,480,964	9%	8,480,964	9%
Bihar Mercantile Union Limited	7,926,000	8%	7,926,000	8%
Rajshree Himatsingka	5,897,260	6%	5,897,260	6%

Note 15: Other Equity

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital reserve on consolidation	66.74	66.74
Capital reserve (Refer note (i) below)	620.88	620.88
Securities premium account (Refer note (ii) below)	27,675.71	27,675.71
General reserve (Refer note (iii) below)	17,270.17	17,270.17
Legal reserve (Refer note (iv) below)	9.37	8.50
Retained earnings (Refer note (v) below)	86,532.99	69,816.87
Reserves and Surplus	132,175.86	115,458.87
Cash flow hedge reserve (Refer note (vi) below)	2,358.29	440.79
Foreign currency translation reserve	2,881.47	2,138.30
Remeasurement of net defined benefit liability or asset	(232.73)	(207.55)
Other comprehensive income	5,007.03	2,371.54
Total	137,182.89	117,830.41

Notes:

- Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserves. The same will be utilized for the purpose as permitted by the Companies Act, 2013.
- 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.[§]
- Legal reserve represents the reserve as mandated by the Italian Civil Code.[@]
- Retained earnings comprises of the Company's undistributed earnings after taxes. The amount can be distributed by the Company as dividends to its equity shareholders.
- The cashflow hedging reserve represents the cumulative effective portion of gains or losses (net of taxes, if any) arising on changes in fair value of designated position of hedging instruments entered into for cash flow heads.

[#]The reserve can be utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

[§]General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

[@]The same will be utilised for the purpose as permitted by the Italian civil code.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
General reserve		
Opening balance	17,270.17	16,870.17
Add: Transferred from debenture redemption reserve	-	400.00
Total	17,270.17	17,270.17
Debenture redemption reserve		
Opening balance	-	400.00
Less: Transferred to general reserve	-	(400.00)
Total	-	-
Legal reserve		
Opening balance	8.50	7.39
Add/(Less): Foreign exchange difference	0.87	1.11
Total	9.37	8.50
Retained earnings		
Opening balance	69,816.87	52,610.83
Add: Profit for the year	19,683.50	20,163.50
Less: Payment of dividends, including dividend distribution tax	(2,967.38)	(2,957.46)
Total	86,532.99	69,816.87
Effective portion of cash flow hedge		
Opening balance	440.79	3,091.80
Gain/ (loss) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges	(335.41)	4,728.09
Cumulative (gain)/loss arising on changes in fair value of designated portion of hedging instruments reclassified to profit or loss	3,311.69	(8,807.57)
Income tax related to net gains recognised in other comprehensive income	(1,058.78)	1,428.47
Total	2,358.29	440.79
Foreign currency translation reserve		
Opening balance	2,138.30	691.90
Other Comprehensive Income for the year, net of income tax	743.17	1,446.40
Total	2,881.47	2,138.30
Remeasurement of net defined benefit liability or asset		
Opening balance	(207.55)	(232.20)
Other Comprehensive Income for the year, net of income tax	(25.18)	24.65
Total	(232.73)	(207.55)

Note 16: Non-current borrowings

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured loans: (refer note 16.1)		
Term loans		
From banks	99,199.34	62,999.91
From financial institution	68,575.18	58,652.43
Total	167,774.52	121,652.34

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 16.1: Details of non-current borrowings and current maturities of non-current borrowings

(₹ Lacs)

Particulars	As at 31 March 2019		As at 31 March 2018		Nature of security	Repayment/ redemption / other terms
	Non-Current	Current	Non-Current	Current		
i) Term loans from bank(Secured)						
Loan 1	5,253.68	3,562.50	8,741.07	4,453.13	First paripassu charge of certain immovable fixed assets.	20 substantially equal quarterly installments commencing on 31 December 2016. The outstanding term as of 31 March 2019 was 11 installments.
Loan 2	16,118.30	912.82	17,231.87	304.28	First paripassu charge on entire moveable and immovable fixed assets of the Hassan 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 31 March 2019 was 37 installments.
Loan 3	8,928.46	-	8,367.80	-	First paripassu charge on Midford garden property & Vittal Mallya road property.	In 3 Yearly installments after initial moratorium of 4 years (yearly % of repayment 25%, 35% & 40%) The outstanding term as of 31 March 2019 was 3 installments.
Loan 4	34,346.94	1,014.00	3,639.09	-	First paripassu charge on entire moveable and immovable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 39 structured quarterly installments commencing from 31 December 2020 The outstanding term as of 31 March 2019 was 39 installments.
Loan 5	5,470.33	2,000.00	5,941.03	500.00	First paripassu charge on entire moveable and immovable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 16 structured quarterly installments commencing from 31 March 2019. The outstanding term as of 31 March 2019 was 15 installments.
Loan 6	14,102.17	-	13,235.29	-	First paripassu charge on entire moveable and immovable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	In 3 Yearly installments after initial moratorium of 4 years (yearly % of repayment 25%, 35% & 40%) The outstanding term as of 31 March 2019 was 3 installments.
Loan 7	9,388.66	500.00	-	-	Subservient charge on all present and future moveable fixed assets.	28 quarterly structured installments payable at the end of each quarter starting from 3 months from date of 1st disbursement. The outstanding term as of 31 March 2019 was 28 installments.
Loan 8	353.66	369.84	-	-	Secured by properties owned by Himatsingka America Inc	The loan is repayable in 36 monthly installments. The outstanding term as of 31 March 2019 was 23 installments
Loan 9	5,237.14	582.11	5,843.76	403.17	Secured by Fagnano and Biella properties owned by Bellora and supported by a Corporate Guarantee from Himatsingka Seide Limited	€uro 22.5 lacs to be repaid in 14 structured quarterly installments starting from 31 December 2017 (after a moratorium of 1.5 years). Balance Euro 67.5 lacs to be repaid at the end of 2020-21. The outstanding term as of 31 March 2019 was 9 installments.
Total	99,199.34	8,941.28	62,999.91	5,660.57		
The rate of interest on the above term loans is in the range of 4.15% to 11.55% (Previous Year: 4.80% to 11.05%) Interest on these term loans is eligible for government subsidies						

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 16.1: Details of non-current borrowings and current maturities of non-current borrowings

(₹ Lacs)

Particulars	As at 31 March 2019		As at 31 March 2018		Nature of security	Repayment/ redemption / other terms
	Non-Current	Current	Non-Current	Current		
iii) Term loan from financial institution (Secured)						
Loan 1	92.67	375.80	469.35	375.80	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 31 March 2019 was 5 installments.
Loan 2	926.97	250.00	1,174.10	250.00	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 31 March 2019 was 19 installments.
Loan 3	1,567.75	357.14	1,918.58	357.14	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 31 March 2019 was 23 installments.
Loan 4	15,557.50	923.08	16,462.74	923.08	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 31 March 2019 was 33 installments.
Loan 5	30,452.08	2,141.03	31,330.33	1,712.81	First pari passu charge on entire moveable and immovable fixed assets of the Hassan 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 31 March 2019 was 38 installments.
Loan 6	6,953.74	185.00	7,062.10	-	First pari passu charge on entire moveable and immovable fixed assets of the Hassan 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 31 March 2019 was 40 installments.
Loan 7	-	250.46	235.23	282.57	Leasehold improvements at Warehouse in Spartanburg, South Carolina	36 monthly instalments commencing from 1 February 2017. The outstanding term as of 31 March 2019 was 10 instalments.
Loan 8	13,024.48	-	-	-	First pari passu charge on the moveable and immovable properties located at Hassan and Doddaballapur plant including proposed project assets present and future. Further corporate guarantee is provided by Himatsingka Seide Limited for this loan.	Loan shall be repaid in 20 structured quarterly installments commencing after a moratorium of 2 years from the date of first disbursement. The outstanding term as of 31 March 2019 was 20 installments.
Total	68,575.18	4,482.51	58,652.43	3,901.40		

The rate of interest on the above term loans is in the range of 5.92% to 11.10% (Previous year 6.15% to 11.05%). Interest on these term loans eligible for government subsidies.



Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 17: Provisions

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Provision for gratuity (Refer Note 17.1)	1,465.75	1,222.04
Provision for compensated absences	399.43	349.95
Others	97.21	80.77
Total	1,962.39	1,652.76
Current		
Provision for compensated absences	224.13	164.21
Provision for gratuity (Refer Note 17.1)	24.61	-
Total	248.74	164.21

Note 17.1: Employee Benefit

The Group operates the following post-employment defined benefit plan.

Defined benefit plan

The Group operates post-employment defined benefit plan that provide gratuity, governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof in excess of six months. The gratuity plan is a funded plan.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

a) Funding

The Group's gratuity scheme for employees is administered through third party trust. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in (E). Employees do not contribute to the plan.

The Company expects to pay ₹ 1,693.79 lacs in contributions to its defined benefit plans in 2019-20.

b) Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

Reconciliation of present value of defined benefit obligation

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Obligation at the beginning of the year	1,732.66	1,644.82
Interest cost	125.53	152.82
Current service cost	164.38	110.12
Benefits paid	(123.74)	(142.55)
Actuarial (gains)/losses on obligations recognised in Other comprehensive income (OCI)		
– Changes in financial assumptions	59.36	(61.39)
– Experience adjustments	(24.74)	28.83
Obligation at the end of the year	1,933.45	1,732.65
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	510.62	603.20
Interest income on plan assets	36.99	40.39
Contributions	26.00	4.59
Benefits paid	(123.73)	(142.55)
Return on plan assets, excluding interest income recognised in OCI	(7.01)	4.99
Plan assets at the end of the year, at fair value	442.87	510.61
Net defined benefit liability	1,490.58	1,222.04

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

c) i) Expense recognised in the Statement of profit or loss

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Service cost	164.38	152.82
Interest cost	125.53	110.02
Expected return on plan assets	(36.99)	(40.39)
Actuarial gain	-	-
Net gratuity cost	252.93	222.46

ii) Remeasurement recognised in other comprehensive income

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Actuarial loss on defined benefit obligation	34.62	(32.56)
Return on plan assets, excluding amount recognised in net interest expense	7.01	(4.99)
Total (gain)/ loss recognised in other comprehensive income	41.63	(37.54)

D) Plan assets

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Insurance fund	442.87	510.61
Total	442.87	510.61

Defined benefit obligation

i) Actuarial assumptions

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Discount rate	6.75%	7.25%
Future salary growth	6.00%	6.00%
Mortality [IALM 06-08]	100.00%	100.0%
Attrition rate	2 - 40%	2 - 40%
Weighted average duration of defined benefit obligation (in years)	6	6
Retirement age (in years)	58	58

Notes:

- The discount rate is based on the prevailing market yield on high quality corporate bonds as at the balance sheet date for the estimated term of obligations.
- The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Group's policy for plan asset management.
- The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

ii) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected defined benefit obligation by amounts shown below:

(₹ Lacs)

	As at 31 March 2019	As at 31 March 2018
Projected Benefit Obligation on Current Assumptions	1,933.45	1,732.65
Impact of change in discount rate by +1%	1,812.91	1,630.15
Impact of change in discount rate by -1%	2,058.66	1,848.07
Impact of change in salary growth rate by +1%	2,058.34	1,848.29
Impact of change in salary growth rate by -1%	1,811.09	1,628.12
Impact of change in attrition rate by +50%	1,885.02	1,708.36
Impact of change in attrition rate by -50%	2,005.46	1,774.57
Impact of change in mortality rate by +10%	1,932.94	1,735.77
Impact of change in mortality rate by -10%	1,924.09	1,729.51

Defined contribution plans:

The Company's contribution to Provident Fund aggregating to ₹ 585.83 lacs (31 March 2018: ₹ 465.28 lacs) and contribution to superannuation fund aggregating to ₹ 13.53 lacs (31 March 2018: ₹ 11.86 lacs) has been recognised in the Statement of Profit and Loss under the head employee benefit expense.

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Provident fund	585.83	465.28
Superannuation fund	13.53	11.86

Note 18: Other Liabilities

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non Current		
Deferred income arising from government grant (Refer Note 18.1)	28,515.00	22,722.80
Total	28,515.00	22,722.80
Current		
Deferred income arising from government grant (Refer Note 18.1)	1,470.67	2,228.14
Advances received from customers	511.54	242.88
Statutory dues	3,318.92	2,636.84
Security deposit received	44.80	44.80
Total	5,345.93	5,152.66

Note 18.1: Deferred income 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

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured borrowings		
Loans repayable on demand		
From banks (Refer Note 19.1 and Note 19.2 below)	65,524.87	75,063.17
Bill discounting	32,310.09	19,239.05
Total	97,834.96	94,302.22

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 19.1: The weighted average effective interest rate on the bank loans is 5.12% per annum (4.51% as at 31 March 2018)

Note 19.2: Working capital limits are secured against present and future stock and trade receivables on pari-passu basis. Information about the Group's exposure to interest rate, currency and liquidity risk are disclosed in note 36.

Note 20: Trade payables

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables (Refer Note - 20.1)	44,243.30	35,116.72
Total	44,243.30	35,116.72

All trade payables are current.

The Group's exposure to currency and liquidity risk are disclosed in note 36.

Note 20.1: Disclosures required under Section 22 of the Micro, Small and Medium Enterprise 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	1,730.43	550.22
ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	551.49	686.31
iv) The amount of interest due and payable for the year	69.52	21.74
v) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.33	1.27
vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Note 21: Other financial liabilities

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of non-current borrowing (Refer Note 16.1)	13,423.79	9,561.97
Capital creditors	7,562.92	2,342.04
Retention money	-	1,067.52
Employee related liabilities	2,138.65	896.88
Interest accrued but not due on borrowings	419.17	211.70
Derivative liability	172.04	416.51
Dividend payable	67.60	64.91
Total	23,784.17	14,561.53

Note 22: Revenue from operations

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from Sale of goods	246,043.91	210,262.11
Other operating revenue (refer note 22.1 below)	15,721.00	14,643.84
Total	261,764.91	224,905.95

Note 22.1: Other operating revenue comprises:

(₹ Lacs)

Sale of waste and scrap	3,258.80	1,380.62
Income under government incentive schemes	11,155.56	12,192.86
Commission income	887.46	641.79
Royalty income	233.62	290.03
Miscellaneous income	185.56	138.54
Total	15,721.00	14,643.84

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 23: Other income

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Interest income		
Interest from bank deposits	357.59	61.07
Interest on electricity deposits	59.09	7.85
Interest income earned on financial assets that are not designated as at fair value through Profit or Loss (refer note: 23.1)	43.94	57.42
	460.62	126.34
b) Other non-operating income (net of expenses directly attributable to such income)		
Operating lease rental income - Investment Property	140.73	133.16
Miscellaneous income	18.02	224.99
	158.75	358.15
c) Other gains and losses		
Profit on sale of current investments	687.39	261.47
Gain on current investments carried at fair value through profit or loss	189.01	655.96
Net foreign exchange gains	2,165.60	361.07
	3,042.00	1,278.50
Total	3,661.37	1,762.99

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

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Raw material and packing material consumed (Refer note 24.1 below)	79,001.26	78,826.04
b) Purchase of stock-in-trade	68,539.59	58,117.24
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening stock		
– Work in progress	13,404.14	16,822.23
– Finished goods	8,729.01	8,273.10
– Traded goods	64,132.93	42,792.55
Closing stock:		
– Work in progress	19,215.58	13,404.14
– Finished goods	11,868.93	8,729.01
– Traded goods	73,759.57	64,132.93
Net (increase) / decrease in inventories of finished goods, work-in-progress and stock-in-trade	(18,578.00)	(18,378.20)

Note 24.1: Refer note 32 (ii) for details of Raw Materials and packaging material consumed and capitalised for trail production.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 25: Employee benefits expense

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	22,972.49	18,900.71
Contribution to provident and other funds (Refer Note 17.1)	899.21	907.25
Gratuity expenses	252.93	222.46
Expenses related to compensated absence	189.54	169.33
Workmen and staff welfare expenses	2,046.86	1,812.69
Total	25,685.85	20,911.89

Note 25.1: Refer note 32 for details of Employee benefits expenses capitalised.

Note 26: Finance Cost

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on:		
On Financial Liability at Amortised Cost		
Interest on term loan [net of subsidy ₹ 4,828.45 lacs (Previous year: ₹ 2,657.26 lacs)] (Refer Note 16.1)	7,483.29	3,964.26
Interest on non-convertible Debentures	-	18.50
Interest on working capital loans (refer note 19.1)	6,206.10	4,450.84
Interest on payment of income tax	220.00	245.00
Other borrowing costs – Finance charges	1,856.12	1,647.23
Exchange differences regarded as an adjustment to borrowing costs	546.98	53.89
Total	16,312.49	10,379.72

Note 26.1: Refer note 32 for details of capitalisation of borrowing costs attributable to the acquisition or construction of qualifying assets.

Note 27: Depreciation and Amortisation Expense

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation on property, plant and equipment (Refer Note 3.1)	11,221.17	7,260.63
Amortization of intangible assets (Refer Note 3.2)	1,077.34	1,128.35
Amortization of investment property (Refer Note 3.3)	22.29	24.39
Less: Amortization of deferred income on government grants (Refer Note 18.1)	(1,443.98)	(1,218.53)
Total	10,876.82	7,194.84

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 28: Other expenses

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Consumption of stores and spare parts	1,613.86	1,257.97
Power and fuel	11,803.32	6,456.71
Job work charges	1,925.15	1,681.56
Manufacturing expenses- Others	982.31	2,234.36
Rent (Refer Note 31)	3,619.88	3,560.68
Travelling and conveyance expenses	2,212.30	1,864.72
Communication expenses	364.61	387.93
Printing and stationery	114.43	219.06
Insurance	734.41	633.09
Repairs and maintenance		
i) plant and machinery	514.17	428.14
ii) buildings	220.90	233.79
iii) others	432.38	361.09
Rates and taxes	334.60	252.29
Professional and consultancy charges (Refer Note 28.2 below)	3,055.31	2,231.85
Bank charges	296.14	275.91
Expenditure on corporate social responsibility (CSR) (refer note 28.3 below)	205.72	61.83
Contribution and donation	105.28	79.87
Advertisement and publicity	3,071.83	2,172.11
Selling and distribution		
i) Commission on sales	81.78	198.84
ii) Selling expenses	915.39	941.18
iii) Freight outward, net of reimbursement	4,094.20	2,428.08
Loss allowance on financial assets, net	16.49	35.00
Net loss on foreign currency transactions and translation	-	-
Loss on sale of property, plant and equipment, net	43.26	49.91
Royalty	8,206.76	6,371.53
Security charges	489.83	445.31
Contract labour charges	5,478.43	4,166.56
Other expenses	1,851.74	1,539.93
Total	52,784.48	40,569.30

Note 28.1: Refer note 32 for details of other expenses capitalised.

Note 28.2: Payments to auditors

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
For audit	65.50	72.14
For taxation matters	3.00	7.00
For other services	5.50	23.25
For reimbursement of expenses	5.00	0.49
	79.00	102.88
Remuneration to other auditors for the subsidiaries		
For audit	26.00	14.69
For taxation matters	0.50	0.50
For other services	5.87	1.75
	32.37	16.94
Total	111.37	119.82

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 28.3: Corporate Social Responsibility

The Company has spent ₹ 218.58 lacs (2017-18: ₹ 61.83 lacs) towards various schemes of Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013. The details are:

- a) Gross amount required to be spent by the Company during the year: ₹ 501.24 lacs (2017-18: ₹ 356.57 lacs)
 b) Amount spent during the year on:

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
i) Construction/acquisition of any asset	-	-
ii) For purposes other than (i) above	218.58	61.83
Total	218.58	61.83

Note 29: Commitments

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	6,220.56	15,108.19
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 export obligations at year end aggregate to ₹		
Export Promotion Capital Goods (EPCG) Scheme	54,898.97	44,195.66

Note 30: Contingent Liabilities

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
a) Claims against Group not acknowledged as debt		
Taxation Matters (Refer Note 30.1)		
Income tax matters (refer note 30.2)	65.30	492.77
Indirect tax related matter (excludes penalties, if any) (refer note 30.3)	746.21	746.21
Others (relating to miscellaneous claims and bonus)	214.21	212.00
	1,025.72	1,450.95
b) Guarantees outstanding		
- Financial Institutions	33,877.38	13,000.00
- Banks	6,927.14	7,196.23
- Others	447.28	13,420.76
	41,251.80	33,616.99
Total	42,277.52	35,067.97

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. The Group doesn't expect any reimbursements in respect of the above contingent liabilities.

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. The Group doesn't expect any reimbursements in respect of the above contingent liabilities.

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 the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 30.4: Provident Fund:

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Parent Company has made a provision for provident fund contribution pursuant to the judgement only for the month of March 2019. The Parent Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Parent Company does not expect any material impact of the same.

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:

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Gross Carrying Amount	912.70	943.32
Accumulated Depreciation	76.66	54.37
Depreciation recognised in the statement of profit and loss	22.29	24.39

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.

Lease rental expense under cancellable operating leases during the year was ₹ 1,823.36 lacs (previous year: ₹ 1,826.19 lacs).

The Group is obligated under non-cancellable operating leases for land, building and plant and machinery. Lease rental expense under non-cancellable operating leases during the year was ₹ 1,796.52 lacs (previous year: ₹ 1,735.94 lacs).

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Payable within 1 year	1,609.28	1,662.46
Payable between 1-5 years	4,204.00	4,698.67
Payable later than 5 years	-	656.30

Note 32: Expenses Capitalised

During the current year, the Company capitalised certain expenses incurred towards construction of Terry Towel facility which is currently under progress. The details of expenses are given below in the table. During the previous year, the Company completed the construction of integrated ultra fine count cotton yarn spinning facility and commenced the commercial production on 5 February 2018. 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.

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
i) Details of Borrowing costs capitalised		
Borrowing costs capitalised during the year	936.49	3,319.25
Total Borrowing cost capitalised	936.49	3,319.25
ii) Details of expenses capitalised		
Raw material and packing material consumed for trial production	1,172.85	4,597.32
Employee benefit expenses	726.93	1,300.90
Other expenses	507.88	2,496.36
	2,407.66	8,394.58
Total	3,344.15	11,713.83

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 33: Segment Reporting

The Managing Director and Chief Executive Officer 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 by the products portfolio and segment information has been presented accordingly.

The geographical information analyses the Group's revenue from external customer and non-current assets of its single reportable segment by the Group's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customer and segment assets which have been based on the geographical location of the assets.

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

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
North America	215,761.13	184,349.99
India and Asia Pacific	20,830.07	14,186.57
Europe, Middle East and Africa	9,227.69	11,572.85
Rest of the world	225.02	152.70
Total	246,043.91	210,262.11

Revenue generated from major customers

Customers contributing 10% or more of Group revenue (3 customers amounting to ₹ 174,304.89 lacs in 2018-19 and 3 customers amounting ₹ 164,587.44 lacs in 2017-18).

ii) Details of non current assets (excluding financial instruments and deferred tax assets)

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
India and Asia Pacific	244,634.96	184,363.78
North America	67,469.08	50,998.12
Europe, Middle East and Africa	4,330.69	4,076.22
Total	316,434.73	239,638.11

Note 34: Income Taxes

Amount recognized in statement of profit and loss

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax:		
In respect of the current year	7,654.40	6,987.21
Adjustments in respect of prior years	-	(599.82)
	7,654.40	6,387.39
Deferred tax:		
Attributable to-		
Origination and reversal of temporary differences	3,465.89	2,496.96
	3,465.89	2,496.96
Income tax expense reported in the statement of profit and loss	11,120.29	8,884.35

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Income tax recognized in other comprehensive income

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Remeasurements of the defined benefit liabilities / (asset)	16.45	(13.24)
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	(1,058.37)	1,428.47
Income tax charged to OCI	(1,041.92)	1,415.23

Reconciliation of effective tax rate

(₹ Lacs)

Particulars	For the year ended	For the year ended
	31 March 2019	31 March 2018
Accounting profit before income tax	30,803.79	29,047.85
Tax using the Holding Company's domestic tax rate 34.944% (31 March 2018: 34.608%)	10,764.08	10,052.88
Effects of tax concessions	(1,009.15)	(579.93)
Effects of non - deductible expenses or non-chargeable income for tax purposes	198.25	(60.52)
Effects due to differential tax rates on capital gains	(43.60)	(165.19)
Differential tax rates of subsidiaries operating in other jurisdictions	1,210.71	236.93
Total income tax expense recognised in the statement of profit and loss	11,120.29	9,484.17
Adjustments recognised in the current year in relation to current tax of prior years	-	(599.82)
Total income tax expense recognised in the statement of profit and loss	11,120.29	8,884.35
Effective tax rate	36.10%	30.59%

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 34: Income Taxes

Deferred tax

Deferred tax relates to the following:

Particulars	(₹ Lacs)						
	As at 31 March 2017	Recognised in profit or loss during 2017 - 18	Recognised in OCI during 2017-18	As at 31 March 2018	Recognised in profit or loss during 2018 - 19	Recognised in OCI during 2018-19	As at 31 March 2019
Deferred tax assets / (liabilities)							
Property, Plant and Equipment (including land)	(12,300.67)	(3,725.15)	-	(16,025.82)	(4,341.41)	-	(20,367.23)
Cash flow hedge	(1,636.30)	-	1,428.08	(208.22)	-	(1,058.37)	(1,266.59)
Defined benefit obligations	121.59	-	(13.24)	108.35	-	16.45	124.80
Foreign currency translation reserve	(172.97)	-	(218.42)	(391.39)	-	396.47	5.08
Goodwill	(4,347.26)	900.10	-	(3,447.16)	(862.03)	-	(4,309.19)
Investments at fair value through profit or loss	-	(151.33)	-	(151.33)	107.73	-	(43.60)
Tax benefits	-	31.63	-	31.63	133.72	-	165.35
Unpaid employee benefits	558.42	155.71	-	714.13	(107.72)	-	606.41
Unadjusted tax losses, including unabsorbed depreciation	6,676.24	(2,545.11)	-	4,131.13	(448.09)	-	3,683.04
Other disallowances	2,985.53	1,224.79	-	4,210.32	661.25	-	4,871.57
Minimum Alternate Tax Credit	11,764.29	1,612.39	-	13,376.68	1,390.67	-	14,767.35
Deferred tax assets / (liabilities)	3,648.87	(2,496.96)	1,196.42	2,348.32	(3,465.89)	(645.45)	(1,763.01)



Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 35: Earnings per share

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net profit for the year attributable to equity shareholders	19,683.50	20,163.50

Reconciliation of basic and diluted shares used in computing earnings per share:

Particulars	As at 31 March 2019	As at 31 March 2018
Number of equity shares outstanding at the beginning of the year	98,457,160	98,457,160
Add: Weighted average number for equity shares issued during the year	-	-
Weighted average number of equity shares outstanding during the year	98,457,160	98,457,160

Earnings per share

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Basic	19.99	20.48
Diluted	19.99	20.48

Note 36: Financial instruments:

Note 36.1: Categories of financial instruments:

Accounting classification and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities including their levels in fair value hierarchy:

Fair value hierarchy

The section explains the judgement and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

(₹ Lacs)

Particulars	Carrying amount 31 March 2019	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Measured at amortised cost:				
Cash and cash equivalents	16,709.84	-	-	-
Other bank balances	8,407.60	-	-	-
Trade receivables	16,628.49	-	-	-
Loans (current and non-current)	167.80	-	-	-
Other financial assets (current and non-current)	9,262.44	-	-	-
Measured at FVTOCI				
Other current financial assets	3,893.54	-	3,893.54	-
Measured at FVTPL				
Investments (current and non-current)	12,342.21	11,672.20	-	670.01
Other current financial assets	-	-	-	-
Total	67,411.92	11,672.20	3,893.54	670.01

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

(₹ Lacs)

Particulars	Carrying amount	Fair value		
	31 March 2019	Level 1	Level 2	Level 3
Financial Liabilities				
Measured at amortised cost				
Borrowings (current and non-current)	279,033.27	-	-	-
Trade payables	44,243.30	-	-	-
Other current financial liabilities*	10,188.34	-	-	-
Measured at FVTOCI				
Other financial liabilities	172.04	-	172.04	-
Total	333,636.95	-	172.04	-
Financial assets				
Measured at amortised cost:				
Cash and cash equivalents	10,988.28	-	-	-
Other bank balances	2,483.68	-	-	-
Trade receivables	9,909.52	-	-	-
Loans (current and non-current)	266.40	-	-	-
Other financial assets (current and non-current)	17,841.67	-	-	-
Measured at FVTOCI				
Other current financial assets	956.59	-	956.59	-
Measured at FVTPL				
Investments (current and non-current)	12,563.68	11,893.12	-	670.56
Other current financial assets	58.93	-	58.93	-
Total	55,068.75	11,893.12	1,015.52	670.56
Financial liabilities:				
Measured at amortised cost				
Borrowings (current and non-current)	225,516.53	-	-	-
Trade payables	35,116.72	-	-	-
Other current financial liabilities*	4,583.05	-	-	-
Measured at FVTOCI				
Other financial liabilities	416.51	-	416.51	-
Total	265,632.81	-	416.51	-

*Current maturities of long term borrowings aggregating ₹ 13,423.79 lacs and ₹ 9,561.97 lacs as at 31 March 2019 and 31 March 2018 respectively, form part of Borrowings (current and non-current).

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference securities, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unquoted equity securities.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Fair valuation method

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 values:

Financial assets:

The Group has not disclosed the fair values for loans, trade receivables, cash and cash equivalents including other bank balances and other financial assets because their carrying amounts are a reasonable approximation of their fair value.

Current Investments: Fair value of quoted mutual funds units is based on quoted market price at the reporting date.

Financial liabilities:

Borrowings: It includes loans taken from banks and financial institution, cash credit and bill discounting facilities. Borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on loans is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

Trade payables and other financial liabilities: Fair values of trade payables and other financial liabilities are measured at carrying value, as most of them are settled within a short period and so their fair values are assumed almost equal to the carrying values.

Note 36.2: Financial risk management:

The Group's activities expose to financial risks: credit risk, liquidity risk and market risk.

Risk management framework

The Board of directors of the Holding Company has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Holding Company oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal auditor. Internal Audit function includes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i) Credit risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Bank deposits includes an amount of ₹ 11,846.48 lacs held with a bank having high quality credit rating which is individually in excess of 10% or more of the Group's total bank deposits for the year ended 31 March 2019. None of the other financial instruments of the Group result in material concentration of credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 66,712.88 lacs and ₹ 54,346.17 lacs as at 31 March 2019, and 31 March 2018, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments, trade receivables and other financial assets excluding cash in hand and equity investments.

Geographic concentration of credit risk

Geographic concentration of trade receivables (gross and net of allowances) is as follows:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Gross %	Net %	Gross %	Net %
North America	73%	82%	35%	42%
Europe, Middle East and Africa	15%	6%	53%	44%
India and Asia Pacific	12%	13%	12%	14%

Geographical concentration of trade receivables is allocated based on the location of the customers.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

ii) 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.

Management monitors rolling forecast of the Group's liquidity position and cash and bank balances on the basis of expected cash flows. This is generally carried out by the Management in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

A) Financing arrangement

The Group maintains the following line of credit:

a) Terms loans taken from bank aggregating to ₹ 108,140.62 lacs (31 March 2018: 68,660.48 lacs) repayable in various quarterly and yearly installments with interest rate ranging from 4.15% to 11.86 % per annum. Term Loan from financial institutions aggregating to ₹ 73,057.69 lacs (31 March 2018: 62,553.83 lacs) with interest rate ranging from 5.92% – 11.10% per annum. These are secured by first pari passu charge on the entire movable and immovable fixed assets of the Group, present and future.

b) Working capital loans from banks carry an effective interest rate of 5.12% per annum, computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Group and second pari passu charge on the movable (other than those exclusively charged) and immovable fixed assets of the Group.

c) The Group has receivable bill discounting facility from banks which are payable within 120 days from date of bill discounted.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2019

(₹ Lacs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Financial liabilities:					
Borrowings*	279,033.27	279,033.27	111,258.75	92,875.83	74,898.69
Trade payables	44,243.30	44,243.30	44,243.30	-	-
Other financial liabilities#	10,360.38	10,360.38	10,360.38	-	-

Note 36.2: Financial risk management (continued)

As at 31 March 2018

(₹ Lacs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Financial liabilities:					
Borrowings*	225,516.53	225,516.53	103,864.19	74,096.93	47,555.41
Trade payables	35,116.72	35,114.11	35,114.11	-	-
Other financial liabilities#	4,999.56	4,999.56	4,999.56	-	-

* Includes current maturities of long term borrowings (Refer note 21) and current borrowings (Refer note 19).

Excludes current maturities of long term borrowings (Refer note 21)

As disclosed in note 16.1, the Group has secured bank loan that contains loan covenants. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Foreign currency risk:

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Group companies. The functional currency of the Holding Company is ₹. The currencies in which these transactions are primarily denominated are USD, GBP etc.

Management monitors the movement in foreign currency and the Group's exposure in each of the foreign currency. Based on the analysis and study of movement in foreign currency, the Group decides to exchange its foreign currency. A significant portion of the Group's revenues are in 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 foreign currencies, the Company's revenues measured in Indian rupees may decrease. The exchange rate between the Indian rupee and 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 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 March 2019			As at 31 March 2018		
	in Foreign Currency in (Million)	₹ lacs	Fair Value (₹ lacs)	in Foreign Currency in (Million)	₹ lacs	Fair Value (₹ lacs)
In USD	150.02	106,471.29	105,727.23	124.44	83,088.83	83,855.41
In EURO	2.38	2,045.63	1,903.67	3.47	2,797.90	2,705.41
In GBP	2.26	2,181.52	2,097.54	2.74	2,466.82	2,335.47
Total		110,698.44	109,728.44		88,353.55	88,896.29

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Buy Contracts:

	As at 31 March 2019			As at 31 March 2018		
	in Foreign Currency in (Million)	₹ lacs	Fair Value (₹ lacs)	in Foreign Currency in (Million)	₹ lacs	Fair Value (₹ lacs)
In EURO	1.78	1,493.55	1,391.04	1.97	1,666.31	1,671.53
In JPY	15.55	105.55	98.97	311.75	1,979.16	1,980.18
In CHF	-	-	-	5.90	4,277.73	4,276.4
In USD	-	-	-	19.69	12,838.96	12,892.98
Total		1,599.10	1,490.01		20,762.16	20,821.09

The foreign exchange forward contracts mature within 12 months. The table below analyzes the derivative financial instruments sell contracts into relevant maturity groupings based on the remaining period as on the balance sheet date:

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Less than 1 month	8,737.22	8,974.29
1 to 3 months	19,644.79	19,131.53
3 to 6 months	30,795.89	28,290.39
6 to 12 months	51,520.54	31,957.34
Total	110,698.44	88,353.55

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 36.2: Financial risk management (continued)

The foreign exchange forward contracts maturity. The table below analyzes the derivative financial instruments buy contracts into relevant maturity groupings based on the remaining period as on the balance sheet date:

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Less than 1 month	1,375.10	41.30
1 to 3 months	224.00	12,797.66
3 to 6 months	-	2,191.22
6 to 12 months	-	5,609.50
More than 12 months	-	122.48
Total	1,599.10	20,762.16

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to management is as follows:

Particulars	Currency	As at 31 March 2019		As at 31 March 2018	
		Amount in foreign currency in lacs	Amount in ₹ lacs	Amount in foreign currency in lacs	Amount in ₹ lacs
Cash and cash equivalents	USD	2.49	172.23	32.14	2,089.23
	EUR	5.87	455.77	16.82	1,356.33
	GBP	0.40	36.46	0.58	53.67
	AED	1.67	31.47	1.98	35.07
	SGD	-	-	0.20	9.88
Trade receivables	USD	196.27	13,570.21	63.86	4,151.13
	EUR	6.36	493.47	48.22	3,888.30
	GBP	4.45	401.79	3.68	339.69
	AED	3.61	68.00	1.50	26.57
Loans	USD	0.20	13.71	0.40	26.05
Other financial assets	USD	5.26	363.55	19.56	1,271.36
	EUR	3.52	273.15	0.26	20.56
	GBP	0.13	11.50	-	-
	AED	0.98	18.41	-	-
Borrowings	USD	494.35	34,179.63	740.34	48,121.88
	EUR	84.40	6,550.61	120.98	9,754.88
Trade payables	USD	221.08	15,285.78	263.03	17,096.69
	EUR	40.98	3,180.83	46.21	3,725.76
	GBP	3.82	345.42	8.40	774.94
	AED	0.52	9.74	-	-
Other financial liabilities	USD	0.84	58.41	3.10	201.47
	EUR	8.43	654.24	5.23	421.32
	GBP	-	-	0.06	5.09
	AED	5.15	97.00	4.58	81.06

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 36.2: Financial risk management (continued)

The following significant exchange rates have been applied

(₹ Lacs)

Currency	Year end spot rate	
	31 March 2019	31 March 2018
USD/INR	69.14	65.00
EUR/INR	77.62	80.63
GBP/INR	90.33	92.26
AED/INR	18.82	17.70
SGD/INR	50.99	49.68

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO and GBP, AED and SGD against ₹ at 31 March 2019 and 31 March 2018 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
USD (1% movement)	(353.46)	353.46	(229.94)	229.94
EURO (1% movement)	(91.63)	91.63	(59.61)	59.61
GBP (1% movement)	1.04	(1.04)	0.68	(0.68)
AED (1% movement)	0.11	(0.11)	0.07	(0.07)
31 March 2018				
USD (1% movement)	(578.82)	578.82	(378.50)	378.50
EURO (1% movement)	(86.37)	86.37	(56.48)	56.48
GBP (1% movement)	(3.87)	3.87	(2.53)	2.53
AED (1% movement)	(0.19)	0.19	(0.13)	0.13
SGD (1% movement)	0.10	(0.10)	0.06	(0.06)

Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Group's investments are primarily in short-term investments, which do not expose it to significant interest rate risk. The Group's borrowings comprises of term loan, working capital loan and bill discounting which carries variable rate of interest, which expose it to interest rate risk.

a) Interest rate risk exposure

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Variable rate borrowings	279,033.27	225,516.53
Total	279,033.27	225,516.53

b) Sensitivity

(₹ Lacs)

Particulars	Profit and loss		Equity, net of tax	
	25 basis points Increase	25 basis points Decrease	25 basis points Increase	25 basis points Decrease
31 March 2019				
Variable rate borrowings	630.69	(630.69)	410.30	(410.30)
31 March 2018				
Variable rate borrowings	457.31	(457.31)	299.04	(299.04)

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 36.3: Capital management

The Group's policy is to maintain a stable and strong capital base structure with a focus on total equity so as to uphold investor, creditor and market confidence and to sustain future development and growth of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value and safeguard its ability to continue as a going concern.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For the purpose of Group's capital management, adjusted net debt is defined as aggregate on non-current borrowing, current borrowing and current maturities of long-term borrowings less cash and cash equivalents, deposits and current investments and total equity includes issued capital and all other equity reserves.

The Group's adjusted net debt equity ratio were as follows:

(₹ Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Borrowings (current and non-current)	279,033.27	225,516.53
Less: Cash and cash equivalents including deposits and current investments	(36,796.16)	(25,821.77)
Adjusted net debt	242,237.11	199,694.76
Total equity	142,105.75	122,753.27
Net debt to equity ratio	1.70	1.63

Note 37: Related party disclosures

Note 37.1: Name of related parties and description of relationship

Description of relationship	Names of the related parties
Key management personnel	D.K. Himatsingka – Executive Chairman Shrikant Himatsingka – Managing Director & CEO V. Vasudevan – Executive Director Sangeeta Kulkarni – Independent Director Rajiv Khaitan – Independent Director Dr. K.R.S. Murthy – Independent Director Berjis M Desai – Independent Director (upto 23 May 2017) Aditya Himatsingka – Executive Director (upto 23 May 2017) Pradeep Bhargava – Independent Director (w.e.f. 22 September 2018) K.P. Rangaraj – Chief Financial Officer (w.e.f. 2 August 2017) Ashutosh Halbe – Interim Chief Financial Officer (From 5 July 2017 to 2 August 2017) Ashok Sharma – Company Secretary
Associate	Himatsingka Energy Private Limited
Entities over which key management personnel or relatives of such personnel are able to exercise significant influence	Bihar Mercantile Union Limited BMU International VSJ Investments Pvt Ltd (formerly known as Credit Himatsingka Private Limited) Khaitan & Co. LLP Jacaranda Design LLC

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

List of subsidiaries (including step subsidiaries), associate

Name of the entity	Subsidiary/ Step Subsidiary	Step Country of domicile	Holding as at	
			31 March 2019	31 March 2018
Himatsingka Wovens Private Limited	Subsidiary	India	100%	100%
Himatsingka Holdings North America, Inc. (formerly known as Himatsingka America, Inc.)	Subsidiary	United States of America	100%	100%
Himatsingka Europe Limited	Step-subsubsidiary*	United Kingdom	100%	100%
Twill & Oxford LLC	Subsidiary	United Arab Emirates	49%	49%
Himatsingka America, Inc. (Merged entity of DWI Holdings, Inc. and Divatex Home Fashions, Inc.)	Step Subsidiary	United States of America	100%	100%
Himatsingka Singapore Pte Ltd	NA**	Singapore	0%	100%
Giuseppe Bellora S.r.l.	NA***	Italy	0%	100%
Himatsingka Energy Private Limited	Associate	India	26%	26%

* Himatsingka Seide limited has transferred its shares in Himatsingka Europe to Himatsingka Holdings North America on 19 March 2019.

As a result, Himatsingka Europe Limited is a step-down subsidiary of Himatsingka Seide Limited w.e.f. 19 March 2019. (Refer note 40)

* Giuseppe Bellora has been merged with Himatsingka America Inc w.e.f. 26 March 2019. (Refer note 40)

* Himatsingka Singapore has been liquidated on 07 March 2019.

Note 37.2: Related party transactions during the year

(₹ Lacs)

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
Purchase of Goods	Bihar Mercantile Union Limited	-	0.10
	BMU International	-	1.22
Professional fees	Khaitan & Co	3.29	37.00
	Jacaranda Design LLC	138.68	77.50
Guarantes given on behalf of subsidiaries	Himatsingka America, Inc.,	22,137.39	13,000.00

Note 37.3: Balance receivable from and payable to related parties as at the balance sheet data.

(₹ Lacs)

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
Corporate Guarantees	Himatsingka Holdings Middle America, Inc.,	18,667.13	13,208.28
	Himatsingka America, Inc.,	22,580.46	13,208.28
	Giuseppe Bellora Srl	-	7,196.23

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 37.4: Compensation of key managerial personnel*

(₹ Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Short term employee benefits	1,899.74	1,863.99
Receiving of services	36.00	55.53
Others	9.72	10.80
Dividend paid	511.22	511.22
Total	2,456.68	2,441.54

*Managerial remuneration does not include cost of employee benefits such as gratuity and compensated absences since, provision for these are based on an actuarial valuation carried out for the Company as a whole.

Terms and conditions

All transactions with these related parties are at arm's length basis and none of the balances are secured.

Note 38: Business Combinations

Himatsingka America Inc (HIMA), a wholly owned subsidiary of HSL has entered into a definitive agreement dated 31 March 2018 to acquire home portfolio of Global Brands Group Holdings Ltd. ('GBG Ltd'). HIMA has acquired the exclusive license rights to the Tommy Hilfiger home brand (North America), the Copper Fit and other brands for a total purchase consideration of ₹ 13,657.22 lacs. As per the definitive agreement, the closing date of the transaction was 15 May 2018.

During the year ended 31 March 2019, HIMA has completed the purchase price allocation and has recognised assets and liabilities of the acquired business at its fair value including intangible assets.

Based on purchase price allocation, the Company has identified the intangible assets aggregating ₹ 5,469.59 lacs as at 15 May 2018 to be amortised over its estimated useful life of 10 years. The fair value of net assets acquired on the acquisition date including intangible assets as a part of the transaction amounted to ₹ 6,257.91 lacs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 7,399.31 lacs. The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Goodwill is not deductible for income tax purposes. This acquisition is expected to provide an increased market share in home textile portfolio.

The assets and liabilities recognised as a result of the acquisition are as follows:

(₹ Lacs)

Particulars	Amount in ₹
Intangible assets	5,469.59
Inventory	788.32
Total	6,257.91

Calculation of goodwill as follows

Particulars	Amount in ₹
Purchase consideration	13,657.22
Net Assets acquired	6,257.91
Goodwill	7,399.31

The transaction costs ₹ 699.00 lacs related to the acquisition have been included in consolidated statement of profit and loss.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 39: De-merger

The Board of Directors of the Company vide their meeting dated 25 May 2018 had approved the Scheme of arrangement (“the Scheme”) between Himatsingka Wovens Private Limited (HWPL), the Company and their respective shareholders in which retail business of HWPL got de-merged into the Company. The appointed date of the Scheme is 30 March 2018. The Scheme was approved by Shareholders in their Annual General Meeting held on 22 September 2018 and filed with the Regional Director (‘RD’) for approval. The RD accorded his approval to the Scheme on 27 March 2019 and the Company filed the Scheme with Registrar of Companies(‘ROC’) on 29 March 2019, i.e., the date on which Scheme became effective. As per Appendix C to Ind AS 103, the above de-merger is an intra-group transaction within the group which does not have any impact on the consolidated financial statements.

Note 40: Re-organisation

During the year, the Group has reorganized its entities outside India to create seamless international distribution arm and consolidate distribution operation across North America and the European region (EU operations) with a strong brand portfolio and to achieve clear segregation between distribution and manufacturing segments. As a result of the reorganization, the Company has entered into a Share Purchase Agreement (“SPA”) dated 17 March 2019 with Himatsingka Holdings NA Inc., USA, a wholly owned subsidiary, and sold 100% stake in Himatsingka Europe Limited, another wholly owned subsidiary of the Company. Further, Giuseppe Bellora Srl, Italy, a wholly owned subsidiary of Himatsingka Europe Limited, after shifting its seat of incorporation from Italy to USA, got merged with Himatsingka America Inc, USA. Himatsingka America Inc, USA, is a wholly owned subsidiary of Himatsingka Holdings NA Inc, USA. As per Appendix C to Ind AS 103, the above reorganisation is an intra-group transaction within the group and did not had any impact on consolidated financial statements.

Note 41: There is no amount due and outstanding as at Balance sheet date to be credited to the Investor Education and Protection Fund.

Note 42: Transfer pricing

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international transactions are at arm’s length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

Note 43: Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements for the year ended 31 March 2019:

Name of the Subsidiary	Net assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in Comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ lacs)	As % of consolidated profit or loss	Amount (₹ lac)	As % of consolidated Comprehensive income	Amount (₹ lacs)	As % of consolidated total comprehensive income	Amount (₹ lacs)
Himatsingka Seide Limited	56%	144,496.26	111%	23,603.71	100%	1,893.19	110%	25,496.90
Indian Subsidiaries								
Himatsingka Wovens Private Limited	1%	2,102.18	1%	150.47	0%	-	1%	150.47
Foreign Subsidiaries								
Himatsingka Holdings North America, Inc.	20%	52,608.71	-13%	(2,869.68)	0%	-	-12%	(2,869.68)
Himatsingka America, Inc.	19%	49,828.90	2%	453.87	0%	-	2%	453.87
Twill & Oxford LLC	0%	(547.68)	-1%	(114.73)	0%	-	0%	(114.73)
Himatsingka Europe Limited	3%	8,859.72	0%	38.54	0%	-	0%	38.54
	100%	257,348.09	100%	21,262.18	100%	1,893.19	100%	23,155.37
Associates								
Himatsingka Energy Private Limited		-				-		-
Consolidated adjustments		(115,242.34)		(1,578.68)		742.30		(836.38)
Total		142,105.75		19,683.50		2,635.49		22,318.99

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2019

Note 44: The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

Note 45: Events after reporting period

On 28 May 2019, the board of directors recommended a final dividend of ₹ 5 per equity share (total dividend of ₹ 4,922.86 lacs) (excluding dividend distribution tax) be paid to shareholders for financial year 2018-19, which need to be approved by shareholders at the Annual General Meeting.

Note 46: Approval of Financial Statements

The financial statements were approved by the board of directors on 28 May 2019.

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership number: 205385

Place: Bengaluru

Date: 28 May 2019

for and on behalf of the Board of Directors of

Himatsingka Seide Limited

D.K. Himatsingka

Executive Chairman

DIN: 00139516

K.P. Rangaraj

Chief Financial Officer

Place: Bengaluru

Date: 28 May 2019

Shrikant Himatsingka

Managing Director & CEO

DIN: 00122103

Ashok Sharma

Company Secretary

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